

**SABINE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

Sabine County, Texas  
Annual Financial Report  
For The Year Ended December 31, 2016

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## **Financial Section**

# HALLS, JOHNSON, MCLEMORE & REDFIELD, LLP

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Daryl Melton, County Judge  
and Members of the Commissioners Court  
Sabine County, Texas  
P.O. Box 597  
Hemphill, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine County, Texas (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, required Schedule of the County's Contributions to the Texas County & District Retirement System, and the Schedule of Changes in the County's Net Pension Liability identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Halls, Johnson, McLeMore & Redfield, LLP". The signature is written in a cursive, flowing style.

HALLS, JOHNSON, McLEMORE & REDFIELD, LLP  
Nacogdoches, Texas  
September 18, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Sabine County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2016. Please read it in conjunction with the County's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The County's total combined net position was \$11,327,420 at December 31, 2016, a decrease of \$373,507 from activities from the prior year.
- Total government-wide revenues for the current year were \$5,874,316 compared to \$6,086,714 in the prior year, a decrease of \$212,398 or 3.48%.
- During the current year, the County's expenses were \$3,902,961, more than the \$2,344,862 generated in charges for services and operating grants and contributions.
- The general fund reported an unassigned fund balance this year of \$3,136,039.

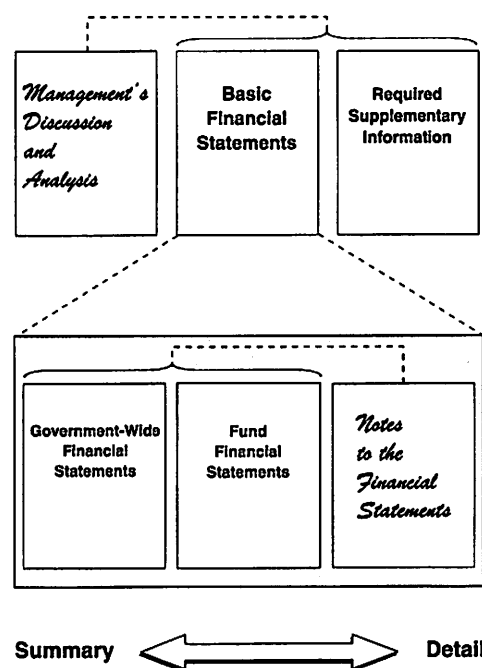
### OVERVIEW OF THE FINANCIAL STATEMENTS

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:

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

Figure A-1, Required Components of the County's Annual Financial Report



### Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.



The two government-wide statements report the County's net position and how it has changed. Net position (the difference between the County's assets and deferred outflows and liabilities and deferred inflows) are one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in the County's tax base, per-capital income, or population.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general administration, judicial and law enforcement, maintenance of highways and streets, and enhancing the health and well-being of the citizens. Property taxes and grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law or by debt covenants.
- The County Commissioners establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds* - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flows and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds* - The County is the trustee, or *fiduciary*, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The County's fiduciary funds consist of money held by the fee offices on behalf of court claimants and other organizations.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As year to year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the County as a whole. The County's combined net position at the fiscal year end was \$11,327,420. The following table provides a summary of the County's net position:

Summary of Net Position

	12/31/2016	12/31/2015	Amount of Change	% Change
Current and other assets	\$ 8,719,760	\$ 9,128,110	\$ (408,350)	-4.47%
Capital assets	2,171,842	2,605,075	(433,233)	-16.63%
Total assets	10,891,602	11,733,185	(841,583)	-7.17%
Deferred Outflows of Resources				
Deferred Outflows Related to Pension	684,371	224,296	460,075	205.12%
Current liabilities	189,384	136,427	52,957	38.82%
Long term liabilities	59,169	120,127	(60,958)	-50.74%
Total liabilities	248,553	256,554	(8,001)	-3.12%
Net position				
Invested in capital assets	2,171,842	2,484,948	(313,106)	-12.60%
Restricted	4,434,943	4,598,333	(163,390)	-3.55%
Unrestricted	4,720,635	4,617,646	102,989	2.23%
Total net position	\$ 11,327,420	\$ 11,700,927	\$ (373,507)	-3.19%

Net assets of the County's governmental activities decreased by \$373,507 during the year ending December 31, 2016, down 3.19% 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 \$4,720,635 at year end.

### Governmental Activities

- The cost of all *governmental* activities this year was \$6,247,873.
- The amount that our taxpayers paid for these activities through property taxes was \$2,648,145.
- Some of the cost was paid by those who directly benefited from service fees and charges (\$1,123,547) and from operating grants and contributions (\$1,221,315).
- For 2016 the property tax rate was \$.428826/\$100 valuation and the taxable appraised value was \$626,319,660. The tax assessment, levied on October 1, 2016, was \$2,681,315, with collections through December 31, 2016 totaling \$1,857,300. The annual tax collection for 2016 for current and delinquent taxes was approximately 99% of the tax assessment.

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

Summary of Activities & Changes in Net Assets  
Government-Wide Activities

	12/31/2016	12/31/2015	Amount of Change	% Change
Program revenues:				
Charges for services	\$ 1,123,547	\$ 1,123,956	\$ (409)	-0.04%
Operating grants/contributions	1,221,315	1,600,089	(378,774)	-23.67%
Capital grants/contributions			-	n/a
General revenues:				
Property taxes	2,648,145	2,501,375	146,770	5.87%
Sales taxes	297,449	323,023	(25,574)	-7.92%
Other taxes	3,043	3,323	(280)	-8.43%
Intergovernmental	7,873	19,909	(12,036)	-60.46%
Fines and Fees	114,024	146,830	(32,806)	-22.34%
Interest income	98,908	92,983	5,925	6.37%
Other income	360,012	275,226	84,786	30.81%
Total revenues/contributions	<u>5,874,316</u>	<u>6,086,714</u>	<u>(212,398)</u>	<u>-3.49%</u>
Expenses:				
General government	883,577	819,269	64,308	7.85%
Judicial	580,699	535,868	44,831	8.37%
Legal	137,345	129,314	8,031	6.21%
Public Safety	1,748,179	1,509,439	238,740	15.82%
Highways and streets	1,873,508	1,772,101	101,407	5.72%
Financial administration	552,746	528,861	23,885	4.52%
Conservation	20,891	28,448	(7,557)	-26.56%
Pass-through to other entities	450,878	659,188	(208,310)	-31.60%
Interest on long-term debt	-	6,889	(6,889)	-100.00%
Total expenses	<u>6,247,823</u>	<u>5,989,377</u>	<u>258,446</u>	<u>4.32%</u>
Revenues over (under) expenses	<u>(373,507)</u>	<u>97,337</u>	<u>(470,844)</u>	<u>-483.73%</u>
Change in net position	<u>(373,507)</u>	<u>97,337</u>	<u>(470,844)</u>	<u>-483.73%</u>
Beginning net position	11,700,927	10,918,702	782,225	7.16%
Prior period adjustment	-	684,888	(684,888)	-100.00%
Ending net position	<u>\$ 11,327,420</u>	<u>\$ 11,700,927</u>	<u>\$ (373,507)</u>	<u>-3.19%</u>

During 2016, the County received \$880,928 in federal forest funds from the Federal government, which are recorded as operating grants/contributions. The total amount of federal forest money received decreased by \$406,936 or 31.6% from 2015. Half of these funds are payable to the local school districts upon receipt, leaving a net decrease in federal forest funds to the County of \$203,468. The County also received several other operating grant monies for payment in lieu of taxes, Justice Assistance grants, road and bridge damages, and for water service improvements. The total of the other grants received for 2016 was \$616,694 as compared to \$410,337 in 2015, a 50.3% increase.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types totaled \$5,867,870, and are summarized below:

Summary of Revenues Governmental Funds				
	12/31/2016	12/31/2015	Amount of Change	% Change
Taxes	\$ 2,945,620	\$ 2,757,937	\$ 187,683	6.81%
Intergovernmental	1,450,718	1,858,261	(407,543)	-21.93%
Fees	904,695	964,406	(59,711)	-6.19%
Fines	84,197	51,539	32,658	63.37%
Interest Income	98,908	92,983	5,925	6.37%
Other Income	383,732	293,719	90,013	30.65%
<b>Total Governmental Revenues</b>	<b>\$ 5,867,870</b>	<b>\$ 6,018,845</b>	<b>\$ (150,975)</b>	<b>-2.51%</b>

Intergovernmental revenues are reporting a decrease of \$150,975 in government grant funds during the year, due to decrease of \$406,936 in proceeds from the federal forest grant project. Expenditures from governmental fund types totaled \$5,842,765 and are summarized below:

Summary of Expenditures Governmental Funds				
	12/31/2016	12/31/2015	Amount of Change	% Change
General government	\$ 863,398	\$ 808,626	\$ 54,772	6.77%
Judicial	552,767	517,324	35,443	6.85%
Legal	135,722	130,791	4,931	3.77%
Financial administration	539,673	524,875	14,798	2.82%
Public safety	1,681,622	1,599,787	81,835	5.12%
Highways and streets	1,534,464	1,492,256	42,208	2.83%
Conservation	20,646	28,747	(8,101)	-28.18%
Pass-through to other entities	450,878	659,188	(208,310)	-31.60%
Debt service	63,595	63,596	(1)	0.00%
<b>Total Governmental Expenditures</b>	<b>\$ 5,842,765</b>	<b>\$ 5,825,190</b>	<b>\$ 17,575</b>	<b>0.30%</b>

The most significant change in general government expenditures relates to pass-through to other entities of the federal monies, which decreased \$208,310 mainly due to the decrease in federal forest funds received by the County in 2016.

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

Summary of Fund Balances Governmental Funds				
	12/31/2016	12/31/2015	Amount of Change	% Change
General Fund	\$ 3,136,039	\$ 3,023,533	\$ 112,506	3.72%
Special Revenue Funds	4,434,957	4,522,358	(87,401)	-1.93%
<b>Total fund balance (deficit)</b>	<b>\$ 7,570,996</b>	<b>\$ 7,545,891</b>	<b>\$ 25,105</b>	<b>0.33%</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 \$94,139 below final budget amounts. There were no significant variances from the County's 2016 final budget as compared to the actual expenditures, as departments stayed very closely within the budgeted amounts.

Actual revenues were \$112,560 above the final budgeted revenues.

Taking both budget factors into account, the County experienced an increase in the fund balance of the General fund of \$112,506, when the final budget called for a \$94,194 decrease in fund balance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At December 31, 2016, the County had invested \$10,473,681 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$32,445 over last year.

#### Summary of the County's Capital Assets

	Governmental Activities		Amount of Change	% Change
	12/31/2016	12/31/2015		
Land	\$ 120,714	\$ 120,714	\$ -	0.00%
Buildings and Improvements	1,216,026	1,216,026	-	0.00%
Equipment and vehicles	4,204,257	4,171,812	32,445	0.78%
Roads and Bridges	4,932,684	4,932,684	-	0.00%
Total Capital Assets	<u>\$ 10,473,681</u>	<u>\$ 10,441,236</u>	<u>\$ 32,445</u>	<u>0.31%</u>

### Long Term Debt

At year-end the County had \$54,671 in capital leases payable, as compared to \$120,127 outstanding as of December 31, 2015. The capital lease is for a Gradall with an interest rate of 3.895%. Total payments for the year ended December 31, 2016 were \$63,595, of which \$63,595 was principal, and \$-0- was interest. The capital lease was to be paid off in January 2017.

#### Summary of the County's Debt

	Governmental Activities		Amount of Change	% Change
	12/31/2016	12/31/2015		
Capital leases:				
Equipment-Gradall	\$ 54,671	\$ 120,127	\$ (65,456)	-54.49%
	<u>\$ 54,671</u>	<u>\$ 120,127</u>	<u>\$ (65,456)</u>	<u>-54.49%</u>

There have been no plans made to obtain additional long term financing. No changes have occurred in credit ratings or interest rates on existing debt.

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

- Appraised values used for the 2017 budget preparation is estimated to be approximately \$667,212,702 which is an increase of approximately 6.5% from the 2016 appraised values of \$626,319,660.
- Proposed tax rate for 2017 budget is \$0.428826 per \$100 valuation.

These indicators were taken into account when adopting the general fund budget for 2017. Expenditures in the general fund 2017 budget are \$3,763,928 a decrease of \$363,396 or 8.8% from the 2016 actual expenditures of \$4,127,324. Property taxes may increase by approximately \$175,000 due to increase in appraised values. The County has added no major new programs or initiatives to the 2017 budget.

If these estimates are realized, the County's budgetary general fund balance is not expected to change appreciably by the close of fiscal 2016.

## **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:

Tricia Jacks, County Treasurer  
PO Box 597  
Hemphill, TX 75948  
Phone: 409-787-5216  
Fax: 409-787-4973

## **Basic Financial Statements**

**SABINE COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 7,168,654
Receivables ( net of allowances for uncollectibles):	
Property Taxes Receivable	959,382
Due from State	45,394
Due from Other Governments	21,162
Due from Agency Funds	346,952
Restricted Assets:	
Cash and Cash Equivalents	178,216
Capital Assets ( net of accumulated depreciation):	
Land	120,714
Buildings & Improvements	357,084
Machinery and Equipment	485,886
Vehicles	119,356
Roads and Bridges	1,088,802
Total Assets	<u>10,891,602</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	684,371
Total Deferred Outflows of Resources	<u>684,371</u>
 <b>LIABILITIES</b>	
Accounts Payable	81,253
Accrued Employee Benefits	78,926
Due to Other Beneficiaries	884
Due to State	28,321
Noncurrent Liabilities-	
Due within one year	54,671
Net Pension Liability	4,498
Total Liabilities	<u>248,553</u>
 <b>NET POSITION:</b>	
Net Investment in Capital Assets	2,171,842
Restricted For:	
Construction	52,633
Federal and State Grants	99,265
Hotel / Motel Tax	73,144
Record Retention	154,029
Road & Bridge Maintenance	4,055,872
Unrestricted	4,720,635
Total Net Position	<u>\$ 11,327,420</u>

The accompanying notes are an integral part of this statement.



**SABINE COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General government	\$ 883,577	\$ 214,213	\$ 25,200	\$ (644,164)
Judicial	580,699	125,384	12,005	(443,310)
Legal	137,345	--	35,000	(102,345)
Public safety	1,748,179	189,416	--	(1,558,763)
Highways and streets	1,873,508	467,605	268,182	(1,137,721)
Financial administration	552,746	126,929	--	(425,817)
Conservation	20,891	--	--	(20,891)
Pass-through to other entities	450,878	--	880,928	430,050
Total Governmental Activities	<u>6,247,823</u>	<u>1,123,547</u>	<u>1,221,315</u>	<u>(3,902,961)</u>
Total Primary Government	<u>\$ 6,247,823</u>	<u>\$ 1,123,547</u>	<u>\$ 1,221,315</u>	<u>(3,902,961)</u>
General Revenues:				
Property Taxes				2,648,145
Sales Taxes				297,449
Other Taxes				3,043
Intergovernmental Revenues and Grants				7,873
Fines and Fees				114,024
Interest Income				98,908
Other Income				360,012
Total General Revenues				<u>3,529,454</u>
Change in Net Position				<u>(373,507)</u>
Net Position - Beginning				<u>11,700,927</u>
Net Position - Ending				<u>\$ 11,327,420</u>

The accompanying notes are an integral part of this statement.

**SABINE COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2016**

	General Fund	Road & Bridge #1	Road & Bridge #2
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,718,732	\$ 1,284,747	\$ 963,772
Receivables ( net of allowances for uncollectibles):			
Taxes	959,382	--	--
Due from Others	10,985	--	--
Due from State	45,394	--	--
Due from Other Funds	--	--	--
Due from Agency Funds	341,338	396	412
Restricted Assets:			
Cash and Cash Equivalents	178,216	--	--
Total Assets	<u>4,254,047</u>	<u>1,285,143</u>	<u>964,184</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 71,951	\$ 3,095	\$ 413
Due to Other Funds	--	135	136
Accrued Compensation and Other Benefits	57,470	5,108	5,092
Due to Other Beneficiaries	884	--	--
Due to State	28,321	--	--
Total Liabilities	<u>158,626</u>	<u>8,338</u>	<u>5,641</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	959,382	--	--
Total Deferred Inflows of Resources	<u>959,382</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted Fund Balances:			
Restricted for Road & Bridge Maintenance	--	1,276,805	958,543
Restricted for Hotel/Motel Tax	--	--	--
Restricted for Federal and State Grants	--	--	--
Restricted for Construction	--	--	--
Restricted for Record Retention	--	--	--
Unassigned Fund Balance	3,136,039	--	--
Total Fund Balance	<u>3,136,039</u>	<u>1,276,805</u>	<u>958,543</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,254,047</u>	<u>\$ 1,285,143</u>	<u>\$ 964,184</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT A-3

Road & Bridge #3	Road & Bridge #4	Other Governmental Funds	Total Governmental Funds
\$ 772,568	\$ 1,056,878	\$ 371,959	\$ 7,168,656
--	--	--	959,382
907	--	9,270	21,162
--	--	--	45,394
--	--	541	541
412	429	3,965	346,952
--	--	--	178,216
<u>773,887</u>	<u>1,057,307</u>	<u>385,735</u>	<u>8,720,303</u>
\$ 344	\$ 1,273	\$ 4,177	\$ 81,253
174	96	--	541
5,584	5,672	--	78,926
--	--	--	884
--	--	--	28,321
<u>6,102</u>	<u>7,041</u>	<u>4,177</u>	<u>189,925</u>
--	--	--	959,382
<u>--</u>	<u>--</u>	<u>--</u>	<u>959,382</u>
767,785	1,050,266	2,475	4,055,874
--	--	73,144	73,144
--	--	99,265	99,265
--	--	52,633	52,633
--	--	154,029	154,029
--	--	12	3,136,051
<u>767,785</u>	<u>1,050,266</u>	<u>381,558</u>	<u>7,570,996</u>
\$ <u>773,887</u>	\$ <u>1,057,307</u>	\$ <u>385,735</u>	\$ <u>8,720,303</u>

**SABINE COUNTY, TEXAS**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

Total fund balances - governmental funds balance sheet	\$ 7,570,996
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	2,171,842
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	959,382
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(54,671)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	(4,498)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	684,371
Rounding difference	(2)
Net position of governmental activities - Statement of Net Position	\$ <u>11,327,420</u>

The accompanying notes are an integral part of this statement.

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**SABINE COUNTY, TEXAS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Road & Bridge #1	Road & Bridge #2
Revenue:			
Taxes	\$ 2,945,620	\$ --	\$ --
Intergovernmental	1,182,536	13,330	13,887
Fees	312,756	107,507	112,045
Fines	84,197	--	--
Interest Income	43,633	15,504	10,883
Other Income	83,551	43,343	127,595
Total Revenue	<u>4,652,293</u>	<u>179,684</u>	<u>264,410</u>
Expenditures:			
Current:			
General government	757,345	--	--
Judicial	551,852	--	--
Legal	135,722	--	--
Public safety	1,681,622	--	--
Highways and streets	--	271,998	326,301
Financial administration	539,673	--	--
Conservation	20,646	--	--
Pass-through to other entities	440,464	--	--
Total Expenditures	<u>4,127,324</u>	<u>271,998</u>	<u>326,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>524,969</u>	<u>(92,314)</u>	<u>(61,891)</u>
Other Financing Sources (Uses):			
Operating Transfers In	298,002	105,711	110,115
Operating Transfers Out	(710,465)	--	--
Total Other Financing Sources (Uses)	<u>(412,463)</u>	<u>105,711</u>	<u>110,115</u>
Net Change in Fund Balances	<u>112,506</u>	<u>13,397</u>	<u>48,224</u>
Fund Balances - Beginning	3,023,533	1,263,408	910,319
Fund Balances - Ending	<u>\$ 3,136,039</u>	<u>\$ 1,276,805</u>	<u>\$ 958,543</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT A-5

Road & Bridge #3	Road & Bridge #4	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ --	\$ 2,945,620
13,886	14,442	212,637	1,450,718
111,680	116,147	144,560	904,695
--	--	--	84,197
10,883	14,549	3,456	98,908
87,012	42,204	27	383,732
<u>223,461</u>	<u>187,342</u>	<u>360,680</u>	<u>5,867,870</u>
--	--	106,053	863,398
--	--	915	552,767
--	--	--	135,722
--	--	--	1,681,622
348,024	428,968	222,768	1,598,059
--	--	--	539,673
--	--	--	20,646
--	--	10,414	450,878
<u>348,024</u>	<u>428,968</u>	<u>340,150</u>	<u>5,842,765</u>
<u>(124,563)</u>	<u>(241,626)</u>	<u>20,530</u>	<u>25,105</u>
110,116	114,521	--	738,465
--	--	(28,000)	(738,465)
<u>110,116</u>	<u>114,521</u>	<u>(28,000)</u>	<u>--</u>
<u>(14,447)</u>	<u>(127,105)</u>	<u>(7,470)</u>	<u>25,105</u>
782,232	1,177,371	389,028	7,545,891
<u>\$ 767,785</u>	<u>\$ 1,050,266</u>	<u>\$ 381,558</u>	<u>\$ 7,570,996</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, 2016**

Net change in fund balances - total governmental funds	\$ 25,105
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	32,445
The depreciation of capital assets used in governmental activities is not reported in the funds.	(465,678)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,446
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	65,455
Pension contributions made after the measurement date but in current FY were de-expended and reduced NP	125,754
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(163,035)
Rounding difference	1
Change in net position of governmental activities - Statement of Activities	\$ <u>(373,507)</u>

The accompanying notes are an integral part of this statement.



**SABINE COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2016**

	Agency Funds
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 966,944
<b>Restricted Assets:</b>	
Cash and Cash Equivalents	526,655
Total Assets and Other Debits	<u>1,493,599</u>
<b>LIABILITIES:</b>	
Due to County	\$ 346,951
Due to Other Beneficiaries	1,146,648
Total Liabilities	<u>1,493,599</u>
<b>NET POSITION</b>	
Total Net Position	\$ <u><u>--</u></u>

The accompanying notes are an integral part of this statement.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

A. 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.

1. 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.

2. Basis of Presentation, Basis of Accounting

a. 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.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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.

In addition, the County reports the following fund types:

**Agency Funds:** These funds are used to report fee office funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

b. **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.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

3. Financial Statement Amounts

a. 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.

Allowances 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 \$148,870 at December 31, 2016.

b. Inventories and Prepaid Items

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

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

d. 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 not scheduled for collection within one year of year end.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

e. 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 "Internal Balances" line of the government-wide statement of net position.

f. 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, constitutional 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 GAAP requires the use of management's estimates.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

g. Pension

The County reports a liability 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.

h. 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of this item which arises under a modified accrual basis of accounting; unavailable revenue which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

i. Implementation of New Standards

In the current fiscal year, the County implemented the following new accounting standards:

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported..

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**B. Compliance and Accountability**

**1. 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:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**2. 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:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. 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, 2016, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,840,469 and the bank balance was \$9,008,013. The County's cash deposits at December 31, 2016 and during the year ended December 31, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

**Investments:**

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

The County's investments at December 31, 2016 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of deposit - Road & Bridge 1	< 1 year	\$ 798,436
Certificates of deposit - Road & Bridge 2	< 1 year	413,757
Certificates of deposit - Road & Bridge 3	< 1 year	413,757
Certificates of deposit - Road & Bridge 4	< 1 year	718,330
Total Investments		<u>\$ 2,344,280</u>

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 are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

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

e. Foreign Currency Risk

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



SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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.

D. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital Assets not being depreciated:</b>				
Land	\$ 120,714	\$ -	\$ -	\$ 120,714
<b>Total Capital Assets not being depreciated</b>	<b>120,714</b>	<b>-</b>	<b>-</b>	<b>120,714</b>
<b>Capital Assets being depreciated:</b>				
Buildings and improvements	1,216,026	-	-	1,216,026
Equipment	3,389,354	-	-	3,389,354
Vehicles	782,458	32,445	-	814,903
Road and bridge Infrastructure	4,932,684	-	-	4,932,684
<b>Total capital assets being depreciated</b>	<b>10,320,522</b>	<b>32,445</b>	<b>-</b>	<b>10,352,967</b>
Less accumulated depreciation for:				
Buildings and improvements	(826,047)	(32,895)	-	(858,942)
Equipment	(2,685,849)	(217,620)	-	(2,903,469)
Vehicles	(588,036)	(107,511)	-	(695,547)
Road and bridge Infrastructure	(3,736,230)	(107,651)	-	(3,843,881)
<b>Total accumulated depreciation</b>	<b>(7,836,162)</b>	<b>(465,677)</b>	<b>-</b>	<b>(8,301,839)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,484,360</b>	<b>(433,232)</b>	<b>-</b>	<b>2,051,128</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,605,074</b>	<b>\$ (433,232)</b>	<b>\$ -</b>	<b>\$ 2,171,842</b>

Depreciation was charged to functions as follows:

General Government	\$ 15,080
Judicial	22,620
Public safety	87,507
Highways and streets	332,205
Financial	8,265
	<u>\$ 465,677</u>

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at December 31, 2015, consisted of the following:

Special Revenue Funds	Agency Funds	3,965	Transfer fee office receipts
R&B Fund #1	Agency Funds	396	Transfer fee office receipts
R&B Fund #2	Agency Funds	412	Transfer fee office receipts
R&B Fund #3	Agency Funds	412	Transfer fee office receipts
R&B Fund #4	Agency Funds	429	Transfer fee office receipts
Total		<u>\$ 346,952</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at December 31, 2016, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	R&B Fund #1	\$ 105,711	Transfer federal forest funds
General Fund	R&B Fund #2	110,115	Transfer federal forest funds
General Fund	R&B Fund #3	110,116	Transfer federal forest funds
General Fund	R&B Fund #4	114,521	Transfer federal forest funds
General Fund	Restricted Funds	220,352	Separate restricted funds
Special Revenue Funds	General Fund	77,650	Reimburse for salaries
Total		<u>\$ 738,465</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended December 31, 2016, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Capital Leases	\$ 120,128	\$ -	\$ 65,457	\$ 54,671	\$ 54,671
Total Governmental Activities	<u>\$ 120,128</u>	<u>\$ -</u>	<u>\$ 65,457</u>	<u>\$ 54,671</u>	<u>\$ 54,671</u>

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

2. Description of Capital Leases

Capital leases as of December 31, 2016 are summarized as follows:

2012 John Deere Gradall financed through Government Capital Corp. requiring annual payments of \$63,595 and one final payment of \$1 due in January 2018, with an interest rate of 3.895%.	\$ 54,671
<b>Total Capital Leases</b>	<b>\$ 54,671</b>

As of December 31, 2016, cost of equipment under capital lease totaled \$286,307, with accumulated depreciation of \$271,991. Current year depreciation totaled \$57,261.

3. Future requirements

Debt service requirements on long-term debt at December 31, 2016, are as follows:

Year ending December 31,	Governmental Activities		
	Principal	Interest	Total
2017	54,671	2,128	\$ 56,799
<b>Totals</b>	<b>\$ 54,671</b>	<b>\$ 2,128</b>	<b>\$ 56,799</b>

G. Commitments Under Non-capitalized Leases

Commitments under operating (non-capitalized) lease agreements for software license and equipment provide for minimum future rental payments as of December 31, 2016, as follows:

<u>Year Ending December 31,</u>	
2017	42,648
2018	42,648
2019	37,348
<b>Total Minimum Rentals</b>	<b>\$ 122,644</b>
<b>Rental Expenditures in 2016</b>	<b>\$ 35,149</b>

H. 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 2016, 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.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

I. Pension Plan

The County 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 several 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.

The plan provisions are adopted by the County's Board of Commissioners (the "Board"), within the options available in the Texas state statutes governing TCDRS ("TCDRS Act"). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any County financed benefit. Vested members are eligible for a partial lump-sum payment option.

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

Funding Policy

The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually as a percentage of employee earnings subject to plan changes (e.g. for cost -of-living benefit increases) adopted by the County's governing body within the constraints of the TCDRS Act. The County contributed using the actuarially determined rate of 5.74% for January through December 2016. The employee contribution rate is also a percentage of employee earnings subject to adjustment by the County's Board within the constraints of the TCDRS Act. The employee contribution rate was 7% during 2016.

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68. The following are the key assumptions and methods applied to this measurement period:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increases	3.00%
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Sabine County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the nonemployer contributing entity made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was 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 2016 information for a 7-10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

December 31, 2015 are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
	Cambridge Associates Global Private Equity &		
Private Equity	Venture Capital Index	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
	67% FTSE NAREIT Equity RETs Index + 33%		
REIT Equities	FRSE/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	5.00%	6.90%
	Hedge Fund Research, Inc. (HFRI) Fund of		
Hedge Funds	Funds Composite Index	25.00%	5.25%

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 12/31/2014	\$ 6,263,848	\$ 6,756,704	\$ (492,856)
Changes for the year:			
Service cost	244,579	-	244,579
Interest on total pension liability (1)	506,759	-	506,759
Effect of plan changes (2)	(35,116)	-	(35,116)
Effect of economic/demographic gains or losses	(49,759)	-	(49,759)
Effect of assumptions changes or inputs	84,442	-	84,442
Refund of contributions	(34,188)	(34,188)	-
Benefit payments	(275,156)	(275,156)	-
Administrative Expenses	-	(4,839)	4,839
Member contributions	-	149,860	(149,860)
Net investment income	-	(20,944)	20,944
Employer contributions	-	119,460	(119,460)
Other (3)	(1)	10,013	(10,014)
Total pension expense	441,560	(55,794)	497,354
Balance at 12/31/2015	\$ 6,705,408	\$ 6,700,910	\$ 4,498

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

(2) Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

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

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 7,512,597	\$ 6,705,408	\$ 6,029,177
Fiduciary net position	6,700,910	6,700,910	6,700,910
Net pension liability (asset)	<u>\$ 811,687</u>	<u>\$ 4,498</u>	<u>\$ (671,733)</u>

Pension Expense

Pension expense is summarized as follows:

	1/1/2015 to 12/31/2015
Service cost	\$ 244,579
Interest on total pension liability (1)	506,759
Effect of plan changes	(35,116)
Administrative expenses	4,839
Member contributions	(149,860)
Expected investment return net of investment expenses	(550,748)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	1,066
Recognition of assumption changes or inputs	21,110
Recognition of investment gains or losses	130,418
Other (2)	(10,013)
Pension expense (income)	<u>\$ 163,034</u>

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference in expected and actual experience	\$ 37,320	\$ 27,011
Difference in assumption changes	-	63,331
Difference in projected and actual earnings on pension plan investments.	-	505,593
Employer contributions made after the measurement date	-	125,756
Totals	<u>\$ 37,320</u>	<u>\$ 721,691</u>

SABINE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

The \$125,756 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ending December 31,	Deferred Outflows of Resources
2016	\$ 152,594
2017	152,594
2018	139,089
2019	114,338
Total	<u>\$ 558,615</u>

J. Health Care Coverage

During the year ended December 31, 2016, 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.

K. Commitments and Contingencies

1. 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.

2. Litigation

No reportable litigation was pending against the County as of December 31, 2016.

L. Subsequent Events

Management has evaluated subsequent events through September 18, 2017, the date when the financial statements were available to be issued.



## Required Supplementary Information

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

**SABINE COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-1**  
**Page 1 of 6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
General property taxes	\$ 2,516,543	\$ 2,516,543	\$ 2,645,128	\$ 128,585
General sales and use taxes	305,000	305,000	297,449	(7,551)
Other taxes	1,200	1,200	3,043	1,843
Total Taxes	<u>2,822,743</u>	<u>2,822,743</u>	<u>2,945,620</u>	<u>122,877</u>
Intergovernmental:				
Vehicle registration	--	3,953	3,954	1
Tax collection fees	60,850	60,850	68,091	7,241
Federal Forest program	--	880,928	880,928	--
Salary supplements	90,250	94,169	91,184	(2,985)
Other grants	41,300	135,096	138,379	3,283
Total Intergovernmental	<u>192,400</u>	<u>1,174,996</u>	<u>1,182,536</u>	<u>7,540</u>
Fines and Fees of County Offices:				
Fees of office	202,500	212,924	223,037	10,113
Other fines and fees	123,100	132,720	173,916	41,196
Total Fees of County Offices	<u>325,600</u>	<u>345,644</u>	<u>396,953</u>	<u>51,309</u>
Interest Income	<u>37,000</u>	<u>37,000</u>	<u>43,633</u>	<u>6,633</u>
Other Income:				
Miscellaneous income	126,150	159,350	83,551	(75,799)
Total Other Income	<u>126,150</u>	<u>159,350</u>	<u>83,551</u>	<u>(75,799)</u>
Total Revenues	<u>3,503,893</u>	<u>4,539,733</u>	<u>4,652,293</u>	<u>112,560</u>
Expenditures:				
Current:				
General Government:				
County Judge:				
Salaries	86,981	86,981	87,035	(54)
Benefits	28,345	28,402	28,328	74
Car allowance and travel	300	300	--	300
Office, postage, and copier	300	300	229	71
Utilities	675	675	632	43
Maintenance	400	400	110	290
Continuing education	2,500	2,788	2,787	1
Capital outlays	500	155	--	155
Total County Judge	<u>120,001</u>	<u>120,001</u>	<u>119,121</u>	<u>880</u>
County Clerk:				
Salaries	150,344	157,095	156,605	490
Benefits	61,780	61,953	61,887	66
Office, postage, and copier	6,600	8,534	7,052	1,482
Utilities	650	1,008	950	58
Maintenance	35,000	33,563	32,078	1,485
Insurance	500	500	490	10
Continuing education	4,000	4,000	3,758	242
Professional fees	16,000	10,604	9,041	1,563
Library costs	--	8,558	8,558	--

**SABINE COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-1**  
**Page 2 of 6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total County Clerk	274,874	285,815	280,419	5,396
Veterans Affairs:				
Salaries	15,574	15,358	14,658	700
Benefits	2,680	2,180	2,012	168
Office, postage, and copier	500	500	353	147
Maintenance	400	110	110	--
Continuing education	2,000	1,245	1,244	1
Total Veterans Affairs	21,154	19,393	18,377	1,016
Courthouse:				
Salaries	21,036	21,036	20,800	236
Benefits	11,725	11,754	11,733	21
Office, postage, and copier	3,500	3,169	3,168	1
Utilities	35,000	33,935	33,935	--
Maintenance	40,000	43,128	43,128	--
Total Courthouse	111,261	113,022	112,764	258
Non-Departmental:				
Benefits	5,000	940	939	1
Office, postage, and copier	56,500	24,657	24,202	455
Maintenance	3,000	29,192	28,861	331
Insurance	107,806	30,000	22,547	7,453
Professional fees	37,000	52,358	47,110	5,248
Senior citizen assistance	15,000	15,000	15,000	--
Child safety and assistance	500	500	500	--
Emergency and ambulance services	3,167	--	--	--
Volunteer fire patrol	10,000	10,000	10,000	--
Autopsy fees	25,000	12,702	10,790	1,912
Library	15,000	15,000	15,000	--
Historical and cultural	150	150	--	150
Litter control and recycling	800	800	692	108
Other charges	12,500	10,000	9,523	477
Capital outlays	44,000	44,000	41,500	2,500
Total Non-Departmental	335,423	245,299	226,664	18,635
Total General Government	862,713	783,530	757,345	26,185
Judicial:				
County Court at Law:				
Court appointed attorneys	6,000	9,100	9,100	--
Jury and court costs	4,100	1,000	516	484
Total County Court at Law	10,100	10,100	9,616	484
District Court:				
Salaries	49,738	58,003	58,002	1
Benefits	25,017	17,188	16,882	306
Car allowance and travel	1,200	1,276	1,276	--
Office, postage, and copier	2,327	1,124	1,124	--
Court appointed attorneys	42,000	67,763	67,763	--
Jury and court costs	15,600	14,668	14,665	3
Total District Court	135,882	160,022	159,712	310

**SABINE COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-1**  
**Page 3 of 6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
District Attorney:				
Salaries	54,139	54,279	54,193	86
Benefits	23,974	24,044	23,945	99
Office, postage, and copier	2,050	5,741	1,400	4,341
Insurance	--	18	18	--
Continuing education	--	2,500	719	1,781
Total District Attorney	80,163	86,582	80,275	6,307
District Clerk:				
Salaries	76,154	73,364	63,919	9,445
Benefits	26,740	26,742	24,688	2,054
Office, postage, and copier	3,000	4,363	4,362	1
Utilities	650	650	612	38
Maintenance	7,850	7,850	6,113	1,737
Insurance	300	300	111	189
Continuing education	2,500	3,120	3,104	16
Library costs	--	304	304	--
Capital outlays	2,000	2,805	2,805	--
Total District Clerk	119,194	119,498	106,018	13,480
Justice of the Peace #1:				
Salaries	63,970	63,970	63,675	295
Benefits	16,999	17,028	16,967	61
Car allowance and travel	500	500	--	500
Office, postage, and copier	1,100	1,000	928	72
Utilities	650	650	606	44
Maintenance	1,100	9,562	8,553	1,009
Insurance	200	200	95	105
Continuing education	2,200	4,422	4,212	210
Capital outlays	--	4,300	4,300	--
Total Justice of the Peace #1	86,719	101,632	99,336	2,296
Justice of the Peace #2:				
Salaries	65,077	65,077	63,062	2,015
Benefits	25,370	25,427	25,361	66
Car allowance and travel	300	300	--	300
Office, postage, and copier	1,000	1,034	1,033	1
Utilities	660	660	605	55
Maintenance	900	809	162	647
Insurance	200	200	--	200
Continuing education	2,000	2,000	1,992	8
Jury and court costs	100	100	--	100
Total Justice of the Peace #2	95,607	95,607	92,215	3,392
Courthouse Security:				
Capital outlays	--	4,680	4,680	--
Total Courthouse Security	--	4,680	4,680	--
Total Judicial	527,665	578,121	551,852	26,269
Legal:				
County Attorney:				

**SABINE COUNTY, TEXAS**  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2016

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Salaries	101,385	101,385	97,725	3,660
Benefits	30,306	30,363	29,784	579
Office, postage, and copier	900	1,010	1,009	1
Utilities	7,700	7,702	6,698	1,004
Insurance	200	200	185	15
Continuing education	1,500	1,331	--	1,331
Capital outlays	500	500	321	179
Total County Attorney	142,491	142,491	135,722	6,769
<b>Total Legal</b>	<b>142,491</b>	<b>142,491</b>	<b>135,722</b>	<b>6,769</b>
<b>Public Safety:</b>				
<b>Constable Pct #1:</b>				
Salaries	23,410	23,410	23,411	(1)
Benefits	11,931	11,960	11,863	97
Fuel, oil, and tires	2,800	2,800	1,117	1,683
Insurance	200	200	--	200
Capital outlays	300	271	--	271
Total Constable Pct #1	38,641	38,641	36,391	2,250
<b>Constable Pct #2:</b>				
Salaries	26,649	19,386	19,387	(1)
Benefits	12,459	12,459	10,629	1,830
Fuel, oil, and tires	3,800	3,555	2,373	1,182
Insurance	200	200	--	200
Capital outlays	1,500	1,745	1,745	--
Total Constable Pct #2	44,608	37,345	34,134	3,211
<b>Sheriff:</b>				
Salaries	670,957	663,623	664,246	(623)
Benefits	252,918	236,875	236,803	72
Car allowance and travel	3,500	2,078	2,077	1
Office, postage, and copier	12,150	12,296	12,282	14
Utilities	46,500	47,408	47,406	2
Fuel, oil, and tires	69,000	36,219	36,219	--
Maintenance	35,000	35,207	35,206	1
Insurance	17,500	18,884	18,708	176
Continuing education	2,500	3,113	3,112	1
Equipment leasing	15,600	16,197	16,197	--
Prisoner housing costs	109,600	280,340	280,337	3
Capital outlays	55,000	52,210	52,209	1
Total Sheriff	1,290,225	1,404,450	1,404,802	(352)
<b>Probation:</b>				
Utilities	1,100	1,100	1,023	77
Probation fees	13,046	13,046	13,046	--
Total Probation	14,146	14,146	14,069	77
<b>9-1-1:</b>				
Salaries	37,439	40,779	37,908	2,871
Benefits	13,430	13,895	13,848	47
Car allowance and travel	2,000	2,034	2,034	--
Office, postage, and copier	2,000	1,712	466	1,246

**SABINE COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-1**  
**Page 5 of 6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Utilities	--	835	835	--
Continuing education	3,500	1,000	985	15
Other charges	12,000	23,737	23,736	1
Capital outlays	700	2,767	2,767	--
Total 9-1-1	71,069	86,759	82,579	4,180
Child Safety:				
Office, postage, and copier	--	7,158	7,158	--
Total Child Safety	--	7,158	7,158	--
DARE Program:				
Office, postage, and copier	--	8,540	8,540	--
Total DARE Program	--	8,540	8,540	--
Keeler Grant Program				
Capital outlays	--	35,711	35,711	--
Total Keeler Grant	--	35,711	35,711	--
Justice Department Grant				
Salaries	--	36,285	36,285	--
Benefits	--	13,752	13,749	3
Capital outlays	--	8,204	8,204	--
Total Justice Department Grant	--	58,241	58,238	3
Total Public Safety	1,458,689	1,690,991	1,681,622	9,369
Financial Administration:				
County Auditor:				
Salaries	37,404	37,404	37,404	--
Benefits	13,412	13,448	13,435	13
Office, postage, and copier	1,000	364	363	1
Continuing education	2,600	2,026	1,895	131
Capital outlays	300	1,474	1,474	--
Total County Auditor	54,716	54,716	54,571	145
County Treasurer:				
Salaries	92,332	85,846	82,712	3,134
Benefits	37,340	37,349	32,221	5,128
Office, postage, and copier	3,500	3,642	3,642	--
Utilities	700	700	691	9
Maintenance	5,200	11,070	9,095	1,975
Insurance	700	700	337	363
Continuing education	3,500	3,875	3,875	--
Capital outlays	250	340	340	--
Total County Treasurer	143,522	143,522	132,913	10,609
Tax Assessor / Collector:				
Salaries	171,927	169,294	168,645	649
Benefits	72,998	73,914	71,149	2,765
Car allowance and travel	100	781	781	--
Office, postage, and copier	8,040	8,040	6,499	1,541
Utilities	2,400	2,400	2,190	210
Maintenance	3,600	3,600	2,400	1,200

**SABINE COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-1**  
**Page 6 of 6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Insurance	1,600	1,788	1,787	1
Continuing education	6,000	6,848	6,848	--
Professional fees	--	511	511	--
Appraisal District payments	65,381	65,381	65,381	--
Equipment leasing	27,542	27,542	25,682	1,860
Other charges	1,400	1,400	316	1,084
Total Tax Assessor / Collector	360,988	361,499	352,189	9,310
Total Financial Administration	559,226	559,737	539,673	20,064
Conservation				
County Agent:				
Salaries	20,052	15,578	14,736	842
Benefits	2,057	2,057	1,478	579
Car allowance and travel	5,000	4,844	3,674	1,170
Office, postage, and copier	1,500	1,500	605	895
Utilities	150	150	73	77
Continuing education	2,000	2,000	80	1,920
Total County Agent	30,759	26,129	20,646	5,483
Total Conservation	30,759	26,129	20,646	5,483
Pass-Through to Other Entities:				
Federal Forest payments to schools	--	440,464	440,464	--
Total Pass-Through to Other Entities	--	440,464	440,464	--
Total Expenditures	3,581,543	4,221,463	4,127,324	94,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,650)	318,270	524,969	206,699
Other Financing Sources (Uses):				
Operating transfers in	77,650	77,650	298,002	220,352
Operating transfers out	--	(490,114)	(710,465)	220,351
Total Other Financing Sources (Uses)	77,650	(412,464)	(412,463)	(1)
Net Change in Fund Balances	--	(94,194)	112,506	206,700
Fund Balances - Beginning	2,850,708	2,850,708	3,023,533	172,825
Fund Balances - Ending	<u>\$ 2,850,708</u>	<u>\$ 2,756,514</u>	<u>\$ 3,136,039</u>	<u>\$ 379,525</u>

**SABINE COUNTY, TEXAS**  
**ROAD & BRIDGE #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-2**  
**Page 1 of 2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,400	\$ 4,400	\$ 4,446	\$ 46
Payments in lieu of taxes	8,000	8,000	8,884	884
Total Intergovernmental	<u>12,400</u>	<u>12,400</u>	<u>13,330</u>	<u>930</u>
Fines and Fees of County Offices:				
Licenses & permits	110,000	110,000	107,507	(2,493)
Total Fees of County Offices	<u>110,000</u>	<u>110,000</u>	<u>107,507</u>	<u>(2,493)</u>
Interest Income	<u>14,000</u>	<u>14,000</u>	<u>15,504</u>	<u>1,504</u>
Other Income:				
Culvert reimbursement	1,500	1,500	4,362	2,862
Miscellaneous income	6,000	6,000	38,981	32,981
Total Other Income	<u>7,500</u>	<u>7,500</u>	<u>43,343</u>	<u>35,843</u>
Total Revenues	<u>143,900</u>	<u>143,900</u>	<u>179,684</u>	<u>35,784</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	151,913	151,913	133,408	18,505
Benefits	53,305	53,305	36,873	16,432
Car allowance and travel	--	--	178	(178)
Road materials	57,500	61,398	48,020	13,378
Office, postage, and copier	2,900	3,273	2,159	1,114
Utilities	4,800	4,800	3,365	1,435
Fuel, oil, and tires	49,000	49,000	15,291	33,709
Maintenance	20,000	20,515	7,758	12,757
Insurance	5,500	6,434	5,897	537
Equipment leasing	20,000	20,000	15,899	4,101
Continuing education	1,500	1,500	1,150	350
Capital outlays	5,000	5,000	2,000	3,000
Total Road and Bridge	<u>371,418</u>	<u>377,138</u>	<u>271,998</u>	<u>105,140</u>
Total Highways and Streets	<u>371,418</u>	<u>377,138</u>	<u>271,998</u>	<u>105,140</u>
Total Expenditures	<u>371,418</u>	<u>377,138</u>	<u>271,998</u>	<u>105,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(227,518)</u>	<u>(233,238)</u>	<u>(92,314)</u>	<u>140,924</u>



**SABINE COUNTY, TEXAS**  
**ROAD & BRIDGE #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-2**  
**Page 2 of 2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Operating transfers in	43,320	43,320	105,711	62,391
Total Other Financing Sources (Uses)	43,320	43,320	105,711	(62,391)
Net Change in Fund Balances	(184,198)	(189,918)	13,397	203,315
Fund Balances - Beginning	1,263,407	1,263,407	1,263,408	1
Fund Balances - Ending	<u>\$ 1,079,209</u>	<u>\$ 1,073,489</u>	<u>\$ 1,276,805</u>	<u>\$ 203,316</u>

**SABINE COUNTY, TEXAS**  
**ROAD & BRIDGE #2**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-3**  
**Page 1 of 2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,600	\$ 4,600	\$ 4,632	\$ 32
Payments in lieu of taxes	8,400	8,400	9,255	855
Total Intergovernmental	<u>13,000</u>	<u>13,000</u>	<u>13,887</u>	<u>887</u>
Fines and Fees of County Offices:				
Licenses & permits	112,000	112,000	112,045	45
Total Fees of County Offices	<u>112,000</u>	<u>112,000</u>	<u>112,045</u>	<u>45</u>
Interest Income	<u>10,000</u>	<u>10,000</u>	<u>10,883</u>	<u>883</u>
Other Income:				
Rental income	6,000	66,000	115,409	49,409
Road base/Road oil reimbursement	50	50	--	(50)
Culvert reimbursement	6,000	6,000	12,186	6,186
Total Other Income	<u>12,050</u>	<u>72,050</u>	<u>127,595</u>	<u>55,545</u>
Total Revenues	<u>147,050</u>	<u>207,050</u>	<u>264,410</u>	<u>57,360</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	142,168	142,168	125,463	16,705
Benefits	54,890	58,047	52,981	5,066
Car allowance and travel	100	100	--	100
Road materials	127,500	187,500	81,912	105,588
Office, postage, and copier	2,950	3,383	2,166	1,217
Utilities	2,000	2,000	1,743	257
Fuel, oil, and tires	54,050	54,336	24,889	29,447
Maintenance	26,000	29,513	14,745	14,768
Insurance	4,400	4,400	3,548	852
Equipment leasing	20,000	20,000	15,899	4,101
Continuing education	1,500	1,500	955	545
Capital outlays	56,467	49,078	2,000	47,078
Total Road and Bridge	<u>492,025</u>	<u>552,025</u>	<u>326,301</u>	<u>225,724</u>
Total Highways and Streets	<u>492,025</u>	<u>552,025</u>	<u>326,301</u>	<u>225,724</u>
Total Expenditures	<u>492,025</u>	<u>552,025</u>	<u>326,301</u>	<u>225,724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(344,975)</u>	<u>(344,975)</u>	<u>(61,891)</u>	<u>283,084</u>

**SABINE COUNTY, TEXAS**  
**ROAD & BRIDGE #2**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-3**  
**Page 2 of 2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Operating transfers in	45,125	45,125	110,115	64,990
Total Other Financing Sources (Uses)	45,125	45,125	110,115	(64,990)
Net Change in Fund Balances	(299,850)	(299,850)	48,224	348,074
Fund Balances - Beginning	910,319	910,319	910,319	--
Fund Balances - Ending	<u>\$ 610,469</u>	<u>\$ 610,469</u>	<u>\$ 958,543</u>	<u>\$ 348,074</u>

**SABINE COUNTY, TEXAS**  
**ROAD & BRIDGE #3**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-4**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,600	\$ 4,600	\$ 4,631	\$ 31
Payments in lieu of taxes	8,400	8,400	9,255	855
Total Intergovernmental	<u>13,000</u>	<u>13,000</u>	<u>13,886</u>	<u>886</u>
Fines and Fees of County Offices:				
Licenses & permits	112,050	112,050	111,680	(370)
Total Fees of County Offices	<u>112,050</u>	<u>112,050</u>	<u>111,680</u>	<u>(370)</u>
Interest Income	<u>10,000</u>	<u>10,000</u>	<u>10,883</u>	<u>883</u>
Other Income:				
Rental income	1,500	1,500	225	(1,275)
Miscellaneous income	6,000	58,157	86,787	28,630
Total Other Income	<u>7,500</u>	<u>59,657</u>	<u>87,012</u>	<u>27,355</u>
Total Revenues	<u>142,550</u>	<u>194,707</u>	<u>223,461</u>	<u>28,754</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	162,910	162,910	133,470	29,440
Benefits	59,289	59,289	35,738	23,551
Road materials	111,000	147,972	95,184	52,788
Office, postage, and copier	7,950	8,534	3,972	4,562
Utilities	2,900	2,900	2,598	302
Fuel, oil, and tires	62,400	62,473	24,743	37,730
Maintenance	29,000	43,276	32,135	11,141
Insurance	4,550	4,802	4,255	547
Equipment leasing	20,000	20,000	15,899	4,101
Continuing education	1,500	1,500	30	1,470
Capital outlays	926	926	--	926
Total Road and Bridge	<u>462,425</u>	<u>514,582</u>	<u>348,024</u>	<u>166,558</u>
Total Highways and Streets	<u>462,425</u>	<u>514,582</u>	<u>348,024</u>	<u>166,558</u>
Total Expenditures	<u>462,425</u>	<u>514,582</u>	<u>348,024</u>	<u>166,558</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(319,875)</u>	<u>(319,875)</u>	<u>(124,563)</u>	<u>195,312</u>
Other Financing Sources (Uses):				
Operating transfers in	45,125	45,125	110,116	64,991
Total Other Financing Sources (Uses)	<u>45,125</u>	<u>45,125</u>	<u>110,116</u>	<u>(64,991)</u>
Net Change in Fund Balances	<u>(274,750)</u>	<u>(274,750)</u>	<u>(14,447)</u>	<u>260,303</u>
Fund Balances - Beginning	782,232	782,232	782,232	--
Fund Balances - Ending	<u>\$ 507,482</u>	<u>\$ 507,482</u>	<u>\$ 767,785</u>	<u>\$ 260,303</u>

**SABINE COUNTY, TEXAS**  
**ROAD & BRIDGE #4**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B-5**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental:				
Lateral road fees	\$ 4,600	\$ 4,600	\$ 4,817	\$ 217
Payments in lieu of taxes	8,800	8,800	9,625	825
Total Intergovernmental	<u>13,400</u>	<u>13,400</u>	<u>14,442</u>	<u>1,042</u>
Fines and Fees of County Offices:				
Licenses & permits	115,050	115,050	116,147	1,097
Total Fees of County Offices	<u>115,050</u>	<u>115,050</u>	<u>116,147</u>	<u>1,097</u>
Interest Income	<u>10,000</u>	<u>10,000</u>	<u>14,549</u>	<u>4,549</u>
Other Income:				
Culvert reimbursement	4,000	4,000	3,426	(574)
Miscellaneous income	6,000	37,344	38,778	1,434
Total Other Income	<u>10,000</u>	<u>41,344</u>	<u>42,204</u>	<u>860</u>
Total Revenues	<u>148,450</u>	<u>179,794</u>	<u>187,342</u>	<u>7,548</u>
Expenditures:				
Current:				
Highways and Streets:				
Road and Bridge:				
Salaries	160,170	160,170	131,575	28,595
Benefits	62,885	62,885	46,990	15,895
Road materials	159,500	235,844	188,394	47,450
Office, postage, and copier	3,550	3,650	2,959	691
Utilities	2,800	2,800	2,273	527
Fuel, oil, and tires	43,350	43,350	22,021	21,329
Maintenance	16,000	18,000	11,572	6,428
Insurance	7,150	7,150	4,330	2,820
Equipment leasing	20,000	20,000	15,899	4,101
Continuing education	1,500	1,500	955	545
Capital outlays	5,000	5,000	2,000	3,000
Total Road and Bridge	<u>481,905</u>	<u>560,349</u>	<u>428,968</u>	<u>131,381</u>
Total Highways and Streets	<u>481,905</u>	<u>560,349</u>	<u>428,968</u>	<u>131,381</u>
Total Expenditures	<u>481,905</u>	<u>560,349</u>	<u>428,968</u>	<u>131,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(333,455)</u>	<u>(380,555)</u>	<u>(241,626)</u>	<u>138,929</u>
Other Financing Sources (Uses):				
Operating transfers in	46,930	46,930	114,521	67,591
Total Other Financing Sources (Uses)	<u>46,930</u>	<u>46,930</u>	<u>114,521</u>	<u>(67,591)</u>
Net Change in Fund Balances	<u>(286,525)</u>	<u>(333,625)</u>	<u>(127,105)</u>	<u>206,520</u>
Fund Balances - Beginning	1,177,371	1,177,371	1,177,371	--
Fund Balances - Ending	<u>\$ 890,846</u>	<u>\$ 843,746</u>	<u>\$ 1,050,266</u>	<u>\$ 206,520</u>

**SABINE COUNTY, TEXAS**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 119,460	\$ 109,840	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(119,460)	(109,848)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ (8)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 2,140,860	\$ 1,982,820	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	5.58%	5.54%	--	--	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**SABINE COUNTY, TEXAS**
**SCHEDULE OF CHANGES IN THE COUNTY'S  
 NET PENSION LIABILITY AND RELATED RATIOS  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total pension liability:</b>										
Service cost	\$ 244,579	\$ 239,179	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	506,759	465,552	--	--	--	--	--	--	--	--
Changes of benefit terms	(35,116)	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(49,759)	54,021	--	--	--	--	--	--	--	--
Changes of assumptions	84,442	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(309,345)	(245,616)	--	--	--	--	--	--	--	--
<b>Net change in total pension liability</b>	<b>441,560</b>	<b>513,136</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total pension liability - beginning</b>	<b>6,263,848</b>	<b>5,750,712</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 6,705,408</b>	<b>\$ 6,263,848</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 119,460	\$ 109,848	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions - employee	149,860	138,797	--	--	--	--	--	--	--	--
Net investment income	(20,944)	436,792	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(309,344)	(245,617)	--	--	--	--	--	--	--	--
Administrative expense	(4,839)	(5,038)	--	--	--	--	--	--	--	--
Other	10,013	(3,831)	--	--	--	--	--	--	--	--
<b>Net change in plan fiduciary net position</b>	<b>(55,794)</b>	<b>430,951</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Plan fiduciary net position - beginning</b>	<b>6,756,704</b>	<b>6,325,753</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 6,700,910</b>	<b>\$ 6,756,704</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 4,498</b>	<b>\$ (492,856)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>0.07%</b>	<b>-7.87%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Covered-employee payroll</b>	<b>\$ 2,140,860</b>	<b>\$ 1,982,820</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>County's net pension liability as a percentage of covered-employee payroll</b>	<b>0.21%</b>	<b>-24.86%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**Notes to Schedule:**

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

## **SABINE COUNTY, TEXAS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

#### **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 departmental 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, 2016.



## **Combining Statements and Budget Comparisons 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 BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2016**

	Appellate Judicial System Fund	District Clerk Record Archive Fee	Convention Center Building
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 112	\$ 3,637	\$ 52,633
Receivables ( net of allowances for uncollectibles):			
Due from Others	--	--	--
Due from Other Funds	--	--	--
Due from Agency Funds	30	55	--
Total Assets	<u>142</u>	<u>3,692</u>	<u>52,633</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 130	\$ --	\$ --
Total Liabilities	<u>130</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted Fund Balances:			
Restricted for Road & Bridge Maintenance	--	--	--
Restricted for Hotel/Motel Tax	--	--	--
Restricted for Federal and State Grants	--	--	--
Restricted for Construction	--	--	52,633
Restricted for Record Retention	--	3,692	--
Unassigned Fund Balance	12	--	--
Total Fund Balance	<u>12</u>	<u>3,692</u>	<u>52,633</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 142</u>	<u>\$ 3,692</u>	<u>\$ 52,633</u>

Records Retention	Hotel/ Motel Tax	District Clerk Special	Forest Service
\$ 114,040	\$ 67,305	\$ 3,323	\$ 99,881
--	9,270	--	--
--	--	--	--
1,895	--	100	--
<u>115,935</u>	<u>76,575</u>	<u>3,423</u>	<u>99,881</u>
\$ --	\$ 3,431	\$ --	\$ 616
--	<u>3,431</u>	--	<u>616</u>
--	--	--	--
--	73,144	--	--
--	--	--	99,265
--	--	--	--
115,935	--	3,423	--
--	--	--	--
<u>115,935</u>	<u>73,144</u>	<u>3,423</u>	<u>99,265</u>
\$ <u>115,935</u>	\$ <u>76,575</u>	\$ <u>3,423</u>	\$ <u>99,881</u>

**SABINE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2016**

	County Clerk Archive	Road & Bridge Special	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 29,094	\$ 1,934	\$ 371,959
Receivables ( net of allowances for uncollectibles):			
Due from Others	--	--	9,270
Due from Other Funds	--	541	541
Due from Agency Funds	1,885	--	3,965
Total Assets	<u>30,979</u>	<u>2,475</u>	<u>385,735</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ --	\$ --	\$ 4,177
Total Liabilities	<u>--</u>	<u>--</u>	<u>4,177</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted Fund Balances:			
Restricted for Road & Bridge Maintenance	--	2,475	2,475
Restricted for Hotel/Motel Tax	--	--	73,144
Restricted for Federal and State Grants	--	--	99,265
Restricted for Construction	--	--	52,633
Restricted for Record Retention	30,979	--	154,029
Unassigned Fund Balance	--	--	12
Total Fund Balance	<u>30,979</u>	<u>2,475</u>	<u>381,558</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 30,979</u>	 <u>\$ 2,475</u>	 <u>\$ 385,735</u>

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**SABINE COUNTY, TEXAS****COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appellate Judicial System Fund	District Clerk Record Archive Fee	Convention Center Building
Revenue:			
Intergovernmental	\$ --	\$ --	\$ --
Fees	875	1,374	--
Interest Income	2	36	659
Other Income	--	--	--
Total Revenue	<u>877</u>	<u>1,410</u>	<u>659</u>
Expenditures:			
Current:			
General government	--	--	--
Judicial	915	--	--
Highways and streets	--	--	--
Pass-through to other entities	--	--	--
Total Expenditures	<u>915</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38)</u>	<u>1,410</u>	<u>659</u>
Other Financing Sources (Uses):			
Operating Transfers Out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(38)</u>	<u>1,410</u>	<u>659</u>
Fund Balances - Beginning	50	2,282	51,974
Fund Balances - Ending	<u>\$ 12</u>	<u>\$ 3,692</u>	<u>\$ 52,633</u>

Records Retention	Hotel/ Motel Tax	District Clerk Special	Forest Service	County Clerk Archive
\$ --	\$ --	\$ --	\$ --	\$ --
24,404	83,875	1,892	--	24,140
1,402	873	33	--	451
--	--	--	--	--
<u>25,806</u>	<u>84,748</u>	<u>1,925</u>	<u>--</u>	<u>24,591</u>
17,586	87,227	1,240	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	10,414	--
<u>17,586</u>	<u>87,227</u>	<u>1,240</u>	<u>10,414</u>	<u>--</u>
8,220	(2,479)	685	(10,414)	24,591
--	--	--	--	(28,000)
--	--	--	--	(28,000)
8,220	(2,479)	685	(10,414)	(3,409)
107,715	75,623	2,738	109,679	34,388
<u>\$ 115,935</u>	<u>\$ 73,144</u>	<u>\$ 3,423</u>	<u>\$ 99,265</u>	<u>\$ 30,979</u>

**SABINE COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	CDBG #7214390 First Time Water Service	Road & Bridge Special	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:			
Intergovernmental	\$ 212,637	\$ --	\$ 212,637
Fees	--	8,000	144,560
Interest Income	--	--	3,456
Other Income	27	--	27
Total Revenue	<u>212,664</u>	<u>8,000</u>	<u>360,680</u>
Expenditures:			
Current:			
General government	--	--	106,053
Judicial	--	--	915
Highways and streets	212,664	10,104	222,768
Pass-through to other entities	--	--	10,414
Total Expenditures	<u>212,664</u>	<u>10,104</u>	<u>340,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(2,104)</u>	<u>20,530</u>
Other Financing Sources (Uses):			
Operating Transfers Out	--	--	(28,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(28,000)</u>
Net Change in Fund Balances	<u>--</u>	<u>(2,104)</u>	<u>(7,470)</u>
Fund Balances - Beginning	--	4,579	389,028
Fund Balances - Ending	<u>\$ --</u>	<u>\$ 2,475</u>	<u>\$ 381,558</u>



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**SABINE COUNTY, TEXAS****COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****AGENCY FUNDS****DECEMBER 31, 2016**

	<u>Tax Assessor - Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 910,708	\$ --	\$ --
Restricted Assets:			
Cash and Cash Equivalents	<u>--</u>	<u>23,632</u>	<u>503,023</u>
Total Assets and Other Debits	<u>910,708</u>	<u>23,632</u>	<u>503,023</u>
<b>LIABILITIES:</b>			
Due to County	\$ 312,736	\$ --	\$ --
Due to Other Beneficiaries	<u>597,972</u>	<u>23,632</u>	<u>503,023</u>
Total Liabilities	<u>910,708</u>	<u>23,632</u>	<u>503,023</u>
<b>NET POSITION</b>			
Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

<u>County Sheriff</u>	<u>County Attorney</u>	<u>Treasurer Fee Account</u>	<u>Total Agency Funds (See Exhibit A-7)</u>
\$ 13,831	\$ 8,290	\$ 34,115	\$ 966,944
--	--	--	526,655
<u>13,831</u>	<u>8,290</u>	<u>34,115</u>	<u>1,493,599</u>
\$ --	\$ 100	\$ 34,115	\$ 346,951
13,831	8,190	--	1,146,648
<u>13,831</u>	<u>8,290</u>	<u>34,115</u>	<u>1,493,599</u>
\$ --	\$ --	\$ --	\$ --

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## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

# HALLS, JOHNSON, MCLEMORE & REDFIELD, LLP

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Clint White, CPA

## **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 Members of the Commissioners' Court  
Sabine County, Texas  
P.O. Box 597  
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 (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 18, 2017.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Halls, Johnson, McLeMORE & Redfield, LLP*

HALLS, JOHNSON, McLEMORE & REDFIELD, LLP  
Nacogdoches, Texas  
September 18, 2017

# HALLS, JOHNSON, MCLEMORE & REDFIELD, LLP

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Daryl Melton, County Judge  
and Members of the Commissioners' Court  
Sabine County, Texas  
P.O. Box 597  
Hemphill, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited Sabine County, Texas's (the County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2016. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.



## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over 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.

*Halls, Johnson, McLemore & Redfield, LLP*

HALLS, JOHNSON, McLEMORE & REDFIELD, LLP  
Nacogdoches, Texas  
September 18, 2017

**SABINE COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.666	Schools and Roads - Grants to Counties

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

Auditee qualified as low-risk auditee?   X   Yes        No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**SABINE COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A- No prior year audit findings.		

**SABINE COUNTY, TEXAS**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

N/A- No current year findings.

**SABINE COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT D-1**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>FOREST SERVICE SCHOOLS AND ROADS CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Comptroller:				
Schools & Roads - Grants to Counties	10.666	--	\$ 440,464	\$ 880,928
Total U. S. Department of Agriculture			<u>440,464</u>	<u>880,928</u>
Total Forest Service Schools and Roads Cluster			<u>440,464</u>	<u>880,928</u>
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Homeland Security</u>				
Direct Program:				
FEMA Disaster #4266	97.036	--	--	223,866
Total U.S. Department of Homeland Security			<u>--</u>	<u>223,866</u>
<u>U. S. Department of the Interior</u>				
Direct Program:				
Payment in Lieu of Taxes	15.227	--	--	37,018
Total U. S. Department of the Interior			<u>--</u>	<u>37,018</u>
<u>U. S. Department of Justice</u>				
Passed Through DETCOG:				
Edward Byrne Memorial Program	16.738	2920101	--	46,392
Edward Byrne Memorial Program	16.738	2920102	--	12,484
Total Passed Through DETCOG			<u>--</u>	<u>58,876</u>
Total U. S. Department of Justice			<u>--</u>	<u>58,876</u>
<u>U. S. Department of Housing &amp; Urban Development</u>				
Passed Through Texas Dept of Agriculture:				
Community Development Block Grant	14.228	7214390	--	155,985
Total U. S. Department of Housing & Urban Development			<u>--</u>	<u>155,985</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 440,464</u>	<u>\$ 1,356,673</u>

The accompanying notes are an integral part of this schedule.

## **SABINE COUNTY, TEXAS**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Sabine County, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### Summary of Significant Accounting Policies

Expenditures reported on the Schedule 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 Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.