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2019 BUDGET - ADOPTED 8/30/2018			
	2018	CHANGE	2019
SALARIES			
CHIEF APPRAISER			
FIELD APPRAISER, RPA	\$ 35,844	\$ 3,995	\$ 39,839
MAPPER	\$ 31,955	\$ 5,196	\$ 37,151
CLERICAL/CUSTOMER	\$ 23,340	\$ 3,446	\$ 26,786
DATA ENTRY (1)	\$ 20,800	\$ 2,745	\$ 23,545
DATA ENTRY (2)	\$ 20,800	\$ 2,745	\$ 23,545
TOTAL	\$ 132,739	\$ 18,127	\$ 150,866
EMPLOYEE BENEFITS			
RETIREMENT, SOC SEC, HEALTH INS			
CHIEF APPRAISER	\$ -	\$ -	\$ -
FIELD APPRAISER, RPA	\$ 11,316	\$ 328	\$ 11,644
MAPPER	\$ 8,079	\$ (3,376)	\$ 4,703
CLERICAL/CUSTOMER	\$ 9,698	\$ 293	\$ 9,991
DATA ENTRY (1)	\$ 1,595	\$ 7,986	\$ 9,581
DATA ENTRY (2)	\$ 1,595	\$ 7,986	\$ 9,581
TOTAL	\$ 32,283	\$ 13,217	\$ 45,500
WORKER'S COMP/UNEMPLOYMENT			
CHIEF APPRAISER	\$ -	\$ -	\$ -
FIELD APPRAISER, RPA	\$ 560	\$ (100)	\$ 460
MAPPER	\$ 109	\$ 351	\$ 460
CLERICAL/CUSTOMER	\$ 90	\$ 370	\$ 460
DATA ENTRY (1)	\$ 395	\$ 65	\$ 460
DATA ENTRY (2)	\$ 395	\$ 65	\$ 460
TOTAL	\$ 1,549	\$ 751	\$ 2,300
SUPPLIES & MATERIAL			
ADVERTISING	\$ 500	\$ 100	\$ 600
DEED RECORDS	\$ 800	\$ -	\$ 800
GENERAL OFFICE SUPPLIES	\$ 3,300	\$ -	\$ 3,300
MAPPING SUPPLIES	\$ 2,000	\$ (2,000)	\$ -
COPIER SERVICE/MAINTENANCE	\$ 2,000	\$ -	\$ 2,000
POSTAGE	\$ 2,000	\$ 1,000	\$ 3,000
OFFICE FURNITURE/FIXTURES	\$ 14,900	\$ (9,900)	\$ 5,000
TOTAL	\$ 25,500	\$ (10,800)	\$ 14,700
PROFESSIONAL SERVICES			
CONTRACTED CHIEF APPRAISER	\$ 52,000	\$ -	\$ 52,000
CONTRACTED REAL APPRAISAL SERVICES	\$ 72,000	\$ -	\$ 72,000
BUILDING INSURANCE	\$ 1,400	\$ -	\$ 1,400
UTILITIES/TELEPHONE	\$ 6,600	\$ 3,400	\$ 10,000
BUILDING REPAIRS/MAINTENANCE	\$ 5,000	\$ -	\$ 5,000
COMPUTER SERVICES	\$ 47,567	\$ 9,907	\$ 57,474
MINERAL, UTILITY & INDUSTRIAL APPR	\$ 7,000	\$ 2,000	\$ 9,000
PICTOMETRY	\$ 26,385	\$ (19,885)	\$ 6,500
MAPPING COSTS/ONLINE SERVICES	\$ 4,500	\$ -	\$ 4,500
AUDIT FEES	\$ 2,800	\$ 500	\$ 3,300
TRAVEL & EDUCATION	\$ 9,650	\$ -	\$ 9,650
ARB EXPENSE	\$ 2,000	\$ -	\$ 2,000
CONTRACT LABOR	\$ 4,000	\$ (4,000)	\$ -
PROFESSIONAL DUES/FEES	\$ 1,500	\$ -	\$ 1,500
FEDERAL DATABASE SEARCH FEE	\$ 1,600	\$ -	\$ 1,600
ATTORNEY/LEGAL FEES	\$ 1,200	\$ -	\$ 1,200
ACCOUNTING	\$ -	\$ 3,500	\$ 3,500
BOARD OF DIRECTOR EXPENSES	\$ -	\$ 2,000	\$ 2,000
TOTAL	\$ 245,202	\$ (2,578)	\$ 242,624
GRAND TOTAL	\$ 437,273	\$ 18,717	\$ 455,990

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Vol 3-b PG 702

SABINE COUNTY APPRAISAL DISTRICT

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

SABINE COUNTY APPRAISAL DISTRICT
FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

TABLE OF CONTENTS

FINANCIAL SECTION

Exhibit

Independent Auditor's Report:

Unqualified Opinion on Basic Financial Statements
Accompanied by Supplementary Information

Basic Financial Statements:

Statement of Net Position	A
Statement of Revenues, Expenses, and Changes in Fund Net Position	B
Statement of Cash Flows	C
Notes to the Financial Statements	

Supplemental Information:

Budget to Actual Comparison Schedule – Modified Cash Basis	D
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Norman L. White

Certified Public Accountant
Longview, Texas

Independent Auditor's Report

Board of Directors
Sabine County Appraisal District
Hemphill, Texas

I have audited the accompanying financial statements of the business-type activities and each major fund of the Sabine County Appraisal District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Sabine County Appraisal District as of December 31, 2017, and the respective changes in financial position and, where applicable cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Basis of Accounting

I draw attention to Note B15 of the financial statements, which describes the change in the basis of accounting from modified cash basis to accrual basis. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

VOL 3-0 PG 705

BASIC FINANCIAL STATEMENTS

VOL 3-0 PG 706

SABINE COUNTY APPRAISAL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
December 31, 2017

Exhibit A

ASSETS	
Current Assets	
Cash	\$ 53,346
Prepaid Expenses	18,000
Total Current Assets	<u>71,346</u>
Noncurrent Assets	
Capital Assets	
Land	10,000
Buildings & Improvements	121,340
Furniture & Equipment	29,305
Less: Accumulated Depreciation	<u>(77,005)</u>
Property and Equipment, net	83,640
Total Noncurrent Assets	<u>83,640</u>
Total Assets	<u>154,986</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	9,910
Total Current Liabilities	<u>9,910</u>
Noncurrent Liabilities	-
Total Liabilities	<u>9,910</u>
NET POSITION	
Net Investment in Capital Assets	83,640
Unrestricted	61,437
Total Net Position	<u>\$ 145,076</u>

See accompanying notes and accountant's report.

VOL 3-0 PG 207

**SABINE COUNTY APPRAISAL DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2017**

Exhibit B

OPERATING REVENUES	
Membership Assessments	\$ 332,463
Miscellaneous	2,103
Total Operating Revenues	<u>334,566</u>
OPERATING EXPENSES	
Salaries	135,459
Retirement	6,352
Health Insurance	17,150
Payroll Taxes	10,403
Workers Comp Insurance	1,445
Office Expenses	7,457
Insurance	1,483
Travel and Tax Schools	10,289
Utilities and Telephone	6,196
Computer Services	55,219
Contracted Chief Appraiser	22,300
Mapping Costs	759
Pictometry/Webhosting	32,956
Repair and Maintenance	2,927
Legal and Accounting	8,722
ARB Expenses	1,677
Miscellaneous	4,802
Depreciation	3,883
Total Operating Expenses	<u>329,481</u>
Operating Income (Loss)	5,085
NONOPERATING REVENUES/(EXPENSES)	
Rental Income	6,600
Interest Income	32
Total Nonoperating Revenues/(Expenses)	<u>6,632</u>
Change in Net Position	11,717
Net Position at Beginning of Year	130,662
Adjustment for Change in Accounting Method	<u>2,697</u>
Net Position at End of Year	<u>\$ 145,076</u>

See accompanying notes and accountant's report.

VOL 3-0 PG 708

SABINE COUNTY APPRAISAL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2017

EXHIBIT C

Cash Flows From Operating Activities	
Cash received from taxing entities & rents	\$ 344,885
Cash payments to suppliers for goods and services	(194,841)
Cash payments to employees for services	(135,459)
Add back: Depreciation	3,883
Net Cash Provided by Operating Activities	<u>18,468</u>
Cash Flows from Capital and Related Financing Activities	
Cash paid for prepaid expense	(18,000)
Cash paid for acquisition and construction of capital assets	0
Rental income	6,600
Net Cash Provided from Capital and Related Financing Activities	<u>(11,400)</u>
Cash Flows from Investing Activities	
Interest income on investments	32
Net Cash Provided/(Used) from Investing Activities	<u>32</u>
Net Increase/(Decrease) in Cash	7,100
Cash and Cash Equivalents, December 31, 2016	<u>46,246</u>
Cash and Cash Equivalents, December 31, 2017	<u>\$ 53,346</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities	
Operating Income	\$ 5,085
Add Depreciation	3,883
(Increase)/Decrease in Current Assets	
Accounts receivable, net	5,823
Prepaid expenses	(18,000)
Increase/(Decrease) in Liabilities	
Accounts payable	9,910
Adjustments related to conversion from cash basis to accrual basis	<u>11,767</u>
Net Cash Flows from Operating Activities	<u>\$ 18,468</u>

See accompanying notes and accountant's report.

VOL 3-0 PG 769

SABINE COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE A - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Sabine County Appraisal District (the "District") was established under provisions of the Texas Property Tax Code. The District was established to provide the property valuations to be used as a basis of establishing taxable property values for the entities within Sabine County, Texas. The governing boards of the member entities appoint representatives who constitute the Board of Directors of the District.

Reporting Entity

The Board of Directors has governance responsibilities over all activities related to the administration of the District. Because the members of the Board are elected, they have the authority to make decisions, select the Chief Appraiser, and significantly influence operational and fiscal matters. The District, for financial purposes, includes all of the funds relevant to the operation of the Sabine County Appraisal District. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Sabine County Appraisal District.

The financial statements of the District do not include any separately administered organizations. No such organizations exist that are controlled by or are dependent on the District. Control or dependence is determined on the basis of budget adoption, funding, and appointment of the respective governing board.

The District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board in its Statement No. 14, "The Financial Reporting Entity."

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The District's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989 to its business-type activities or enterprise funds. The most significant of the District's accounting policies are described below:

1. Basis of Presentation

The District's basic financial statements consist of fund financial statements including a statement of net assets, a statement of revenues, expenses, and changes in fund net assets. Because the District is engaged only in business-type activities, government-wide financial statements are not presented.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Presently the District has only one fund, the proprietary fund, and it is a major fund.

2. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes one category of funds: proprietary.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, and financial position. The District's proprietary fund is classified as an enterprise fund. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Because of the immateriality of any net pension liability/(asset) for the District for the year ended December 31, 2017, the net pensions liability, the deferred pension costs, and the required supplemental information regarding net pension liability/(asset) history will not be disclosed.

9. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for property appraisal services for the taxing entities within Sabine County, Texas. Operating expenses are necessary costs that have been incurred in order to provide the service that is the primary activity of the fund. Other revenues and expenses are classified as non-operating in the financial statements.

10. Fair Values of Financial Instruments

The following methods and assumptions were used by the District estimating its fair value disclosures for financial instruments:

Cash and equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Certificates of deposit: The carrying amounts reported in the statement of financial position are the original costs of the certificates of deposit plus any earned interest added to the certificate principal.

Long-term debt: The fair values of the notes payable are based on their principal balances (carrying amounts).

12. Leases

Where any lease is entered into where the leased equipment is returned to the lessor at the end of the lease term, the lease is considered to be an operating lease. In an operating lease, all periodic payments are considered to be operating expenses. The equipment leased is not capitalized and depreciated.

11. Budget Process

Formal budgetary accounting is employed as a management control for the Proprietary Fund of the District. The same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

The District's Board of Directors adopts an "appropriated budget" for the Proprietary Fund. For the fiscal year ended December 31, 2017, an "appropriated budget" was adopted for the District's operations.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

- a. The District's Board prepares a budget for the next succeeding fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them. This proposed budget is presented to the participating entities for their approval.
- b. A meeting of the Board of Directors is called for the purpose of adopting the proposed budget.
- c. Prior to January 1, the budget is legally enacted through the action of the Board of Directors.

Once a budget is approved, it can be amended only by approval of a majority of the Board of Directors. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact and are reflected in the official minutes of the Board.

In October 2017, the Board voted to amend the budget. There were significant changes in three areas. The first was a decrease in expenses in the combined areas of salaries and related employee benefits that totaled \$25,404 and an increase in the payroll line item expense for the contracted appraisal workers in the amount of \$23,000. The correct amounts were not used when preparing the original budget. The amendment was made to correct those specific areas.

The District's cash deposits at December 31, 2017 were entirely covered by FDIC insurance.

The Public Funds Investment Act (the "Act") (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

State statutes and the District's Investment Policy authorize the District to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 4) fully collateralized repurchase agreements; 5) bankers acceptances, 6) commercial paper, 7) money market mutual funds and no-load mutual funds, and 8) public investment pools. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the Federal Deposit Insurance Corporation (FDIC). The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act.

During the year ended December 31, 2017, the District had no types of investments.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Capital Assets not being Depreciated:				
Land	\$ 10,000	-	-	\$ 10,000
Capital Assets being Depreciated:				
Buildings & Improvements	121,340	-	-	121,340
Furniture & Equipment	29,305	-	-	29,305
Total Capital Assets being Depreciated	150,645	-	-	150,645
Less Accumulated Depreciation				
Buildings and Improvements	(43,816)	(3,883)	-	(47,699)
Furniture & Equipment	(29,306)	-	-	(29,306)
Total Accumulated Depreciation	(73,122)	(3,883)	-	(77,005)
Total Capital Assets being Depreciated, Net	77,523	(3,883)	-	73,640
Business Type Activities Capital Assets, Net	\$ 87,523	\$ (3,883)	-	\$ 83,640

NOTE E - PREPAID EXPENSE

The statement of net position includes a prepaid expense in the amount of \$18,000. This amount represents the amount paid for contract appraisers at the end of 2017 for the work that would be performed during the 2018 year.

NOTE F - RENTAL INCOME

During the year ended December 31, 2017, the District rented a portion of the office building owned by the District for a monthly rental amount of \$550. The lease agreement is on a month-to-month basis between the two parties, and can be terminated by either party.

NOTE G - OPERATING LEASE

During 2017, District entered into a capital lease agreement with SouthwestData Solutions LLC for the lease of computer equipment and workstations. The lease is considered to be an operating lease because the

	Plan Year 2017	Plan Year 2016
Employee deposit rate	7.00%	7.00%
Matching ratio (District to employee)	1 to 1	1 to 1
Employer plan contribution expense	\$6,352	\$8,085
Years required for vesting	8	8
Service retirement eligibility (expressed as age/years of service)	60/30	60/30

SUPPLEMENTAL INFORMATION

VOL 30 PG 714

SABINE COUNTY APPRAISAL DISTRICT
BUDGET TO ACTUAL COMPARISON SCHEDULE -
OTHER SUPPLEMENTARY INFORMATION -
PROPRIETARY FUND
Year Ended December 31, 2017

Exhibit D

	Original Budget	Amend.	Amend. Budget	Actual	Variance
REVENUES					
Membership Assessments	\$ 312,374	\$ 20,000	\$ 332,374	\$ 332,463	\$ 89
Miscellaneous	0	0	0	2,103	2,103
Total Operating Revenues	312,374	20,000	332,374	334,566	2,192
EXPENDITURES					
Salaries and Benefits	184,372	(25,404)	158,968	170,810	(11,842)
Office Expenses	8,500	404	8,904	7,457	1,447
Insurance	1,250	0	1,250	1,483	(233)
Travel and Tax Schools	9,650	0	9,650	10,289	(639)
Utilities and Telephone	6,600	0	6,600	6,196	404
Computer Services	54,817	22,000	76,817	55,219	21,598
Contracted Chief Appraiser	0	23,000	23,000	22,300	700
Contract Labor	4,000	0	4,000	0	4,000
Mapping Costs	1,200	0	1,200	759	442
Pictometry	26,385	0	26,385	32,956	(6,571)
Repair and Maintenance	5,000		5,000	2,927	2,073
Legal and Accounting	5,500	0	5,500	8,722	(3,222)
ARB Expense	2,000	0	2,000	1,677	323
Miscellaneous	3,100	0	3,100	4,802	(1,702)
Depreciation	0	0	0	3,883	(3,883)
Total Operating Expenditures	312,374	20,000	332,374	329,481	2,893
Operating Income (Loss)	0	0	0	5,085	(702)
NONOPERATING REVENUES/(EXPENSES)					
Rental Income	0	0	0	6,600	6,600
Interest Income	0	0	0	32	32
Total Nonoperating Revenues/Exp	0	0	0	6,632	6,632
Change In Net Position	0	0	0	11,717	5,930
Fund Balances, Beginning	130,662	0	130,662	130,662	0
Adjustment for Change in Accounting Method	0	0	0	2,697	0
Fund Balances, Ending	\$ 130,662	\$ 0	\$ 130,662	\$ 145,076	\$ 5,930

VOL 3-0 PG 715