

MATAGORDA COUNTY, TEXAS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2021

MATAGORDA COUNTY, TEXAS
MATAGORDA COUNTY AUDITOR'S OFFICE
2200 7th Street, Room 208
Bay City, TX 77414



MATAGORDA COUNTY, TEXAS

Annual Comprehensive Annual Financial Report

For the Year Ended December 31, 2021

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INTRODUCTORY SECTION





KRISTEN E. KUBECKA
COUNTY AUDITOR
MATAGORDA COUNTY
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BAY CITY, TEXAS 77414-5095
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Honorable District Judges of Matagorda County and
Honorable Members of the Matagorda County Commissioners Court:

Chapter 114.025 and chapter 115.045 of the Local Government Code of the State of Texas requires the issuance within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accountant. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Matagorda County for the fiscal year ended December 31, 2021.

This report consists of management's representations concerning the finances of Matagorda County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Matagorda County's financial statements in conformity with GAAP. The County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement because the cost of internal controls should not outweigh their benefits. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Matagorda County's financial statements have been audited by KM&L, LLC, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2021, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2021, are presented in conformity with GAAP. The independent auditor's report is presented as the first item in the financial section of this report.

The independent audit of the financial statements of Matagorda County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Matagorda County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes, required supplementary information and the combining and individual fund financial statements and schedules. The statistical section of the report includes selected financial and demographic information, which is generally presented on a multi-year basis.

PROFILE OF MATAGORDA COUNTY

The County of Matagorda, created in 1836 is rich in history and tradition. The County is located between Galveston and Corpus Christi along the Gulf Coast and enjoys a diversity of geography from its wide expanse of prairies to the many creeks, rivers, lakes, bays and Gulf of Mexico. Matagorda County occupies an area of 1,115 square miles and serves an estimated population of 36,797. The County is a political subdivision of the State of Texas. Neighboring counties are Brazoria, Wharton and Jackson.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated, which provide for a Commissioners Court consisting of the County Judge and four County Commissioners, one from each of four geographical precincts. The Commissioners Court is the governing body of the County. The County Judge is elected at large to serve a four-year term and the Commissioners serve four-year staggered terms, two members elected every two years.

The Commissioners Court has certain powers granted to it by the state legislature. Its duties include adoption of the budget, setting of the tax rates, approval of contracts, appointment of certain county officials and the development of policies and orders. The Commissioners Court shares the financial controls of the County with the County Auditor who is appointed according to Texas State statutes for two-year terms by the District Judges. The County Auditor holds the basic responsibilities for establishing accounting policies and procedures, maintaining the records of all financial transactions of the County, and "examining and approving" disbursements from county funds prior to their submission to the Commissioners Court for payment.

Matagorda County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. These include volunteer fire departments, libraries and the museum. A primary service is the administration of justice, which includes the county and district courts, justices of the peace, constables, district attorney, clerks of the courts, sheriff, jail, and bailiffs. Other functions performed by the County include juvenile services, maintaining public health and welfare and the construction and maintenance of roads and bridges.

BUDGET

The annual budget serves as the foundation for the County's planning and control. Budgetary control is maintained at the subtotal level of the County budget for the following categories: Personnel, Operating Costs, Capital Outlay and Debt. Expenditures for current operating funds may not exceed available cash balances in such funds at January 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues, expenditures, or actual beginning fund balances in excess of budgeted estimates, if Commissioners Court declares the existence of an emergency necessitating the increase. All annual budget appropriations lapse at year-end with the exception of the commissioner's budgets. Prior to year-end, the commissioners commit a portion of unrestricted General Fund balance for the unspent portion of their precinct budgets. The County also maintains an encumbrance accounting system for the general fund as one method of maintaining budgetary control. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted.

LONG TERM FINANCIAL PLANNING

The long-term financial plans of the county consist of continued infrastructure improvement for roads and bridges and efforts to explore avenues for enhanced economic growth. The commissioners' court adopted an updated tax abatement policy to aid in negotiations with potential industrial clients and to continue to attract growth for Matagorda County.

Additional appropriations for courthouse maintenance and repairs were approved to preserve our capital assets to ensure they reach their potential life expectancy.

LOCAL ECONOMY

An understanding of the financial condition of Matagorda County is enhanced through a perspective of the environment in which the County operates. Matagorda County's primary economic bases include utilities, petrochemical processing, transmission, agriculture, commercial fishing and tourism. Matagorda County has outstanding opportunities for industry growth because of its location and proximity to the Gulf of Mexico, the Colorado River and the Gulf Intercoastal Canal waterway as well as rail accessibility.

For several years, Matagorda County has partnered with the South Texas Project Nuclear Operating Company (STP) in providing Emergency Preparedness Training and Operations Drills for the safety of its citizens. This contract is not only financially favorable to the County, but has also provided invaluable emergency preparedness skills and a network of cooperation between the County leaders and departments and its industry neighbors. Through a joint partnership with the South Texas Project and Wharton County Junior College, the South Texas Center for Energy Development continues to serve as a career center for staffing at STP and also offers classes focusing on process-technology and power-technology programs to train students for work at chemical, industrial and nuclear plants. STP is the County's largest employer with over 1200 employees. Approximately 52% of the employees at the facility are of retirement age. The company plans to ramp up the hiring of new employees to replace their retirees.

Matagorda Regional Medical Center (MRMC) serves the community at its 117,000 square-foot facility located on 45 acres of land on Texas 35 west. This two-story acute care hospital has 58 patient rooms, offers expanded services, and attractive and comfortable patient and visitor areas. A 40,000 square foot medical office building on the MRMC campus provides a two-story Diagnostic Center for outpatient testing as well as physician clinic space.

The economic outlook for Matagorda County remains positive for the future. Tenaris, a seamless steel pipe manufacturing plant is located in the County with an approximate value of \$1.8 billion. Tenaris did have a reduction in staffing at the Bay City location during 2020, but began rehiring during first quarter of 2021. Tenaris ended the year with approximately 600 employees per Tenaris' reports to the County. Peyton Creek Windfarm construction completed and became operational on a 180 MW project during 2020. E-on Windfarm second phase is still currently in development. Environmental Fluids completed building construction on their \$5 to \$30 million capital investment project during 2019; operations have been ongoing during 2020. This project created over 100 jobs at peak employment. Air Liquide continues construction on a \$107 million, 20-acre world-scale Air Separation Unit at the Port Authority of Bay City. This project expects to create 10 to 30 employees in the future. Lodestar Energy Group, LLC is building a \$32 million South Texas Rail Terminal in Matagorda County. The terminal will handle rail traffic from nearby fractionation, crude oil and natural gas storage facilities. In June 2021, Rohm announced the construction of a \$200 million methyl methacrylate plant in the Bay City area, creating approximately 70 full time jobs. Operations are projected to begin in 2023. OQ Chemical a plastic manufacturer located outside of Bay City plans a \$70 million expansion to support the new Rohm facility with the production of additional propionaldehyde. The expansion is projected to complete in 2023. Oxea, a global chemical company, post-construction continues to operate its 100,000 mt per annum world-scale production unit. An Oyster Research and Recovery Center is now located in Palacios operated by a partnership between Harte Research Institute and Texas A&M AgriLife Research. Operations recently focus on producing larvae for aquaculture farmers, forming partnerships for the development of new oyster reef habitat, bolstering the economic resilience of coastal communities, and ensuring future Gulf Coast resources. Several industrial projects have shown interest in the County by communicating to the Commissioner's Court through the Matagorda County Economic Development. Hotels have continued to respond positively supporting the economic growth within the County. The County hopes that with these additions more business opportunities will follow. Tourism continues to grow as Matagorda's coastline is developed and discovered by those who enjoy fishing, beach and river activities or just relaxing.

FINANCIAL POLICIES

The County has adopted an investment policy as required by state law and in conformity with state investment statutes. The investment policy as adopted by the County employs the prudent person concept in that priorities were established as to the investment vehicles the County would use. Compliance with the laws of the State of Texas and Safety were established as first priorities, followed by liquidity, low risk and diversification with an active versus passive management philosophy maintaining high professional and ethical standards.

The County Treasurer is responsible for administering all of the investment of idle funds in the County. For the last several years, the County's depository has provided better interest rates than comparable liquid investments. During the fiscal year, the County earned approximately \$0.29 million interest on the funds invested.

In 2011, the County established a Fund Balance Policy in accordance with Governmental Accounting Standards Board Statement 54, adopting new classifications of fund balance, the method for committing fund balance and setting the order in which resources will be expended.

The County is responsible for establishing its tax rate. For the fiscal year ended December 31, 2021, the tax rate to finance general governmental services was \$0.41850 per \$100 valuation and the tax rate for the payment of principal and interest on long-term debt was \$0.00373 per \$100 of valuation.

In addition, the County also has the following financial policies:

- The Commissioners Court of the County shall formally adopt the annual budget prepared by the Budget Officer, members of the Commissioners' court and the County Auditor.
- Expenditures are controlled not to exceed available resources. All elected officials and department heads are required to keep expenditures within allocated budgets.
- Balanced financial operations will be maintained. Adequate internal accounting controls are developed and maintained to safeguard assets and provide reasonable assurance of proper recording of financial transactions.
- The County continues its effort on the replacement and upgrade of software when needed and it has provided funding when possible.
- Delivery of service to the constituents.
- Restrain the debt issuance to keep the tax rate low.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Matagorda County for its comprehensive annual financial report for the fiscal year ended December 31, 2020. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last 18 consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to express my appreciation to members of the Commissioners' Court and to the District Judges for their interest and support in planning and conducting the financial operations of the County in a responsible and professional manner. The timely completion of this report could not have been achieved without the dedicated efforts of the entire staff of the Office of County Auditor and the professional services provided by our independent Auditor, KM&L, LLC.

Respectfully submitted,

A handwritten signature in black ink that reads "Kristen Kubecka". The signature is written in a cursive style with a vertical line on the left side of the first letter 'K'.

Kristen Kubecka, County Auditor
Matagorda County, Texas
June 30, 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Matagorda County
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

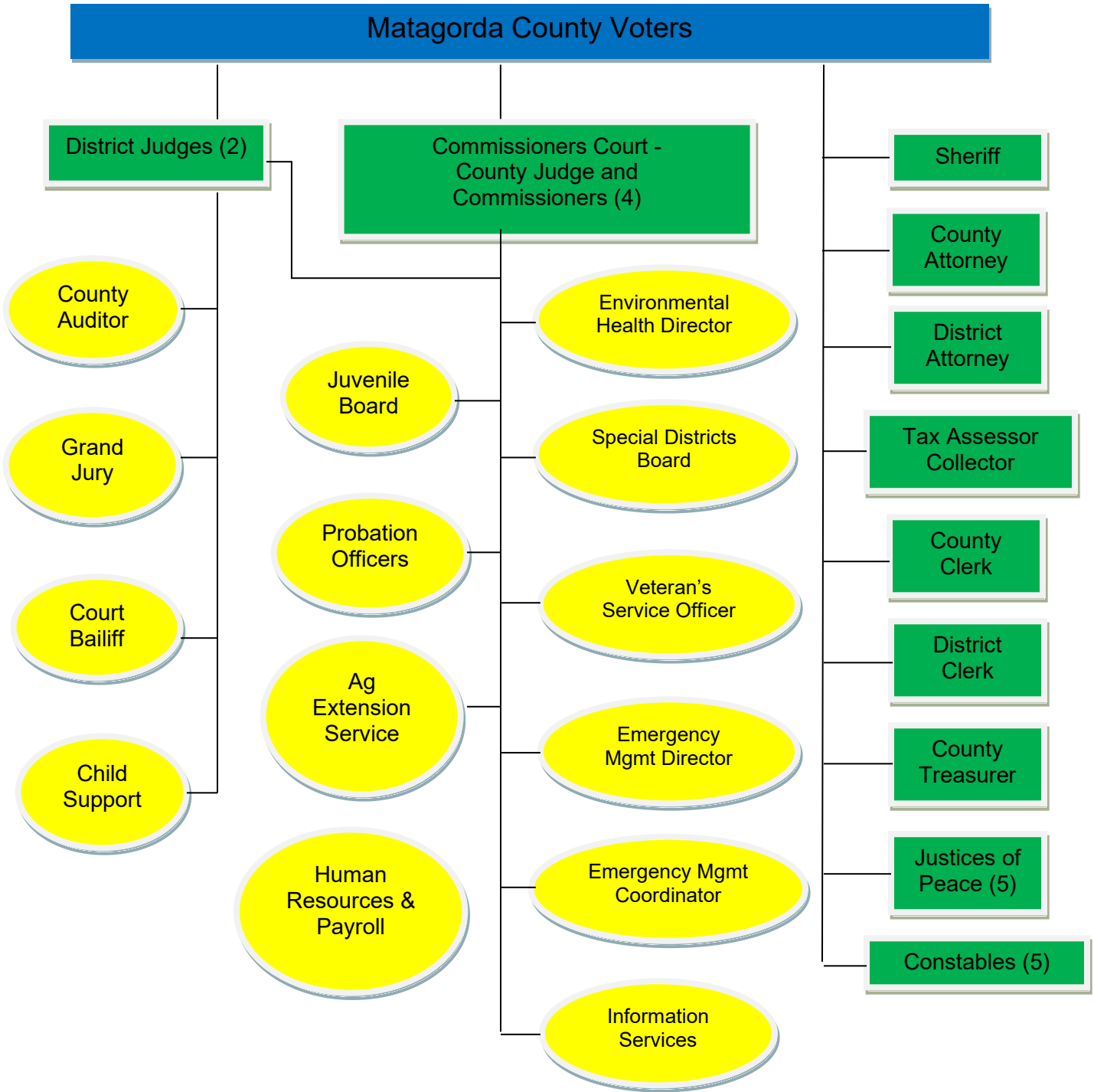
Christopher P. Morrill

Executive Director/CEO

MATAGORDA COUNTY Organization Chart

Elected Officials

Appointed
Officials



MATAGORDA COUNTY, TEXAS

**ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2021**

ELECTED OFFICIALS

Judge, 23rd Judicial District
Judge, 130th Judicial District
County Judge
Commissioner, Precinct #1
Commissioner, Precinct #2
Commissioner, Precinct #3
Commissioner, Precinct #4
County Sheriff
County Attorney
District Attorney
County Tax Collector
County Clerk
District Clerk
County Treasurer
Justice of the Peace, Precinct #1
Justice of the Peace, Precinct #2
Justice of the Peace, Precinct #3
Justice of the Peace, Precinct #4
Justice of the Peace, Precinct #6
Constable, Precinct #1
Constable, Precinct #2
Constable, Precinct #3
Constable, Precinct #4
Constable, Precinct #6

Ben Hardin
Denise Fortenberry
Nate McDonald
Edward Cook
Kent Pollard
Troy Shimek
Charles Frick
Frank Osborne
Kim Chou
Steven Reis
Becky Cook
Stephanie Wurtz
Janice Hawthorne
Loretta Griffin
Jason Sanders
Ronald LeBlanc
Amy Tapia
Mark Finlay
James Powell
Doug Schoppe
Keith Sullivan
Jesse Alvarez
David Miles
Ricky Bort

APPOINTED OFFICIALS

County Auditor
Court Baliff
Child Support
Ag Extension Agent
Environmental Health Director
Veterans Service Office
Emergency Management Director
Emergency Management Coordinator
Information Services
Human Resources & Payroll Director

Kristen Kubecka
Bill Orton
Belinda Cortinas
Greg Baker
Lisa Krobot
David Libby
Nate McDonald
Amanda Campos
Chris Peikert
Tressa Leadford

FINANCIAL SECTION





Independent Auditor's Report

The Honorable County Judge,
and Members of Commissioners Court
Matagorda County, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Matagorda County, Texas (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Angleton, TX 77515
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Bay City
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Bay City, TX 77414
979-245-9236



The Honorable County Judge,
and Members of Commissioners Court
Matagorda County, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Honorable County Judge,
and Members of Commissioners Court
Matagorda County, Texas

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 pension schedules and required OPEB schedules on pages 5 through 16 and 69 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable County Judge,
and Members of Commissioners Court
Matagorda County, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's 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.

KM&L, LLC

Lake Jackson, Texas
June 30, 2022

MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2021

As management of Matagorda County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year for governmental activities by \$ 25,579,602 (net position). Of this amount, unrestricted net position is a deficit of \$ 5,216,955.
- The County's total net position increased for governmental activities by \$ 2,844,773.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 26,846,716. 69.31% of this amount, \$ 18,607,410 (unassigned fund balance), was available for use within the County's fund designations. Of the governmental funds amount, \$ 5,495,843 has been restricted for specific uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 19,533,292 or 75.22% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2021

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the County include general government, justice system, public safety, corrections and rehabilitation, health and human services, community and economic development, and infrastructure and environmental services. The County has no *business-type activities*.

The government-wide financial statements can be found on pages 18 and 19 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances, provides reconciliations to facilitate this comparison between governmental funds and governmental activities.

The County maintains eighteen (18) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other seventeen (17) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 20 through 24 of this report.

- **Proprietary Funds.** The County maintains one category of *proprietary fund*, the *internal service fund*. The internal service fund is an accounting device used to accumulate and allocate costs of its self-funded health insurance program among various funds and functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary funds financial statements can be found on pages 25 through 27 of this report.

MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2021

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's basic fiduciary financial statements can be found on pages 28 through 29.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 65 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 69 through 74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 78 through 88 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 25,579,602 as of December 31, 2021. This is an increase in net position of \$ 2,844,773 which is primarily due to an increase in charges for services.

The largest portion of the County's net position of \$ 26,095,480 reflects its investments in capital assets (e.g., land; construction in progress, vehicles and equipment, buildings and improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens and consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$ 827,491 due to an increase in capital projects for the current fiscal year.

An additional portion of the County's net position of \$ 4,701,077 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$ 5,216,955, which represents unrestricted net position. This deficit is not an indication that the County does not have significant resources available to meet financial obligations next year, but rather the result of having long-term commitments, specifically the net pension liability and total OPEB liability, that are more than currently available resources.

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2021

MATAGORDA COUNTY'S NET POSITION

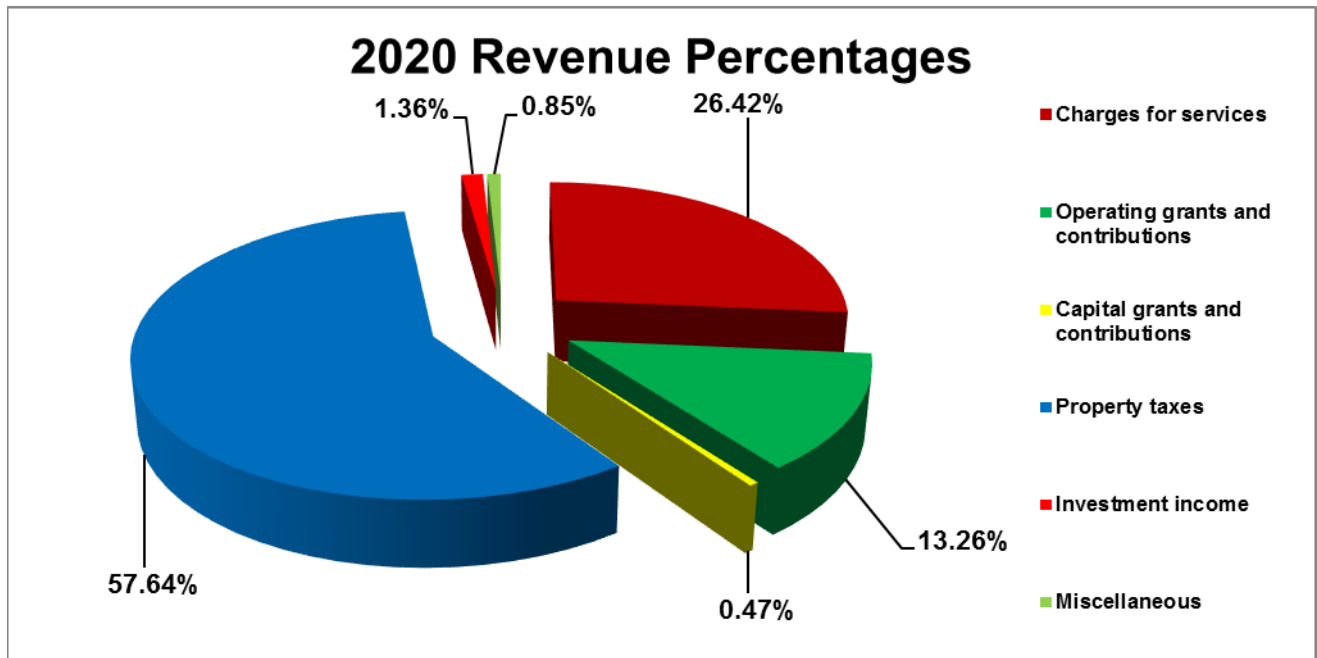
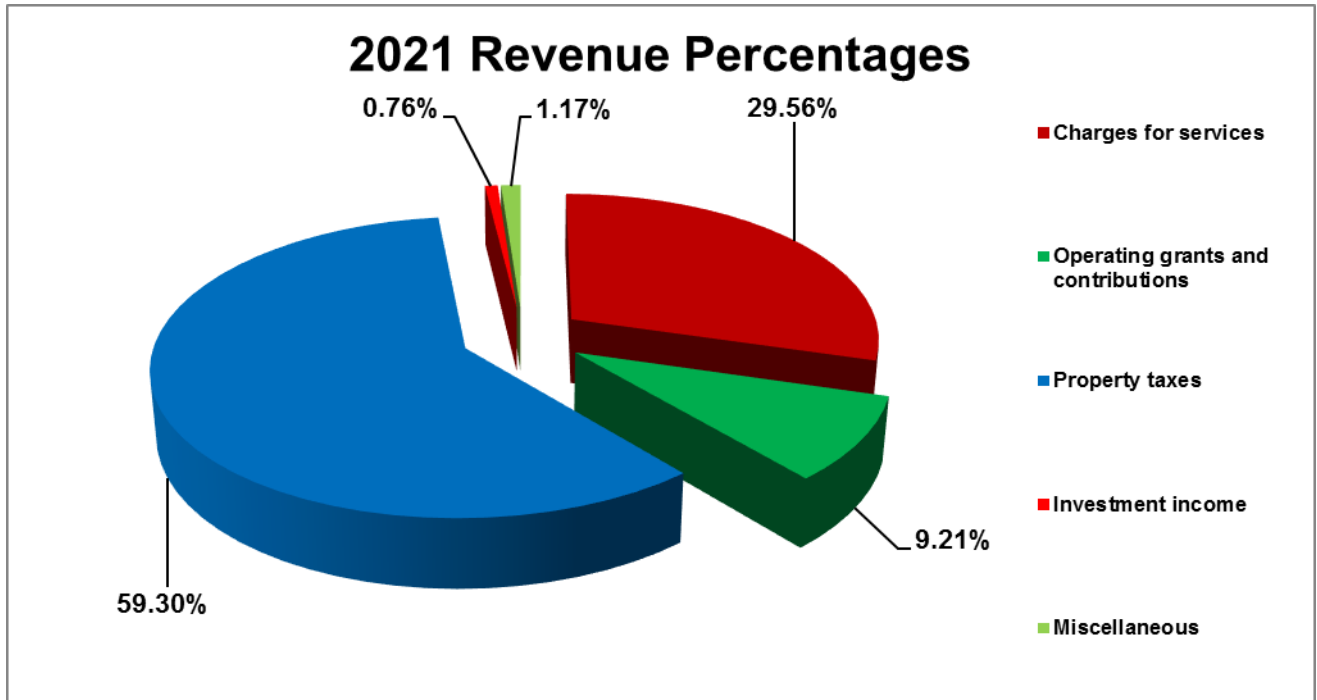
	<u>Governmental Activities</u>		Net
	<u>2021</u>	<u>2020</u>	<u>Change</u>
ASSETS			
Current and other assets	\$ 58,963,009	\$ 51,362,140	\$ 7,600,869
Capital assets	<u>27,868,211</u>	<u>27,336,657</u>	<u>531,554</u>
Total assets	<u>86,831,220</u>	<u>78,698,797</u>	<u>8,132,423</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	<u>6,854,370</u>	<u>5,462,003</u>	<u>1,392,367</u>
Total deferred outflows of resources	<u>6,854,370</u>	<u>5,462,003</u>	<u>1,392,367</u>
LIABILITIES			
Current and other liabilities	5,954,270	2,997,960	2,956,310
Long-term liabilities	<u>37,490,322</u>	<u>35,230,064</u>	<u>2,260,258</u>
Total liabilities	<u>43,444,592</u>	<u>38,228,024</u>	<u>5,216,568</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>24,661,396</u>	<u>23,197,947</u>	<u>1,463,449</u>
Total deferred inflows of resources	<u>24,661,396</u>	<u>23,197,947</u>	<u>1,463,449</u>
NET POSITION			
Net investment in capital assets	26,095,480	25,267,989	827,491
Restricted	4,701,077	4,439,195	261,882
Unrestricted	<u>(5,216,955)</u>	<u>(6,972,355)</u>	<u>1,755,400</u>
Total net position	<u>\$ 25,579,602</u>	<u>\$ 22,734,829</u>	<u>\$ 2,844,773</u>

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2021

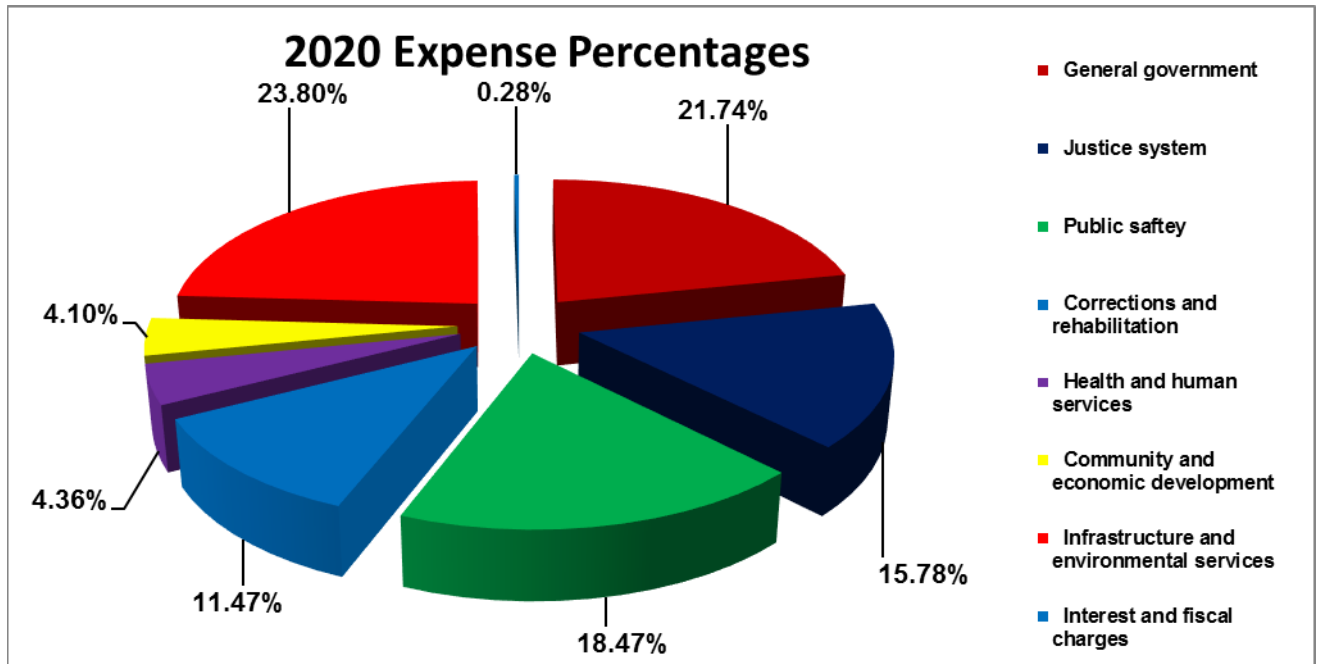
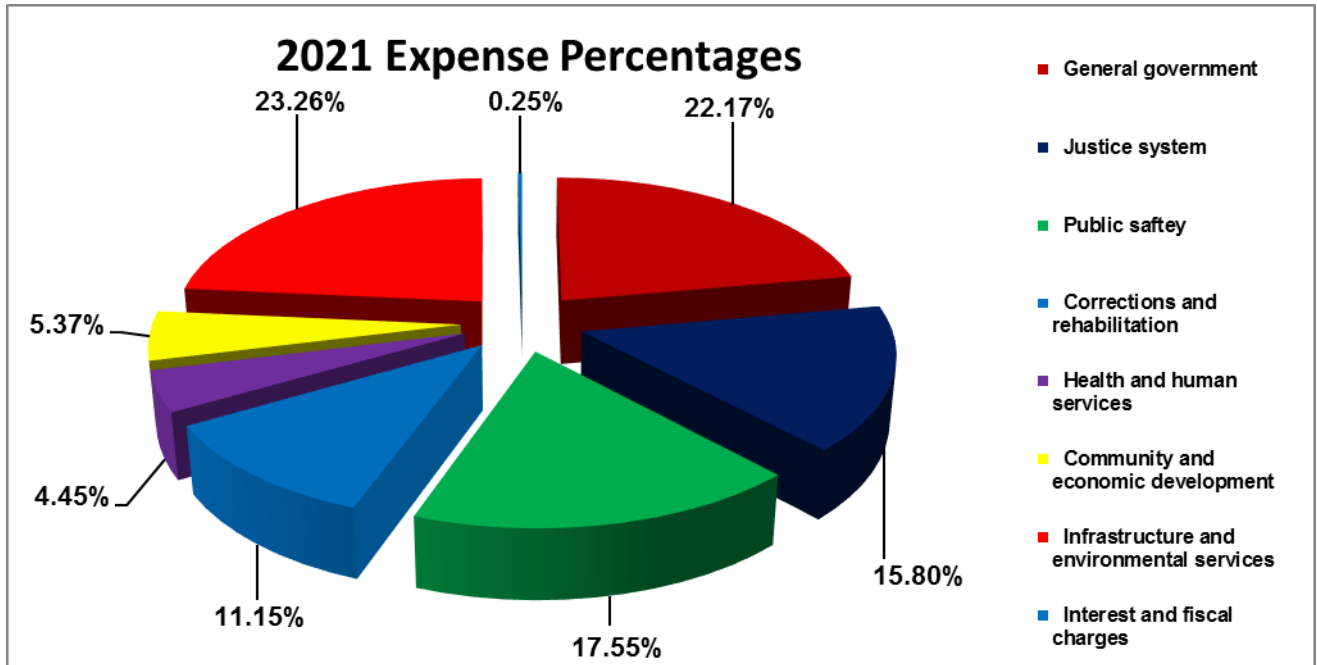
Analysis of the County's Operations. Governmental activities reported an increase in net position in the amount of \$ 2,844,773 due to increased charges for services. The following table provides a summary of the County's operations for the year ended December 31, 2021.

MATAGORDA COUNTY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2021</u>	<u>2020</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 10,589,129	\$ 9,491,276	\$ 1,097,853
Operating grants and contributions	3,299,845	4,762,946	(1,463,101)
Capital grants and contributions	-	168,467	(168,467)
General Revenues:			
Property taxes	21,239,743	20,704,928	534,815
Investment income	271,483	487,371	(215,888)
Miscellaneous	<u>419,219</u>	<u>307,038</u>	<u>112,181</u>
Total revenues	<u>35,819,419</u>	<u>35,922,026</u>	<u>(102,607)</u>
Expenses:			
General government	7,311,752	6,991,798	319,954
Justice system	5,211,203	5,076,817	134,386
Public safety	5,787,098	5,941,987	(154,889)
Corrections and rehabilitation	3,675,367	3,689,587	(14,220)
Health and human services	1,467,893	1,401,627	66,266
Community and economic development	1,771,777	1,318,701	453,076
Infrastructure and environmental services	7,668,344	7,655,238	13,106
Interest and fiscal charges	<u>81,212</u>	<u>90,350</u>	<u>(9,138)</u>
Total expenses	<u>32,974,646</u>	<u>32,166,105</u>	<u>808,541</u>
Change in net position	2,844,773	3,755,921	(911,148)
Net position - beginning	<u>22,734,829</u>	<u>18,978,908</u>	<u>3,755,921</u>
Net position - ending	<u>\$ 25,579,602</u>	<u>\$ 22,734,829</u>	<u>\$ 2,844,773</u>



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2021



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 26,846,716. The unassigned fund balance of \$ 18,607,410 constitutes 69.31% of ending fund balance. The fund balance is categorized as 1) nonspendable of \$ 775,670, 2) restricted of \$ 5,495,843, 3) committed of \$ 1,967,793, and 4) unassigned of \$ 18,607,410.

The General Fund is the chief operating fund of the County. Fund balance of the General Fund increased by \$ 3,924,895; and other governmental funds decreased by \$ 545,753. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 75.22% of total general fund expenditures, and total fund balance represents 99.08% of that same amount.

The fund balance of the County's general fund increased by \$ 3,924,895 compared to a net increase of \$ 3,530,220 in the prior year due to increased property tax revenue.

General Fund Budgetary Highlights. The County budget is prepared by the County Judge's Office and presented to Commissioners Court for approval. The County operates within this budget for the fiscal year with expenditure amendments made as needed.

The Commissioners Court approved increases to budgeted operating revenue of \$ 1,273,186 and appropriations of \$ 2,579,266. Various grant awards were also allocated to revenue and expenditures during the year as necessary. Upon completion of the audit, the prior year committed funds were allocated to the four precincts current year budgets for an overall total of \$ 1,967,793.

Total General Fund revenue exceeded the budget by approximately 3.86% and total General Fund expenditures were under budget by approximately 13.45%.

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Capital Assets

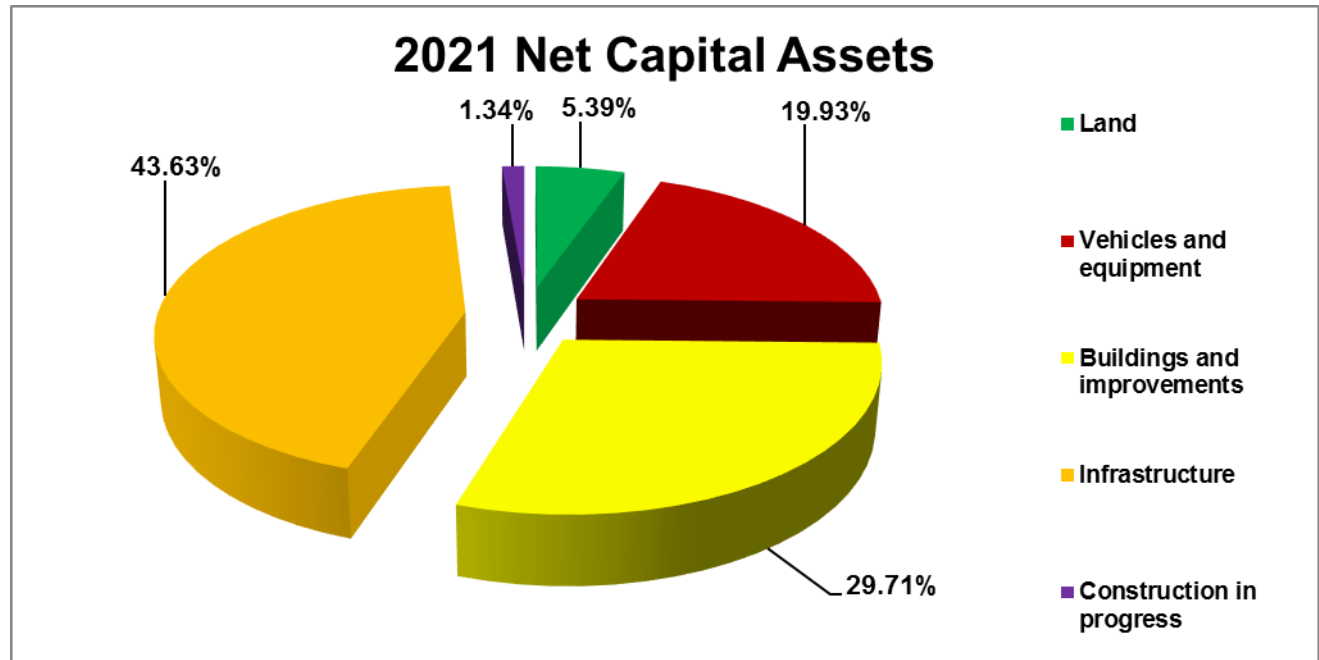
This investment in capital assets includes land; buildings and improvements; equipment and vehicles; infrastructure; and construction in progress.

Major capital asset events during the current fiscal year included the following:

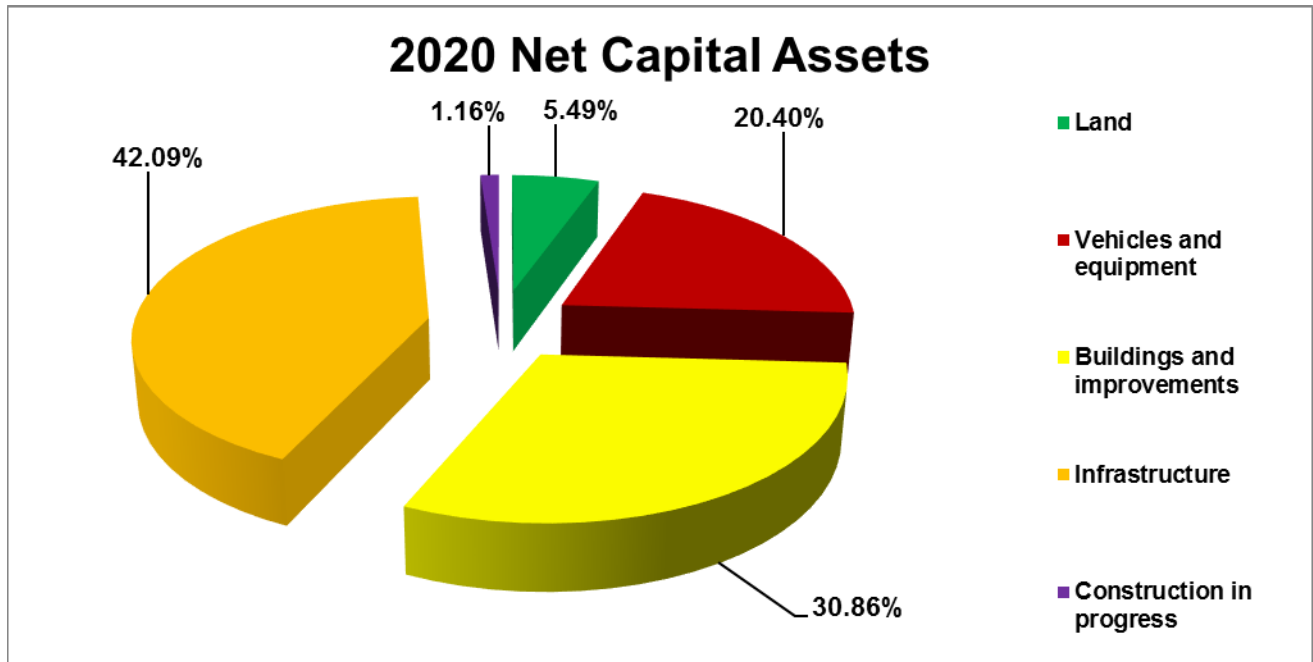
- Acquisition of new vehicles and several large road and bridge equipment.
- Road and bridge improvements are continuous.
- Several large roof repair projects were completed.
- Emergency radio tower equipment and repairs.

MATAGORDA COUNTY'S CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>Governmental Activities</u>		Net Change
	<u>2021</u>	<u>2020</u>	
Land	\$ 1,500,478	\$ 1,500,478	\$ -
Construction in progress	374,427	317,213	57,214
Vehicles and equipment	5,553,741	5,575,964	(22,223)
Buildings and improvements	8,279,486	8,436,535	(157,049)
Infrastructure	<u>12,160,079</u>	<u>11,506,467</u>	<u>653,612</u>
 Total	 <u>\$ 27,868,211</u>	 <u>\$ 27,336,657</u>	 <u>\$ 531,554</u>



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2021



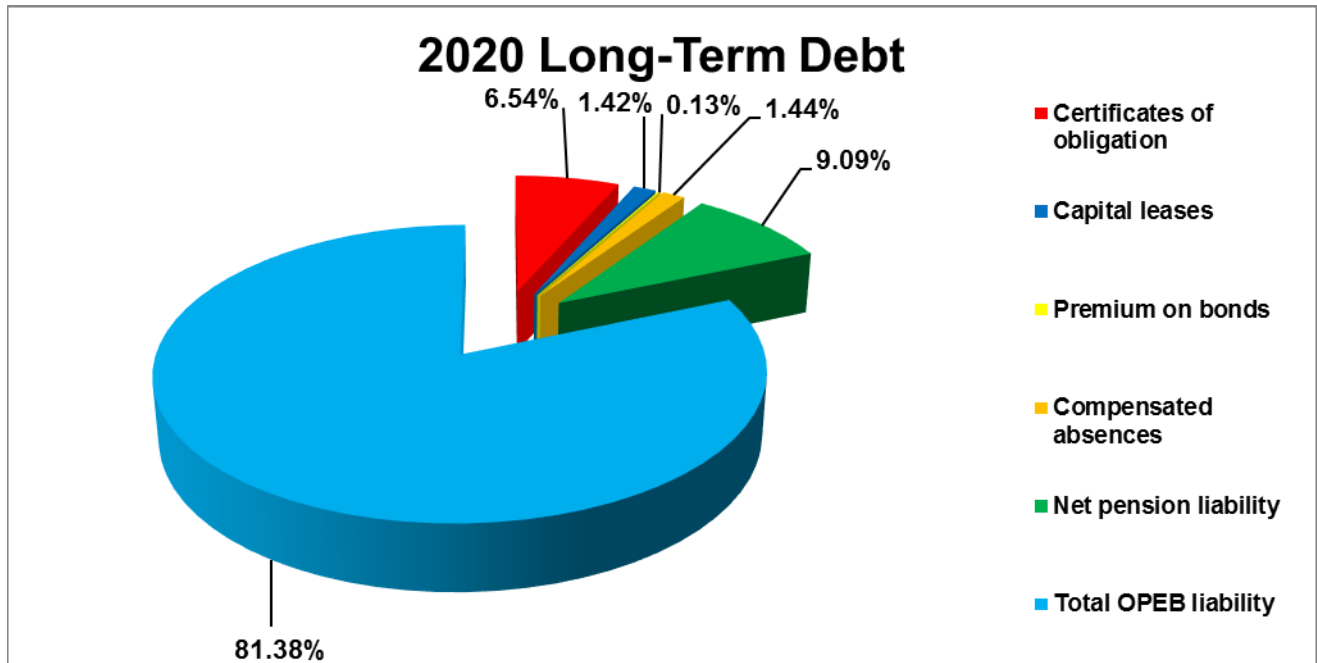
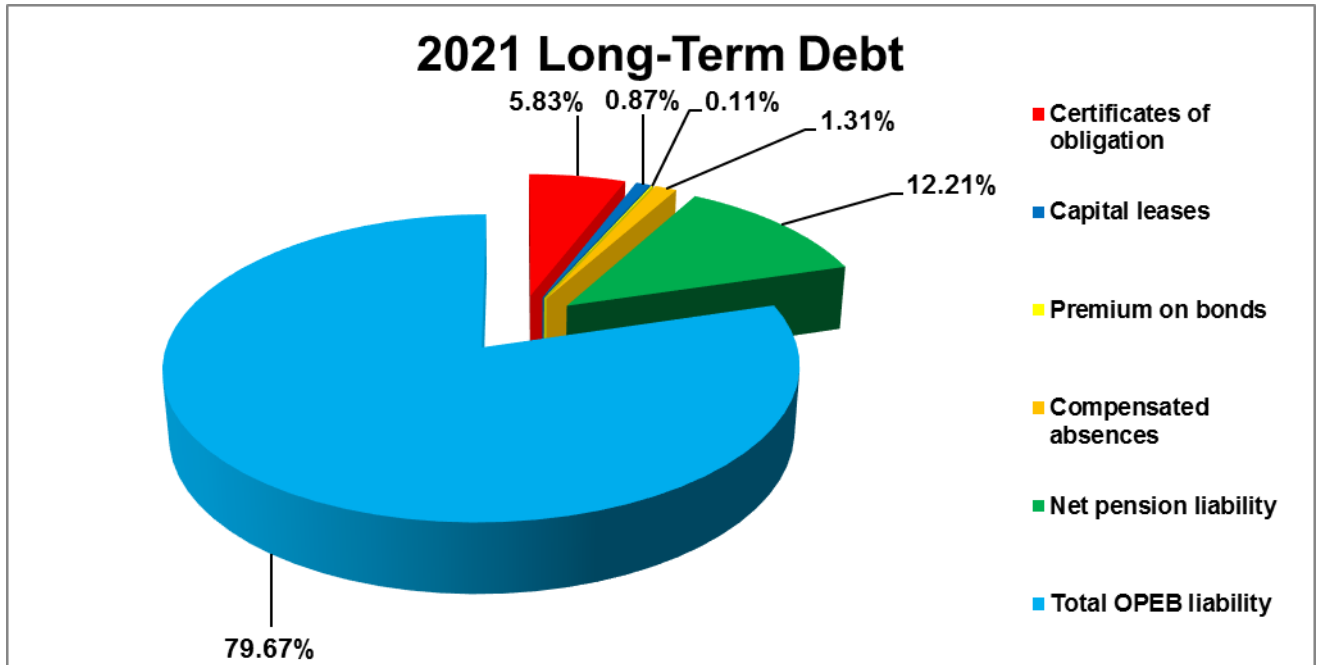
Additional information on the County's capital assets can be found in Note 5 on pages 50 through 51 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded and capital lease debt of \$ 2,510,643, which, comprises bonded and debt backed by the full faith and credit of the County agreement. The bonds and capital leases will be retired with revenues from property taxes.

MATAGORDA COUNTY'S LONG-TERM DEBT

	Governmental Activities		Net Change
	2021	2020	
Certificates of obligation	\$ 2,185,000	\$ 2,305,000	\$ (120,000)
Capital leases	325,643	498,523	(172,880)
Premium on bonds	40,901	43,958	(3,057)
Compensated absences	491,623	508,613	(16,990)
Net pension liability	4,578,935	3,202,740	1,376,195
Total OPEB liability	<u>29,868,220</u>	<u>28,671,230</u>	<u>1,196,990</u>
Total	<u>\$ 37,490,322</u>	<u>\$ 35,230,064</u>	<u>\$ 2,260,258</u>



MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2021

During the fiscal year, the County's total debt increased by \$ 2,260,258 or 6.42%. The net increase was due primarily to the increased valuation on the net pension liability and total OPEB liability.

All of the outstanding Bonds of the County payable from its limited taxes are insured and are, therefore, rated "AA-" by Standard & Poor's ("S&P"). State statutes limit the amount of general obligation debt a government may issue to 25% of its total assessed valuation. The current limitation for the County significantly exceeds the outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 7 on pages 52 through 54 of this report.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the County's resources. Through the budget the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The 2022 budget was adopted August 30, 2021 with General Fund expenditures of \$ 28,208,519 and a revenue budget of \$ 28,208,519.

The Commissioners' Court adopted a maintenance and operation tax rate of \$ 0.39617 per \$ 100 assessed valuation. The court also adopted an interest and sinking tax rate of \$ 0.00357.

The main factors affecting the 2022 budget were as follows:

- The property tax rate adopted was above the No New Revenue (NNR) Tax Rate and below the Voter Approval Tax Rate. The Commissioner's Court placed a high level of importance on maintaining a property tax rate below the NNR rate.
- The Justice System increased over \$ 192,000.
- Public Safety and Corrections and Rehabilitations increased in excess of \$ 296,000.
- Increases related to insurance exceeded \$ 276,000.
- An increase in budgeted payroll and benefits; 5 percent for employees including elected and appointed officials.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Matagorda County Auditor, 2200 7th Street, Room 208, Bay City, Texas, 77414, or call (979) 241-0120.

BASIC FINANCIAL STATEMENTS

MATAGORDA COUNTY, TEXAS
STATEMENT OF NET POSITION
December 31, 2021

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Cash and temporary investments	\$ 23,586,374
Receivables (net of allowance for uncollectibles):	
Taxes	18,305,505
Accounts	3,440,822
Due from other governments	2,565,209
Accrued interest	17,187
Inventories	331,785
Prepaid expenses	491,634
Investments	10,224,493
Capital Assets (net of accumulated depreciation):	
Land	1,500,478
Construction in progress	374,427
Vehicles and equipment	5,553,741
Buildings and improvements	8,279,486
Infrastructure	<u>12,160,079</u>
Total assets	<u>86,831,220</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>6,854,370</u>
Total deferred outflows of resources	<u>6,854,370</u>
LIABILITIES	
Accounts and accrued liabilities payable	2,035,782
Accrued interest payable	25,492
Unearned revenue	3,892,996
Noncurrent liabilities:	
Due within one year	735,658
Due in more than one year	
Other long-term liabilities	2,307,509
Net pension liability	4,578,935
Total OPEB liability	<u>29,868,220</u>
Total liabilities	<u>43,444,592</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>24,661,396</u>
Total deferred inflows of resources	<u>24,661,396</u>
NET POSITION	
Net investment in capital assets	26,095,480
Restricted:	
Federal grants	3,449,870
Records management	654,629
Other	596,578
Unrestricted	<u>(5,216,955)</u>
Total net position	<u>\$ 25,579,602</u>

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

MATAGORDA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change In Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General government	\$ 7,311,752	\$ 1,967,110	\$ 485,380	\$(4,859,262)
Justice system	5,211,203	1,706,569	1,704,639	(1,799,995)
Public safety	5,787,098	4,119,687	240,323	(1,427,088)
Corrections and rehabilitation	3,675,367	622,822	67,695	(2,984,850)
Health and human services	1,467,893	122,465	-	(1,345,428)
Community and economic development	1,771,777	348,172	26,148	(1,397,457)
Infrastructure and environmental services	7,668,344	1,702,304	775,660	(5,190,380)
Interest and fiscal charges	<u>81,212</u>	<u>-</u>	<u>-</u>	<u>(81,212)</u>
Total governmental activities	<u>32,974,646</u>	<u>10,589,129</u>	<u>3,299,845</u>	<u>(19,085,672)</u>
General Revenue:				
Property taxes				21,239,743
Investment income				271,483
Miscellaneous				<u>419,219</u>
Total general revenue				<u>21,930,445</u>
Change in net position				2,844,773
Net position - beginning				<u>22,734,829</u>
Net position - ending				<u>\$ 25,579,602</u>

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

MATAGORDA COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2021

Exhibit 3

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and temporary investments	\$ 20,845,678	\$ 2,209,877	\$ 23,055,555
Receivables (net of allowance for uncollectibles):			
Taxes	18,140,189	165,316	18,305,505
Accounts	179,469	1,065	180,534
Due from other governments	2,334,868	230,341	2,565,209
Accrued interest	17,187	-	17,187
Due from other funds	502,169	18	502,187
Inventories	331,785	-	331,785
Prepaid expenditures	443,885	-	443,885
Investments	<u>10,224,493</u>	<u>-</u>	<u>10,224,493</u>
 Total assets	 <u>\$ 53,019,723</u>	 <u>\$ 2,606,617</u>	 <u>\$ 55,626,340</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 1,175,589	\$ 705,129	\$ 1,880,718
Due to other funds	18	502,169	502,187
Unearned revenue	<u>3,609,537</u>	<u>74,609</u>	<u>3,684,146</u>
 Total liabilities	 <u>4,785,144</u>	 <u>1,281,907</u>	 <u>6,067,051</u>
Deferred Inflows of Resources:			
Deferred inflows of resources	<u>22,507,954</u>	<u>204,619</u>	<u>22,712,573</u>
 Total deferred inflows of resources	 <u>22,507,954</u>	 <u>204,619</u>	 <u>22,712,573</u>
Fund Balance:			
Nonspendable	775,670	-	775,670
Restricted	3,449,870	2,045,973	5,495,843
Committed	1,967,793	-	1,967,793
Unassigned	<u>19,533,292</u>	<u>(925,882)</u>	<u>18,607,410</u>
 Total fund balance	 <u>25,726,625</u>	 <u>1,120,091</u>	 <u>26,846,716</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 53,019,723</u>	 <u>\$ 2,606,617</u>	 <u>\$ 55,626,340</u>

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

MATAGORDA COUNTY, TEXAS

Exhibit 3R

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION**

December 31, 2021

Total fund balance - governmental funds balance sheet (Exhibit 3) \$ 26,846,716

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds. Those assets consist of:

Capital assets	\$ 87,255,152	
Accumulated depreciation	(59,386,941)	27,868,211

Some of the County's assets are not available to pay for the current period's expenditures and therefore, are reported as unavailable revenue in the funds. These assets consist of:

Property taxes receivable	\$ 900,072	
Judicial receivables (net allowance for uncollectibles)	3,188,433	4,088,505

Some liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Deferred outflows - pension	\$ 3,832,725	
Deferred outflows - OPEB	3,021,645	
Accrued interest on bonds	(25,492)	
Certificate of obligation bonds payable	(2,185,000)	
Capital leases payable	(325,643)	
Premium on bonds payable	(40,901)	
Compensated absences	(491,623)	
Net pension liability	(4,578,935)	
Total OPEB liability	(29,868,220)	
Deferred inflows - pension	(2,341,900)	
Deferred inflows - OPEB	(506,995)	(33,510,339)

Internal service funds are used by the County. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of Net Position. Internal service net position is:

286,509

Net position of governmental activities - statement of net position (Exhibit 1) \$ 25,579,602

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



MATAGORDA COUNTY, TEXAS

Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 21,024,646	\$ 189,922	\$ 21,214,568
Licenses and permits	877,066	-	877,066
Intergovernmental	1,787,358	1,095,721	2,883,079
Charges for services	4,756,291	294,442	5,050,733
Fines	350,096	6,000	356,096
Investment income	258,166	8,215	266,381
Miscellaneous	731,793	70,655	802,448
	<u>29,785,416</u>	<u>1,664,955</u>	<u>31,450,371</u>
Total revenues			
EXPENDITURES			
Current:			
General government	5,810,599	314,261	6,124,860
Justice system	3,599,281	391,579	3,990,860
Public safety	3,971,148	6,124	3,977,272
Corrections and rehabilitation	2,731,487	48,672	2,780,159
Health and human services	1,289,291	-	1,289,291
Community and economic development	1,638,822	11,728	1,650,550
Infrastructure and environmental services	4,268,558	1,164,521	5,433,079
Capital outlay	2,468,046	9,868	2,477,914
Debt service:			
Principal	172,880	120,000	292,880
Interest and fiscal charges	16,512	71,388	87,900
	<u>25,966,624</u>	<u>2,138,141</u>	<u>28,104,765</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>3,818,792</u>	<u>(473,186)</u>	<u>3,345,606</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	33,536	-	33,536
Transfers in	79,567	7,000	86,567
Transfers out	<u>(7,000)</u>	<u>(79,567)</u>	<u>(86,567)</u>
	<u>106,103</u>	<u>(72,567)</u>	<u>33,536</u>
Total other financing sources (uses)			
Change in fund balance	3,924,895	(545,753)	3,379,142
Fund balance - beginning	<u>21,801,730</u>	<u>1,665,844</u>	<u>23,467,574</u>
Fund balance - ending	<u>\$ 25,726,625</u>	<u>\$ 1,120,091</u>	<u>\$ 26,846,716</u>

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

MATAGORDA COUNTY, TEXAS

Exhibit 4R

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS TO GOVERNMENTAL
ACTIVITIES STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

Change in fund balance - total governmental funds (Exhibit 4) \$ 3,379,142

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,477,914	
Depreciation expense	<u>(1,946,360)</u>	531,554

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Principal payments on bonds payable	\$ 292,880	
Change in accrued interest	3,631	
Change in compensated absences	16,990	
Amortization of bond premium	<u>3,057</u>	316,558

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net pension liability increased	\$(1,376,195)	
Deferred outflows increased	2,206,827	
Deferred inflows increased	<u>(688,102)</u>	142,530

The net change in total OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Total OPEB liability increased	\$(1,196,990)	
Deferred outflows decreased	(814,460)	
Deferred inflows decreased	<u>136,657</u>	(1,874,793)

Because some property tax receivable, special assessments receivables and judicial receivables will not be collected for several months after the County's fiscal year ends, they are not considered available revenues in the governmental funds.

469,144

Internal service funds are used by the County. The net revenue of the internal service funds are reported with the governmental activities.	<u>(119,362)</u>
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Change in net position of governmental activities (see Exhibit 2) \$ 2,844,773

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

MATAGORDA COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
December 31, 2021

Exhibit 5

	<u>Insurance Fund</u>
ASSETS	
Cash and temporary investments	\$ 530,819
Other receivables	71,855
Prepaid expenses	<u>47,749</u>
Total assets	<u>650,423</u>
LIABILITIES	
Accounts payable	309
Claims payable	154,755
Unearned revenue	<u>208,850</u>
Total liabilities	<u>363,914</u>
NET POSITION	
Unrestricted	<u>286,509</u>
Total net position	<u>\$ 286,509</u>

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

MATAGORDA COUNTY, TEXAS

Exhibit 6

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
INTERNAL SERVICE FUND**

For the Year Ended December 31, 2021

	<u>Insurance Fund</u>
Operating Revenues:	
Employer contributions	\$ 3,356,109
Employee contributions	165,133
Retiree/cobra contributions	147,685
Special district contributions	<u>192,339</u>
Total operating revenues	<u>3,861,266</u>
Operating Expenses:	
Administrative expenses	728,466
Retiree premiums	557,227
Claims expense	1,688,235
Prescriptions	<u>1,011,802</u>
Total operating expenses	<u>3,985,730</u>
Operating loss	<u>(124,464)</u>
Nonoperating Revenues:	
Investment income	<u>5,102</u>
Total nonoperating revenues	<u>5,102</u>
Change in net position	<u>(119,362)</u>
Net position - beginning	<u>405,871</u>
Net position - ending	<u>\$ 286,509</u>

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

MATAGORDA COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended December 31, 2021

Exhibit 7

	<u>Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,981,520
Cash payments for administration	(776,442)
Cash payments for claims	<u>(3,541,123)</u>
Net cash used by operating activities	<u>(336,045)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net cash provided by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash provided by capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>5,102</u>
Net cash provided by investing activities	<u>5,102</u>
Change in cash and temporary investments	(330,943)
Cash and temporary investments - beginning	<u>861,762</u>
Cash and temporary investments - ending	<u>\$ 530,819</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$(124,464)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts receivable	133,361
Prepaid expenses	(47,749)
Accounts payable	(227)
Claims payable	(283,859)
Unearned revenue	<u>(13,107)</u>
Net cash used by operating activities	<u>\$ (336,045)</u>

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

MATAGORDA COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2021

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash and temporary investments	\$ <u>12,287,025</u>
Total assets	<u>12,287,025</u>
LIABILITIES	
Accounts payable	<u>68,103</u>
Total liabilities	<u>68,103</u>
NET POSITION	
Individuals, organizations and other governments	\$ <u><u>12,218,922</u></u>

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

MATAGORDA COUNTY, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
December 31, 2021

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 404,980
Collections for adult probation	1,597,614
Held for others	11,114,584
Investment income	<u>6,908</u>
Total additions	<u>13,124,086</u>
DEDUCTIONS	
Payments to other governments	220,216
Payments for adult probation	1,718,841
Payments to individuals	<u>15,014,099</u>
Total deductions	<u>16,953,156</u>
Change in net position	(3,829,070)
Net position - beginning (restated)	<u>16,047,992</u>
Net position - ending	<u><u>\$ 12,218,922</u></u>

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



MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

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MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Matagorda County, Texas (the "County") was established in 1836 by the Republic of Texas. Commissioners elected from each of the four precincts serve as the governing body with the elected County Judge as the head of this body. The Commissioners and County Judge oversee all functions of general government applicable to the County as provided by state statutes.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted account principles. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity.

Adult Probation

The Adult Probation division is operated as a multi-county department doing business as the 23rd Judicial District Community Supervision and Correction Department (CSCD) for Matagorda and Wharton Counties. The CSCD services both Matagorda and Wharton Counties with each County providing required office space for the operations of the Department and substantially all of the Department's funding provided by the State.

The Department board consists of the two District Judges for Matagorda and Wharton Counties. Matagorda County is not able to appoint a voting majority to the Department's board or otherwise impose its will. The Department is not fiscally dependent on Matagorda County since the County's role is ministerial in nature. As a result, the Department is considered to be legally separate from Matagorda County and thus is not a part of the reporting entity of Matagorda County.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has no enterprise fund.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund (excluding agency funds, which have no measurement focus but are on the accrual basis of accounting) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from property and other taxes, grants and contracts, fees (charges for services), fines (including forfeitures), and interest associated with the current fiscal period are all considered to be susceptible to accrual. 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.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

The County has presented the following major governmental funds:

The *General fund* 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. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The County reports the following fiduciary funds:

The *custodial funds* account for assets that the government holds on behalf of others as their agent. The County's custodial funds include County Clerk Trust, District Clerk Trust, Inmate Trust, Tax Assessor Collector and Adult Probation funds.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The statement was implemented and had a material effect on the financial statement of the County. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 87 "Leases" was issued in June 2017. The management of the County does expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61" was issued in August 2018. The statement was implemented and did not have a material effect on the financial statement of the County. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91 "Conduit Debt Obligations" was issued in May 2019. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 92 "Omnibus 2020" was issued in January 2020. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 "Replacement of Interbank Offered Rates" was issued in March 2020. The statement was implemented and did not have a material effect on the financial statement of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued in March 2020. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the County. The requirements of this statement are effective immediately.

GASB No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was issued in June 2020. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 98 "The Annual Comprehensive Financial Report" was issued in October 2021. The statement was implemented and did not have a material effect on the financial statements of the County. The requirements of this Statement are effective for periods ending after December 15, 2021.

GASB No. 99 "Omnibus 2022" was issued in April 2022. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 100 "Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62" was issued in June 2022. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB No. 101 "Compensated Absences" was issued in June 2022. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data

The budget law of the State of Texas provides that amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in the funds, plus the anticipated revenues for the current year as estimated by the County Auditor. The legal level of budgetary control is at the category or line item level (salaries and wages and employee benefits, and operating expenditures) within departments of each fund. Any expenditure, which alters the total budgeted amounts of a fund must be approved by Commissioners Court, and the budget amended. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted for the General fund, certain special revenue funds (District Attorney Legal/Law Fund, Sheriff & Jail Discretionary Fund, County Clerk Preservation & Automation Fund, Countywide Records Management Preservation Fund, Courthouse Security Fund, Justice Court Technology Fund, District Clerk Records Management Preservation Fund, County & District Court Technology Fund, and Historical Commission Fund), and the Debt Service fund.

Prior to May 1 of each year, or as soon thereafter as practical, the County Judge, assisted by the County Auditor, prepares a proposed operating budget for the subsequent fiscal year. The proposed operating budget establishes estimated revenues and other resources available for appropriation. Proposed expenditures may not exceed estimated revenues, other resources, and available fund balances.

Subsequent to May 15 and after proper publication of notice, a public hearing is conducted by the Commissioners Court to obtain taxpayer comments. If an increase to the effective tax rate of more than 3% is proposed as a result of the proposed budget, additional notices and public hearings are required.

After the public hearing(s) the Commissioners Court makes appropriate budget changes and adopts the budget through the passage of an order at a regularly scheduled meeting. A separate order is adopted to levy the taxes necessary to finance the budgeted expenditures.

Although the level of budgetary control is total revenues plus available fund balance, the County adopts its budget at a line-item level for managerial control purposes. Line item level is defined for revenue purposes as the type of revenue to be derived and for expenditure purposes by department and type of expenditures (salaries and wages, and employee benefits; operating expenses/expenditures; and capital outlay).

At the discretion of Commissioners Court, transfers of line item budgets within a fund may be made. Amendments to provide for items not included in the original budget may be made by the Commissioners Court upon finding and declaration of the existence of an emergency sufficient to require action. County management has no prerogative to amend the budget without the approval of Commissioners Court. Appropriations not exercised in the current year lapse at the end of the year. Numerous supplemental budget amendments in the general and special revenue funds were deemed necessary due to the timing of planned expenditures and construction projects.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of December 31, 2021, the County had no encumbrances outstanding.

Cash and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value.

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and temporary investments under each fund's caption. Funds are allowed to exceed the amount of their equity in the pooled cash account. Funds with overdrawn accounts are disclosed as an interfund payable in the liability section of the balance sheet.

Property Taxes

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of each previous January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid through January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

The appraisal of property within the county is the responsibility of the Matagorda County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners Court will continue to set annual tax rates on the property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The County bills and collects its property taxes and those of certain other taxing entities. Collections of those taxes pending distribution are accounted for in an agency fund.

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$ 0.80 per \$ 100 assessed valuation for general governmental services including payment of principal and interest on general long-term debt and maintenance of roads and bridges. Article 6790 of Vernon's Civil Statutes permits the County to collect an additional \$0.15 per \$ 100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$ 0.30 per \$ 100 valuation for road, bridge and flood control purposes.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The County's 2021 tax levy, supporting the 2022 fiscal period budget, totaled \$ 0.39974 per \$ 100 valuation and was comprised as follows:

General Fund	\$ 0.39617
Debt Service Fund	<u>0.00357</u>
Combined tax rate	<u>\$ 0.39974</u>

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The County had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 4 for additional discussion of interfund receivables and payables.

Inventories and Prepaid Items

The County utilizes the consumption method to account for inventory and prepaid expenditures. Under this method, inventory and prepaid expenditures are considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel, parts, and chemicals. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and prepaid expenditures in the fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, vehicles and equipment, buildings and improvements, and infrastructure are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their acquisition value on the date of donation. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended December 31, 2021, no capitalized interest was included in the cost of capital assets under construction.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Continued

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Leased assets are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Estimated useful lives are as follows:

Vehicles and equipment	5-20 Years
Buildings and improvements	40-60 Years
Infrastructure	15-40 Years

Compensated Absences

It is the County’s policy to permit employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability is matured as a result of employee resignation or retirement.

Accumulated sick leave lapses when employees leave the employ of the county and, upon separation from service, no monetary obligation exists.

The liability for compensated absences disclosed in the financial statements represents accumulated vacation and compensatory time at December 31, 2021, computed at pay rates in effect at that time was \$ 491,623.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, “Items Previously Reported as Assets and Liabilities”, had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS’s Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Post-Employment Benefits

The fiduciary net position of the Matagorda County Retiree Health Care Plan (the "Plan") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the Plan's total OPEB liability. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets as this is a pay-as-you-go plan.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as interest and fiscal charge expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

The County's Commissioners Court meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The County's unassigned General Fund Balance is maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the County's Commissioners Court. Fund Balance of the County may be committed for a specific source by formal action of the County's Commissioners Court. Amendments or modifications of the committed fund balance must also be approved by formal action by the County's Commissioners Court. When it is appropriate for fund balance to be assigned, the County's Commissioners Court has delegated authority to the County Judge or the County Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended are as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The *nonspendable* fund balance includes a portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories, prepaid expenditures and long-term receivables.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, and contributors), laws and regulations of other governments, or through enabling legislation.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

The enabling legislation authorizes the County to access, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The County's fee revenue generated through enabling legislations include auto registration fees, birth/death certificate fees, adult bond supervision fees, child abuse protection fees, court technology fees, election service fees, family protection fees, financial security fees, juvenile case management fees, law library fees, records archive fees, and records management and preservation fees reported under Non-Major Special Revenue Funds, and auto registration fees, certificates of title, and gross weight and axle fees reported under the Road and Bridge Major Fund.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Commissioners Court actions, no later than the close of the fiscal year. These actions must be in the form of a resolution approved by Commissioners Court. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources. At December 31, 2021, the Commissioners agreed to commit fund balances for each of the four precincts unspent budgeted funds at year end to be added to the subsequent year's approved budget.

The *assigned* fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by Commissioners Court or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Commissioners Court actions. At December 31, 2021, there are no assignments of fund balance.

The *unassigned* Fund Balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

Governmental Fund Financial Statements:

The following schedule presents details of fund balance components at December 31, 2021:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Fund Balance:			
Nonspendable:			
Inventories	\$ 331,785	\$ -	\$ 331,785
Prepaid expenditures	443,885	-	443,885
Restricted:			
Capital projects	-	778,813	778,813
Contributor purposes	-	17,559	17,559
Court improvements and operations	-	281,673	281,673
Debt service	-	36,925	36,925
Federal Grants	3,449,870	-	3,449,870
Juvenile services	-	15,743	15,743
Records management	-	654,629	654,629
County/District attorney services	-	144,528	144,528
Sheriff services	-	116,103	116,103
Committed:			
Precincts	1,967,793	-	1,967,793
Unassigned	<u>19,533,292</u>	<u>(925,882)</u>	<u>18,607,410</u>
Total fund balance	<u>\$ 25,726,625</u>	<u>\$ 1,120,091</u>	<u>\$ 26,846,716</u>

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position - Continued

	<u>Governmental Activities</u>
Net Position:	
Net investment in capital assets	\$ 26,095,480
Restricted:	
Federal grants	3,449,870
Records management	654,629
Other:	
Contributor purposes	17,559
Court improvements and operations	281,673
Debt service	20,972
Juvenile services	15,743
County/District attorney services	144,528
Sheriff services	116,103
Unrestricted	<u>(5,216,955)</u>
Total net position	<u>\$ 25,579,602</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

The County classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. Investments are classified as either short-term investments or investments. Short-term investments have a maturity of one year or less and investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures. Cash and temporary investments as reported on the financial statements at December 31, 2021 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Temporary Investments:				
Cash (petty cash accounts)	\$ 5,500	\$ -	\$ -	\$ 5,500
Financial Institution Deposits:				
Demand deposits	<u>23,050,055</u>	<u>530,819</u>	<u>12,287,025</u>	<u>35,867,899</u>
Sub-total	<u>23,055,555</u>	<u>530,819</u>	<u>12,287,025</u>	<u>35,873,399</u>
Investments:				
Broker Dealer:				
U.S. Agency Securities	8,019,885	-	-	8,019,885
Certificates of deposit	<u>2,204,608</u>	<u>-</u>	<u>-</u>	<u>2,204,608</u>
Sub-total	<u>10,224,493</u>	<u>-</u>	<u>-</u>	<u>10,224,493</u>
Total Cash and Temporary Investments and Investments	<u>\$ 33,280,048</u>	<u>\$ 530,819</u>	<u>\$ 12,287,025</u>	<u>\$ 46,097,892</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to them. The County requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At year-end, in addition to petty cash and change funds accounts of \$ 5,500, the carrying amount of the County's financial institution deposits, was \$ 38,072,507, while the financial institution balances totaled \$ 38,946,592. Of these balances, \$ 536,277 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the court's beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the remaining balances, \$ 2,454,608 was covered by federal depository insurance coverage and \$ 35,955,707 was covered by collateral held by the County's agent in the County's name.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under written investment policy (the "investment policy"). The investment policy primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The County's deposits and investments are invested pursuant to the investment policy, which is approved by Commissioners Court. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the County will deposit funds is addressed. The County's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The County's management believes it complied with the requirements of the PFIA and the County's investment policy.

The County's Investment Officer submits an investment report each quarter to the Commissioners Court. The report details the investment positions of the County and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas state law.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. No-load money market mutual funds: regulated by SEC, with a dollar-weighted average stated maturity of 90 days or less, includes in its investment objectives the maintenance of a stable \$ 1.00 net asset value per each share, and limited in quantity to the requirements, set forth in Chapter 2256, Government Code Section 2256.014;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas and is: guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, secured in any manner and amount provided by law for deposits of the County;
7. Fully collateralized repurchase agreements, if it: has a defined termination date, is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act, requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, is placed through a primary government securities dealer, approved by the County, or a financial institution doing business in the State of Texas;
8. Commercial paper is an authorized investment, if the commercial paper: has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state;
9. Eligible investment pools if the Commissioners Court by resolution authorizes investment in the particular pool. An investment pool shall invest funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

As of December 31, 2021, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit	\$ 2,204,608	480
U.S. Agency Securities	<u>8,019,885</u>	1,311
Total	<u>\$ 10,224,493</u>	1,132

Credit Risk - As of December 31, 2021, the United States agency securities are rated A-1 by Standard and Poor's and P-1 by Moody's (which represent 78.44% of the investment portfolio) were covered by private insurance and the certificates of deposit (which represents 21.56% of the investment portfolio) and were covered by FDIC, respectively, therefore, the County does not have a significant exposure to credit risk.

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its exposure to interest rate risk by diversifying its investments by security type and institution. County policy will be that the maximum allowable stated maturity of an individual investment for operating funds shall not exceed five years, unless a temporary extension of maturities is approved by Commissioners County. The maximum average maturity shall be two years.

Fair Value Measures

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Fair Value Measures - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Agency Securities	\$ <u>8,019,885</u>	\$ _____ -	\$ _____ -	\$ <u>8,019,885</u>
Total assets at fair value	\$ <u>8,019,885</u>	\$ _____ -	\$ _____ -	\$ <u>8,019,885</u>

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES

Receivables and Allowances

Receivables as of December 31, 2021, for the government's individual governmental major and nonmajor funds, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Major Funds</u>	<u>Non-Major Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
Receivables:			
Property taxes	\$ 18,203,102	\$ 165,495	\$ 18,368,597
Accounts	179,469	1,065	180,534
Due from other governments	2,334,868	230,341	2,565,209
Accrued interest	<u>17,187</u>	<u>-</u>	<u>17,187</u>
Gross receivables	20,734,626	396,901	21,131,527
Less allowance for uncollectibles:			
Property taxes	<u>62,913</u>	<u>179</u>	<u>63,092</u>
Net receivables	<u>\$20,671,713</u>	<u>\$ 396,722</u>	<u>\$21,068,435</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued

Receivables From Other Governments

The County participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the County receives entitlements from the State through the legislative actions and taxes collected by the State on behalf of the County (other taxes). All federal grants shown below are either direct or passed through state or local agencies and are reported on the financial statements as due from other governments.

Amounts due from federal, state, and local governments as of December 31, 2021 are summarized below:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:				
General Fund	\$ 10,947	\$ 24,020	\$ 2,299,901	\$ 2,334,868
Non-major governmental funds	<u>178,450</u>	<u>29,601</u>	<u>22,290</u>	<u>230,341</u>
Total	<u>\$ 189,397</u>	<u>\$ 53,621</u>	<u>\$ 2,322,191</u>	<u>\$ 2,565,209</u>

Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of December 31, 2021:

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justices of the Peace	\$ 7,356,858	\$ 5,002,303	\$ 2,354,555
County Courts	2,358,481	1,737,064	621,417
District Courts	<u>7,473,629</u>	<u>7,261,168</u>	<u>212,461</u>
Total	<u>\$ 17,188,968</u>	<u>\$ 14,000,535</u>	<u>\$ 3,188,433</u>

Deferred Outflows and Inflows of Resources and Unearned Revenue

Governmental Funds

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of December 31, 2021, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued

Deferred Inflows of Resources and Unearned Revenue - Continued

Governmental Funds - Continued

	General Fund	Other Governmental Funds	Total
Deferred Inflows of Resources:			
Current property taxes collected (October 1, 2021 Levy)	\$ 4,419,718	\$ 39,841	\$ 4,459,559
Current property taxes receivable (October 1, 2021 Levy)	17,197,703	155,239	17,352,942
Delinquent property taxes (October 1, 2020 and prior)	890,533	9,539	900,072
Unearned Revenue:			
Federal grants	3,558,737	-	3,558,737
State grants	-	74,609	74,609
Other	<u>50,800</u>	<u>-</u>	<u>50,800</u>
Total	<u>\$ 26,117,491</u>	<u>\$ 279,228</u>	<u>\$ 26,396,719</u>

Governmental Activities

Governmental activities defer the recognition of pension expense for contributions made from the measurement date to the current year end of December 31, 2021 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of December 31, 2021, the various components of deferred outflows and inflows of resources and unearned revenue reported in the governmental activities were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Unearned Revenue
<u>Governmental Activities:</u>			
Pension Related:			
Differences between expected and actual experience	\$ -	\$ 235,475	\$ -
Net differences between projected and actual	-	2,106,425	-
Changes in assumptions	2,241,653	-	-
Subsequent contributions	1,591,072	-	-
OPEB related:			
Differences between expected and actual experience	-	506,995	-
Changes in assumptions	3,021,645	-	-
Current property taxes collected (October 1, 2021 Levy)	-	4,459,559	-
Current property taxes receivable (October 1, 2021 Levy)	-	17,352,942	-
Unearned Revenue:			
Federal grants	-	-	3,558,737
State grants	-	-	74,609
Self-insurance	-	-	208,850
Other	<u>-</u>	<u>-</u>	<u>50,800</u>
Totals	<u>\$ 6,854,370</u>	<u>\$ 24,661,396</u>	<u>\$ 3,892,996</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2021 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>12-31-21</u>
General Fund	Other Governmental Funds	\$ 502,169
Other Governmental Funds	General Fund	<u>18</u>
Total		<u>\$ 502,187</u>

Interfund receivables and payables represent short-term borrowings primarily for cash flow purposes. These include short-term borrowings for reimbursement grants and some revenue or expenditures/expense adjustments between funds at or near year-end.

Interfund transfers for the year ended December 31, 2021 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>12-31-21</u>
General Fund	Other Governmental Funds	\$ 7,000
Other Governmental Funds	General Fund	<u>79,567</u>
Total		<u>\$ 86,567</u>

The Commissioners Court approved these transfers, as transfers of operational funds to cover planned expenditures/expenses.

NOTE 5 - CAPITAL ASSETS

Capital Transactions

	<u>Balance 01-01-21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments & Transfers</u>	<u>Balance 12-31-21</u>
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 1,500,478	\$ -	\$ -	\$ -	\$ 1,500,478
Construction in progress	<u>317,213</u>	<u>57,214</u>	<u>-</u>	<u>-</u>	<u>374,427</u>
Total capital assets not being depreciated	<u>1,817,691</u>	<u>57,214</u>	<u>-</u>	<u>-</u>	<u>1,874,905</u>
Capital Assets, Being Depreciated:					
Vehicles and equipment	16,237,390	933,137	50,103	-	17,120,424
Buildings and improvements	16,101,841	193,560	-	-	16,295,401
Infrastructure	<u>50,670,419</u>	<u>1,294,003</u>	<u>-</u>	<u>-</u>	<u>51,964,422</u>
Total capital assets being depreciated	<u>83,009,650</u>	<u>2,420,700</u>	<u>50,103</u>	<u>-</u>	<u>85,380,247</u>

(continued)

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 5 - CAPITAL ASSETS - Continued

Capital Transactions - Continued

	Balance 01-01-21	Additions	Retirements	Adjustments & Transfers	Balance 12-31-21
Less Accumulated Depreciation For:					
Vehicles and equipment	\$ 10,661,426	\$ 955,360	\$ 50,103	\$ -	\$ 11,566,683
Buildings and improvements	7,665,306	350,609	-	-	8,015,915
Infrastructure	<u>39,163,952</u>	<u>640,391</u>	<u>-</u>	<u>-</u>	<u>39,804,343</u>
Total accumulated depreciation	<u>57,490,684</u>	<u>1,946,360</u>	<u>50,103</u>	<u>-</u>	<u>59,386,941</u>
Total capital assets being depreciated, net	<u>25,518,966</u>	<u>474,340</u>	<u>-</u>	<u>-</u>	<u>25,993,306</u>
Governmental activities capital assets, net	<u>\$ 27,336,657</u>	<u>\$ 531,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,868,211</u>

Depreciation

Depreciation expense was charged as direct expense to functional categories of the County as follows:

	<u>12-31-21</u>
Governmental Activities:	
General government	\$ 47,597
Justice system	13,440
Public safety	501,816
Corrections and rehabilitations	13,875
Health and human services	7,901
Community and economic development	8,696
Infrastructure and environmental services	<u>1,353,035</u>
Total depreciation expense	<u>\$ 1,946,360</u>

Construction Commitments

There were no construction commitments as of December 31, 2021.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of December 31, 2021, for the government's individual governmental major and nonmajor funds, and fiduciary funds in the aggregate are as follows:

	Governmental Funds			Fiduciary Funds
	General Fund	Other Governmental Funds	Total	
Accounts and accrued liabilities payable:				
Vendors	\$ 560,633	\$ 645,529	\$ 1,206,162	
Other governments	160,917	629	161,546	
Accrued compensation	193,768	-	193,768	
Due to others	260,271	58,971	319,242	
 Total	 \$ 1,175,589	 \$ 705,129	 \$ 1,880,718	
				Fiduciary Funds
Accounts and accrued liabilities payable:				
Vendors				\$ 1,541
Restitution payable				66,562
 Total				 \$ 68,103

NOTE 7 - LONG-TERM DEBT

Certificate of Obligation Bonded Debt

Certificates of obligations payable at December 31, 2021, are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 12-31-21
		Issued	Maturity	Callable	
Certificates of Obligation Bonds	1.704 -				
Taxable Series 2015	4.627	2015	2035	2025	2,185,000
 Total					 \$ 2,185,000

Certificates of obligation bond transactions for the year ended December 31, 2021 were as follows:

Bonds outstanding, January 1, 2021	\$ 2,305,000
Maturities	(120,000)
 Bonds outstanding, December 31, 2021	 \$ 2,185,000

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 7 - LONG-TERM DEBT - Continued

Certificate of Obligation Bonded Debt - Continued

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. The current year tax levy was set to utilize the excess fund balance above the bond ordinance requirement. For the year ended December 31, 2021, the amount of ad valorem taxes collected for interest and sinking were \$ 189,922, while the debt service requirements for principal and interest was \$ 191,388. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

On August 24, 2015 the County sold \$ 2,750,000 of Certificate of Obligation Bonds, Taxable Series 2015. These bonds were issued for the purpose of county-wide improvements to various capital assets within the County.

The following is a summary of certificate of obligation bond requirements by year as of December 31, 2021:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2022	\$ 125,000	\$ 67,313	\$ 192,313
2023	130,000	63,487	193,487
2024	135,000	59,513	194,513
2025	140,000	55,388	195,388
2026	145,000	51,112	196,112
2027-2031	780,000	187,775	967,775
2032-2035	<u>730,000</u>	<u>51,756</u>	<u>781,756</u>
 Total	 <u>\$ 2,185,000</u>	 <u>\$ 536,344</u>	 <u>\$ 2,721,344</u>

Changes in Long-Term Debt

Transactions for the year ended December 31, 2021 are summarized as follows:

	<u>Balance 01-01-21</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 12-31-21</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificate of obligation bonds	\$ 2,305,000	\$ -	\$ 120,000	\$ 2,185,000	\$ 125,000
Capital leases	498,523	-	172,880	325,643	178,322
Compensated absences	508,613	412,288	429,278	491,623	429,278
Net pension liability	3,202,740	5,407,473	4,031,278	4,578,935	-
Total OPEB liability	28,671,230	2,312,190	1,115,200	29,868,220	-
Premium on bonds	<u>43,958</u>	<u>-</u>	<u>3,057</u>	<u>40,901</u>	<u>3,058</u>
 Total governmental activities	 <u>\$ 35,230,064</u>	 <u>\$ 8,131,951</u>	 <u>\$ 5,871,693</u>	 <u>\$ 37,490,322</u>	 <u>\$ 735,658</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 7 - LONG-TERM DEBT - Continued

Changes in Long-Term Debt - Continued

Bonded debt is funded primarily by property taxes from the Debt Service Fund. Compensated absences are payable by the fund in which the individual positions are budgeted. General Fund and the various special revenue funds have been used to fund current pension and OPEB costs.

NOTE 8 - CAPITAL LEASES PAYABLE

Capital Leases

The County has entered into several capital lease agreements for the purchase of vehicles and equipment. Payments for the leases during the year ended amounted to principal in the amount of \$ 267,906 and interest in the amount of \$ 17,252. Payments, including interest for vehicles and equipment are due as follows as of December 31, 2021:

Year Ended December 31, _____	
2022	\$ 189,400
2023	101,054
2024	<u>53,518</u>
Total future lease payments	343,972
Less: Amount representing interest	<u>(18,329)</u>
	<u>\$ 325,643</u>

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional 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 more than 800 non-traditional defined benefit plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 79768-2034.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 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 employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

All eligible employees of the County are required to participate in TCDRS.

The plan provisions are adopted by Commissioner’s Court of the County, within the options available in the state statutes governing TCDRS. Plan provisions for the County were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>
Employee deposit rate	7.00%	7.00%
Employer deposit rate	14.83%	14.83%
Matching ratio (County to employee)	2 to 1	2 to 1
Years required for vesting	8	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/30	60/8, 0/30

Employees Covered by Benefit Terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	211
Inactive employees entitled to but not yet receiving benefits	172
Active employees	<u>232</u>
	<u><u>615</u></u>

Contributions - The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee compensation, and the employer matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the employer. Under the state laws governing TCDRS, the contribution rate for each employer is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. Participating employers are required to contribute at the actuarially determined rates to ensure adequate funding for each employer’s plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Employees of the County were required to contribute 7% of their annual compensation during the fiscal year. The County's required contribution rates are 13.53% and 14.38% in calendar years 2021 and 2020, respectively. The County's contributions to TCDRS for the year ended December 31, 2021 were \$ 1,591,339.

Net Pension Liability - The County's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2020 financial reporting metrics are the same as those used in the December 31, 2020 actuarial valuation analysis for Matagorda County.

Following is a description of the assumptions used in the December 31, 2020 actuarial valuation analysis for Matagorda County. This information may also be found in the Matagorda County December 31, 2020 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions

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

The assumed long-term investment return of 7.5% is net after investment and administrative expenses and is expected to enable the system to credit each employer's Subdivision Accumulation Fund (SAF) with a nominal annual rate of 7.5% on the combined ESF and SAF funds, less the amount credited to the employer's ESF. Under the TCDRS Act, the ESF is credited with a nominal annual rate of 7%. It is assumed interest will be credited at the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Employer Specific Economic Assumptions

Growth in membership	0.00%
Payroll growth	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10 year horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in tis assessment.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

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

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

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

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

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of December 31, 2019	\$ 58,901,409	\$ 55,698,669	\$ 3,202,740
Changes for the Year:			
Service cost	1,316,143	-	1,316,143
Interest on total pension liability ⁽¹⁾	4,725,709	-	4,725,709
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(171,465)	-	(171,465)
Effect of assumptions changes or inputs	3,262,480	-	3,262,480
Refunds of contributions	(221,767)	(221,767)	-
Contributions - employer	-	1,489,438	(1,489,438)
Contributions - employee	-	703,031	(703,031)
Net investment income	-	5,750,709	(5,750,709)
Benefit payment,	(3,603,628)	(3,603,628)	-
Administrative expense	-	(43,705)	43,705
Other changes ⁽³⁾	-	(42,801)	42,081
Balance as of December 31, 2020	<u>\$ 64,308,881</u>	<u>\$ 59,729,946</u>	<u>\$ 4,578,935</u>

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

⁽²⁾ No plan changes valued.

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

Sensitivity Analysis - The following presents the net pension liability of the county, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate of 1 percentage-point lower (6.60%) or 1 percentage-point higher (8.60%) than the current rate:

	1% Decrease In Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase In Discount Rate (8.60%)
Total pension liability	\$ 72,020,260	\$ 64,308,881	\$ 57,807,833
Fiduciary net position	<u>59,729,946</u>	<u>59,729,946</u>	<u>59,729,946</u>
Net pension liability / (asset)	<u>\$ 12,290,314</u>	<u>\$ 4,578,935</u>	<u>\$ (1,922,113)</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 9 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

<i>Pension Expense:</i>	<u>Year Ended 12-31-20</u>
Service cost	\$ 1,316,143
Interest on total pension liability ⁽¹⁾	4,725,709
Effect of plan changes	-
Administrative expenses	43,705
Member contributions	(703,031)
Expected investment return net of investment expenses	(4,443,311)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(144,442)
Recognition of assumption changes or inputs	1,184,231
Recognition of investment gains or losses	(630,140)
Other ⁽²⁾	<u>42,801</u>
Pension expense	<u>\$ 1,391,665</u>

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

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

Deferred Inflows and Outflows of Resources - At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 235,475
Net difference between projected and actual investment earnings	-	2,106,425
Changes in assumptions	2,241,653	-
Contributions subsequent to the measurement date ⁽³⁾	<u>1,591,072</u>	<u>-</u>
Totals	<u>\$ 3,832,725</u>	<u>\$ 2,341,900</u>

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 expenses as follows:

<u>Year Ended December 31,</u>	
2022	\$ 282,129
2023	971,200
2024	(1,092,097)
2025	(261,479)
2026	-
Thereafter ⁽⁴⁾	-

⁽³⁾ If eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions, adjusted as outlined in GASB No. 71.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional deferred inflows and outflows of resources may impact these numbers.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - The County’s defined benefit OPEB plan provides medical and prescription drug benefits to plan members of the County. The plan is a single-employer defined benefit OPEB plan administered by the County. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioners Court. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided - The plan provides medical and prescription drug benefits for retirees. Benefits are provided by a self-insured plan through the Texas Association of Counties Health and Employee Benefits Pool for the medical plan under age 65. The Medicare Supplement is underwritten by Hartford Life & Accident Insurance Company. A Medicare supplement is available for Medicare eligible retirees with the County. The retiree is responsible for paying any additional costs for dependent coverage elected.

The following table provides a summary of the number of participants in the plan as of December 31, 2021:

Inactive plan members or beneficiaries currently receiving benefits	113
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>203</u>
	<u>316</u>

Contributions - Local Government Code Section 157.102 assigns to Commissioners Court the authority to establish and amend contribution requirements of the plan members. The County may contribute all, part of, or none of the premium payment. The County’s contribution, if any, will be determined annually by Commissioners Court during the County budget process and will be effective on a fiscal year basis. The County does not contribute toward the cost of coverage for retirees who do not meet the eligibility requirements. The County pays no more for retiree healthcare than the premium it pays for active employees.

The plan is funded on a pay-as-you-go basis. For the year ended December 31, 2021, the total benefit payments made to the plan were \$ 1,115,200. The total benefit payments made include explicit benefit payments made by the County of \$ 1,115,200.

Total OPEB Liability - The County’s total OPEB liability of \$ 29,868,220 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020.

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual Entry-Age
Discount rate	2.12%
Inflation	2.50%
Salary increases	3.50%
Health care trend rates	Level trend rate of 4.50%

Mortality rates were based on the RPH-2014 Total Table with projection MP-2020.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

The actuarial assumptions used in the December 31, 2020 valuation were based on the experience study covering the four-year period ending December 31, 2017, as conducted for the Texas County and District Retirement System.

Discount Rate - For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of a 20-year general obligation bond with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.12% (based on the daily rate closest to but not later than the measurement date of the “Bond Buyer GO-20 bond index”).

Changes in Total OPEB Liability - The changes in the total OPEB liability as of December 31, 2021 are as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 1,680,553
Interest on total OPEB liability	631,637
Benefit payments	<u>(1,115,200)</u>
Net change in total OPEB liability	1,196,990
Total OPEB liability, December 31, 2020	<u>28,671,230</u>
Total OPEB liability, December 31, 2021	<u>\$ 29,868,220</u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the County, calculated using the discount rate of 2.12%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate of 1 percentage-point lower (1.12%) or 1 percentage-point higher (3.12%) than the current rate:

	<u>1% Decrease In Discount Rate (1.12%)</u>	<u>Discount Rate (2.12%)</u>	<u>1% Increase In Discount Rate (3.12%)</u>
Total OPEB liability	\$ 35,524,515	\$ 29,868,220	\$ 25,433,257

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 4.50%, as well as what the County’s total OPEB liability would be if it were calculated using a healthcare cost trend rate of 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate:

	<u>1% Decrease In Healthcare Cost Trend Rate (3.50%)</u>	<u>Healthcare Cost Trend Rate (4.50%)</u>	<u>1% Increase In Healthcare Cost Trend Rate (5.50%)</u>
Total OPEB liability	\$ 24,988,671	\$ 29,868,220	\$ 36,295,070

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

<i>Total OPEB Expense:</i>	<u>Year Ended 12-31-21</u>
Service cost	\$ 1,680,553
Interest on total OPEB liability	631,637
Difference between expected and actual experience	(136,657)
Changes in assumptions or other inputs	<u>814,460</u>
Total OPEB expense	<u>\$ 2,989,993</u>

Deferred Inflows and Outflows - At December 31, 2021, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Schedule of Deferred Outflows/(Inflows)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 506,995
Changes in assumption	<u>3,021,645</u>	<u>-</u>
Total	<u>\$ 3,021,645</u>	<u>\$ 506,995</u>

<u>Year Ended December 31,</u>	<u>Net Outflows/ (Inflows)</u>
2022	\$ 677,803
2023	677,803
2024	677,803
2025	481,241
2026	-
2027	-

NOTE 11 - SELF INSURANCE HEALTH COVERAGE

During the year ended December 31, 2014 employees of the County were covered by a health insurance plan (the Plan). The County contributed monthly per employee, spouse, child and family to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents in excess of the County contribution. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The plan was authorized by Article 3.51-2., Texas Insurance Code and was documented by contractual agreement. The contract between the County and the third party administrator is renewable October 1, 2017, and terms of coverage and contribution costs are included in the contractual provisions. In accordance with state statute, the County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Association of Counties Health Employee Benefit Program and Blue Cross Blue Shield of Texas, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$ 100,000 and for aggregate loss. Other governmental entities and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c), Interlocal Cooperation Act. Each member to the extent its benefit plan is self-insured, remain responsible for the payment of benefits under the benefit plan in the event HEBP fails to make such payments.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 11 - SELF INSURANCE HEALTH COVERAGE - Continued

The internal service fund is funded by charges to the County’s other funds and other governmental units and is based upon a predetermined fixed amount per employee, spouse, child and family. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. The County considers claims paid in the three months following the fiscal year end to be a reasonable estimate of claims liability.

Changes in the balance of claims liabilities during the past two years are as follows:

	<u>2020</u>	<u>2021</u>
Unpaid claims, beginning	\$ 186,081	\$ 438,614
Claims incurred	3,563,911	3,257,264
Claims paid	<u>(3,311,378)</u>	<u>(3,541,123)</u>
Unpaid claims, ending	<u>\$ 438,614</u>	<u>\$ 154,755</u>

NOTE 12 - CONTINGENCIES

The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. Such lawsuits include various civil claims that are currently between the stages of discovery and pleadings. The outcome of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County.

NOTE 13 - DEFICIT FUND BALANCES

As of December 31, 2021, one fund of the County had a deficit fund balance as itemized below:

	<u>2021</u>
Fund Balances:	
Special Revenue Funds:	
Disaster Fund	\$ 925,882

Deficit balances will either be offset by future revenues or reimbursed by other funds. The disaster fund would be reimbursed by the General Fund.

NOTE 14 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended December 31, 2021, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund and various special revenue funds. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal financial assistance programs are covered by the requirements of the Single Audit Act and the Uniform Guidance.

The state financial assistance programs are covered by the State of Texas Single Audit Circular (Uniform Grant Management Standards). A single audit was performed on the federal financial assistance programs as the federal financial assistance programs met the \$ 750,000 threshold, while the state financial assistance programs did not.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2021

NOTE 15 - TAX ABATEMENTS

The County enters into property tax abatement agreements with taxpayers under the State Property Tax Abatement Act, Tax Code Chapter 312. Under the act, the County may enter into a local agreement with a taxpayer that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years. Tax abatements are an economic development toll available to the County to attract new industries and to engage in the retention and development of existing businesses through property tax exemptions or reductions.

For the year ended December 31, 2021, the County abated property taxes totaling \$ 5,370,476 under this program, including the following tax abatement agreement:

- A 100 percent property tax abatement to a steel pipe production company for the construction of a new plant and to create 600 full-time jobs. The County agreed to recapture a prorated amount of abated taxes if the conditions of the agreement are not met through the claw back payment clause. The County's agreement determines the percentage amount and duration of the tax abatement which is not to exceed twenty-five years. In the case of the Company exceed the job target, the County committed to providing an additional "Surplus Job Credit" incentive to the Company.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the County implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position of the County's custodial funds have been restated as follows:

	<u>Custodial Fund</u>
Beginning net position, as originally presented	\$ -
Reclassification of groups moved from an agency fund to a custodial fund	<u>16,047,992</u>
Beginning net position, as restated	<u>\$ 16,047,992</u>

NOTE 17 - EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY
INFORMATION**



MATAGORDA COUNTY, TEXAS

Exhibit 10

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 20,891,890	\$ 20,891,890	\$ 21,024,646	\$ 132,756
Licenses and permits	771,100	771,100	877,066	105,966
Intergovernmental	269,803	1,408,167	1,787,358	379,191
Charges for services	4,643,846	4,649,370	4,756,291	106,921
Fines	412,000	412,000	350,096	(61,904)
Investment income	250,000	250,000	258,166	8,166
Miscellaneous	166,700	295,998	731,793	435,795
Total revenues	<u>27,405,339</u>	<u>28,678,525</u>	<u>29,785,416</u>	<u>1,106,891</u>
Expenditures				
Current:				
General government	6,059,777	6,369,966	5,810,599	559,367
Justice system	4,237,847	4,014,395	3,599,281	415,114
Public safety	4,163,868	4,542,590	3,971,148	571,442
Corrections and rehabilitation	2,778,485	2,832,984	2,731,487	101,497
Health and human services	1,331,246	1,371,070	1,289,291	81,779
Community and economic development	1,345,909	1,832,250	1,638,822	193,428
Infrastructure and environmental services	6,864,875	6,135,449	4,268,558	1,866,891
Capital outlay	432,800	2,695,369	2,468,046	227,323
Debt service:				
Principal	196,347	196,347	172,880	23,467
Interest and fiscal charges	14,685	14,685	16,512	(1,827)
Total expenditures	<u>27,425,839</u>	<u>30,005,105</u>	<u>25,966,624</u>	<u>4,038,481</u>
Excess (deficiency) of revenues over expenditures	<u>(20,500)</u>	<u>(1,326,580)</u>	<u>3,818,792</u>	<u>5,145,372</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	33,536	33,536
Transfers in	27,500	64,168	79,567	15,399
Transfers out	(7,000)	(7,000)	(7,000)	-
Total other financing sources (uses)	<u>20,500</u>	<u>57,168</u>	<u>106,103</u>	<u>48,935</u>
Change in fund balance	-	(1,269,412)	3,924,895	5,194,307
Fund balance - beginning	<u>21,801,730</u>	<u>21,801,730</u>	<u>21,801,730</u>	<u>-</u>
Fund balance - ending	<u>\$ 21,801,730</u>	<u>\$ 20,532,318</u>	<u>\$ 25,726,625</u>	<u>\$ 5,194,307</u>

MATAGORDA COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

With a measurement date of December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 1,316,143	\$ 1,208,668	\$ 1,252,718	\$ 1,179,188
Interest on total pension liability	4,725,709	4,558,509	4,412,150	4,206,623
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	3,362,480	-	-	253,616
Effect of economic/demographic (gains) or losses	(171,465)	(70,789)	(343,083)	64,730
Benefit payments/refunds of contributions	<u>(3,825,395)</u>	<u>(3,657,210)</u>	<u>(3,291,561)</u>	<u>(3,191,023)</u>
Net Change in Total Pension Liability	5,407,472	2,039,178	2,030,224	2,513,134
Total Pension Liability - beginning	<u>58,901,409</u>	<u>56,862,231</u>	<u>54,832,007</u>	<u>52,318,873</u>
Total Pension Liability - ending (a)	<u>\$ 64,308,881</u>	<u>\$ 58,901,409</u>	<u>\$ 56,862,231</u>	<u>\$ 54,832,007</u>
Fiduciary Net Position				
Employer contributions	\$ 1,489,438	\$ 1,501,212	\$ 1,394,276	\$ 1,375,431
Member contributions	703,031	708,666	658,638	649,226
Investment income net of investment expense	5,750,709	8,073,918	(972,120)	6,691,662
Benefit payments/refunds of contributions	(3,825,395)	(3,657,210)	(3,291,561)	(3,191,023)
Administrative expense	(43,705)	(42,444)	(39,483)	(34,208)
Other	<u>(42,801)</u>	<u>(41,795)</u>	<u>(31,735)</u>	<u>(26,742)</u>
Net Change in Fiduciary Net Position	4,031,277	6,542,347	(2,281,985)	5,464,346
Fiduciary Net Position - beginning	<u>55,698,669</u>	<u>49,156,322</u>	<u>51,438,307</u>	<u>45,973,961</u>
Fiduciary Net Position - ending (b)	<u>\$ 59,729,946</u>	<u>\$ 55,698,669</u>	<u>\$ 49,156,322</u>	<u>\$ 51,438,307</u>
Net Pension Liability, ending (a)-(b)	<u>\$ 4,578,935</u>	<u>\$ 3,202,740</u>	<u>\$ 7,705,909</u>	<u>\$ 3,393,700</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	92.88%	94.56%	86.45%	93.81%
Pensionable covered payroll	\$ 10,043,295	\$ 10,123,800	\$ 9,409,109	\$ 9,274,658
Net Pension Liability as a Percentage of Covered Payroll	45.59%	31.64%	81.90%	36.59%

Note - This schedule is presented to illustrate the requirements to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,245,749	\$ 1,061,294	\$ 1,037,018
4,084,781	3,949,923	3,723,454
-	(163,313)	-
-	559,506	-
(1,306,164)	(710,572)	629,628
<u>(2,990,057)</u>	<u>(2,868,547)</u>	<u>(2,734,719)</u>
1,034,309	1,828,291	2,655,381
<u>51,284,564</u>	<u>49,456,273</u>	<u>46,800,892</u>
<u>\$ 52,318,873</u>	<u>\$ 51,284,564</u>	<u>\$ 49,456,273</u>
\$ 1,273,638	\$ 1,250,595	\$ 1,149,603
601,183	592,700	537,553
3,299,098	252,706	2,975,354
(2,990,057)	(2,868,547)	(2,734,719)
(35,887)	(32,500)	(34,335)
<u>(837,728)</u>	<u>(272,746)</u>	<u>427,674</u>
1,310,247	(1,077,792)	2,321,130
<u>44,663,714</u>	<u>45,741,506</u>	<u>43,420,376</u>
<u>\$ 45,973,961</u>	<u>\$ 44,663,714</u>	<u>\$ 45,741,506</u>
<u>\$ 6,344,912</u>	<u>\$ 6,620,850</u>	<u>\$ 3,714,767</u>
87.87%	87.09%	92.49%
\$ 8,564,214	\$ 8,467,148	\$ 7,679,332
74.09%	78.19%	48.37%

MATAGORDA COUNTY, TEXAS

Exhibit 12

*REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS*
For the Ten Years Ended December 31,

	<u>Actuarially Determined Contribution⁽¹⁾</u>	<u>Actual Employer Contribution⁽¹⁾</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll⁽²⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2012	\$ 952,777	\$ 952,777	\$ -	\$ 7,228,971	13.2%
2013	1,039,449	1,039,449	-	7,542,912	13.8%
2014	1,149,603	1,149,603	-	7,679,332	15.0%
2015	1,250,595	1,250,595	-	8,467,148	14.8%
2016	1,270,073	1,273,638	(3,565)	8,564,214	14.9%
2017	1,311,437	1,375,431	(63,994)	9,274,658	14.8%
2018	1,347,384	1,394,276	(46,892)	9,409,109	14.8%
2019	1,380,886	1,501,212	(120,326)	10,123,800	14.8%
2020	1,444,226	1,489,438	(45,212)	10,043,295	14.8%
2021	1,451,842	1,591,339	(139,497)	10,730,539	14.8%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

MATAGORDA COUNTY, TEXAS

Exhibit 13

REQUIRED SUPPLEMENTARY INFORMATION**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

With a Measurement Date of December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 1,680,553	\$ 1,117,591	\$ 1,117,591	\$ 1,073,574
Interest on the total OPEB liability	631,637	997,713	911,660	914,856
Differences between expected and actual experiences	-	(780,309)	-	-
Changes in assumptions	-	4,650,565	-	-
Benefit payments	<u>(1,115,200)</u>	<u>(1,062,400)</u>	<u>(1,033,600)</u>	<u>(952,000)</u>
Net change in total OPEB liability	1,196,990	4,923,160	995,651	1,036,430
Total OPEB liability - beginning	<u>28,671,230</u>	<u>23,748,070</u>	<u>22,752,419</u>	<u>21,715,989</u>
Total OPEB liability - ending	<u>\$ 29,868,220</u>	<u>\$ 28,671,230</u>	<u>\$ 23,748,070</u>	<u>\$ 22,752,419</u>
Covered-employee payroll	<u>\$ 8,457,075</u>	<u>\$ 8,457,075</u>	<u>\$ 7,592,004</u>	<u>\$ 7,592,004</u>
Total OPEB liability as a percentage of covered employee payroll	<u>353.17%</u>	<u>339.02%</u>	<u>312.80%</u>	<u>299.69%</u>

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, the County will present information for those years for which information is available.

MATAGORDA COUNTY, TEXAS

Notes to the Required Supplementary Information
For The Year Ended December 31, 2021

NOTE 1 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.5 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
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.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Schedule of Employer Contributions*	2015: New inflation, mortality and other assumption were reflected 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the schedule. 2016: No changes in plan provisions were reflected in the schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule. 2019: No changes in plan provisions were reflected in the schedule. 2020: No changes in plan provisions were reflected in the schedule.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

District Attorney Legal/Law Fund - This fund is used to account for the transactions related to hot check fees of the district attorney's office and funds awarded to the County from forfeitures and state funds for the district attorney.

Sheriff & Jail Discretionary Fund - This fund is used to account for the transactions related to forfeited funds and inmate commissary sales.

County Clerk Preservation & Automation Fund - This fund is used to account for the fees collected by the County Clerk for records management and preservation.

Countywide Records Management Preservation Fund - This fund is used to account for fees collected by the County Clerk for records management and preservation.

Courthouse Security Fund - This fund is used to account for fees collected by the County Court, District Court and JP Court for courthouse security.

Justice Court Technology Fund - This fund is used to account for fees collected by the District Clerk specifically for justice court technology.

District Clerk Records Management Preservation Fund - This fund is used to account for fees collected by the District Clerk for records management and preservation.

County & District Court Technology Fund - This fund is used to account for fees collected by the County Clerk specifically for county and district court technology.

Disaster Fund - This fund is used to account for the expenditures during Hurricane Harvey and during a state of emergency situation separate from regular operating transactions.

Joint Task Force Fund - This fund is used to account for receipts and disbursements related to the Joint Task Force activities including joint seizures by Matagorda County, City of Bay City and City of Palacios.

Intergovernmental Grant Fund - This fund is used to account for federal /and state grants passed through other governments.

Historical Commission Fund - This fund is used to account for grant proceeds and local match for the purpose of conducting a historic resource survey in Matagorda County.

CDBG Disaster Recovery Fund - This fund is used to account for grant funds associated with Presidentially declared disasters for long-term recovery efforts.

Matagorda Water & Sewer Fund - This fund is used to account for the receipts and disbursements related to the Texas Community Development Grant for the purpose of wastewater system improvements within the Matagorda County limits in Matagorda, Texas.

Juvenile Probation Fund - This fund is used to account for Texas Juvenile Justice Division grant fund for administering the juvenile probation program and for the receipt and disbursements of fees collected by the Juvenile Probation Department.

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

Debt service funds account for the accumulation of resources from governmental resources and the payments of general obligation debt principal, interest and related costs.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2015 Certificates of Obligation issued for capital repairs and improvements to existing County buildings, and the payment of costs of issuance and professional services related thereto.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund accounts for the capital projects spending related to the use of proceeds of the Series 2015 Certificates of Obligation.

MATAGORDA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2021

	District Attorney Legal/Law Fund	Sheriff & Jail Discretionary Fund	Special County Clerk Preservation & Automation Fund
Assets:			
Cash and temporary investments	\$ 166,655	\$ 153,101	\$ 478,987
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	846
Due from other governments	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 166,655</u>	<u>\$ 153,101</u>	<u>\$ 479,833</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 22,127	\$ 36,948	\$ 1,228
Due to other funds	-	50	-
Unearned revenue	-	-	-
Total liabilities	<u>22,127</u>	<u>36,998</u>	<u>1,228</u>
Deferred Inflows of Resources:			
Deferred inflows of resources	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	144,528	116,103	478,605
Unassigned	-	-	-
Total fund balance	<u>144,528</u>	<u>116,103</u>	<u>478,605</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 166,655</u>	<u>\$ 153,101</u>	<u>\$ 479,833</u>

Revenue Funds

Countywide Records Management Preservation Fund	Courthouse Security Fund	Justice Court Technology Fund	District Clerk Records Management Preservation Fund	County & District Court Technology Fund	Disaster Fund
\$ 77,111	\$ 145,923	\$ 28,802	\$ 98,828	\$ 113,420	\$ -
-	-	-	-	-	-
40	81	9	45	44	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 77,151</u>	<u>\$ 146,004</u>	<u>\$ 28,811</u>	<u>\$ 98,873</u>	<u>\$ 113,464</u>	<u>\$ -</u>
\$ -	\$ 1,005	\$ -	\$ -	\$ -	\$ 465,199
-	5,601	-	-	-	460,683
-	-	-	-	-	-
-	6,606	-	-	-	925,882
-	-	-	-	-	-
-	-	-	-	-	-
77,151	139,398	28,811	98,873	113,464	-
-	-	-	-	-	(925,882)
<u>77,151</u>	<u>139,398</u>	<u>28,811</u>	<u>98,873</u>	<u>113,464</u>	<u>(925,882)</u>
<u>\$ 77,151</u>	<u>\$ 146,004</u>	<u>\$ 28,811</u>	<u>\$ 98,873</u>	<u>\$ 113,464</u>	<u>\$ -</u>

(Continued)

MATAGORDA COUNTY, TEXAS

COMBINING BALANCE SHEET -

NONMAJOR GOVERNMENTAL FUNDS - Continued

December 31, 2021

	Special		
	Joint Task Force Fund	Intergovernmental Grants Fund	Historical Commission Fund
Assets:			
Cash and temporary investments	\$ 524	\$ -	\$ 17,559
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Due from other governments	-	63,838	-
Due from other funds	-	-	-
	-	-	-
Total assets	\$ 524	\$ 63,838	\$ 17,559
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 524	\$ 28,003	\$ -
Due to other funds	-	35,835	-
Unearned revenue	-	-	-
	-	-	-
Total liabilities	524	63,838	-
Deferred Inflows of Resources:			
Deferred inflows of resources	-	-	-
	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balance:			
Restricted	-	-	17,559
Unassigned	-	-	-
	-	-	-
Total fund balance	-	-	17,559
Total liabilities, deferred inflows of resources and fund balance	\$ 524	\$ 63,838	\$ 17,559

Revenue Funds

CDBG Disaster Recovery Fund	Matagorda Water & Sewer Fund	Juvenile Probation Funds	Total Special Revenue Fund	Debt Service Fund	Capital Projects Funds
\$ -	\$ -	\$ 94,478	\$ 1,375,388	\$ 55,676	\$ 778,813
-	-	-	-	165,316	-
-	-	-	1,065	-	-
58,917	87,034	-	209,789	20,552	-
-	-	18	18	-	-
<u>\$ 58,917</u>	<u>\$ 87,034</u>	<u>\$ 94,496</u>	<u>\$ 1,586,260</u>	<u>\$ 241,544</u>	<u>\$ 778,813</u>
\$ 58,917	\$ 87,034	\$ 4,144	\$ 705,129	\$ -	\$ -
-	-	-	502,169	-	-
-	-	74,609	74,609	-	-
<u>58,917</u>	<u>87,034</u>	<u>78,753</u>	<u>1,281,907</u>	<u>-</u>	<u>-</u>
-	-	-	-	204,619	-
-	-	-	-	204,619	-
-	-	15,743	1,230,235	36,925	778,813
-	-	-	(925,882)	-	-
-	-	15,743	304,353	36,925	778,813
<u>\$ 58,917</u>	<u>\$ 87,034</u>	<u>\$ 94,496</u>	<u>\$ 1,586,260</u>	<u>\$ 241,544</u>	<u>\$ 778,813</u>

(Continued)

MATAGORDA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
December 31, 2021

	Total Nonmajor Governmental Fund
Assets:	
Cash and temporary investments	\$ 2,209,877
Receivables (net of allowance for uncollectibles):	
Taxes	165,316
Accounts	1,065
Due from other governments	230,341
Due from other funds	<u>18</u>
Total assets	<u>\$ 2,606,617</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities:	
Accounts and accrued liabilities payable	\$ 705,129
Due to other funds	502,169
Unearned revenue	<u>74,609</u>
Total liabilities	<u>1,281,907</u>
Deferred Inflows of Resources:	
Deferred inflows of resources	<u>204,619</u>
Total deferred inflows of resources	<u>204,619</u>
Fund Balance:	
Restricted	2,045,973
Unassigned	<u>(925,882)</u>
Total fund balance	<u>1,120,091</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,606,617</u>



MATAGORDA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021

	Special		
	District Attorney Legal/Law Fund	Sheriff & Jail Discretionary Fund	County Clerk Preservation & Automation Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	42,674	-	196,323
Fines	-	2,000	-
Investment income	585	177	3,664
Miscellaneous	-	66,145	-
Total revenues	<u>43,259</u>	<u>68,322</u>	<u>199,987</u>
Expenditures:			
Current:			
General government	-	-	298,083
Justice system	1,161	-	-
Public safety	-	2,124	-
Corrections and rehabilitation	-	48,672	-
Community and economic development	-	-	-
Infrastructure and environmental services	-	-	-
Capital outlay	-	9,868	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,161</u>	<u>60,664</u>	<u>298,083</u>
Excess (deficiency) of revenue over expenditures	<u>42,098</u>	<u>7,658</u>	<u>(98,096)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(27,500)	-	-
Total other financing sources (uses)	<u>(27,500)</u>	<u>-</u>	<u>-</u>
Change in fund balance	14,598	7,658	(98,096)
Fund balance - beginning	<u>129,930</u>	<u>108,445</u>	<u>576,701</u>
Fund balance - ending	<u>\$ 144,528</u>	<u>\$ 116,103</u>	<u>\$ 478,605</u>

Revenue Funds

Countywide Records Management Preservation Fund	Courthouse Security Fund	Justice Court Technology Fund	District Clerk Records Management Preservation Fund	County & District Court Technology Fund	Disaster Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	7,441
8,853	22,841	6,706	9,381	7,664	-
-	-	-	-	-	-
426	827	152	549	638	-
-	-	-	-	-	-
<u>9,279</u>	<u>23,668</u>	<u>6,858</u>	<u>9,930</u>	<u>8,302</u>	<u>7,441</u>
2,690	11,652	-	-	-	1,836
-	-	1,618	2,595	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	512,084
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,690</u>	<u>11,652</u>	<u>1,618</u>	<u>2,595</u>	<u>-</u>	<u>513,920</u>
<u>6,589</u>	<u>12,016</u>	<u>5,240</u>	<u>7,335</u>	<u>8,302</u>	<u>(506,479)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,589</u>	<u>12,016</u>	<u>5,240</u>	<u>7,335</u>	<u>8,302</u>	<u>(506,479)</u>
<u>70,562</u>	<u>127,382</u>	<u>23,571</u>	<u>91,538</u>	<u>105,162</u>	<u>(419,403)</u>
<u>\$ 77,151</u>	<u>\$ 139,398</u>	<u>\$ 28,811</u>	<u>\$ 98,873</u>	<u>\$ 113,464</u>	<u>\$ (925,882)</u>

(Continued)

MATAGORDA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021

	Joint Task Forces Fund	Intergovernmental Grants Fund	Special Historical Commission Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	168,141	-
Charges for services	-	-	-
Fines	4,000	-	-
Investment income	-	-	-
Miscellaneous	-	4,346	164
Total revenues	4,000	172,487	164
Expenditures:			
Current:			
General government	-	-	-
Justice system	-	-	-
Public safety	4,000	-	-
Corrections and rehabilitation	-	-	-
Community and economic development	-	-	11,728
Infrastructure and environmental services	-	120,420	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	4,000	120,420	11,728
Excess (deficiency) of revenue over expenditures	-	52,067	(11,564)
Other Financing Sources (Uses):			
Transfers in	-	-	7,000
Transfers out	-	(52,067)	-
Total other financing sources (uses)	-	(52,067)	7,000
Net change in fund balances	-	-	(4,564)
Fund balance - beginning	-	-	22,123
Fund balance - ending	\$ -	\$ -	\$ 17,559

Revenue Funds

CDBG Disaster Recovery Fund	Matagorda Water & Sewer Fund	Juvenile Probation Fund	Total Special Revenue Fund	Debt Service Fund	Capital Projects Fund
\$ -	\$ -	\$ -	\$ -	\$ 189,922	\$ -
249,779	282,238	388,122	1,095,721	-	-
-	-	-	294,442	-	-
-	-	-	6,000	-	-
-	-	578	7,596	619	-
-	-	-	70,655	-	-
<u>249,779</u>	<u>282,238</u>	<u>388,700</u>	<u>1,474,414</u>	<u>190,541</u>	<u>-</u>
-	-	-	314,261	-	-
-	-	386,205	391,579	-	-
-	-	-	6,124	-	-
-	-	-	48,672	-	-
-	-	-	11,728	-	-
249,779	282,238	-	1,164,521	-	-
-	-	-	9,868	-	-
-	-	-	-	120,000	-
-	-	-	-	71,388	-
<u>249,779</u>	<u>282,238</u>	<u>386,205</u>	<u>1,946,753</u>	<u>191,388</u>	<u>-</u>
-	-	2,495	(472,339)	(847)	-
-	-	-	7,000	-	-
-	-	-	(79,567)	-	-
-	-	-	(72,567)	-	-
-	-	2,495	(544,906)	(847)	-
-	-	13,248	849,259	37,772	778,813
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,743</u>	<u>\$ 304,353</u>	<u>\$ 36,925</u>	<u>\$ 778,813</u>

(Continued)

MATAGORDA COUNTY, TEXAS**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021

Exhibit 15

Page 3 of 3

	Total Nonmajor Governmental Fund
	<u> </u>
Revenues:	
Taxes	\$ 189,922
Intergovernmental	1,095,721
Charges for services	294,442
Fines	6,000
Investment income	8,215
Miscellaneous	<u>70,655</u>
Total revenues	<u>1,664,955</u>
Expenditures:	
Current:	
General government	314,261
Justice system	391,579
Public safety	6,124
Corrections and rehabilitation	48,672
Community and economic development	11,728
Infrastructure and environmental services	1,164,521
Capital outlay	9,868
Debt service:	
Principal	120,000
Interest and fiscal charges	<u>71,388</u>
Total expenditures	<u>2,138,141</u>
Excess (deficiency) of revenue over expenditures	<u>(473,186)</u>
Other Financing Sources (Uses):	
Transfers in	7,000
Transfers out	<u>(79,567)</u>
Total other financing sources (uses)	<u>(72,567)</u>
Change in fund balances	<u>(545,753)</u>
Fund balance - beginning	<u>1,665,844</u>
Fund balance - ending	<u>\$ 1,120,091</u>



MATAGORDA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
County Judge:				
Salaries and wages, and employee benefits	\$ 212,346	\$ 212,346	\$ 209,684	\$ 2,662
Operating expenditures	8,300	10,326	5,097	5,229
Total County Judge	220,646	222,672	214,781	7,891
Commissioners Court:				
Salaries and wages, and employee benefits	46,177	46,696	46,388	308
Operating expenditures	393,800	396,200	227,401	168,799
Total Commissioners Court	439,977	442,896	273,789	169,107
County Clerk:				
Salaries and wages, and employee benefits	407,068	407,068	379,302	27,766
Operating expenditures	35,100	35,100	29,460	5,640
Total County Clerk	442,168	442,168	408,762	33,406
Special District Services:				
Salaries and wages, and employee benefits	748	749	335	414
Operating expenditures	2,850	-	-	-
Total Special District Services	3,598	749	335	414
Non-Departmental:				
Salaries and wages, and employee benefits	-	-	1,265,200	(1,265,200)
Operating expenditures	2,176,814	2,505,513	1,101,649	1,403,864
Total Non-Departmental	2,176,814	2,505,513	2,366,849	138,664
Election Cost:				
Salaries and wages, and employee benefits	49,098	53,246	15,299	37,947
Operating expenditures	48,500	49,550	42,493	7,057
Capital outlay expenditures	27,000	27,000	-	27,000
Total Election Cost	124,598	129,796	57,792	72,004
County Auditor:				
Salaries and wages, and employee benefits	427,370	430,388	426,921	3,467
Operating expenditures	22,400	21,998	9,363	12,635
Total County Auditor	449,770	452,386	436,284	16,102
Human Resources:				
Salaries and wages, and employee benefits	191,866	191,866	185,203	6,663
Operating expenditures	16,500	19,350	12,436	6,914
Total Human Resources	208,366	211,216	197,639	13,577

(Continued)

MATAGORDA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government - Continued:				
County Treasurer:				
Salaries and wages, and employee benefits	\$ 170,244	\$ 170,244	\$ 170,920	\$(676)
Operating expenditures	20,175	20,175	11,045	9,130
Total County Treasurer	190,419	190,419	181,965	8,454
County Tax Assessor:				
Salaries and wages, and employee benefits	689,099	689,100	644,891	44,209
Operating expenditures	81,700	81,700	58,138	23,562
Total County Tax Assessor	770,799	770,800	703,029	67,771
Information Services:				
Salaries and wages, and employee benefits	157,067	160,310	161,283	(973)
Operating expenditures	360,812	360,812	330,028	30,784
Capital outlay expenditures	28,800	28,800	28,657	143
Total Information Services	546,679	549,922	519,968	29,954
County Office Building:				
Operating expenditures	179,500	116,000	97,341	18,659
Total County Office Building	179,500	116,000	97,341	18,659
County Courthouse:				
Salaries and wages, and employee benefits	99,971	102,641	102,353	288
Operating expenditures	262,272	288,588	278,369	10,219
Capital outlay expenditures	-	13,000	12,933	67
Total County Courthouse	362,243	404,229	393,655	10,574
Total General Government	6,115,577	6,438,766	5,852,189	586,577
Justice System:				
County Court:				
Operating expenditures	19,800	16,774	14,404	2,370
Total County Court	19,800	16,774	14,404	2,370
23 rd District Court:				
Salaries and wages, and employee benefits	101,424	101,424	97,631	3,793
Operating expenditures	21,863	21,862	5,813	16,049
Total 23 rd District Court	123,287	123,286	103,444	19,842

(Continued)

MATAGORDA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Justice System - Continued:				
District Court:				
Salaries and wages, and employee benefits	\$ 210,004	\$ 210,005	\$ 203,367	\$ 6,638
Operating expenditures	43,937	50,067	25,713	24,354
Capital outlay expenditures	-	103,079	103,079	-
Total District Court	253,941	363,151	332,159	30,992
Court Expenditures:				
Salaries and wages, and employee benefits	113,016	103,016	96,792	6,224
Operating expenditures	438,100	431,170	289,065	142,105
Total Court Expenditures	551,116	534,186	385,857	148,329
Capital Murder Trial:				
Operating expenditures	224,155	44,699	44,699	-
Total Capital Murder Trial	224,155	44,699	44,699	-
District Clerk:				
Salaries and wages, and employee benefits	329,458	329,459	313,123	16,336
Operating expenditures	38,783	38,783	30,587	8,196
Total District Clerk	368,241	368,242	343,710	24,532
District Attorney:				
Salaries and wages, and employee benefits	803,765	826,312	802,921	23,391
Operating expenditures	62,750	57,201	50,294	6,907
Total District Attorney	866,515	883,513	853,215	30,298
Justice of the Peace Precinct #1:				
Salaries and wages, and employee benefits	163,216	163,216	161,420	1,796
Operating expenditures	17,600	17,600	12,744	4,856
Total Justice of the Peace Precinct #1	180,816	180,816	174,164	6,652
Justice of the Peace Precinct #2:				
Salaries and wages, and employee benefits	184,405	180,405	158,848	21,557
Operating expenditures	14,780	18,780	8,296	10,484
Total Justice of the Peace Precinct #2	199,185	199,185	167,144	32,041
Justice of the Peace Precinct #3:				
Salaries and wages, and employee benefits	179,063	179,063	158,848	20,215
Operating expenditures	8,750	8,750	5,781	2,969
Total Justice of the Peace Precinct #3	187,813	187,813	164,629	23,184
Justice of the Peace Precinct #4:				
Salaries and wages, and employee benefits	172,717	172,717	164,164	8,553
Operating expenditures	14,536	14,536	13,167	1,369
Total Justice of the Peace Precinct #4	187,253	187,253	177,331	9,922

(Continued)

MATAGORDA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Justice System - Continued:				
Justice of the Peace Precinct #6:				
Salaries and wages, and employee benefits	\$ 106,153	\$ 106,153	\$ 107,268	\$(1,115)
Operating expenditures	15,465	15,532	8,936	6,596
Total Justice of the Peace Precinct #6	121,618	121,685	116,204	5,481
County Attorney:				
Salaries and wages, and employee benefits	403,581	399,232	372,800	26,432
Operating expenditures	42,280	46,630	29,893	16,737
Total County Attorney	445,861	445,862	402,693	43,169
Juvenile Probation Board:				
Salaries and wages, and employee benefits	55,304	55,304	46,157	9,147
Total Juvenile Probation Board	55,304	55,304	46,157	9,147
Juvenile Probation:				
Salaries and wages, and employee benefits	56,954	58,178	62,842	(4,664)
Capital outlay expenditures	224,250	173,820	147,150	26,670
Operating expenditures	-	55,350	55,275	75
Total Juvenile Probation	281,204	287,348	265,267	22,081
Child Protective Services:				
Operating expenditures	84,646	84,646	84,646	-
Total Child Protective Services	84,646	84,646	84,646	-
Child Support:				
Salaries and wages, and employee benefits	62,892	62,892	59,606	3,286
Operating expenditures	3,200	3,500	638	2,862
Total Child Support	66,092	66,392	60,244	6,148
Law Library:				
Operating expenditures	21,000	22,669	21,668	1,001
Total Law Library	21,000	22,669	21,668	1,001
Total Justice System	4,237,847	4,172,824	3,757,635	415,189
Public Safety:				
Emergency Management/911:				
Salaries and wages, and employee benefits	179,851	179,851	161,674	18,177
Operating expenditures	37,020	231,784	38,476	193,308
Capital outlay expenditures	-	-	5,580	(5,580)
Total Emergency Management/911	216,871	411,635	205,730	205,905
Fire Protection:				
Operating expenditures	61,700	129,000	96,471	32,529
Capital outlay expenditures	-	71,320	71,320	-
Total Fire Protection	61,700	200,320	167,791	32,529

(Continued)

MATAGORDA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety - Continued:				
Constable Precinct #1:				
Salaries and wages, and employee benefits	\$ 43,515	\$ 44,708	\$ 44,043	\$ 665
Operating expenditures	4,620	8,896	7,216	1,680
Total Constable Precinct #1	48,135	53,604	51,259	2,345
Constable Precinct #2:				
Salaries and wages, and employee benefits	45,614	46,366	45,598	768
Operating expenditures	1,300	4,477	2,591	1,886
Total Constable Precinct #2	46,914	50,843	48,189	2,654
Constable Precinct #3:				
Salaries and wages, and employee benefits	39,515	39,793	38,969	824
Operating expenditures	230	5,028	133	4,895
Total Constable Precinct #3	39,745	44,821	39,102	5,719
Constable Precinct #4:				
Salaries and wages, and employee benefits	38,795	36,357	27,780	8,577
Operating expenditures	315	5,446	3,645	1,801
Total Constable Precinct #4	39,110	41,803	31,425	10,378
Constable Precinct #6:				
Salaries and wages, and employee benefits	45,615	42,903	41,441	1,462
Operating expenditures	5,000	9,682	8,757	925
Capital outlay expenditures	-	11,000	10,564	436
Total Constable Precinct #6	50,615	63,585	60,762	2,823
County Sheriff:				
Salaries and wages, and employee benefits	3,159,328	3,254,967	3,056,336	198,631
Operating expenditures	458,050	460,932	355,633	105,299
Capital outlay expenditures	120,000	174,515	172,158	2,357
Total County Sheriff	3,737,378	3,890,414	3,584,127	306,287
Texas Department of Public Safety:				
Operating expenditures	4,000	4,000	3,985	15
Total Texas Department of Public Safety	4,000	4,000	3,985	15
Game Wardens:				
Operating expenditures	39,400	38,400	38,400	-
Total Game Wardens	39,400	38,400	38,400	-
Total Public Safety	4,283,868	4,799,425	4,230,770	568,655

(Continued)

MATAGORDA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Corrections and Rehabilitation:				
County Jail:				
Salaries and wages, and employee benefits	\$ 2,220,465	\$ 2,279,964	\$ 2,231,549	\$ 48,415
Operating expenditures	<u>553,020</u>	<u>548,020</u>	<u>497,100</u>	<u>50,920</u>
Total County Jail	<u>2,773,485</u>	<u>2,827,984</u>	<u>2,728,649</u>	<u>99,335</u>
Adult Probation:				
Operating expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,838</u>	<u>2,162</u>
Total Adult Probation	<u>5,000</u>	<u>5,000</u>	<u>2,838</u>	<u>2,162</u>
Total Corrections and Rehabilitation	<u>2,778,485</u>	<u>2,832,984</u>	<u>2,731,487</u>	<u>101,497</u>
Health and Human Services:				
Veteran Service Officer:				
Salaries and wages, and employee benefits	76,448	78,228	73,875	4,353
Operating expenditures	<u>8,150</u>	<u>6,370</u>	<u>1,311</u>	<u>5,059</u>
Total Veteran Service Officer	<u>84,598</u>	<u>84,598</u>	<u>75,186</u>	<u>9,412</u>
Ambulance:				
Operating expenditures	<u>592,575</u>	<u>592,575</u>	<u>592,575</u>	<u>-</u>
Total Ambulance	<u>592,575</u>	<u>592,575</u>	<u>592,575</u>	<u>-</u>
Health Department:				
Salaries and wages, and employee benefits	299,442	300,634	311,767	(11,133)
Operating expenditures	<u>55,335</u>	<u>92,318</u>	<u>43,025</u>	<u>49,293</u>
Total Health Department	<u>354,777</u>	<u>392,952</u>	<u>354,792</u>	<u>38,160</u>
Animal Control:				
Salaries and wages, and employee benefits	99,726	99,725	75,675	24,050
Operating expenditures	95,751	95,701	83,544	12,157
Capital outlay expenditures	<u>32,000</u>	<u>32,050</u>	<u>31,517</u>	<u>533</u>
Total Animal Control	<u>227,477</u>	<u>227,476</u>	<u>190,736</u>	<u>36,740</u>
Human Services:				
Operating expenditures	<u>68,400</u>	<u>70,100</u>	<u>72,100</u>	<u>(2,000)</u>
Total Human Services	<u>68,400</u>	<u>70,100</u>	<u>72,100</u>	<u>(2,000)</u>
Mental Health:				
Operating expenditures	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-</u>
Total Mental Health	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-</u>
Total Health and Human Services	<u>1,363,246</u>	<u>1,403,120</u>	<u>1,320,808</u>	<u>82,312</u>

(Continued)

MATAGORDA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued

For the Year Ended December 31, 2021

Exhibit 16
Page 7 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Community and Economic Development:				
521 Park:				
Operating expenditures	\$ 5,000	\$ 5,000	\$ 4,676	\$ 324
Total 521 Park	5,000	5,000	4,676	324
Fairgrounds:				
Salaries and wages, and employee benefits	50,583	52,025	51,224	801
Operating expenditures	301,100	107,040	58,284	48,756
Capital outlay expenditures	-	193,560	193,560	-
Total Fairgrounds	351,683	352,625	303,068	49,557
Marine:				
Salaries and wages, and employee benefits	148,456	56,382	30,983	25,399
Operating expenditures	49,700	817,998	795,463	22,535
Total Marine	198,156	874,380	826,446	47,934
Cultural and Education:				
Operating expenditures	424,741	427,480	421,480	6,000
Total Cultural and Education	424,741	427,480	421,480	6,000
Agricultural Extension:				
Salaries and wages, and employee benefits	165,420	165,416	131,702	33,714
Operating expenditures	35,220	35,220	13,340	21,880
Total Agricultural Extension	200,640	200,636	145,042	55,594
Home Economist Service:				
Salaries and wages, and employee benefits	157,939	157,939	129,617	28,322
Operating expenditures	7,750	7,750	2,053	5,697
Total Home Economist Service	165,689	165,689	131,670	34,019
Total Community and Economic Development	1,345,909	2,025,810	1,832,382	193,428
Infrastructure and Environmental Services:				
Transfer Station:				
Salaries and wages, and employee benefits	181,033	181,033	132,196	48,837
Operating expenditures	463,020	375,020	300,827	74,193
Capital outlay expenditures	45,000	-	-	-
Total Transfer Station	689,053	556,053	433,023	123,030

(Continued)

MATAGORDA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Infrastructure and Environmental Services - Continued:				
Commissioner - Precinct #1:				
Salaries and wages, and employee benefits	\$ 593,597	\$ 608,598	\$ 556,566	\$ 52,032
Operating expenditures	924,252	542,011	247,590	294,421
Capital outlay expenditures	-	639,968	639,941	27
Debt service expenditures	60,115	60,115	60,115	-
Total Commissioner - Precinct #1	1,577,964	1,850,692	1,504,212	346,480
Commissioner - Precinct #2:				
Salaries and wages, and employee benefits	701,600	701,601	592,286	109,315
Operating expenditures	864,555	666,605	400,948	265,657
Capital outlay expenditures	180,000	654,121	475,220	178,901
Debt service expenditures	69,168	69,168	47,528	21,640
Total Commissioner - Precinct #2	1,815,323	2,091,495	1,515,982	575,513
Commissioner - Precinct #3:				
Salaries and wages, and employee benefits	701,051	701,050	566,826	134,224
Operating expenditures	887,974	681,658	408,439	273,219
Capital outlay expenditures	-	572,096	573,806	(1,710)
Total Commissioner - Precinct #3	1,589,025	1,954,804	1,549,071	405,733
Commissioner - Precinct #4:				
Salaries and wages, and employee benefits	589,236	612,236	499,885	112,351
Operating expenditures	958,557	1,065,637	562,995	502,642
Capital outlay expenditures	-	119,510	94,436	25,074
Debt service expenditures	81,749	81,749	81,749	-
Total Commissioner - Precinct #4	1,629,542	1,879,132	1,239,065	640,067
Total Infrastructure and Environmental Services	7,300,907	8,332,176	6,241,353	2,090,823
Total Current Expenditures	\$ 27,425,839	\$ 30,005,105	\$ 25,966,624	\$ 4,038,481

MATAGORDA COUNTY, TEXAS

Exhibit 17

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUNDS*

Legal Level of Budgetary Control

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 191,388	\$ 191,388	\$ 189,922	\$(1,466)
Investment income	-	-	619	619
Total revenues	<u>191,388</u>	<u>191,388</u>	<u>190,541</u>	<u>(847)</u>
Expenditures:				
Debt service:				
Principal	120,000	120,000	120,000	-
Interest and fiscal charges	<u>71,388</u>	<u>71,388</u>	<u>71,388</u>	<u>-</u>
Total expenditures	<u>191,388</u>	<u>191,388</u>	<u>191,388</u>	<u>-</u>
Change in fund balance	-	-	(847)	(847)
Fund balance - beginning	<u>37,772</u>	<u>37,772</u>	<u>37,772</u>	<u>-</u>
Fund balance - ending	<u>\$ 37,772</u>	<u>\$ 37,772</u>	<u>\$ 36,925</u>	<u>\$(847)</u>



MATAGORDA COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR)**

For the Year Ended December 31, 2021

	District Attorney Legal/Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 34,500	\$ 35,192	\$ 42,674	\$ 7,482
Fines	-	-	-	-
Investment income	400	400	585	185
Miscellaneous	-	-	-	-
Total revenues	<u>34,900</u>	<u>35,592</u>	<u>43,259</u>	<u>7,667</u>
Expenditures:				
Justice System:				
Operating expenditures	7,400	11,452	1,161	10,291
Public Safety:				
Operating expenditures	-	-	-	-
Corrections and Rehabilitation:				
Operating expenditures	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>7,400</u>	<u>11,452</u>	<u>1,161</u>	<u>10,291</u>
Excess (deficiency) of revenues over expenditures	<u>27,500</u>	<u>24,140</u>	<u>42,098</u>	<u>17,958</u>
Other Financing Uses:				
Transfers out	(27,500)	(27,500)	(27,500)	-
Total other financing uses	<u>(27,500)</u>	<u>(27,500)</u>	<u>(27,500)</u>	<u>-</u>
Change in fund balance	-	(3,360)	14,598	17,958
Fund balance - beginning	<u>129,930</u>	<u>129,930</u>	<u>129,930</u>	<u>-</u>
Fund balance - ending	<u>\$ 129,930</u>	<u>\$ 126,570</u>	<u>\$ 144,528</u>	<u>\$ 17,958</u>

MATAGORDA COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended December 31, 2021

	County Clerk Preservation & Automation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 151,000	\$ 151,000	\$ 196,323	\$ 45,323
Investment income	1,000	1,000	3,664	2,664
Total revenues	<u>152,000</u>	<u>152,000</u>	<u>199,987</u>	<u>47,987</u>
Expenditures:				
General Government:				
Operating expenditures	314,555	407,831	298,083	109,748
Capital outlay expenditures	10,000	10,000	-	10,000
Total expenditures	<u>324,555</u>	<u>417,831</u>	<u>298,083</u>	<u>119,748</u>
Change in fund balance	(172,555)	(265,831)	(98,096)	167,735
Fund balance - beginning	<u>576,701</u>	<u>576,701</u>	<u>576,701</u>	<u>-</u>
Fund balance - ending	<u>\$ 404,146</u>	<u>\$ 310,870</u>	<u>\$ 478,605</u>	<u>\$ 167,735</u>

<u>Countywide Records Management Preservation Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 10,000	\$ 10,000	\$ 8,853	\$(1,147)
<u>1,250</u>	<u>1,250</u>	<u>426</u>	<u>(824)</u>
<u>11,250</u>	<u>11,250</u>	<u>9,279</u>	<u>(1,971)</u>
11,250	11,250	2,690	8,560
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,250</u>	<u>11,250</u>	<u>2,690</u>	<u>8,560</u>
-	-	6,589	6,689
<u>70,562</u>	<u>70,562</u>	<u>70,562</u>	<u>-</u>
<u>\$ 70,562</u>	<u>\$ 70,562</u>	<u>\$ 77,151</u>	<u>\$ 6,589</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended December 31, 2021

	Courthouse Security Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 17,500	\$ 17,500	\$ 22,841	\$ 5,341
Investment income	500	500	827	327
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>23,668</u>	<u>5,668</u>
Expenditures:				
General Government:				
Operating expenditures	18,000	18,000	11,652	6,348
Justice System:				
Operating expenditures	-	-	-	-
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>11,652</u>	<u>6,348</u>
Change in fund balance	-	-	12,016	12,016
Fund balance - beginning	<u>127,382</u>	<u>127,382</u>	<u>127,382</u>	<u>-</u>
Fund balance - ending	<u>\$ 127,382</u>	<u>\$ 127,382</u>	<u>\$ 139,398</u>	<u>\$ 12,016</u>

Justice Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 8,500	\$ 8,500	\$ 6,706	\$(1,794)
<u>500</u>	<u>500</u>	<u>152</u>	<u>(348)</u>
<u>9,000</u>	<u>9,000</u>	<u>6,858</u>	<u>(2,142)</u>
-	-	-	-
<u>9,000</u>	<u>9,000</u>	<u>1,618</u>	<u>7,382</u>
<u>9,000</u>	<u>9,000</u>	<u>1,618</u>	<u>7,382</u>
-	-	5,240	5,240
<u>23,571</u>	<u>23,571</u>	<u>23,571</u>	<u>-</u>
<u>\$ 23,571</u>	<u>\$ 23,571</u>	<u>\$ 28,811</u>	<u>\$ 5,240</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended December 31, 2021

	District Clerk Records Management Preservation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 7,179	\$ 7,179	\$ 9,381	\$ 2,202
Investment income	<u>200</u>	<u>200</u>	<u>549</u>	<u>349</u>
Total revenues	<u>7,379</u>	<u>7,379</u>	<u>9,930</u>	<u>2,551</u>
Expenditures:				
General Government:				
Operating expenditures	-	-	-	-
Justice System:				
Salaries and wages, and employee benefits	1,579	1,579	-	1,579
Operating expenditures	<u>5,800</u>	<u>5,800</u>	<u>2,595</u>	<u>3,205</u>
Total expenditures	<u>7,379</u>	<u>7,379</u>	<u>2,595</u>	<u>4,784</u>
Change in fund balance	-	-	7,335	7,335
Fund balance - beginning	<u>91,538</u>	<u>91,538</u>	<u>91,538</u>	<u>-</u>
Fund balance - ending	<u>\$ 91,538</u>	<u>\$ 91,538</u>	<u>\$ 98,873</u>	<u>\$ 7,335</u>

County & District Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 11,600	\$ 11,600	\$ 7,664	\$(3,936)
<u>260</u>	<u>260</u>	<u>638</u>	<u>378</u>
<u>11,860</u>	<u>11,860</u>	<u>8,302</u>	<u>(3,558)</u>
7,000	7,000	-	7,000
-	-	-	-
<u>4,860</u>	<u>4,860</u>	<u>-</u>	<u>4,860</u>
<u>11,860</u>	<u>11,860</u>	<u>-</u>	<u>11,860</u>
-	-	8,302	8,302
<u>105,162</u>	<u>105,162</u>	<u>105,162</u>	<u>-</u>
<u>\$ 105,162</u>	<u>\$ 105,162</u>	<u>\$ 113,464</u>	<u>\$ 8,302</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*
For the Year Ended December 31, 2021

	Historical Commission Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Miscellaneous income	\$ -	\$ -	\$ 164	\$ 164
Total revenues	-	-	164	164
Expenditures:				
Community and Economic Development:				
Operating expenditures	7,000	12,000	11,728	272
Total expenditures	7,000	12,000	11,728	272
Excess (deficiency) of revenues over expenditures	(7,000)	(12,000)	(11,564)	436
Other Financing Sources (Uses):				
Transfers in	7,000	7,000	7,000	-
Total other financing sources	7,000	7,000	7,000	-
Change in fund balance	-	(5,000)	(4,564)	436
Fund balances - beginning	22,123	22,123	22,123	-
Fund balances - ending	\$ 22,123	\$ 17,123	\$ 17,559	\$ 436



MATAGORDA COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
 December 31, 2021

Exhibit 19

	<u>County Clerk Fund</u>	<u>District Clerk Fund</u>	<u>Inmate Fund</u>	<u>Tax Assessor Collector Fund</u>	<u>Adult Probation Fund</u>	<u>Total Custodial Funds</u>
Assets						
Cash and temporary investments	\$ <u>110,014</u>	\$ <u>10,928,591</u>	\$ <u>75,979</u>	\$ <u>404,980</u>	\$ <u>767,461</u>	\$ <u>12,287,025</u>
Total assets	<u>110,014</u>	<u>10,928,591</u>	<u>75,979</u>	<u>404,980</u>	<u>767,461</u>	<u>12,287,025</u>
Liabilities						
Accounts and accrued liabilities payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,103</u>	<u>68,103</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,103</u>	<u>68,103</u>
Net Position						
Individual, organizations and other governments	<u>110,014</u>	<u>10,928,591</u>	<u>75,979</u>	<u>404,980</u>	<u>699,358</u>	<u>12,218,922</u>
Total net position	<u>\$ 110,014</u>	<u>\$ 10,928,591</u>	<u>\$ 75,979</u>	<u>\$ 404,980</u>	<u>\$ 699,358</u>	<u>\$ 12,218,922</u>

MATAGORDA COUNTY, TEXAS

Exhibit 20

COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2021

	County Clerk Fund	District Clerk Fund	Inmate Fund	Tax Assessor Collector Fund	Adult Probation Fund	Total Custodial Funds
Additions:						
Tax collections for other governments	\$ -	\$ -	\$ -	\$ 404,980	\$ -	\$ 404,980
Collections for adult probation	-	-	-	-	1,597,614	1,597,614
Held for others	110,014	10,928,591	75,979	-	-	11,114,584
Investment income	-	-	-	-	6,908	6,908
	<u>110,014</u>	<u>10,928,591</u>	<u>75,979</u>	<u>404,980</u>	<u>1,604,522</u>	<u>13,124,086</u>
Total additions						
Deductions:						
Payments to other governments	-	-	-	220,216	-	220,216
Payments for adult probation	-	-	-	-	1,718,841	1,718,841
Payments to individuals	98,127	14,859,135	56,837	-	-	15,014,099
	<u>98,127</u>	<u>14,859,135</u>	<u>56,837</u>	<u>220,216</u>	<u>1,718,841</u>	<u>16,953,156</u>
Total deductions						
Net change in net position	11,887	(3,930,544)	19,142	184,764	(114,319)	(3,829,070)
Net position - beginning (restated)	<u>98,127</u>	<u>14,859,135</u>	<u>56,837</u>	<u>220,216</u>	<u>813,677</u>	<u>16,047,992</u>
Net position - ending	<u>\$ 110,014</u>	<u>\$ 10,928,591</u>	<u>\$ 75,979</u>	<u>\$ 404,980</u>	<u>\$ 699,358</u>	<u>\$ 12,218,922</u>



STATISTICAL SECTION



MATAGORDA COUNTY, TEXAS

Statistical Section
(unaudited)

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and additional supplementary information say about the County's overall financial health.

<u>Content</u>	<u>Page</u>
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Financial Trends	116-123
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These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity	124-129
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These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity	130-133
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These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Indicators	134-135
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information	136-141
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These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

MATAGORDA COUNTY, TEXAS
NET POSITION BY COMPONENTS
 Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:					
Net investment in capital assets	\$ 16,401,437	\$ 15,782,772	\$ 17,259,548	\$ 23,077,392	\$ 20,110,391
Restricted	935,092	816,242	842,358	3,447,500	2,393,253
Unrestricted	<u>5,812,670</u>	<u>5,930,480</u>	<u>5,973,418</u>	<u>2,236,338</u>	<u>2,241,129</u>
Total governmental activities net position	<u>\$ 23,149,199</u>	<u>\$ 22,529,494</u>	<u>\$ 24,075,324</u>	<u>\$ 28,761,230</u>	<u>\$ 24,744,773</u>

Source:

Annual Comprehensive Financial Report (Statement of Net Position)

Notes:

GASB 68 was implemented in 2015, and only 2014 ending balances have been restated.
 GASB 75 was implemented in 2018, and only 2017 ending balances have been restated.

Table 1

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 20,889,826	\$ 21,077,762	\$ 22,753,383	\$ 25,267,989	\$ 26,095,480
999,683	987,684	1,109,873	4,439,195	4,701,077
<u>(8,101,188)</u>	<u>(6,217,689)</u>	<u>(4,884,348)</u>	<u>(6,972,355)</u>	<u>(5,216,955)</u>
<u>\$ 13,788,321</u>	<u>\$ 15,847,757</u>	<u>\$ 18,978,908</u>	<u>\$ 22,734,829</u>	<u>\$ 25,579,602</u>

MATAGORDA COUNTY, TEXAS
CHANGES IN NET POSITION
 Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental Activities:					
General government	\$ 3,573,090	\$ 3,564,536	\$ 4,030,366	\$ 4,414,046	\$ 4,594,032
Justice system	3,393,214	3,492,513	3,652,376	4,085,240	4,008,884
Public safety	3,379,800	3,612,977	3,892,339	4,279,120	4,404,045
Corrections and rehabilitation	2,036,930	2,261,328	2,334,817	2,575,842	2,692,576
Health and human services	1,354,286	1,390,657	1,418,957	1,508,231	1,450,050
Community and economic development	1,324,645	5,213,574	1,160,109	1,382,101	1,210,022
Infrastructure and environmental services	5,671,712	6,342,332	5,228,877	6,158,182	8,580,302
Intergovernmental	2,604,849	566,199	2,304,056	1,191,733	7,130,930
Interest and fiscal charges	<u>37,868</u>	<u>30,073</u>	<u>29,542</u>	<u>154,903</u>	<u>124,987</u>
Total governmental activities expenses	<u>\$ 23,376,394</u>	<u>\$ 26,474,189</u>	<u>\$ 24,051,439</u>	<u>\$ 25,749,398</u>	<u>\$ 34,195,828</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 1,283,268	\$ 1,304,741	\$ 1,325,694	\$ 1,388,439	\$ 1,373,609
Justice system	783,258	1,062,915	1,374,752	1,972,518	248,067
Public safety	3,226,989	3,323,250	3,398,955	3,292,142	2,821,947
Corrections and rehabilitation	93,515	109,428	140,975	154,935	179,924
Health and human services	61,074	63,339	72,083	64,854	72,149
Community and economic development	200,410	188,626	180,042	228,692	214,760
Infrastructure and environmental services	112,564	129,682	352,573	411,784	392,615
Operating grants and contributions	4,251,542	5,511,435	1,322,719	1,225,197	1,065,975
Capital grants and contributions	<u>-</u>	<u>165,879</u>	<u>2,870,484</u>	<u>8,441,394</u>	<u>7,100,204</u>
Total governmental activities program revenues	<u>10,012,620</u>	<u>11,859,295</u>	<u>11,038,277</u>	<u>17,179,955</u>	<u>13,469,250</u>
Net expense	<u>\$(13,363,774)</u>	<u>\$(14,614,894)</u>	<u>\$(13,013,162)</u>	<u>\$(8,569,443)</u>	<u>\$(20,726,578)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	\$ 12,758,819	\$ 13,732,189	\$ 14,269,367	\$ 15,272,676	\$ 16,392,558
Investment income	33,357	97,781	107,161	46,471	144,532
Miscellaneous	<u>133,153</u>	<u>165,217</u>	<u>182,468</u>	<u>167,131</u>	<u>173,033</u>
Total general revenues	<u>\$ 12,925,329</u>	<u>\$ 13,995,187</u>	<u>\$ 14,558,996</u>	<u>\$ 15,486,278</u>	<u>\$ 16,710,123</u>
Change in net position	<u>\$(438,445)</u>	<u>\$(619,707)</u>	<u>\$ 1,545,834</u>	<u>\$ 6,916,835</u>	<u>\$(4,016,455)</u>

Source: Annual Comprehensive Financial Report (Statement of Activities)

Table 2

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 6,821,388	\$ 7,149,969	\$ 6,670,175	\$ 6,991,798	\$ 7,311,752
4,695,643	4,655,067	5,045,150	5,076,817	5,211,203
5,670,232	5,045,927	5,185,776	5,941,987	5,787,098
3,811,044	3,492,005	3,796,273	3,689,587	3,675,367
1,474,631	1,431,115	1,476,106	1,401,627	1,467,893
1,946,369	1,168,712	1,259,254	1,318,701	1,771,777
7,639,725	7,422,500	9,004,028	7,655,238	7,668,344
-	-	-	-	-
<u>105,756</u>	<u>109,841</u>	<u>94,618</u>	<u>90,350</u>	<u>81,212</u>
<u>\$ 32,164,788</u>	<u>\$ 30,475,136</u>	<u>\$ 32,531,380</u>	<u>\$ 32,166,105</u>	<u>\$ 32,974,646</u>
\$ 1,694,057	\$ 2,118,407	\$ 1,787,418	\$ 1,913,385	\$ 1,967,110
2,086,607	2,454,436	1,762,542	724,194	1,706,569
3,216,636	3,447,637	3,729,678	3,974,673	4,119,687
870,203	844,217	922,638	652,546	622,822
89,472	123,678	145,466	121,460	122,465
344,333	318,288	342,664	440,224	348,172
1,661,543	1,633,287	1,690,758	1,664,794	1,702,304
2,636,558	2,648,962	4,007,516	4,762,946	3,299,845
<u>37,636</u>	<u>221,828</u>	<u>1,807,440</u>	<u>168,467</u>	<u>-</u>
<u>12,637,045</u>	<u>13,810,740</u>	<u>16,196,120</u>	<u>14,422,689</u>	<u>13,888,974</u>
<u>\$(19,527,743)</u>	<u>\$(16,664,396)</u>	<u>\$(16,335,260)</u>	<u>\$(17,743,416)</u>	<u>\$(19,085,672)</u>
\$ 18,533,031	\$ 17,932,603	\$ 18,899,447	\$ 20,704,928	\$ 21,239,743
262,237	259,431	361,820	487,371	271,483
<u>150,187</u>	<u>531,798</u>	<u>205,144</u>	<u>307,038</u>	<u>419,219</u>
<u>\$ 18,945,455</u>	<u>\$ 18,723,832</u>	<u>\$ 19,466,411</u>	<u>\$ 21,499,337</u>	<u>\$ 21,930,445</u>
<u>\$(582,288)</u>	<u>\$ 2,059,436</u>	<u>\$ 3,131,151</u>	<u>\$ 3,755,921</u>	<u>\$ 2,844,773</u>

MATAGORDA COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:					
Nonspendable	\$ 387,339	\$ 337,048	\$ 617,348	\$ 937,646	\$ 408,330
Restricted	1,027,113	1,224,842	1,654,219	1,788,128	-
Committed	-	-	-	-	1,436,849
Unassigned	<u>6,896,050</u>	<u>8,088,794</u>	<u>7,925,903</u>	<u>7,623,601</u>	<u>9,056,754</u>
Total general fund	<u>\$ 8,310,502</u>	<u>\$ 9,650,684</u>	<u>\$ 10,197,470</u>	<u>\$ 10,349,375</u>	<u>\$ 10,901,933</u>
All Other Governmental Funds:					
Restricted	\$ 894,586	\$ 816,480	\$ 829,824	\$ 3,432,048	\$ 2,395,215
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 894,586</u>	<u>\$ 816,480</u>	<u>\$ 829,824</u>	<u>\$ 3,432,048</u>	<u>\$ 2,395,215</u>
Total all governmental funds	<u>\$ 9,205,088</u>	<u>\$ 10,467,164</u>	<u>\$ 11,027,294</u>	<u>\$ 13,781,423</u>	<u>\$ 13,297,148</u>

Source: Annual Comprehensive Financial Report (Balance Sheet - Governmental Funds)

Table 3

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 523,587	\$ 893,161	\$ 584,260	\$ 1,123,309	\$ 775,670
-	-	-	3,152,274	3,449,870
1,686,685	1,487,792	1,343,436	1,217,717	1,967,793
<u>10,736,520</u>	<u>14,058,826</u>	<u>16,343,814</u>	<u>16,308,430</u>	<u>19,533,292</u>
<u>\$ 12,946,792</u>	<u>\$ 16,439,779</u>	<u>\$ 18,271,510</u>	<u>\$ 21,801,730</u>	<u>\$ 25,726,625</u>
\$ 2,093,668	\$ 2,088,975	\$ 1,953,138	\$ 2,085,247	\$ 2,045,973
(759,419)	(525,418)	(49,820)	(419,403)	(925,882)
<u>\$ 1,334,249</u>	<u>\$ 1,563,557</u>	<u>\$ 1,903,318</u>	<u>\$ 1,665,844</u>	<u>\$ 1,120,091</u>
<u>\$ 14,281,041</u>	<u>\$ 18,003,336</u>	<u>\$ 20,174,828</u>	<u>\$ 23,467,574</u>	<u>\$ 26,846,716</u>

MATAGORDA COUNTY, TEXAS

CHANGE IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Taxes	\$ 12,766,067	\$ 13,790,874	\$ 13,286,586	\$ 14,171,108	\$ 16,833,700
Licenses and permits	794,878	780,770	805,842	766,767	770,097
Intergovernmental	4,273,126	5,679,217	3,465,873	9,719,811	8,304,186
Charges for services	4,445,502	4,692,877	4,923,019	4,985,894	4,431,355
Fines	379,955	359,083	406,122	420,317	429,327
Investment income	146,783	170,191	189,396	167,131	173,033
Miscellaneous	<u>262,134</u>	<u>323,794</u>	<u>1,150,101</u>	<u>306,915</u>	<u>343,087</u>
Total revenues	<u>23,068,445</u>	<u>25,796,806</u>	<u>24,226,939</u>	<u>30,537,943</u>	<u>31,284,785</u>
Expenditures:					
Current:					
General government	3,067,887	3,262,721	3,112,170	3,320,691	4,819,501
Justice system	3,070,179	3,138,020	3,239,914	3,626,356	3,540,786
Public safety	2,996,188	3,206,246	3,437,289	3,750,060	3,821,650
Corrections and rehabilitation	1,906,351	2,102,157	2,159,036	2,358,621	2,455,704
Health and human services	1,254,709	1,283,214	1,297,399	1,339,962	1,342,124
Community and economic development	1,034,598	991,326	1,025,094	1,193,530	1,074,855
Infrastructure and environmental services	4,821,509	8,985,216	5,252,783	5,787,483	5,980,068
Intergovernmental	2,613,425	566,199	2,304,056	989,112	6,442,116
Capital outlay	1,059,886	1,145,088	1,662,313	8,807,972	1,569,425
Debt Service:					
Principal	212,555	278,751	303,265	512,668	594,965
Interest and fiscal charges	<u>39,325</u>	<u>32,758</u>	<u>24,858</u>	<u>132,629</u>	<u>127,864</u>
Total expenditures	<u>22,076,612</u>	<u>24,991,696</u>	<u>23,818,177</u>	<u>31,819,084</u>	<u>31,769,058</u>
Excess (deficiency) of revenues over expenditures	<u>991,833</u>	<u>805,110</u>	<u>408,762</u>	<u>(1,281,141)</u>	<u>(484,273)</u>
Other Financing Sources (Uses):					
Transfers in	40,695	33,500	34,500	34,500	34,500
Transfers out	(40,695)	(33,500)	(34,500)	(34,500)	(34,500)
Proceeds from sale of capital asset	-	-	-	-	-
Capital lease issuance	-	456,965	151,371	1,224,946	-
Certificates of obligation bonds issuance	-	-	-	2,750,000	-
Premium on issuance	-	-	-	<u>60,325</u>	-
Total other financing sources (uses)	<u>-</u>	<u>456,965</u>	<u>151,371</u>	<u>4,035,271</u>	<u>-</u>
Change in fund balances	<u>\$ 991,833</u>	<u>\$ 1,262,075</u>	<u>\$ 560,133</u>	<u>\$ 2,754,130</u>	<u>\$ (484,273)</u>
Debt service as a percentage of noncapital expenditures	1.2%	1.3%	1.5%	2.8%	2.4%

Source: Annual Comprehensive Financial Report (Statement of Revenues, Expenditures, and Change in Fund Balance).

Table 4

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 18,184,334	\$ 19,851,001	\$ 18,871,997	\$ 20,607,663	\$ 21,214,568
756,759	772,907	781,340	794,226	877,066
2,512,824	2,443,565	3,813,307	4,603,615	2,883,079
4,417,327	4,830,075	4,998,618	4,858,253	5,050,733
435,100	491,568	463,530	394,517	356,096
259,106	252,452	351,100	470,522	266,381
<u>311,556</u>	<u>764,204</u>	<u>489,331</u>	<u>453,115</u>	<u>802,448</u>
<u>26,877,006</u>	<u>29,405,772</u>	<u>29,769,223</u>	<u>32,181,911</u>	<u>31,450,371</u>
5,662,847	5,931,771	5,774,412	5,706,476	6,124,860
3,611,473	3,867,564	4,061,446	3,981,866	3,990,860
4,129,307	3,967,106	3,967,905	4,384,188	3,977,272
2,347,663	2,415,983	2,539,137	2,660,419	2,780,159
1,344,985	1,289,160	1,309,922	1,241,351	1,289,291
1,722,320	1,035,798	1,070,157	1,138,337	1,650,550
4,037,783	4,813,896	6,974,052	5,524,443	5,433,079
-	-	-	-	-
3,016,712	1,784,087	1,566,513	3,925,049	2,477,914
456,157	475,036	491,517	382,906	292,880
<u>112,559</u>	<u>117,251</u>	<u>101,604</u>	<u>92,164</u>	<u>87,900</u>
<u>26,441,806</u>	<u>25,697,652</u>	<u>27,856,665</u>	<u>29,037,199</u>	<u>28,104,765</u>
<u>435,200</u>	<u>3,708,120</u>	<u>1,912,558</u>	<u>3,144,712</u>	<u>3,345,606</u>
34,500	34,499	42,133	107,214	86,567
(34,500)	(34,499)	(42,133)	(107,214)	(86,567)
12,148	14,175	15,551	13,255	33,536
536,545	-	243,383	134,779	-
-	-	-	-	-
-	-	-	-	-
<u>548,693</u>	<u>14,175</u>	<u>258,934</u>	<u>148,034</u>	<u>33,536</u>
<u>\$ 983,893</u>	<u>\$ 3,722,295</u>	<u>\$ 2,171,492</u>	<u>\$ 3,292,746</u>	<u>\$ 3,379,142</u>
2.4%	2.5%	2.3%	1.9%	1.5%

MATAGORDA COUNTY, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 5

Fiscal Year	Assessed Real Property	Assessed Non-Real Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2012	\$ 4,085,451,154	\$ 950,761,254	\$(546,317,547)	\$ 4,489,894,861	0.298780	\$ 4,489,894,861	100.00%
2013	3,997,000,381	1,127,092,670	(560,957,690)	4,563,135,361	0.320990	4,563,135,361	100.00%
2014	2,347,521,763	2,791,886,570	(559,982,098)	4,579,426,235	0.358670	4,579,426,235	100.00%
2015	3,179,148,560	1,660,523,790	(579,127,165)	4,260,545,185	0.395680	4,260,545,185	100.00%
2016	3,535,169,802	1,477,166,650	(746,127,230)	4,266,209,222	0.419980	4,266,209,222	100.00%
2017	3,860,625,616	1,442,071,480	(994,209,738)	4,308,487,358	0.418980	4,308,487,358	100.00%
2018	4,485,887,994	1,538,427,351	(1,576,741,549)	4,447,573,796	0.417580	4,447,573,796	100.00%
2019	5,951,129,481	985,347,835	(2,205,947,933)	4,730,529,383	0.433420	4,730,529,383	100.00%
2020	7,551,278,040	1,088,382,240	(3,695,468,797)	4,944,191,483	0.422230	4,944,191,483	100.00%
2021	8,190,019,656	1,227,812,163	(3,992,384,809)	5,425,447,010	0.399740	5,425,447,010	100.00%

Source: Matagorda County Central Appraisal District



MATAGORDA COUNTY, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed value)

	2012 Tax Rate	2013 Tax Rate	2014 Tax Rate	2015 Tax Rate	2016 Tax Rate
Cities:					
Bay City	0.57191	0.56794	0.60209	0.60209	0.60209
Palacios	0.85787	0.85787	0.85787	0.84000	0.84000
School Districts:					
Bay City ISD	1.32000	1.32394	1.34064	1.34064	1.33120
Matagorda ISD	1.17000	1.16373	1.14831	1.15074	1.14587
Palacios ISD	1.09500	1.10000	1.10500	1.13500	1.13500
Tidehaven ISD	1.19864	1.21760	1.33118	1.37897	1.26111
Van Vleck ISD	1.04000	1.04000	0.98840	1.03410	1.01400
Matagorda County:					
County	0.29878	0.32099	0.35867	0.39568	0.41998
Utility Districts:					
Beach Road Municipal Utility District	0.12549	0.12943	0.13454	0.13317	0.14102
Caney Creek Municipal Utility District	0.38161	0.39387	0.39000	0.39387	0.38865
Special Districts:					
Coastal Plains Groundwater District	0.00479	0.00476	0.00495	0.00500	0.00499
Matagorda County Conservation & Reclamation District	0.00470	0.00522	0.00577	0.00646	0.00691
Matagorda County Drainage District #1	0.09524	0.08600	0.07750	0.07158	0.06554
Matagorda County Drainage District #2	0.03366	0.03731	0.04590	0.05287	0.05132
Matagorda County Drainage District #3	0.01700	0.01500	0.01500	0.01500	0.01635
Matagorda County Drainage District #4	0.22311	0.22380	0.22249	0.25000	0.26629
Matagorda County Hospital District	0.23163	0.25600	0.27624	0.30147	0.31270
Matagorda County Navigation District #1	0.03938	0.03872	0.04681	0.04427	0.04442
Matagorda County Palacios Seawall Commission	0.01820	0.01650	0.01761	0.01761	0.01786
Matagorda County Water Control Improvement District #2	0.17494	0.20745	0.21179	0.21179	0.20055
Matagorda County Water Control Improvement District #6	0.26632	0.26632	0.26632	0.25511	0.25511
Port of Bay City Authority	0.03284	0.03645	0.04044	0.04539	0.04856

Source: Matagorda County Tax Assessor and Palacios ISD Tax Assessor

Table 6

<u>2017 Tax Rate</u>	<u>2018 Tax Rate</u>	<u>2019 Tax Rate</u>	<u>2020 Tax Rate</u>	<u>2021 Tax Rate</u>
0.65500	0.65500	0.65500	0.65500	0.63500
0.85351	0.85351	0.85351	0.85351	0.81126
1.43701	1.55222	1.53731	1.43140	1.39124
1.13958	1.13541	1.06760	0.99275	0.96614
1.13500	1.13500	1.13500	1.10140	1.17420
1.25540	1.22275	1.17476	1.17146	1.05758
1.01400	1.25325	1.19281	1.17944	1.16956
0.41898	0.41758	0.43342	0.42223	0.39974
0.13811	0.13641	0.17232	0.16712	0.16078
0.38918	0.40008	0.40772	0.40799	0.42241
0.00478	0.00478	0.00470	0.00465	0.00426
0.00721	0.00765	0.00776	0.00831	0.00819
0.05138	0.04178	0.04169	0.04201	0.04113
0.05107	0.05230	0.04606	0.04977	0.04257
0.01825	0.02089	0.02266	0.02450	0.02440
0.24150	0.23800	0.19000	0.17065	0.17065
0.32096	0.32159	0.32159	0.31815	0.29127
0.04474	0.04533	0.04551	0.04564	0.01031
0.01841	0.01945	0.01962	0.01948	0.01944
0.20292	0.19822	0.01992	0.20959	0.20638
0.25511	0.25511	0.25511	0.23000	0.23000
0.05072	0.05389	0.05477	0.05628	0.05299

MATAGORDA COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Table 7

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
NRG South Texas LP	\$ 742,413,870	1	13.68%	\$ 1,067,926,440	1	23.79%
Tres Palacios Gas Storage	235,187,380	2	4.33%	-	-	-
Peyton Creek Wind Farm, LL	164,560,000	3	3.03%	-	-	-
Equistar Chemicals,LP	146,648,100	4	2.70%	123,461,920	4	2.75%
Ingleside Ethylene, LLC	132,413,490	5	2.44%	-	-	-
Kinder Morgan Texas Pipeline	117,122,520	6	2.16%	-	-	-
OQ Chemicals Corporation	112,798,180	7	2.08%	-	-	-
Williams Fld Svcs – Gulf Coast Co	82,913,120	8	1.53%	91,472,830	6	2.04%
AEP Texas Central Company	73,928,250	9	1.36%	-	-	-
OQ Chemicals Corporation	70,975,470	10	1.31%	-	-	-
Inergy LP	-	-	-	368,565,452	2	8.21%
Texas Brine Corporation	-	-	-	142,217,890	3	3.17%
Midtex Gas Storage Company	-	-	-	101,030,850	4	2.25%
Oxea Corporation	-	-	-	60,356,580	7	1.34%
Flint Hills Resources INV	-	-	-	40,181,700	8	0.89%
Celanese LTD Chemical Division	-	-	-	34,515,020	9	0.77%
Citgo Petroleum Corporation	-	-	-	33,162,400	10	0.74%
Total	\$ 1,878,960,380		34.62%	\$ 2,062,891,082		45.95%
Total Taxable Assessed Value	\$ 5,425,447,010			\$ 4,489,894,861		

Source: Matagorda County Tax Assessor

MATAGORDA COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 8

Fiscal Year	Tax Levy as of Fiscal Year End		Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year End	Adjustments		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 13,635,349	\$(298,185)	\$ 13,337,164	\$ 13,285,597	99.61%	\$ 27,691	\$ 13,313,288	99.82%
2013	14,701,308	(1,021,222)	13,680,086	13,614,562	99.52%	36,791	13,651,353	99.79%
2014	15,282,252	25,106	15,307,358	14,122,704	92.26%	1,146,627	15,269,331	99.75%
2015	16,882,334	(64,509)	16,817,825	16,034,255	95.34%	734,898	16,769,153	99.71%
2016	18,101,810	46,842	18,148,652	17,604,870	97.00%	476,870	18,081,740	99.63%
2017	18,638,936	17,362	18,656,298	18,403,238	98.64%	166,264	18,569,502	99.53%
2018	18,813,107	(34,403)	18,778,704	18,525,956	98.65%	139,184	18,665,140	99.40%
2019	20,513,320	(16,351)	20,496,969	20,228,772	98.69%	103,628	20,332,400	99.20%
2020	20,885,006	15,492	20,900,498	20,646,154	98.78%	-	20,646,154	98.78%
2021	21,687,965	124,536	21,812,501	4,459,559	20.44%	-	4,459,559	20.44%

Source: Matagorda County Tax Assessor-Collector

MATAGORDA COUNTY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Percentage of Personal Income	Population	Debt per Capita
	Certificates of Obligation ¹	Capital Leases	Total Outstanding Debt			
2012	\$ 675,000	\$ 126,265	\$ 801,265	0.07%	36,809	21.77
2013	520,000	459,478	979,478	0.08%	36,547	26.80
2014	355,000	620,634	975,634	0.08%	36,592	26.66
2015	2,987,310	1,359,864	4,347,174	0.32%	36,519	119.04
2016	2,804,294	944,431	3,748,725	0.26%	36,770	101.95
2017	2,698,129	1,129,820	3,827,949	0.26%	37,187	102.94
2018	2,585,072	764,784	3,349,856	0.22%	36,840	90.93
2019	2,467,015	631,650	3,098,665	0.21%	36,643	84.56
2020	2,348,958	498,523	2,847,481	0.16%	36,720	77.55
2021	2,225,901	325,643	2,551,544	0.14%	36,797	69.34

Source: Annual Comprehensive Financial Report

¹ Presented net of original issuance premiums

MATAGORDA COUNTY, TEXAS**RATIO OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities			Total	Percentage of Estimated Actual Taxable Value of Property(3)	Per Capita(4)
	General Obligation Bonds(1)	Less: Amounts Available in Debt Service Fund(2)				
2021	\$ 2,225,901	\$ 20,972	\$	2,204,929	0.04%	60
2020	2,348,958	18,259		2,330,699	0.05%	63
2019	2,467,015	34,120		2,432,895	0.05%	66
2018	2,585,072	37,574		2,547,498	0.06%	69
2017	2,698,129	32,956		2,665,173	0.06%	72
2016	2,804,294	26,002		2,778,292	0.07%	76
2015	2,987,310	6,191		2,981,119	0.07%	82
2014	355,000	14,657		340,343	0.01%	9
2013	520,000	18,055		501,945	0.01%	14
2012	675,000	13,787		661,213	0.01%	18
2011	825,000	11,363		813,637	0.02%	22

Source: Comprehensive Annual Financial Report (Detailed Notes on all Funds)

- 1) This is the general bonded debt of both governmental activities, net of original issue premiums.
- 2) This is the amount restricted for debt service principal payments.
- 3) See the of Assessed Value and Estimated Actual Value of Taxable Property on page 124 for property value data.
- 4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 134.

MATAGORDA COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of December 31, 2021

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Bay City	\$ 17,832,171	100.00%	\$ 17,832,171
City of Palacios	2,485,000	100.00%	2,485,000
Tidehaven ISD	40,152,772	100.00%	40,152,772
Palacios ISD	8,455,000	94.08%	7,954,126
Bay City ISD	132,545,247	100.00%	132,545,247
Van Vleck ISD	77,075,000	100.00%	77,075,000
Caney Creek Municipal Utility District	2,915,000	100.00%	2,915,000
Beach Road Municipal Utility District	56,263	100.00%	<u>56,263</u>
Sub-total Overlapping Debt			281,015,579
Matagorda County, Texas direct debt			<u>2,551,544</u>
Total Direct & Overlapping Debt			<u>\$ 283,567,123</u>

Source: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

MATAGORDA COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Table 12

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 1,122,473,715	\$ 1,140,783,840	\$ 1,144,856,559	\$ 1,062,200,105	\$ 1,066,552,306
Total net debt applicable to limit	<u>661,213</u>	<u>501,945</u>	<u>349,747</u>	<u>2,936,191</u>	<u>2,830,296</u>
Legal debt margin	<u>\$ 1,121,812,502</u>	<u>\$ 1,140,281,895</u>	<u>\$ 1,144,506,812</u>	<u>\$ 1,059,263,914</u>	<u>\$ 1,063,722,010</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.06%</u>	<u>0.04%</u>	<u>0.03%</u>	<u>0.28%</u>	<u>0.27%</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 1,074,456,667	\$ 1,109,345,951	\$ 1,182,632,346	\$ 1,236,047,871	\$ 1,356,361,753
Total net debt applicable to limit	<u>2,665,173</u>	<u>2,547,498</u>	<u>2,432,895</u>	<u>2,330,699</u>	<u>2,204,929</u>
Legal debt margin	<u>\$ 1,071,791,494</u>	<u>\$ 1,106,798,453</u>	<u>\$ 1,180,199,451</u>	<u>\$ 1,233,717,172</u>	<u>\$ 1,354,156,824</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.25%</u>	<u>0.23%</u>	<u>0.21%</u>	<u>0.19%</u>	<u>0.16%</u>

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 5,425,447,010
Debt Limit (25% of Assessed Value)	1,356,361,753
Debt Applicable to Limit:	
General Obligation Bonds	2,225,901
Less: Amount set aside for repayment of General Obligation Debt	<u>20,972</u>
Total Net Debt Applicable to Limit	<u>2,204,929</u>
Legal Debt Margin	<u>\$ 1,354,156,824</u>

Sources: Matagorda County Appraisal District and Matagorda County Annual Comprehensive Financial Report.

MATAGORDA COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 13

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Per Capita Income (1)</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Public School Enrollment(2)</u>	<u>Unemployment Rate(3)</u>
2021	36,797	\$ 48,150	\$ 1,768,294	7,023	7.3%
2020	36,720	47,612	1,657,614	6,969	10.4%
2019	36,643	41,246	1,511,377	7,258	5.7%
2018	36,840	40,827	1,504,079	7,255	5.7%
2017	37,187	39,090	1,453,644	7,150	6.7%
2016	36,770	39,493	1,452,173	7,264	7.8%
2015	36,519	37,324	1,363,043	7,121	7.3%
2014	36,592	35,426	1,296,291	7,022	6.7%
2013	36,547	33,696	1,231,490	7,009	9.1%
2012	36,809	33,287	1,225,279	7,096	9.4%

Sources: (1) Bureau of Economic Analysis
 (2) Texas Education Agency
 (3) Texas Workforce Commission

MATAGORDA COUNTY, TEXAS
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 14

Employer	2021			2012		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
South Texas Project	1,006	1	6.12%	1,163	1	7.53%
Tenaris	653	2	3.97%	-	-	-
Bay City ISD	598	3	3.64%	519	2	3.36%
Matagorda Hospital	256	4	1.56%	246	3	1.59%
Matagorda County	249	5	1.51%	217	5	1.40%
Palacios ISD	208	6	1.26 %	237	4	1.53%
Van Vleck ISD	169	7	1.03 %	143	8	0.93%
Wal-Mart	167	8	1.02%	125	10	0.81%
Tidehaven ISD	162	9	0.99%	-	-	-
Lyondell	157	10	0.95%	143	9	0.93%
City of Bay City	-	-	-	160	6	1.04%
HEB	-	-	-	-	-	-
Oxea	-	-	-	150	7	0.97%
Total	<u>3,625</u>		<u>22.05%</u>	<u>3,103</u>		<u>20.09%</u>

Source: Jobs EQ 2021 Chmura Economics & Analytics - Total County employment for current year

MATAGORDA COUNTY, TEXAS**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years

Table 15

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	34	34	35	32	31	30	36	37	33	62
Justice system	34	34	34	42	36	42	47	47	45	33
Public safety	49	49	48	45	42	42	46	49	49	47
Corrections and rehabilitation	35	35	35	35	35	53	53	62	58	61
Health and human services	7	7	7	7	8	8	8	9	8	9
Community and economic development	10	10	10	10	7	8	9	11	9	7
Infrastructure and environmental services	<u>37</u>	<u>37</u>	<u>39</u>	<u>32</u>	<u>33</u>	<u>34</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>30</u>
Total	<u>206</u>	<u>206</u>	<u>208</u>	<u>203</u>	<u>192</u>	<u>217</u>	<u>238</u>	<u>254</u>	<u>242</u>	<u>249</u>

Source: Human Resources and Auditor's Office



MATAGORDA COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
General Government:					
Births filed	355	474	571	514	545
Deaths filed	287	281	284	286	293
Marriage license applications	328	309	276	307	325
Registered voters	21,358	20,525	20,978	20,656	21,535
Auto titles	5,686	5,731	5,717	5,621	5,561
Justice System					
District Court					
Civil cases filed	386	383	307	337	435
Civil case dispositions	371	304	355	254	217
Criminal cases filed	379	488	334	260	360
Criminal case dispositions	554	553	508	512	560
County Court					
Civil cases filed	67	74	73	58	63
Civil case dispositions	61	67	58	88	78
Criminal cases filed	1,001	982	850	729	784
Criminal case dispositions	1,112	989	1,013	942	1,017
Justices of the Peace					
Civil cases filed	374	416	414	418	416
Civil case dispositions	866	413	368	396	361
Criminal cases filed	3,931	3,381	3,452	2,906	3,068
Criminal case dispositions	5,500	3,566	2,032	2,412	2,719
Public safety					
Total calls for service	7,605	6,262	6,552	7,287	7,513
Total arrests	680	800	799	718	727
Corrections and Rehabilitation					
Number of inmates per year	1,391	2,017	2,083	1,866	1,075
Health and Human Services					
Food permits issued	242	234	238	253	266
Septic permits issued	97	109	148	124	136
Building permits issued	297	330	373	290	281
Electrical permits issued	510	488	516	100	100

Sources: Various County department records

Table 16

Fiscal Year				
2017	2018	2019	2020	2021
596	440	496	479	430
311	280	319	338	327
324	282	267	176	221
21,352	21,153	21,447	21,065	21,413
5,093	5,369	5,267	4,602	5,100
464	847	495	495	992
266	793	688	516	867
465	326	413	413	369
424	451	586	419	351
83	66	79	65	76
63	59	70	47	22
719	603	574	380	415
658	740	609	334	369
406	862	1,025	787	853
367	685	691	809	713
3,539	4,355	3,917	2,489	2,124
2,779	3,765	3,618	2,355	2,277
7,571	10,025	13,047	11,413	11,249
807	832	761	496	521
1,322	2,199	1,466	1,431	1,526
244	249	237	206	267
157	158	162	184	166
372	385	407	355	416
571	481	518	605	583

MATAGORDA COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
General Government					
Buildings	42	42	42	42	42
Public Safety					
Sheriff vehicles	53	46	48	49	49
Fire and ambulance	48	50	51	51	51
Infrastructure and Environmental Services					
County roads (miles)	1,126	1,126	1,126	1,126	1,126
County bridges	87	87	87	87	87
Community and Economic Development					
County parks	9	9	9	9	9

Sources: Various County department records

Table 17

Fiscal Year				
2017	2018	2019	2020	2021
43	44	44	44	44
53	52	50	55	56
51	54	52	58	59
1,126	1,126	1,126	1,126	1,126
87	87	87	87	87
9	9	9	9	9



FEDERAL AWARDS SECTION





Independent Auditor's Report

On Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable County Judge
and Members of Commissioners
Court of Matagorda County, 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 Matagorda County, Texas (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

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The Honorable County Judge
and Members of Commissioners
Court of Matagorda County, Texas

Report on 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 financial statements. 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.

KM&L, LLC

Lake Jackson, Texas
June 30, 2022



Independent Auditor's Report

On Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Honorable County Judge
and Members of Commissioners Court
Matagorda County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Matagorda County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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The Honorable County Judge
and Members of Commissioners
Court of Matagorda County, Texas

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

The Honorable County Judge
and Members of Commissioners
Court of Matagorda County, Texas

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

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

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

KM&L, LLC

Lake Jackson, Texas
June 30, 2022

MATAGORDA COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2021

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control finding, required to be reported in this schedule, was disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that are required to be reported in this schedule, was disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): No
7. Major programs include:
 - 15.435 Go MESA
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000.
9. Low Risk Auditee: Yes.

II. Findings related to the financial statements.

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal award.

The audit disclosed no findings required to be reported.



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COUNTY AUDITOR
MATAGORDA COUNTY
2200 SEVENTH STREET, ROOM 208
BAY CITY, TEXAS 77414-5095
(979) 241-0120

Federal:

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.



KRISTEN E. KUBECKA
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Federal:

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.



MATAGORDA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Housing and Urban Development:			
Passed Through Texas General Land Office:			
Community Development Block Grant	14.228	20-065-123-C430	\$ 249,779
Community Development Block Grant	14.228	7219261	<u>282,238</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 532,017</u>
U.S. Department of Interior:			
Direct:			
Payment in Lieu of Taxes	15.226	--	\$ 8,519
Direct:			
GoMESA	15.435	--	<u>744,185</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>\$ 752,704</u>
U.S. Department of Justice:			
Passed Through the Texas Office of the Governor:			
Edward Byrne Memorial Justice Assistance Grant	16.738	4052702	<u>\$ 121,880</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 121,880</u>
U.S. Department of Elections:			
Passed Through the Texas Secretary of State:			
2020 HAVA Election Security Grants	90.404	TX18101000-01-158	<u>\$ 120,000</u>
TOTAL U.S. DEPARTMENTS OF ELECTIONS			<u>\$ 120,000</u>
U.S. Department of Homeland Security:			
Passed Through Texas Department of Public Safety:			
Disaster Grants Public Assistance	97.036	4332-DR-TX-P0000001-1359	\$ 347
Disaster Grants Public Assistance	97.036	4332-DR-TX-P0000001-6935	<u>7,094</u>
			<u>7,441</u>
Passed Through Texas Division of Emergency Management:			
Hazard Mitigation Grant	97.039	DR-4332-163	58,400
Hazard Mitigation Grant	97.039	DR-4332-164	<u>34,762</u>
			<u>93,162</u>

(continued)

MATAGORDA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

For the Year Ended December 31, 2021

Exhibit 21

Page 2 of 2

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract/ Program Number</u>	<u>Expenditures Indirect Costs or Award Amount</u>
U.S. Department of Homeland Security: - continued			
Passed Through Texas Department of Public Safety:			
Emergency Management Performance Grants	97.042	EMT-2020-EP-00004	\$ <u>28,012</u>
Passed Through Texas Office of the Governor:			
Homeland Security Grant Program	97.067	3186305	27,750
Homeland Security Grant Program	97.067	3186306	<u>104,894</u>
			<u>132,644</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$ <u>261,259</u>
TOTAL FEDERAL ASSISTANCE			\$ <u>1,787,860</u>
TOTAL MAJOR PROGRAMS			\$ <u>744,185</u>
TYPE A PROGRAM			\$ <u>750,000</u>

MATAGORDA COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

Year Ended December 31, 2021

1. The County uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into two categories: governmental and fiduciary. Each category, in turn is divided into separate "fund types". The following fund types were utilized to account for federal awards.

Governmental Fund Types:

General Fund - is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. Federal financial assistance not required to be reported in other funds is accounted for in the General Fund.

Special Revenue Funds - used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Federal financial assistance generally is accounted for in a Special Revenue Fund unless required to be reported in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities. Federal financial assistance for the construction of major capital facilities generally is accounted for in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Federal grant funds were accounted for in the General Fund, Special Revenue Fund, and the Capital Projects Fund, a component of the Governmental Fund type.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures/expenses made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

MATAGORDA COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

Year Ended December 31, 2021

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
4. Indirect Costs - The County received no reimbursements for indirect costs during the year ended December 31, 2021.
5. As of December 31, 2021, the County included \$ 7,441 on the schedule of expenditures of federal awards from the Public Assistance Grant ALA #97.036 for expenditures that were incurred in previous fiscal years. The Federal Emergency Management Agency approved the project worksheets related to the \$ 7,441 in the current fiscal year.
6. The County has elected to use the 10 percent de minimis indirect cost rate.

