

MATAGORDA COUNTY, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2020

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



MATAGORDA COUNTY, TEXAS
Comprehensive Annual Financial Report
 For the Year Ended December 31, 2020

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INTRODUCTORY SECTION





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COUNTY AUDITOR
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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, 2020.

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, 2020, 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, 2020, 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 36,702. 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.

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 continues to be operational with approximately 600 employees. Oxea, a global chemical company, post-construction continues to operate its 100,000 mt per annum world-scale production unit. Peyton Creek Windfarm construction completed and became operational on a 180 MW project during 2020. A second phase is 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 project, expecting 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. Operations are expected by Q2 of 2021 creating about 10 full time jobs. Several industrial projects have shown interest in the County by communicating to the Commissioner's Court through the Matagorda County Economic Development. In response to economic growth, several new hotels became operational while existing hotels continue to operate. 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 \$ 0.47 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, 2020, the tax rate to finance general governmental services was \$ 0.42941 per \$ 100 valuation and the tax rate for the payment of principal and interest on long-term debt was \$ 0.00401 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, 2019. 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 17 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,



Kristen Kubecka, County Auditor
Matagorda County, Texas
June 25, 2021



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**Matagorda County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2019

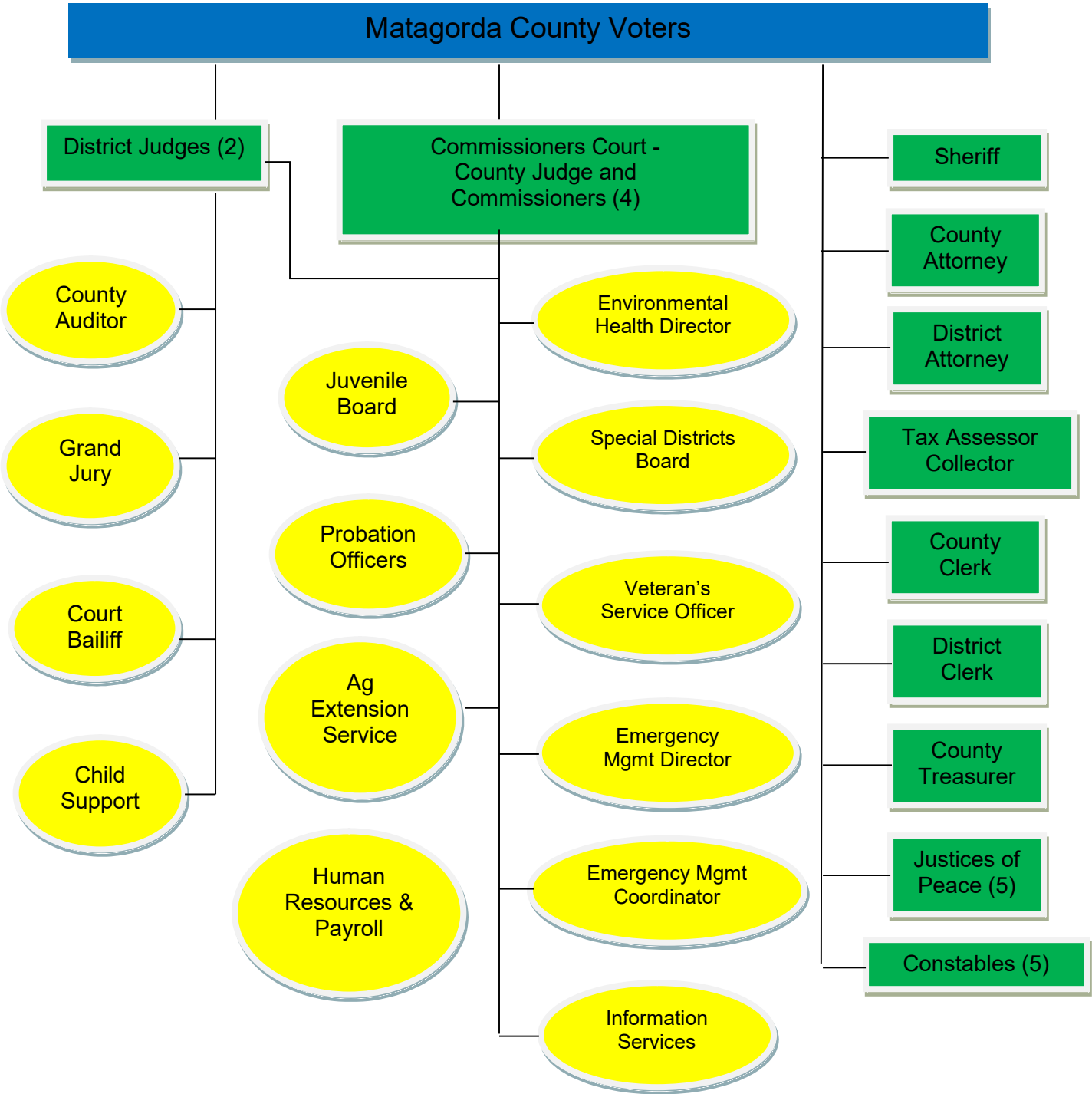
Christopher P. Morill

Executive Director/CEO

MATAGORDA COUNTY Organization Chart

Elected Officials

Appointed Officials



MATAGORDA COUNTY, TEXAS

**ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2020**

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
Craig Estlinbaum
Nate McDonald
Gary Graham
Kent Pollard
James Gibson
Charles Frick
Frank Osborne
Denise Fortenberry
Steven Reis
Cristyn Hallmark
Stephanie Wurtz
Janice Hawthorne
Loretta Griffin
Jason Sanders
Ronald LeBlanc
Amy Tapia
Mark Finlay
James Powell
Precious Smith
Frank Craft
Jesse Alvarez
Pete Medina
Bill Orton

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
Marlene Wells
Aaron Sumrall
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

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension schedules and required OPEB schedules on pages 4 through 15 and 69 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, 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 25, 2021

MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2020

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, 2020. 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 - iv 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 \$ 22,734,829 (net position). Of this amount, unrestricted net position is a deficit of \$ 3,820,081.
- The County's total net position increased for governmental activities by \$ 3,755,921.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 23,467,574. 67.71% of this amount, \$ 15,889,027 (unassigned fund balance), was available for use within the County's fund designations. Of the governmental funds amount, \$ 5,237,521 has been restricted for specific uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 16,308,430 or 62.37% 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, 2020

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 25 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 26 through 28 of this report.

MATAGORDA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended December 31, 2020*

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. All of the County's fiduciary activities are reported in a separate statement of assets and liabilities on page 29 and a statement of changes in assets and liabilities - agency funds that can be found on pages 110 through 111.

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 \$ 22,734,829 as of December 31, 2020. This is an increase in net position of \$ 3,755,921 which is primarily due to an increase in property taxes and a decrease in infrastructure and environmental services expenses.

The largest portion of the County's net position of \$ 25,267,989 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 \$ 2,514,606 due to an increase in capital projects for the current fiscal year.

An additional portion of the County's net position of \$ 1,286,921 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$ 3,820,081, 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, 2020

MATAGORDA COUNTY'S NET POSITION

	<u>Governmental Activities</u>		Net Change
	<u>2020</u>	<u>2019</u>	
ASSETS			
Current and other assets	\$ 51,362,140	\$ 48,724,169	\$ 2,637,971
Capital assets	<u>27,336,657</u>	<u>25,028,465</u>	<u>2,308,192</u>
Total assets	<u>78,698,797</u>	<u>73,752,634</u>	<u>4,946,163</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	<u>5,462,003</u>	<u>4,702,026</u>	<u>759,977</u>
Total deferred outflows of resources	<u>5,462,003</u>	<u>4,702,026</u>	<u>759,977</u>
LIABILITIES			
Current and other liabilities	2,997,960	3,319,056	(321,096)
Long-term liabilities	<u>35,230,064</u>	<u>35,075,873</u>	<u>154,191</u>
Total liabilities	<u>38,228,024</u>	<u>38,394,929</u>	<u>(166,905)</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>23,197,947</u>	<u>21,080,823</u>	<u>2,117,124</u>
Total deferred inflows of resources	<u>23,197,947</u>	<u>21,080,823</u>	<u>2,117,124</u>
NET POSITION			
Net investment in capital assets	25,267,989	22,753,383	2,514,606
Restricted	1,286,921	1,109,873	177,048
Unrestricted	<u>(3,820,081)</u>	<u>(4,884,348)</u>	<u>1,064,267</u>
Total net position	<u>\$ 22,734,829</u>	<u>\$ 18,978,908</u>	<u>\$ 3,755,921</u>

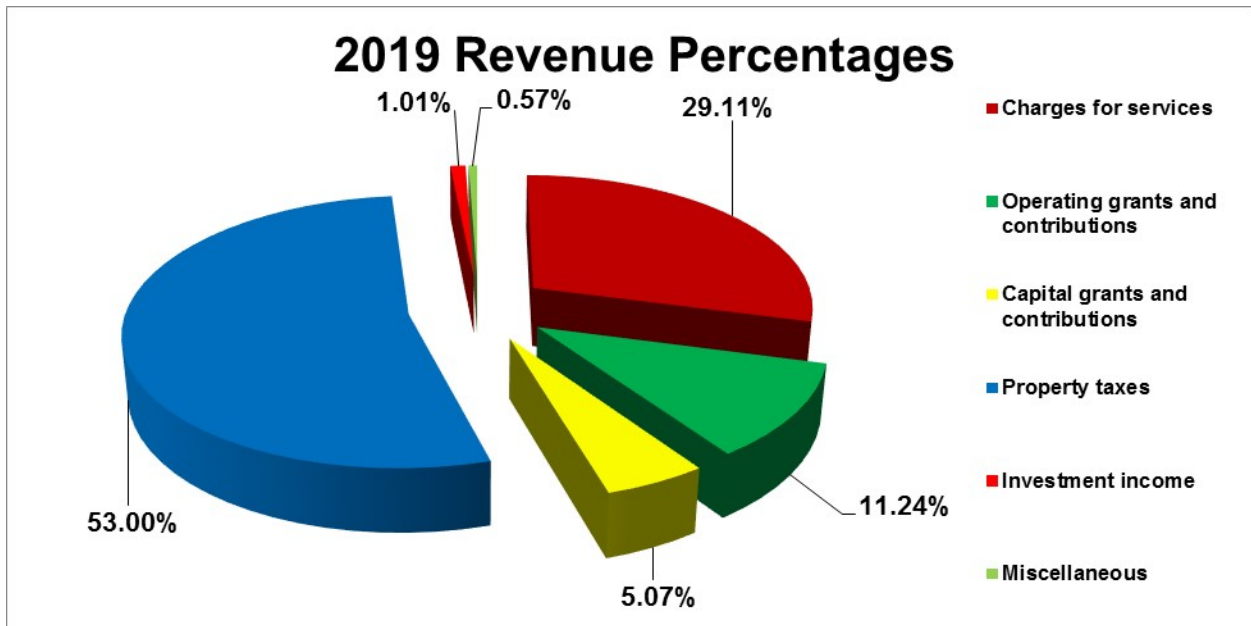
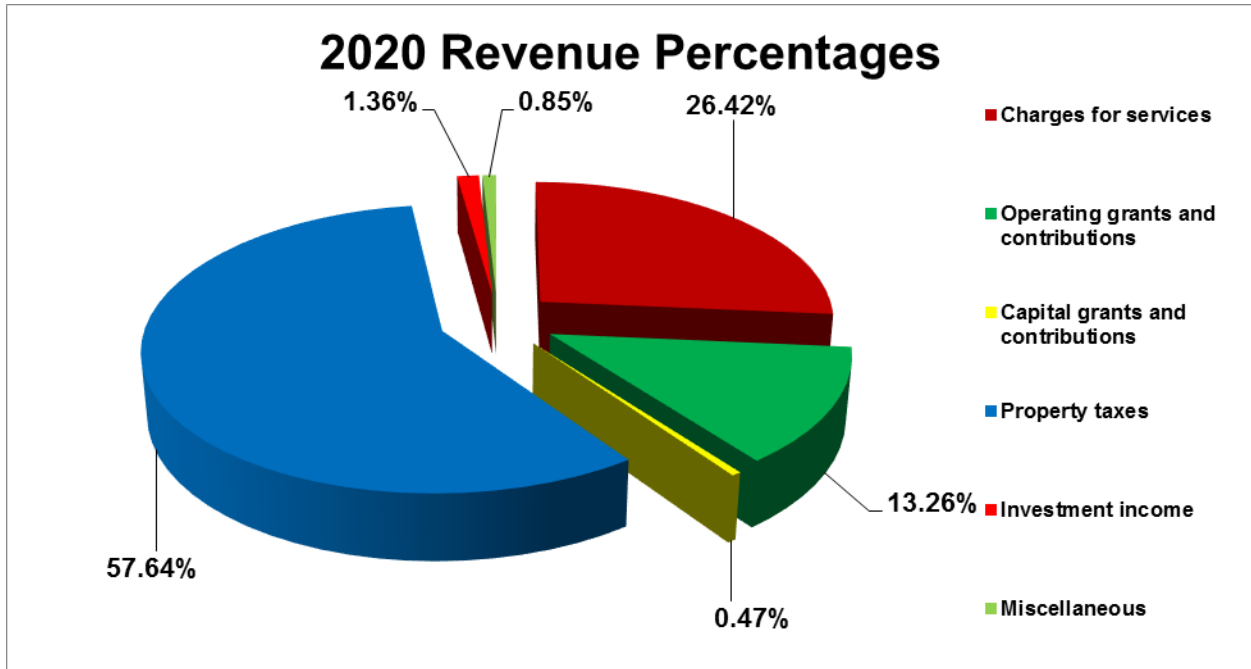
MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Analysis of the County's Operations. Governmental activities reported an increase in net position in the amount of \$ 3,755,921 due to increased property tax revenue and a decrease in infrastructure and environmental services expense. The following table provides a summary of the County's operations for the year ended December 31, 2020.

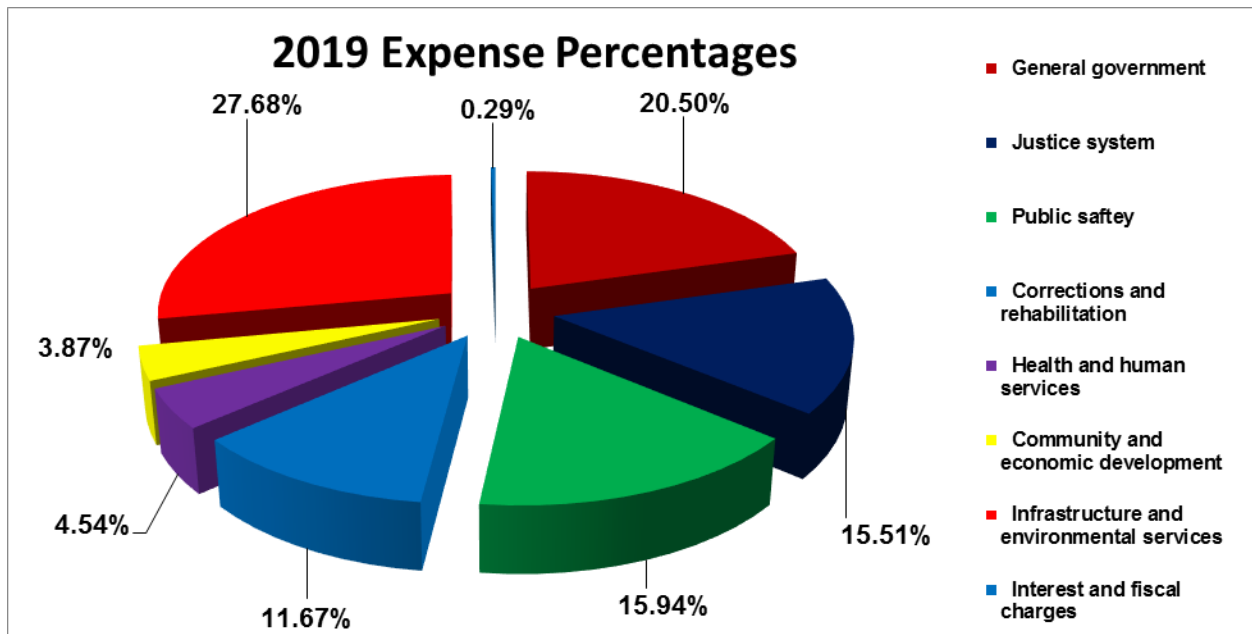
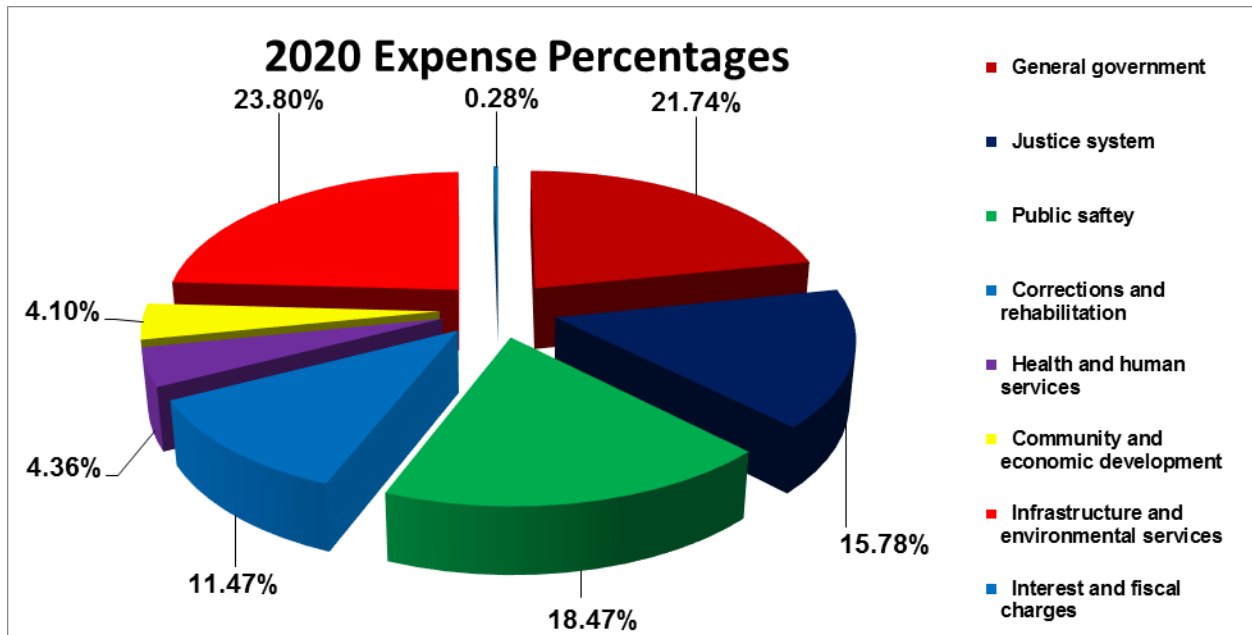
MATAGORDA COUNTY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2020</u>	<u>2019</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 9,491,276	\$ 10,381,164	\$ (889,888)
Operating grants and contributions	4,762,946	4,007,516	755,430
Capital grants and contributions	168,467	1,807,440	(1,638,973)
General Revenues:			
Property taxes	20,704,928	18,899,447	1,805,481
Investment income	487,371	361,820	125,551
Miscellaneous	<u>307,038</u>	<u>205,144</u>	<u>101,894</u>
Total revenues	<u>35,922,026</u>	<u>35,662,531</u>	<u>259,495</u>
Expenses:			
General government	6,991,798	6,670,175	321,623
Justice system	5,076,817	5,045,150	31,667
Public safety	5,941,987	5,185,776	756,211
Corrections and rehabilitation	3,689,587	3,796,273	(106,686)
Health and human services	1,401,627	1,476,106	(74,479)
Community and economic development	1,318,701	1,259,254	59,447
Infrastructure and environmental services	7,655,238	9,004,028	(1,348,790)
Interest and fiscal charges	<u>90,350</u>	<u>94,618</u>	<u>(4,268)</u>
Total expenses	<u>32,166,105</u>	<u>32,531,380</u>	<u>(365,275)</u>
Change in net position	3,755,921	3,131,151	624,770
Net position - beginning	<u>18,978,908</u>	<u>15,847,757</u>	<u>3,131,151</u>
Net position - ending	<u>\$ 22,734,829</u>	<u>\$ 18,978,908</u>	<u>\$ 3,755,921</u>

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2020



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2020



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2020

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 \$ 23,467,574. The unassigned fund balance of \$ 15,889,027 constitutes 67.71% of ending fund balance. The fund balance is categorized as 1) nonspendable of \$ 1,123,309, 2) restricted of \$ 5,237,521, 3) committed of \$ 1,217,717, and 4) unassigned of \$ 15,889,027.

The General Fund is the chief operating fund of the County. Fund balance of the General Fund increased by \$ 3,530,220; and other governmental funds decreased by \$ 237,474. 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 62.37% of total general fund expenditures, and total fund balance represents 83.37% of that same amount.

The fund balance of the County's general fund increased by \$ 3,530,220 compared to a net increase of \$ 1,831,731 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 \$ 1,992,122 and appropriations of \$ 3,394,105. 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 \$ 1,217,717.

Total General Fund revenue exceeded the budget by approximately 2.52% and total General Fund expenditures were under budget by approximately 13.65%.

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Capital Assets

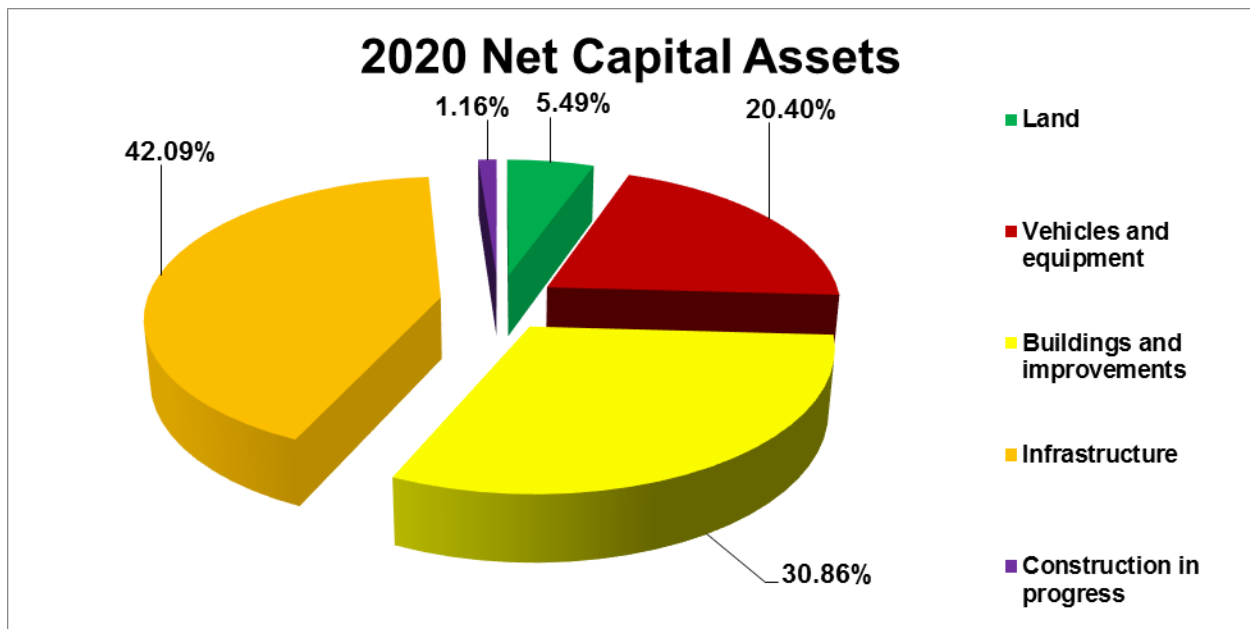
This investment in capital assets includes land; buildings and improvements; equipment and vehicles; infrastructure; and construction in progress.

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

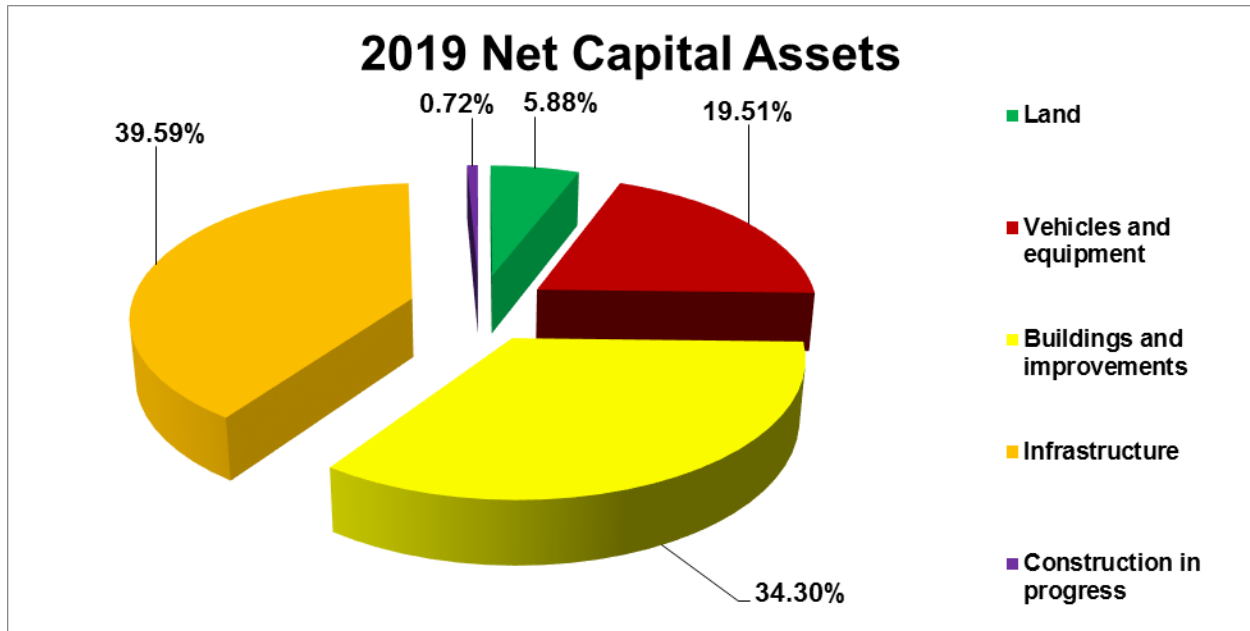
- Acquisition of new vehicles and several large road and bridge equipment.
- Road and bridge improvements are continuous.
- Several large roof repair projects were completed.
- Emergency radio tower equipment and repairs.

MATAGORDA COUNTY'S CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>Governmental Activities</u>		Net Change
	<u>2020</u>	<u>2019</u>	
Land	\$ 1,500,478	\$ 1,470,669	\$ 29,809
Construction in progress	317,213	179,757	137,456
Vehicles and equipment	5,575,964	4,884,260	691,704
Buildings and improvements	8,436,535	8,583,671	(147,136)
Infrastructure	<u>11,506,467</u>	<u>9,910,108</u>	<u>1,596,359</u>
 Total	 <u>\$ 27,336,657</u>	 <u>\$ 25,028,465</u>	 <u>\$ 2,308,192</u>



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2020



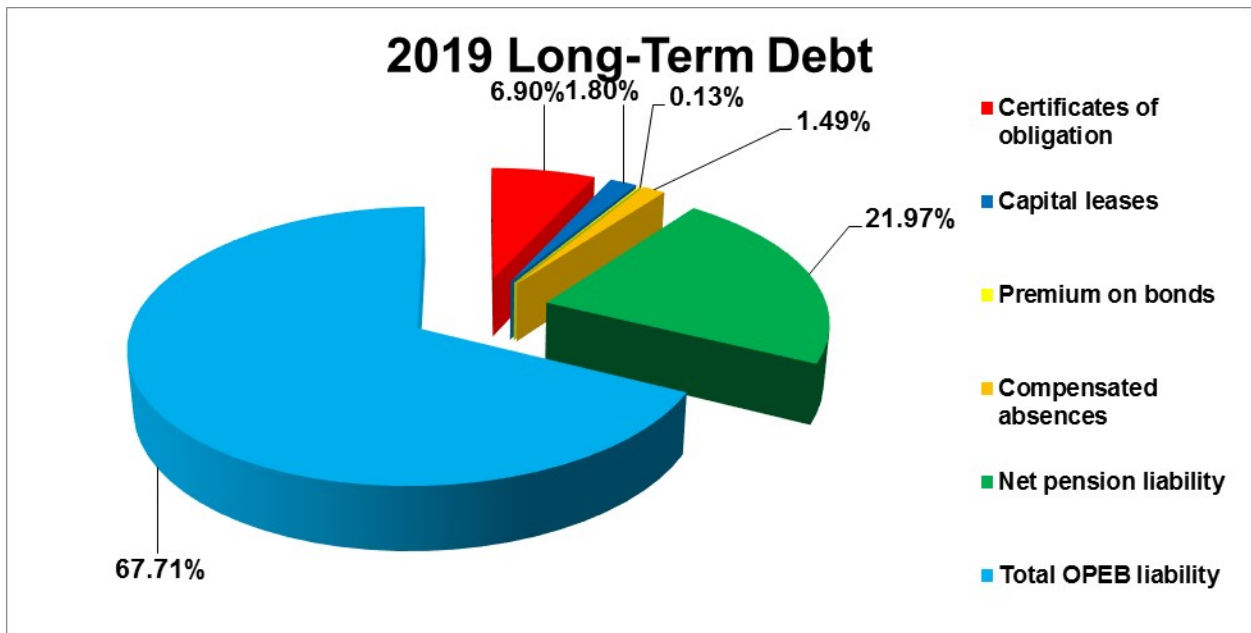
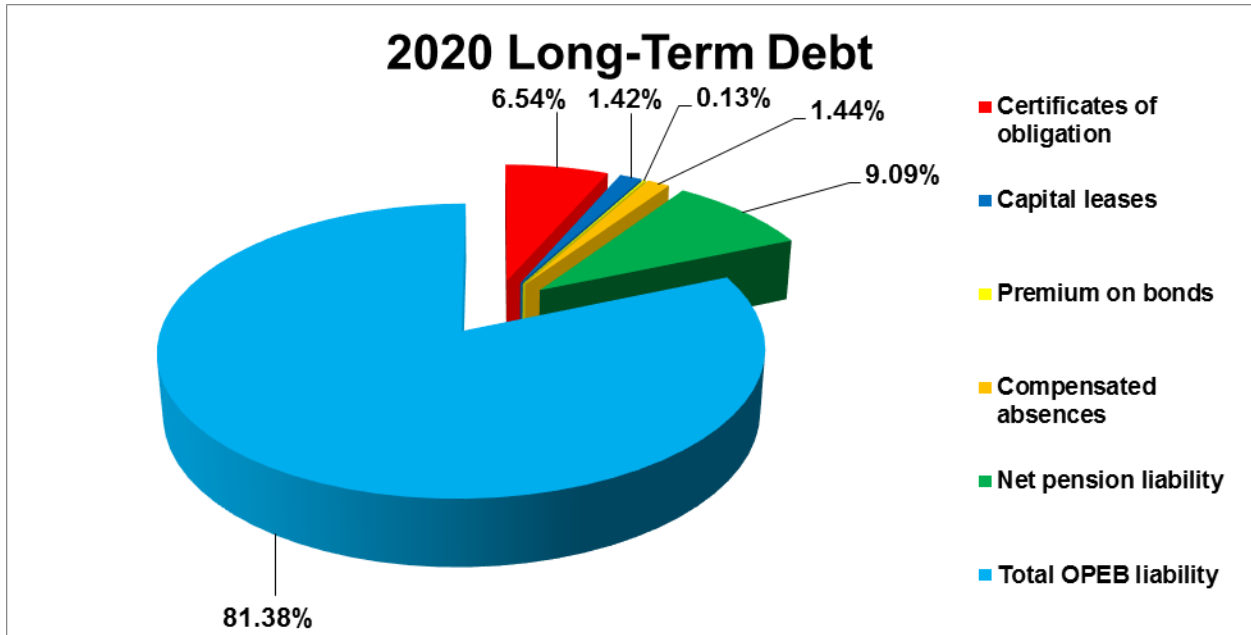
Additional information on the County's capital assets can be found in Note 5 on pages 50 through 51 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded and capital lease debt of \$ 2,803,523, 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

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2020</u>	<u>2019</u>	
Certificates of obligation	\$ 2,305,000	\$ 2,420,000	\$ (115,000)
Capital leases	498,523	631,650	(133,127)
Premium on bonds	43,958	47,015	(3,057)
Compensated absences	508,613	523,229	(14,616)
Net pension liability	3,202,740	7,705,909	(4,503,169)
Total OPEB liability	<u>28,671,230</u>	<u>23,748,070</u>	<u>4,923,160</u>
Total	<u>\$ 35,230,064</u>	<u>\$ 35,075,873</u>	<u>\$ 154,191</u>



MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2020

During the fiscal year, the County's total debt increased by \$ 154,191 or 0.44%. The net increase was due primarily to the increased valuation on the total OPEB.

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 2021 budget was adopted August 31, 2020 with General Fund expenditures of \$ 27,432,835 and a revenue budget of \$ 27,432,835.

The Commissioners' Court adopted a maintenance and operation tax rate of \$ 0.41850 per \$ 100 assessed valuation. The court also adopted an interest and sinking tax rate of \$ 0.00373.

The main factors affecting the 2021 budget were as follows:

- The property tax rate adopted was below the No New Revenue (NNR) Tax Rate. The Commissioner's Court placed a high level of importance on maintaining a property tax rate below the NNR rate.
- Professional Services increased over \$200,000 in support of capital projects and federal programs. The County is still in the recovery phase related to several disaster declarations.
- Public Safety and Corrections and Rehabilitations increased in excess of \$ 120,000.
- An increase in budgeted payroll and benefits; 2 percent for employees excluding 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, 2020

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Cash and temporary investments	\$ 25,083,852
Receivables (net of allowance for uncollectibles):	
Taxes	17,771,030
Accounts	3,007,329
Due from other governments	1,718,907
Accrued interest	11,324
Inventories	294,882
Prepaid expenses	828,427
Investments	2,646,389
Capital Assets (net of accumulated depreciation):	
Land	1,500,478
Construction in progress	317,213
Vehicles and equipment	5,575,964
Buildings and improvements	8,436,535
Infrastructure	<u>11,506,467</u>
Total assets	<u>78,698,797</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>5,462,003</u>
Total deferred outflows of resources	<u>5,462,003</u>
LIABILITIES	
Accounts and accrued liabilities payable	2,537,241
Accrued interest payable	29,123
Unearned revenue	431,596
Noncurrent liabilities:	
Due within one year	661,818
Due in more than one year	
Other long-term liabilities	2,694,276
Net pension liability	3,202,740
Total OPEB liability	<u>28,671,230</u>
Total liabilities	<u>38,228,024</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>23,197,947</u>
Total deferred inflows of resources	<u>23,197,947</u>
NET POSITION	
Net investment in capital assets	25,267,989
Restricted:	
Records management	738,801
Other	548,120
Unrestricted	<u>(3,820,081)</u>
Total net position	<u>\$ 22,734,829</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, 2020

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</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	\$ 6,991,798	\$ 1,913,385	\$ 182,867	\$	\$(4,895,546)
Justice system	5,076,817	724,194	2,212,085		(2,140,538)
Public safety	5,941,987	3,974,673	1,349,391		(617,923)
Corrections and rehabilitation	3,689,587	652,546	51,383		(2,985,658)
Health and human services	1,401,627	121,460			(1,280,167)
Community and economic development	1,318,701	440,224	17,172		(861,305)
Infrastructure and environmental services	7,655,238	1,664,794	950,048	168,467	(4,871,929)
Interest and fiscal charges	<u>90,350</u>				<u>(90,350)</u>
Total governmental activities	<u>32,166,105</u>	<u>9,491,276</u>	<u>4,762,946</u>	<u>168,467</u>	<u>(17,743,416)</u>
General Revenue:					
Property taxes					20,704,928
Investment income					487,371
Miscellaneous					<u>307,038</u>
Total general revenue					<u>21,449,337</u>
Change in net position					3,755,921
Net position - beginning					<u>18,978,908</u>
Net position - ending					<u>\$ 22,734,829</u>

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

MATAGORDA COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

Exhibit 3

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets and deferred outflows of resources			
Assets:			
Cash and temporary investments	\$ 21,853,666	\$ 2,368,424	\$ 24,222,090
Receivables (net of allowance for uncollectibles):			
Taxes	17,609,376	161,654	17,771,030
Accounts	55,662	1,987	57,649
Due from other governments	931,856	787,051	1,718,907
Accrued interest	11,324		11,324
Due from other funds	1,100,207	41,682	1,141,889
Inventories	294,882		294,882
Prepaid expenditures	828,427		828,427
Investments	<u>2,646,389</u>		<u>2,646,389</u>
Total assets	<u>45,331,789</u>	<u>3,360,798</u>	<u>48,692,587</u>
Deferred outflows of resources:			
Deferred outflows of resources			-0-
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 45,331,789</u>	<u>\$ 3,360,798</u>	<u>\$ 48,692,587</u>
Liabilities, deferred inflows of resources and fund balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 1,739,765	\$ 358,326	\$ 2,098,091
Due to other funds	41,682	1,100,207	1,141,889
Unearned revenue	<u>170,800</u>	<u>38,839</u>	<u>209,639</u>
Total liabilities	<u>1,952,247</u>	<u>1,497,372</u>	<u>3,449,619</u>
Deferred inflows of resources:			
Deferred inflows of resources	<u>21,577,812</u>	<u>197,582</u>	<u>21,775,394</u>
Total deferred inflows of resources	<u>21,577,812</u>	<u>197,582</u>	<u>21,775,394</u>
Fund balance:			
Nonspendable	1,123,309		1,123,309
Restricted	3,152,274	2,085,247	5,237,521
Committed	1,217,717		1,217,717
Unassigned	<u>16,308,430</u>	<u>(419,403)</u>	<u>15,889,027</u>
Total fund balance	<u>21,801,730</u>	<u>1,665,844</u>	<u>23,467,574</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 45,331,789</u>	<u>\$ 3,360,798</u>	<u>\$ 48,692,587</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, 2020

Total fund balance - governmental funds balance sheet (Exhibit 3)	\$ 23,467,574
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 in the funds. Capital assets include \$ 84,827,341 in assets less \$ 57,490,684 in accumulated depreciation.	27,336,657
Judicial accounts receivables net of related allowance for uncollectible accounts are unavailable to pay for current period expenditures and availability of funds are uncertain as to availability are not recorded in the funds. Judicial receivables of \$ 14,860,594 net of allowance for uncollectible accounts of \$ 12,116,130 amounted to \$ 2,744,464.	2,744,464
Property taxes receivable unavailable to pay for current period expenditures are deferred inflows of resources in the funds. Deferred inflows of resources for property tax revenues for the general fund and the debt service fund amounted to \$ 865,287 and \$ 9,610 respectively.	874,897
Pension deferred outflows of resources of \$ 1,625,898 less deferred inflows of resources of \$ 1,653,798.	(27,900)
OPEB deferred outflows of resources of \$ 3,836,105 less deferred inflows of resources of \$ 646,652	3,192,453
Payables for bond principal are not reported in the funds.	(2,305,000)
Payables for capital lease principal are not reported in the funds.	(498,523)
Payables for net pension liability are not reported in the funds.	(3,202,740)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 43,958 (premium on the sale of bonds of \$ 60,325 less amortization of \$ 16,367).	(43,958)
Payables for bonded debt and capital lease interest is not reported in the funds except for amounts received from the sale of bonds or issuance of capital leases after the issuance date. Total accrued interest payable of \$ 29,123.	(29,123)
Payables for total OPEB liability are not reported in the funds.	(28,671,230)
Payables for compensated absences are not reported in the funds.	(508,613)
Internal service funds are used by management to charge the cost of certain activities, such as health insurance, to individual funds. The assets and liabilities of the service funds are not reported separately from the fund statements. The internal service fund balance are not reported in the funds.	<u>405,871</u>
Net position of governmental activities - statement of net position (Exhibit 1)	<u>\$ 22,734,829</u>

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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 20,415,290	\$ 192,373	\$ 20,607,663
Licenses and permits	794,226		794,226
Intergovernmental	2,548,358	2,055,257	4,603,615
Charges for services	4,612,127	246,126	4,858,253
Fines	360,568	33,949	394,517
Investment income	454,770	15,752	470,522
Miscellaneous	398,305	54,810	453,115
	<u>29,583,644</u>	<u>2,598,267</u>	<u>32,181,911</u>
Total revenues			
	<u>29,583,644</u>	<u>2,598,267</u>	<u>32,181,911</u>
EXPENDITURES			
Current:			
General government	5,668,751	37,725	5,706,476
Justice system	3,554,909	426,957	3,981,886
Public safety	3,523,898	860,290	4,384,188
Corrections and rehabilitation	2,618,205	42,214	2,660,419
Health and human services	1,241,351		1,241,351
Community and economic development	1,130,639	7,698	1,138,337
Infrastructure and environmental services	4,446,054	1,278,389	5,524,443
Capital outlay	3,880,279	44,770	3,925,049
Debt service:			
Principal	267,906	115,000	382,906
Interest and fiscal charges	17,252	74,912	92,164
	<u>26,149,244</u>	<u>2,887,955</u>	<u>29,037,199</u>
Total expenditures			
	<u>26,149,244</u>	<u>2,887,955</u>	<u>29,037,199</u>
Excess (deficiency) of revenues over expenditures	<u>3,434,400</u>	<u>(289,688)</u>	<u>3,144,712</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	13,255		13,255
Capital lease issuance	134,779		134,779
Transfers in	27,500	79,714	107,214
Transfers out	(79,714)	(27,500)	(107,214)
	<u>95,820</u>	<u>52,214</u>	<u>148,034</u>
Total other financing sources (uses)			
	<u>95,820</u>	<u>52,214</u>	<u>148,034</u>
Change in fund balance	3,530,220	(237,474)	3,292,746
Fund balance - beginning	<u>18,271,510</u>	<u>1,903,318</u>	<u>20,174,828</u>
Fund balance - ending	<u>\$ 21,801,730</u>	<u>\$ 1,665,844</u>	<u>\$ 23,467,574</u>

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

MATAGORDA COUNTY, TEXAS**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, 2020

Exhibit 4R
Page 1 of 2

Change in fund balance - total governmental funds (Exhibit 4)	\$ 3,292,746
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 governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$ 3,925,049 exceeded depreciation expenses of \$ 1,785,324 in the current period.	2,139,725
Contributions of capital assets are not reported in the funds, however, contributions of capital assets are reported as capital contributions in the governmental activities statement of activities. During the current year, \$ 168,467 of capital assets were contributed and accepted by the County.	168,467
Property tax revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. The change of deferred inflows of resources for property tax revenues for the General Fund and Debt Service Fund amounted to \$ 95,853 and \$ 1,412 respectively.	97,265
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net position. Capital lease proceeds in the governmental funds were \$ 134,779 for capital leases.	(134,779)
Judicial revenues (resulting from accounts receivable net of related allowance for uncollectible) in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in an increase in revenues reported in the governmental activities statement of activities.	(477,583)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net position. The funds statements reported \$ 115,000 in certificates of obligation principal payments and \$ 267,906 in capital lease principal payments.	382,906
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. Bond premium amortization was \$ 3,057.	3,057
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the amount of change in net pension liability.	357,096
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the amount of accrued interest on long-term debt. Current change in accrued interest on bonds and leases of \$ 1,243.	(1,243)
Governmental funds report OPEB payments as expenditures. However, in the governmental activities statement of activities, the OPEB cost is calculated actuarially and involves multiple factors. This is the amount of change in the total OPEB liability. .	(1,730,707)

(continued)

MATAGORDA COUNTY, TEXAS

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

For the Year Ended December 31, 2020

Exhibit 4R
Page 2 of 2

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This is the amount of change in compensated absences.	\$ 14,616
Internal service funds are used by management to charge the cost of health insurance to individual funds. The net expense of the internal service funds is reported in the governmental activities statement of activities, not included in other reconciling items.	(<u>355,645</u>)
Change in net position of governmental activities (Exhibit 2)	\$ <u><u>3,755,921</u></u>

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, 2020

Exhibit 5

	<u>Insurance Fund</u>
ASSETS	
Current assets:	
Cash and temporary investments	\$ 861,762
Other receivables	<u>205,216</u>
Total assets	<u>1,066,978</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u> </u>
Total deferred outflows of resources	<u>-0-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	536
Claims payable	438,614
Unearned revenue	<u>221,957</u>
Total liabilities	<u>661,107</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u> </u>
Total deferred inflows of resources	<u>-0-</u>
NET POSITION	
Unrestricted	<u>405,871</u>
Total net position	<u>\$ 405,871</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, 2020

	<u>Insurance Fund</u>
Operating Revenues:	
Employer contributions	\$ 3,456,329
Employee contributions	191,539
Retiree/cobra contributions	122,161
Special district contributions	<u>151,833</u>
Total operating revenues	<u>3,921,862</u>
Operating Expenses:	
Administrative expenses	730,445
Retiree premiums	517,599
Claims expense	2,206,646
Prescriptions	<u>839,666</u>
Total operating expenses	<u>4,294,356</u>
Operating loss	<u>(372,494)</u>
Nonoperating Revenues:	
Investment income	<u>16,849</u>
Total nonoperating revenues	<u>16,849</u>
Change in net position	<u>(355,645)</u>
Net position - beginning	<u>761,516</u>
Net position - ending	<u>\$ 405,871</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, 2020

Exhibit 7

	<u>Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,078,376
Cash payments for administration	(827,188)
Cash payments for claims	<u>(3,311,378)</u>
Net cash used by operating activities	<u>(60,190)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net cash provided by noncapital financing activities	<u>-0-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash provided by capital and related financing activities	<u>-0-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>16,849</u>
Net cash provided by investing activities	<u>16,849</u>
Change in cash and cash equivalents	(43,341)
Cash and temporary investments - beginning	<u>905,103</u>
Cash and temporary investments - ending	<u>\$ 861,762</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$(372,494)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts receivable	149,812
Accounts payable	(96,743)
Claims payable	252,533
Unearned revenue	<u>6,702</u>
Net cash used by operating activities	<u>\$ (60,190)</u>

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

MATAGORDA COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2020

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and temporary investments	\$ 16,093,953
Accounts receivable	<u>49,216</u>
Total assets	<u>\$ 16,143,169</u>
LIABILITIES	
Accounts payable	\$ 59,576
Due to other governments	220,216
Due to others	<u>15,863,377</u>
Total liabilities	<u>\$ 16,143,169</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, 2020

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MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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, 2020

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, 2020

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 *agency funds* account for assets that the government holds on behalf of others as their agent. The County's agency 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. 83 "Certain Asset Retirement Obligations" was issued in November 2016. 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 beginning after June 15, 2019.

GASB No. 84 "Fiduciary Activities" was issued in January 2017. 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 beginning after December 15, 2019.

GASB No. 87 "Leases" was issued in June 2017. 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 periods beginning after June 15, 2021.

GASB No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued in April 2018. 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 reporting periods beginning after June 15, 2019.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

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 statements 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.

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 management of the County does not expect the implementation of this standard to 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, 2022.

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.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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, 2020

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, 2020, 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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The County's 2020 tax levy, supporting the 2021 fiscal period budget, totaled \$ 0.42223 per \$ 100 valuation and was comprised as follows:

General Fund	\$ 0.41850
Debt Service Fund	<u>0.00373</u>
Combined tax rate	<u>\$ 0.42223</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, 2020, 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, 2020

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, 2020, computed at pay rates in effect at that time was \$ 508,163.

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 position by the government that is applicable to a future reporting period, and an acquisition of net position 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 TCDRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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, 2020

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, 2020

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, 2020, 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, 2020, 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, 2020

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, 2020:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Fund Balance:			
Nonspendable:			
Inventories	\$ 294,882	\$	\$ 294,882
Prepaid expenditures	828,427		828,427
Restricted:			
Capital projects		778,813	778,813
Contributor purposes		22,123	22,123
Court improvements and operations		256,115	256,115
Debt service		37,772	37,772
Federal Grants	3,152,274		3,152,274
Juvenile services		13,248	13,248
Records management		738,801	738,801
County/District attorney services		129,930	129,930
Sheriff services		108,445	108,445
Committed:			
Precincts	1,217,717		1,217,717
Unassigned	<u>16,308,430</u>	<u>(419,403)</u>	<u>15,889,027</u>
Total fund balance	<u>\$ 21,801,730</u>	<u>\$ 1,665,844</u>	<u>\$ 23,467,574</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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position - Continued

	<u>Governmental Activities</u>
Net Position:	
Net investment in capital assets	\$ 25,267,989
Restricted:	
Records management	738,801
Other:	
Contributor purposes	22,123
Court improvements and operations	256,115
Debt service	18,259
Juvenile services	13,248
County/District attorney services	129,930
Sheriff services	108,445
Unrestricted	<u>(3,820,081)</u>
Total net position	<u>\$ 22,734,829</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, 2020 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>24,216,590</u>	<u>861,762</u>	<u>16,093,953</u>	<u>41,172,305</u>
Sub-total	<u>24,222,090</u>	<u>861,762</u>	<u>16,093,953</u>	<u>41,177,805</u>
Investments:				
Broker Dealer:				
U.S. Agency Securities	1,023,915			1,023,915
Certificates of deposit	<u>1,622,474</u>			<u>1,622,474</u>
Sub-total	<u>2,646,389</u>	<u>-0-</u>	<u>-0-</u>	<u>2,646,389</u>
Total Cash and Temporary Investments and Investments	<u>\$ 26,868,479</u>	<u>\$ 861,762</u>	<u>\$ 16,093,953</u>	<u>\$ 43,824,194</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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 \$ 42,794,779, while the financial institution balances totaled \$ 52,662,904. Of these balances, \$ 571,028 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, \$ 1,872,474 was covered by federal depository insurance coverage and \$ 50,219,402 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, 2020

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, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

As of December 31, 2020, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit	\$ 1,622,474	823
U.S. Agency Securities	<u>1,023,915</u>	1,067
Total	<u>\$ 8,438,227</u>	917

Credit Risk - As of December 31, 2020, the United States securities and agencies are rated A-1 by Standard and Poor's and P-1 by Moody's (which represent 38.69% of the investment portfolio) were covered by private insurance and the certificates of deposit (which represents 61.31% of the investment portfolio) 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, 2020

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Agency Securities	\$ <u>1,023,915</u>	\$ _____	\$ _____	\$ <u>1,023,915</u>
Total assets at fair value	\$ <u>1,023,915</u>	\$ <u>_____ -0-</u>	\$ <u>_____ -0-</u>	\$ <u>1,023,915</u>

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

Receivables and Allowances

Receivables as of December 31, 2020, 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	\$ 17,686,948	\$ 161,893	\$ 17,848,841
Accounts	55,662	1,987	57,649
Due from other governments	931,856	787,051	1,718,907
Accrued interest	<u>11,324</u>	<u>_____</u>	<u>11,324</u>
Gross receivables	18,685,790	950,931	19,636,721
Less allowance for uncollectibles:			
Property taxes	<u>77,572</u>	<u>239</u>	<u>77,811</u>
Net receivables	\$ <u>18,608,218</u>	\$ <u>950,692</u>	\$ <u>19,558,910</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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, 20 are summarized below:

	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:			
General Fund	\$ 189,898	\$ 741,958	\$ 931,856
Non-major governmental funds	<u>780,740</u>	<u>6,311</u>	<u>787,051</u>
Total	<u>\$ 970,638</u>	<u>\$ 748,269</u>	<u>\$ 1,718,907</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, 2020:

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justices of the Peace	\$ 6,690,809	\$ 4,402,833	\$ 2,287,976
County Courts	2,599,706	2,301,870	297,836
District Courts	<u>5,570,079</u>	<u>5,411,427</u>	<u>158,652</u>
Total	<u>\$ 14,860,594</u>	<u>\$ 12,116,130</u>	<u>\$ 2,744,464</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, 2020, 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, 2020

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Deferred Inflows of Resources:			
Delinquent property taxes receivable	\$ 21,577,812	\$ 197,582	\$ 21,775,394
Unearned Revenue:			
Federal grants	120,000		120,000
State grants		38,839	38,839
Other	<u>50,800</u>		<u>50,800</u>
 Total	 <u>\$ 21,748,612</u>	 <u>\$ 236,421</u>	 <u>\$ 21,985,033</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, 2020 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, 2020, the various components of deferred outflows and inflows of resources and unearned revenue reported in the governmental activities were as follows:

<u>Governmental Activities:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Pension Related:			
Differences between expected and actual experience	\$ 16,182	\$ 224,633	\$
Net differences between projected and actual		1,429,165	
Changes in assumptions	63,404		
Subsequent contributions	1,546,312		
OPEB related:			
Differences between expected and actual experience		643,652	
Changes in assumptions	3,836,105		
Property taxes		20,900,497	
Unearned Revenue:			
Federal grants			120,000
State grants			38,839
Self-insurance			221,957
Other			50,800
Totals	<u>\$ 5,462,003</u>	<u>\$ 23,197,947</u>	<u>\$ 431,596</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2020 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>12-31-20</u>
General Fund	Other Governmental Funds	\$ 1,100,207
Other Governmental Funds	General Fund	<u>41,682</u>
Total		<u>\$ 1,141,889</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, 2020 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>12-31-20</u>
General Fund	Other Governmental Funds	\$ 79,714
Other Governmental Funds	General Fund	<u>27,500</u>
Total		<u>\$ 107,214</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 01-01-20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments & Transfers</u>	<u>Balance 12-31-20</u>
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 1,470,669	\$ 29,809	\$	\$	\$ 1,500,478
Construction in progress	<u>179,757</u>	<u>288,407</u>	<u> </u>	<u>(150,951)</u>	<u>317,213</u>
Total capital assets not being depreciated	<u>1,650,426</u>	<u>318,216</u>	<u>-0-</u>	<u>(150,951)</u>	<u>1,817,691</u>
Capital Assets, Being Depreciated:					
Vehicles and equipment	14,801,107	1,528,220	91,937		16,237,390
Buildings and improvements	15,887,320	63,570		150,951	16,101,841
Infrastructure	<u>46,486,909</u>	<u>2,183,510</u>	<u> </u>	<u> </u>	<u>50,670,419</u>
Total capital assets being depreciated	<u>79,175,336</u>	<u>3,775,300</u>	<u>91,937</u>	<u>150,951</u>	<u>83,009,650</u>

(continued)

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

NOTE 5 - CAPITAL ASSETS - Continued

Capital Transactions - Continued

	Balance 01-01-20	Additions	Retirements	Adjustments & Transfers	Balance 12-31-20
Less Accumulated Depreciation For:					
Vehicles and equipment	\$ 9,916,847	\$ 836,516	\$ 91,937	\$	\$ 10,661,426
Buildings and improvements	7,303,649	361,657			7,665,306
Infrastructure	<u>38,576,801</u>	<u>587,151</u>			<u>39,163,952</u>
Total accumulated depreciation	<u>55,797,297</u>	<u>1,785,324</u>	<u>91,937</u>	<u>-0-</u>	<u>57,490,684</u>
Total capital assets being depreciated, net	<u>23,378,039</u>	<u>1,989,976</u>	<u>-0-</u>	<u>150,951</u>	<u>25,518,966</u>
Governmental activities capital assets, net	<u>\$ 25,028,465</u>	<u>\$ 2,308,192</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 27,336,657</u>

During the year ended December 31, 2020, the County received equipment from various sources totaling \$ 168,467.

Depreciation

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

	<u>12-31-20</u>
Governmental Activities:	
General government	\$ 54,757
Justice system	5,331
Public safety	440,439
Corrections and rehabilitations	7,201
Health and human services	5,451
Community and economic development	8,694
Infrastructure and environmental services	<u>1,263,451</u>
Total depreciation expense	<u>\$ 1,785,324</u>

Construction Commitments

There were no construction commitments as of December 31, 2020.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of December 31, 2020, 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	\$ 796,577	\$ 197,208	\$ 993,785	
Other governments	156,161	628	156,789	
Accrued compensation	497,598		497,598	
Due to others	289,429	160,490	449,919	
 Total	 \$ 1,739,765	 \$ 358,326	 \$ 2,098,091	
 Accounts and accrued liabilities payable:				
Vendors				\$ 7,755
Restitution payable				51,821
 Total				 \$ 59,576

NOTE 7 - LONG-TERM DEBT

Certificate of Obligation Bonded Debt

Certificates of obligations payable at December 31, 2020, are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 12-31-20
		Issued	Maturity	Callable	
Certificates of Obligation Bonds	1.704 -				
Taxable Series 2015	4.627	2015	2035	2025	2,305,000
 Total					 \$ 2,305,000

Certificates of obligation bond transactions for the year ended December 31, 2020 were as follows:

Bonds outstanding, January 1, 2020	\$ 2,420,000
Maturities	(115,000)
 Bonds outstanding, December 31, 2020	 \$ 2,305,000

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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, 2020, the amount of ad valorem taxes collected for interest and sinking were \$ 192,373, while the debt service requirements for principal and interest was \$ 189,912. 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, 2020:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2021	\$ 120,000	\$ 70,988	\$ 190,988
2022	125,000	67,312	192,312
2023	130,000	63,488	193,488
2024	135,000	59,512	194,512
2025	140,000	55,388	195,388
2026-2030	755,000	211,012	966,012
2031-2035	<u>900,000</u>	<u>79,631</u>	<u>979,631</u>
 Total	 <u>\$ 2,305,000</u>	 <u>\$ 607,331</u>	 <u>\$ 2,912,331</u>

Changes in Long-Term Debt

Transactions for the year ended December 31, 2020 are summarized as follows:

	<u>Balance 01-01-20</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 12-31-20</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificate of obligation bonds	\$ 2,420,000	\$	\$ 115,000	\$ 2,305,000	\$ 120,000
Capital leases	631,650	134,779	267,906	498,523	172,866
Compensated absences	523,229	267,747	282,363	508,613	365,895
Net pension liability	7,705,909	2,039,178	6,542,347	3,202,740	
Total OPEB liability	23,748,070	6,765,869	1,842,709	28,671,230	
Premium on bonds	<u>47,015</u>		<u>3,057</u>	<u>43,958</u>	<u>3,057</u>
 Total governmental activities	 <u>\$ 35,075,873</u>	 <u>\$ 9,207,573</u>	 <u>\$ 9,053,382</u>	 <u>\$ 35,230,064</u>	 <u>\$ 661,818</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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, 2020:

Year Ended December 31, _____	
2021	\$ 189,399
2022	189,400
2023	101,053
2024	<u>53,519</u>
Total future lease payments	533,371
Less: Amount representing interest	<u>(34,848)</u>
	<u>\$ 498,523</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 799 non-traditional defined benefit plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 79768-2034.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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 2019</u>	<u>Plan Year 2020</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, 2019 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	164
Active employees	<u>245</u>
	<u>620</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, 2020

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 14.38% and 14.38% in calendar years 2020 and 2019, respectively. The County's contributions to TCDRS for the year ended December 31, 2020 were \$ 1,546,312.

Net Pension Liability - The County's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment Rate of Return	8.00%, 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, 2019 financial reporting metrics are the same as those used in the December 31, 2019 actuarial valuation analysis for Matagorda County.

Following is a description of the assumptions used in the December 31, 2019 actuarial valuation analysis for Matagorda County. This information may also be found in the Matagorda County December 31, 2019 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% 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 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer Specific Economic Assumptions

Growth in membership	0.00%
Payroll growth	3.25%

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

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 the April 2020 information for a 10 year horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon. The most recent analysis was performed in 2017. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equities	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) index	2.50%	5.50%
International Equities – Developed	MSCI World Ex USA (net) index	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global Real Estate Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund Of Funds Composite Index	<u>8.00%</u>	2.30%
Total		<u><u>100.00%</u></u>	8.10%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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, 2020

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 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of December 31, 2018	\$ 56,862,231	\$ 49,156,322	\$ 7,705,909
Changes for the Year:			
Service cost	1,208,668		1,208,668
Interest on total pension liability ⁽¹⁾	4,558,509		4,558,509
Effect of plan changes ⁽²⁾			-0-
Effect of economic/demographic gains or losses	(70,789)		(70,789)
Effect of assumptions changes or inputs			-0-
Refunds of contributions	(189,182)	(189,182)	-0-
Contributions - employer		1,501,212	(1,501,212)
Contributions - employee		708,666	(708,666)
Net investment income		8,073,918	(8,073,918)
Benefit payment,	(3,468,029)	(3,468,029)	-0-
Administrative expense		(42,444)	42,444
Other changes ⁽³⁾		(41,735)	41,795
Balance as of December 31, 2019	<u>\$ 58,901,409</u>	<u>\$ 55,698,668</u>	<u>\$ 3,202,740</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 8.10%, 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 (7.10%) or 1 percentage-point higher (9.10%) than the current rate:

	1% Decrease In Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase In Discount Rate (9.10%)
Total pension liability	\$ 65,678,669	\$ 58,901,409	\$ 53,142,871
Fiduciary net position	<u>55,698,669</u>	<u>55,698,669</u>	<u>55,698,669</u>
Net pension liability / (asset)	<u>\$ 9,980,000</u>	<u>\$ 3,202,740</u>	<u>\$ (2,555,798)</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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

<i>Pension Expense:</i>	<u>Year Ended 12-31-19</u>
Service cost	\$ 1,208,668
Interest on total pension liability ⁽¹⁾	4,558,509
Effect of plan changes	-0-
Administrative expenses	42,444
Member contributions	(708,666)
Expected investment return net of investment expenses	(3,920,841)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(413,826)
Recognition of assumption changes or inputs	63,404
Recognition of investment gains or losses	317,745
Other ⁽²⁾	<u>41,795</u>
 Pension expense	 <u>\$ 1,189,232</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, 2020, 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	\$ 16,182	\$ 224,633
Net difference between projected and actual investment earnings		1,429,165
Changes in assumptions	63,404	
Contributions subsequent to the measurement date ⁽³⁾	<u>1,546,312</u>	<u> </u>
 Totals	 <u>\$ 1,625,898</u>	 <u>\$ 1,653,798</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>	
2021	\$(392,541)
2022	(520,063)
2023	169,009
2024	(830,617)
2025	-0-
Thereafter ⁽⁴⁾	-0-

⁽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, 2020

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, 2020:

Inactive plan members or beneficiaries currently receiving benefits	113
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>203</u>
	<u><u>316</u></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, 2020, the total benefit payments made to the plan were \$ 1,062,400. The total benefit payments made include explicit benefit payments made by the County of \$ 1,062,400.

Total OPEB Liability - The County's total OPEB liability of \$ 28,671,230 was measured as of December 31, 2020, 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, 2020

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, 2020 are as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 1,117,591
Interest on total OPEB liability	997,713
Difference between expected and actual experience	(780,309)
Change in assumptions	4,650,565
Benefit payments	<u>(1,033,600)</u>
Net change in total OPEB liability	4,951,960
Total OPEB liability, December 31, 2019	<u>23,748,070</u>
Total OPEB liability, December 31, 2020	<u>\$ 28,671,230</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	\$ 34,100,845	\$ 28,671,230	\$ 24,414,001

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	\$ 23,987,232	\$ 28,671,230	\$ 34,840,519

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2020

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

<i>Total OPEB Expense:</i>	<u>Year Ended 12-31-20</u>
Service cost	\$ 1,117,591
Interest on total OPEB liability	997,713
Difference between expected and actual experience	(136,657)
Changes in assumptions or other inputs	<u>814,460</u>
Total OPEB expense	<u>\$ 2,793,107</u>

Deferred Inflows and Outflows - At December 31, 2020, 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	\$	\$ 643,652
Changes in assumption	<u>3,836,105</u>	<u> </u>
Total	<u>\$ 3,836,105</u>	<u>\$ 643,652</u>

<u>Year Ended December 31,</u>	<u>Net Outflows/ (Inflows)</u>
2021	\$ 677,803
2022	677,803
2023	677,803
2024	677,803
2025	481,241
2026	-0-

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, 2020

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>2019</u>	<u>2020</u>
Unpaid claims, beginning	\$ 179,025	\$ 186,081
Claims incurred	3,045,179	3,563,911
Claims paid	<u>(3,038,123)</u>	<u>(3,311,378)</u>
Unpaid claims, ending	<u>\$ 186,081</u>	<u>\$ 438,614</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, 2020, one fund of the County had a deficit fund balance as itemized below:

	<u>2020</u>
Fund Balances:	
Special Revenue Funds:	
Disaster Fund	\$ 419,403

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, 2020, 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, 2020

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, 2020, the County abated property taxes totaling \$ 6,266,321 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 - EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 25, 2021, the date which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY
INFORMATION**



MATAGORDA COUNTY, TEXAS

Exhibit 9

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

For the Year Ended December 31, 2020

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Taxes	\$ 20,518,631	\$ 20,518,631	\$ 20,415,290	\$(103,341)
Licenses and permits	771,100	771,100	794,226	23,126
Intergovernmental	290,803	1,985,255	2,548,358	563,103
Charges for services	4,520,079	4,520,349	4,612,127	91,778
Fines	412,000	412,000	360,568	(51,432)
Investment income	190,000	190,000	454,770	264,770
Miscellaneous	161,700	459,100	398,305	(60,795)
Total revenues	<u>26,864,313</u>	<u>28,856,435</u>	<u>29,583,644</u>	<u>727,209</u>
Expenditures				
Current:				
General government	5,993,950	6,025,813	5,668,751	357,062
Justice system	4,043,268	4,041,538	3,554,909	486,629
Public safety	4,097,488	5,188,079	3,523,898	1,664,181
Corrections and rehabilitation	2,719,373	2,694,373	2,618,205	76,168
Health and human services	1,333,409	1,336,261	1,241,351	94,910
Community and economic development	1,214,116	1,244,633	1,130,639	113,994
Infrastructure and environmental services	4,751,309	5,268,394	4,246,054	1,022,340
Capital outlay	2,369,174	4,186,269	3,880,279	305,990
Debt service:				
Principal	350,969	281,344	267,906	13,438
Interest and fiscal charges	16,757	17,214	17,252	(38)
Total expenditures	<u>26,889,813</u>	<u>30,283,918</u>	<u>26,149,244</u>	<u>4,134,674</u>
Excess (deficiency) of revenues over expenditures	<u>(25,500)</u>	<u>(1,427,483)</u>	<u>3,434,400</u>	<u>4,861,883</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	5,000	18,256	13,255	(5,001)
Capital lease issuance			134,779	134,779
Transfers in	27,500	27,501	27,500	(1)
Transfers out	(7,000)	(9,032)	(79,714)	(70,682)
Total other financing sources (uses)	<u>25,500</u>	<u>36,725</u>	<u>95,820</u>	<u>59,095</u>
Change in fund balance	<u>-0-</u>	<u>(1,390,758)</u>	<u>3,530,220</u>	<u>4,920,978</u>
Fund balance - beginning	<u>18,271,510</u>	<u>18,271,510</u>	<u>18,271,510</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 18,271,510</u>	<u>\$ 16,880,752</u>	<u>\$ 21,801,730</u>	<u>\$ 4,920,978</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service cost	\$ 1,208,668	\$ 1,252,718	\$ 1,179,188	\$ 1,245,749
Interest on total pension liability	4,558,509	4,412,150	4,206,623	4,084,781
Effect of plan changes				
Effect of assumption changes or inputs			253,616	
Effect of economic/demographic (gains) or losses	(70,789)	(343,083)	64,730	(1,306,164)
Benefit payments/refunds of contributions	<u>(3,657,210)</u>	<u>(3,291,561)</u>	<u>(3,191,023)</u>	<u>(2,990,057)</u>
Net Change in Total Pension Liability	2,039,178	2,030,224	2,513,134	1,034,309
Total Pension Liability - beginning	<u>56,862,231</u>	<u>54,832,007</u>	<u>52,318,873</u>	<u>51,284,564</u>
Total Pension Liability - ending (a)	<u>\$ 58,901,409</u>	<u>\$ 56,862,231</u>	<u>\$ 54,832,007</u>	<u>\$ 52,318,873</u>
Fiduciary Net Position				
Employer contributions	\$ 1,501,212	\$ 1,394,276	\$ 1,375,431	\$ 1,273,638
Member contributions	708,666	658,638	649,226	601,183
Investment income net of investment expense	8,073,918	(972,120)	6,691,662	3,299,098
Benefit payments/refunds of contributions	(3,657,210)	(3,291,561)	(3,191,023)	(2,990,057)
Administrative expense	(42,444)	(39,483)	(34,208)	(35,887)
Other	<u>(41,795)</u>	<u>(31,735)</u>	<u>(26,742)</u>	<u>(837,728)</u>
Net Change in Fiduciary Net Position	6,542,347	(2,281,985)	5,464,346	1,310,247
Fiduciary Net Position - beginning	<u>49,156,322</u>	<u>51,438,307</u>	<u>45,973,961</u>	<u>44,663,714</u>
Fiduciary Net Position - ending (b)	<u>\$ 55,698,669</u>	<u>\$ 49,156,322</u>	<u>\$ 51,438,307</u>	<u>\$ 45,973,961</u>
Net Pension Liability, ending (a)-(b)	<u>\$ 3,202,740</u>	<u>\$ 7,705,909</u>	<u>\$ 3,393,700</u>	<u>\$ 6,344,912</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	94.56%	86.45%	93.81%	87.87%
Pensionable covered payroll	\$ 10,123,800	\$ 9,409,109	\$ 9,274,658	\$ 8,564,214
Net Pension Liability as a Percentage of Covered Payroll	31.64%	81.90%	36.59%	74.09%

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>2015</u>	<u>2014</u>
\$ 1,061,294	\$ 1,037,018
3,949,923	3,723,454
(163,313)	
559,506	
(710,572)	629,628
(<u>2,868,547</u>)	(<u>2,734,719</u>)
1,828,291	2,655,381
<u>49,456,273</u>	<u>46,800,892</u>
\$ <u>51,284,564</u>	\$ <u>49,456,273</u>

\$ 1,250,595	\$ 1,149,603
592,700	537,553
252,706	2,975,354
(2,868,547)	(2,734,719)
(32,500)	(34,335)
(<u>272,746</u>)	<u>427,674</u>
(1,077,792)	2,321,130
<u>45,741,506</u>	<u>43,420,376</u>
\$ <u>44,663,714</u>	\$ <u>45,741,506</u>
\$ <u>6,620,850</u>	\$ <u>3,714,767</u>

87.09%	92.49%
\$ 8,467,148	\$ 7,679,332
78.19%	48.37%

MATAGORDA COUNTY, TEXAS

Exhibit 11

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>
2011	\$ 960,737	\$ 960,831	\$(94)	\$ 7,547,030	12.7%
2012	952,777	952,777	-0-	7,228,971	13.2%
2013	1,039,449	1,039,449	-0-	7,542,912	13.8%
2014	1,149,603	1,149,603	-0-	7,679,332	15.0%
2015	1,250,595	1,250,595	-0-	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	1,394,280	(46,896)	9,409,109	14.8%
2019	1,380,737	1,501,197	(120,460)	10,122,702	14.8%
2020	1,422,232	1,546,312	(124,080)	10,426,921	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 12

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

With a Measurement Date of December 31,

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

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	8.2 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, 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.

* 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, 2020

	Special		
	District Attorney Legal/Law Fund	Sheriff & Jail Discretionary Fund	County Clerk Preservation & Automation Fund
Assets and deferred outflows of resources			
Assets:			
Cash and temporary investments	\$ 150,876	\$ 249,912	\$ 582,809
Receivables (net of allowance for uncollectibles):			
Taxes			
Accounts	1,165	511	223
Due from other governments			
Due from other funds			
	<u>152,041</u>	<u>250,423</u>	<u>583,032</u>
Total assets			
Deferred outflows of resources:			
Deferred outflows of resources			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources			
Total assets and deferred outflows of resources	<u>\$ 152,041</u>	<u>\$ 250,423</u>	<u>\$ 583,032</u>
Liabilities, deferred inflows of resources and fund balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 22,111	\$ 141,928	\$ 6,331
Due to other funds		50	
Unearned revenue			
	<u>22,111</u>	<u>141,978</u>	<u>6,331</u>
Total liabilities			
Deferred inflows of resources:			
Deferred inflows of resources			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources			
Fund balance:			
Restricted	129,930	108,445	576,701
Unassigned			
	<u>129,930</u>	<u>108,445</u>	<u>576,701</u>
Total fund balance			
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 152,041</u>	<u>\$ 250,423</u>	<u>\$ 583,032</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
\$ 70,556	\$ 132,946	\$ 23,555	\$ 91,521	\$ 105,150	\$
6	37	16	17	12	
					644,688
					30,465
<u>70,562</u>	<u>132,983</u>	<u>23,571</u>	<u>91,538</u>	<u>105,162</u>	<u>675,153</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 70,562</u>	<u>\$ 132,983</u>	<u>\$ 23,571</u>	<u>\$ 91,538</u>	<u>\$ 105,162</u>	<u>\$ 675,153</u>
\$	\$	\$	\$	\$	\$
	5,601				1,094,556
<u>-0-</u>	<u>5,601</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,094,556</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
70,562	127,382	23,571	91,538	105,162	(419,403)
<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>\$ 70,562</u>	<u>\$ 132,983</u>	<u>\$ 23,571</u>	<u>\$ 91,538</u>	<u>\$ 105,162</u>	<u>\$ 675,153</u>

(Continued)

MATAGORDA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
December 31, 2020

	Special		
	Joint Task Force Fund	Intergovernmental Grants Fund	Historical Commission Fund
Assets and deferred outflows of resources			
Assets:			
Cash and temporary investments	\$ 524	\$ 37,301	\$ 21,123
Receivables (net of allowance for uncollectibles):			
Taxes			
Accounts			
Due from other governments		111,902	
Due from other funds			
	524	149,203	22,123
Total assets			
Deferred outflows of resources:			
Deferred outflows of resources			
	-0-	-0-	-0-
Total deferred outflows of resources			
Total assets and deferred outflows of resources	\$ 524	\$ 149,203	\$ 22,123
Liabilities, deferred inflows of resources and fund balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 524	\$ 149,203	\$
Due to other funds			
Unearned revenue			
	524	149,203	-0-
Total liabilities			
Deferred inflows of resources:			
Deferred inflows of resources			
	-0-	-0-	-0-
Total deferred inflows of resources			
Fund balance:			
Restricted			22,123
Unassigned			
	-0-	-0-	22,123
Total fund balance			
Total liabilities, deferred inflows of resources and fund balance	\$ 524	\$ 149,203	\$ 22,123

Revenue Funds

CDBG Disaster Recovery Fund	Matagorda Water & Sewer Fund	Juvenile Probation Funds	Total Special Revenue Fund	Debt Service Fund	Capital Projects Funds
\$	\$	\$ 54,949	\$ 1,522,222	\$ 67,389	\$ 778,813
		-0-	-0-	161,654	
	24,150		1,987		
		11,217	780,740	6,311	
			41,682		
<u>-0-</u>	<u>24,150</u>	<u>66,166</u>	<u>2,346,631</u>	<u>235,354</u>	<u>778,813</u>
					-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 24,150</u>	<u>\$ 66,166</u>	<u>\$ 2,346,631</u>	<u>\$ 235,354</u>	<u>\$ 778,813</u>
\$	\$ 24,150	\$ 14,079	\$ 358,326	\$	\$
			1,100,207		
		38,839	38,839		
<u>-0-</u>	<u>24,150</u>	<u>52,918</u>	<u>1,497,372</u>	<u>-0-</u>	<u>-0-</u>
		-0-	-0-	197,582	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>197,582</u>	<u>-0-</u>
		13,248	1,268,662	37,772	778,813
			(419,403)		
<u>-0-</u>	<u>-0-</u>	<u>13,248</u>	<u>849,259</u>	<u>37,772</u>	<u>778,813</u>
<u>\$ -0-</u>	<u>\$ 24,150</u>	<u>\$ 66,166</u>	<u>\$ 2,346,631</u>	<u>\$ 235,354</u>	<u>\$ 778,813</u>

MATAGORDA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
December 31, 2020

Exhibit 13
Page 3 of 3

	Total Nonmajor Governmental Fund
Assets and deferred outflows of resources	
Assets:	
Cash and temporary investments	\$ 2,368,424
Receivables (net of allowance for uncollectibles):	
Taxes	161,654
Accounts	1,987
Due from other governments	787,051
Due from other funds	<u>41,682</u>
Total assets	<u>3,360,798</u>
Deferred outflows of resources:	
Deferred outflows of resources	<u>-0-</u>
Total deferred outflows of resources	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 3,360,798</u>
Liabilities, deferred inflows of resources and fund balance	
Liabilities:	
Accounts and accrued liabilities payable	\$ 358,326
Due to other funds	1,100,207
Unearned revenue	<u>38,839</u>
Total liabilities	<u>1,497,372</u>
Deferred inflows of resources:	
Deferred inflows of resources	<u>197,582</u>
Total deferred inflows of resources	<u>197,582</u>
Fund balance:	
Restricted	2,085,247
Unassigned	<u>(419,403)</u>
Total fund balance	<u>1,665,844</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,360,798</u>



MATAGORDA COUNTY, TEXAS

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

For the Year Ended December 31, 2020

	Special		
	District Attorney Legal/Law Fund	Sheriff & Jail Discretionary Fund	County Clerk Preservation & Automation Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services	33,022		164,104
Fines		25,589	
Investment income	1,174	268	6,643
Miscellaneous		54,489	
Total revenues	<u>34,196</u>	<u>80,346</u>	<u>170,567</u>
Expenditures:			
Current:			
General government			34,243
Justice system	3,164		
Public safety		3,036	
Corrections and rehabilitation		42,214	
Community and economic development			
Infrastructure and environmental services			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>3,164</u>	<u>45,250</u>	<u>34,243</u>
Excess (deficiency) of revenue over expenditures	<u>31,032</u>	<u>35,096</u>	<u>136,324</u>
Other Financing Sources (Uses):			
Transfers in			
Transfers out	(27,500)		
Total other financing sources (uses)	<u>(27,500)</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance	3,532	35,096	136,324
Fund balance - beginning	<u>126,398</u>	<u>73,349</u>	<u>440,377</u>
Fund balance - ending	<u>\$ 129,930</u>	<u>\$ 108,445</u>	<u>\$ 576,701</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
\$	\$	\$	\$	\$	\$
8,784	19,809	6,639	7,404	6,364	920,957
845	1,532	285	1,088	1,263	
<u>9,629</u>	<u>21,341</u>	<u>6,924</u>	<u>8,492</u>	<u>7,627</u>	<u>920,957</u>
3,482		8,923			805,880
					484,680
<u>3,482-</u>	<u>-0-</u>	<u>8,923</u>	<u>-0-</u>	<u>-0-</u>	<u>1,290,540</u>
<u>6,147</u>	<u>21,341</u>	<u>(1,999)</u>	<u>8,492</u>	<u>7,627</u>	<u>(369,583)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>6,147</u>	<u>21,341</u>	<u>(1,999)</u>	<u>8,492</u>	<u>7,627</u>	<u>(369,583)</u>
<u>64,415</u>	<u>106,041</u>	<u>25,570</u>	<u>83,046</u>	<u>97,535</u>	<u>(49,820)</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>

(Continued)

MATAGORDA COUNTY, TEXAS

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

For the Year Ended December 31, 2020

	Special		
	Joint Task Forces Fund	Intergovernmental Grants Fund	Historical Commission Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental		219,153	
Charges for services			
Fines	8,360		
Investment income			
Miscellaneous			321
Total revenues	<u>8,360</u>	<u>219,153</u>	<u>321</u>
Expenditures:			
Current:			
General government			
Justice system			
Public safety	51,394		
Corrections and rehabilitation			
Community and economic development			7,698
Infrastructure and environmental services		291,867	
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>51,394</u>	<u>291,867</u>	<u>7,698</u>
Excess (deficiency) of revenue over expenditures	<u>(43,034)</u>	<u>(72,714)</u>	<u>(7,377)</u>
Other Financing Sources (Uses):			
Transfers in		72,714	7,000
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>72,714</u>	<u>7,000</u>
Net change in fund balances	<u>(43,034)</u>	<u>-0-</u>	<u>(377)</u>
Fund balance - beginning	<u>43,034</u>		<u>22,500</u>
Fund balance - ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 22,123</u>

Revenue Funds

CDBG Disaster Recovery Fund	Matagorda Water & Sewer Fund	Juvenile Probation Fund	Total Special Revenue Fund	Debt Service Fund	Capital Projects Fund
\$ 442,392	\$ 59,450	\$ 413,305	\$ 2,055,257	\$ 192,373	\$
			246,126		
		1,643	33,949		
			14,561	1,191	
			54,810		
<u>442,392</u>	<u>59,450</u>	<u>414,948</u>	<u>2,404,703</u>	<u>193,564</u>	<u>-0-</u>
			37,725		
		414,870	426,957		
			860,290		
			42,214		
			7,698		
442,392	59,450		1,278,389		
			-0-		44,740
			-0-	115,000	
			-0-	74,912	
<u>442,392</u>	<u>59,450</u>	<u>414,870</u>	<u>2,653,273</u>	<u>189,912</u>	<u>44,770</u>
<u>-0-</u>	<u>-0-</u>	<u>78</u>	<u>(248,570)</u>	<u>3,652</u>	<u>(44,770)</u>
			79,714		
			(27,500)		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>52,214</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>78</u>	<u>(196,356)</u>	<u>3,652</u>	<u>(44,770)</u>
		13,170	1,045,615	34,120	823,583
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,248</u>	<u>\$ 849,259</u>	<u>\$ 37,772</u>	<u>\$ 778,813</u>

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

For the Year Ended December 31, 2020

Exhibit 14

Page 3 of 3

	Total Nonmajor Governmental Fund
	<u> </u>
Revenues:	
Taxes	\$ 192,373
Intergovernmental	2,055,257
Charges for services	246,126
Fines	33,949
Investment income	15,752
Miscellaneous	<u>54,810</u>
Total revenues	<u>2,598,267</u>
Expenditures:	
Current:	
General government	37,725
Justice system	426,957
Public safety	860,290
Corrections and rehabilitation	42,214
Community and economic development	7,698
Infrastructure and environmental services	1,278,389
Capital outlay	44,770
Debt service:	
Principal	115,000
Interest and fiscal charges	<u>74,912</u>
Total expenditures	<u>2,887,955</u>
Excess (deficiency) of revenue over expenditures	<u>(289,688)</u>
Other Financing Sources (Uses):	
Transfers in	79,714
Transfers out	<u>(27,500)</u>
Total other financing sources (uses)	<u>52,214</u>
Change in fund balances	<u>(237,474)</u>
Fund balance - beginning	<u>1,903,318</u>
Fund balance - ending	<u>\$ 1,665,844</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, 2020**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
County Judge:				
Salaries and wages, and employee benefits	\$ 208,887	\$ 208,887	\$ 207,628	\$ 1,259
Operating expenditures	8,300	7,300	4,217	3,083
Total County Judge	217,187	216,187	211,845	4,342
Commissioners Court:				
Salaries and wages, and employee benefits	42,922	42,922	42,649	273
Operating expenditures	191,800	235,700	158,928	76,772
Total Commissioners Court	234,722	278,622	201,577	77,045
County Clerk:				
Salaries and wages, and employee benefits	403,065	403,065	401,120	1,945
Operating expenditures	34,900	34,470	24,751	9,719
Total County Clerk	437,965	437,535	425,871	11,664
Special District Services:				
Salaries and wages, and employee benefits	750	750	747	3
Operating expenditures	2,850	2,850		2,850
Total Special District Services	3,600	3,600	747	2,853
Non-Departmental:				
Salaries and wages, and employee benefits	200,000	200,000	200,000	-0-
Operating expenditures	2,093,371	2,019,959	2,017,554	2,405
Total Non-Departmental	2,293,371	2,219,959	2,217,554	2,405
Election Cost:				
Salaries and wages, and employee benefits	49,098	63,193	58,160	5,033
Operating expenditures	48,500	79,855	63,407	16,448
Capital outlay expenditures	27,000	1,000		1,000
Debt service expenditures	95,003	95,003	95,232	(229)
Total Election Cost	219,601	239,051	216,799	22,252
County Auditor:				
Salaries and wages, and employee benefits	444,561	444,561	413,234	31,327
Operating expenditures	22,400	22,400	9,871	12,259
Total County Auditor	466,961	466,961	423,105	43,856
Human Resources:				
Salaries and wages, and employee benefits	240,980	236,380	189,105	47,275
Operating expenditures	16,500	21,100	12,824	8,276
Total Human Resources	257,480	257,480	201,929	55,551

(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, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government - Continued:				
County Treasurer:				
Salaries and wages, and employee benefits	\$ 166,768	\$ 166,768	\$ 166,120	\$ 648
Operating expenditures	20,175	20,175	9,161	11,014
Total County Treasurer	186,943	186,943	175,281	11,662
County Tax Assessor:				
Salaries and wages, and employee benefits	674,012	674,012	669,420	4,592
Operating expenditures	80,700	80,700	59,627	21,073
Total County Tax Assessor	754,712	754,712	729,047	25,665
Information Services:				
Salaries and wages, and employee benefits	156,140	156,140	154,955	1,185
Operating expenditures	347,095	335,678	326,043	9,635
Capital outlay expenditures	28,000	36,800	36,657	143
Total Information Services	532,035	528,618	517,655	10,963
County Office Building:				
Operating expenditures	179,500	173,272	116,422	56,580
Capital outlay expenditures		6,228	6,228	-0-
Total County Office Building	179,500	179,500	122,650	56,850
County Courthouse:				
Salaries and wages, and employee benefits	98,404	98,404	97,203	1,201
Operating expenditures	262,272	297,272	265,605	31,667
Capital outlay expenditures		55,656	55,560	96
Total County Courthouse	360,676	451,332	418,368	32,964
Right of Way:				
Capital outlay expenditures	29,810	29,810	29,809	1
Total Right of Way	29,810	29,810	29,809	1
Total General Government	6,174,563	6,250,310	5,892,237	358,073
Justice System:				
County Court:				
Operating expenditures	19,800	19,800	16,826	2,974
Total County Court	19,800	19,800	16,826	2,974
23 rd District Court:				
Salaries and wages, and employee benefits	96,176	101,576	96,998	4,578
Operating expenditures	21,862	21,862	10,157	11,705
Total 23 rd District Court	118,038	123,438	107,155	16,283

(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, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Justice System - Continued:				
District Court:				
Salaries and wages, and employee benefits	\$ 206,417	\$ 206,417	\$ 206,778	\$(361)
Operating expenditures	43,937	50,004	29,322	20,682
Total District Court	250,354	256,421	236,100	20,321
Court Expenditures:				
Salaries and wages, and employee benefits	113,015	113,015	95,349	17,666
Operating expenditures	438,100	337,403	243,560	93,843
Total Court Expenditures	551,115	450,418	338,909	111,509
Capital Murder Trial:				
Operating expenditures	24,155	74,155	56,900	17,255
Total Capital Murder Trial	24,155	74,155	56,900	17,255
District Clerk:				
Salaries and wages, and employee benefits	327,113	327,113	322,622	4,491
Operating expenditures	38,783	39,530	32,891	6,639
Total District Clerk	365,896	366,643	355,513	11,130
District Attorney:				
Salaries and wages, and employee benefits	798,540	850,156	803,581	46,575
Operating expenditures	62,750	75,635	56,930	18,705
Total District Attorney	861,290	925,791	860,511	65,280
Justice of the Peace Precinct #1:				
Salaries and wages, and employee benefits	174,741	174,741	161,580	13,161
Operating expenditures	14,900	17,900	14,070	3,830
Total Justice of the Peace Precinct #1	189,641	192,641	175,650	16,991
Justice of the Peace Precinct #2:				
Salaries and wages, and employee benefits	191,069	191,069	169,022	22,047
Operating expenditures	25,080	25,080	10,159	14,921
Total Justice of the Peace Precinct #2	216,149	216,149	179,181	36,968
Justice of the Peace Precinct #3:				
Salaries and wages, and employee benefits	175,027	173,509	163,222	10,287
Operating expenditures	8,750	10,268	7,164	3,104
Total Justice of the Peace Precinct #3	183,777	183,777	170,386	13,391
Justice of the Peace Precinct #4:				
Salaries and wages, and employee benefits	169,898	169,188	162,171	7,017
Operating expenditures	13,169	13,879	12,798	1,081
Total Justice of the Peace Precinct #4	183,067	183,067	174,969	8,098

(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, 2020

	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	\$ 105,458	\$ 105,458	\$ 102,722	\$ 2,736
Operating expenditures	26,260	26,260	24,982	1,278
Total Justice of the Peace Precinct #6	131,718	131,718	127,704	4,014
County Attorney:				
Salaries and wages, and employee benefits	399,223	402,723	377,283	25,440
Operating expenditures	42,280	38,780	29,866	8,914
Total County Attorney	441,503	441,503	407,149	34,354
Juvenile Probation Board:				
Salaries and wages, and employee benefits	55,625	55,625	54,975	650
Total Juvenile Probation Board	55,625	55,625	54,975	650
Juvenile Probation:				
Salaries and wages, and employee benefits	56,086	56,086	53,368	2,718
Capital outlay expenditures	224,250	191,250	68,329	122,921
Operating expenditures		40,000	30,615	9,385
Total Juvenile Probation	280,336	287,336	152,312	135,024
Child Protective Services:				
Operating expenditures	84,646	84,646	84,646	-0-
Total Child Protective Services	84,646	84,646	84,646	-0-
Child Support:				
Salaries and wages, and employee benefits	61,958	61,958	62,001	(43)
Operating expenditures	3,200	5,310	3,496	1,814
Total Child Support	65,158	67,268	65,497	1,771
Law Library:				
Operating expenditures	21,000	21,142	21,141	1
Total Law Library	21,000	21,142	21,141	1
Total Justice System	4,043,268	4,081,538	3,585,524	496,014
Public Safety:				
Emergency Management/911:				
Salaries and wages, and employee benefits	153,086	176,081	158,642	17,439
Operating expenditures	37,020	295,862	200,455	95,407
Capital outlay expenditures		5,580	5,580	-0-
Total Emergency Management/911	190,106	477,523	364,677	112,846
Fire Protection:				
Operating expenditures	59,200	82,600	65,734	16,866
Capital outlay expenditures		258,146	258,146	-0-
Total Fire Protection	59,200	340,746	323,880	16,866

(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, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety - Continued:				
Constable Precinct #1:				
Salaries and wages, and employee benefits	\$ 35,015	\$ 35,015	\$ 35,193	\$(178)
Operating expenditures	13,120	15,523	11,695	3,828
Total Constable Precinct #1	48,135	50,538	46,888	3,650
Constable Precinct #2:				
Salaries and wages, and employee benefits	25,414	30,524	29,276	1,248
Operating expenditures	11,900	14,617	12,060	2,557
Total Constable Precinct #2	37,314	45,141	41,336	3,805
Constable Precinct #3:				
Salaries and wages, and employee benefits	35,015	35,015	35,077	(62)
Operating expenditures	4,730	8,837	2,384	6,453
Total Constable Precinct #3	39,745	43,852	37,461	6,391
Constable Precinct #4:				
Salaries and wages, and employee benefits	28,475	28,475	28,322	153
Operating expenditures	4,065	4,968	3,292	1,676
Total Constable Precinct #4	32,540	33,443	31,614	1,829
Constable Precinct #6:				
Salaries and wages, and employee benefits	25,415	25,415	25,470	(55)
Operating expenditures	15,600	20,504	20,165	339
Total Constable Precinct #6	41,015	45,919	45,635	284
County Sheriff:				
Salaries and wages, and employee benefits	3,149,983	33,930,501	2,527,538	1,402,963
Operating expenditures	456,050	440,742	326,561	114,181
Capital outlay expenditures	90,000	558,550	547,016	11,534
Total County Sheriff	3,696,033	4,929,793	3,401,115	1,528,678
Texas Department of Public Safety:				
Operating expenditures	4,000	4,000	3,634	366
Total Texas Department of Public Safety	4,000	4,000	3,634	366
Game Wardens:				
Operating expenditures	39,400	39,400	38,400	1,000
Total Game Wardens	39,400	39,400	38,400	1,000
Total Public Safety	4,187,488	6,010,355	4,334,640	1,675,715

(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, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Corrections and Rehabilitation:				
County Jail:				
Salaries and wages, and employee benefits	\$ 2,216,353	\$ 2,225,053	\$ 2,179,384	\$ 45,669
Operating expenditures	498,020	464,320	434,720	29,600
Capital outlay expenditures		40,627	40,607	20
Total County Jail	<u>2,714,373</u>	<u>2,730,000</u>	<u>2,654,711</u>	<u>75,289</u>
Adult Probation:				
Operating expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,101</u>	<u>899</u>
Total Adult Probation	<u>5,000</u>	<u>5,000</u>	<u>4,101</u>	<u>899</u>
Total Corrections and Rehabilitation	<u>2,719,373</u>	<u>2,735,000</u>	<u>2,658,812</u>	<u>76,188</u>
Health and Human Services:				
Veteran Service Officer:				
Salaries and wages, and employee benefits	76,907	76,907	71,885	5,022
Operating expenditures	<u>7,700</u>	<u>3,200</u>	<u>1,615</u>	<u>1,585</u>
Total Veteran Service Officer	<u>84,607</u>	<u>80,107</u>	<u>73,500</u>	<u>6,607</u>
Ambulance:				
Operating expenditures	<u>592,575</u>	<u>592,575</u>	<u>592,575</u>	<u>-0-</u>
Total Ambulance	<u>592,575</u>	<u>592,575</u>	<u>592,575</u>	<u>-0-</u>
Health Department:				
Salaries and wages, and employee benefits	303,180	303,180	268,315	34,865
Operating expenditures	<u>55,335</u>	<u>46,587</u>	<u>24,787</u>	<u>21,800</u>
Total Health Department	<u>358,515</u>	<u>349,767</u>	<u>293,102</u>	<u>56,665</u>
Animal Control:				
Salaries and wages, and employee benefits	98,142	110,142	93,112	17,030
Operating expenditures	95,751	95,751	81,143	14,608
Capital outlay expenditures	<u>32,000</u>	<u>32,000</u>	<u>30,611</u>	<u>1,389</u>
Total Animal Control	<u>225,893</u>	<u>237,893</u>	<u>204,866</u>	<u>33,027</u>
Human Services:				
Operating expenditures	<u>68,400</u>	<u>72,500</u>	<u>72,500</u>	<u>-0-</u>
Total Human Services	<u>68,400</u>	<u>72,500</u>	<u>72,500</u>	<u>-0-</u>
Mental Health:				
Operating expenditures	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-0-</u>
Total Mental Health	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-0-</u>
Total Health and Human Services	<u>1,365,409</u>	<u>1,368,261</u>	<u>1,271,962</u>	<u>96,299</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, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Community and Economic Development:				
521 Park:				
Operating expenditures	\$ 5,000	\$ 5,000	\$ 4,636	\$ 384
Total 521 Park	5,000	5,000	4,636	384
Fairgrounds:				
Salaries and wages, and employee benefits	49,784	54,784	50,418	4,366
Operating expenditures	171,100	171,100	161,100	10,000
Total Fairgrounds	220,884	225,884	211,518	14,366
Marine:				
Salaries and wages, and employee benefits	147,419	120,668	64,719	55,949
Operating expenditures	49,700	68,500	66,960	1,540
Total Marine	197,119	189,168	131,679	57,489
Cultural and Education:				
Operating expenditures	424,741	450,550	450,550	-0-
Total Cultural and Education	424,741	450,550	450,550	-0-
Agricultural Extension:				
Salaries and wages, and employee benefits	167,367	167,367	151,244	16,123
Operating expenditures	35,220	42,879	26,346	16,533
Total Agricultural Extension	202,587	210,246	177,590	32,656
Home Economist Service:				
Salaries and wages, and employee benefits	156,035	156,035	150,746	5,289
Operating expenditures	7,750	7,750	3,920	3,830
Total Home Economist Service	163,785	163,785	154,666	9,119
Total Community and Economic Development	1,214,116	1,244,633	1,130,639	113,994
Infrastructure and Environmental Services:				
Transfer Station:				
Salaries and wages, and employee benefits	177,121	177,121	131,034	46,087
Operating expenditures	456,520	444,520	389,940	54,580
Capital outlay expenditures	45,000	57,000	56,993	7
Total Transfer Station	678,641	678,641	577,967	100,674

(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, 2020

	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	\$ 604,039	\$ 614,039	\$ 565,427	\$ 48,612
Operating expenditures	466,277	635,058	528,442	106,616
Capital outlay expenditures	457,975	628,324	551,018	77,306
Debt service expenditures	108,178	108,178	108,177	1
Total Commissioner - Precinct #1	1,636,469	1,985,599	1,753,064	232,535
Commissioner - Precinct #2:				
Salaries and wages, and employee benefits	711,828	711,828	523,484	188,344
Operating expenditures	241,357	297,043	235,429	61,614
Capital outlay expenditures	623,198	1,078,261	1,014,820	63,441
Debt service expenditures	69,168			-0-
Total Commissioner - Precinct #2	1,645,551	2,087,132	1,773,733	313,399
Commissioner - Precinct #3:				
Salaries and wages, and employee benefits	700,486	700,486	549,082	151,404
Operating expenditures	210,675	348,802	219,792	129,010
Capital outlay expenditures	677,299	850,648	810,006	40,642
Total Commissioner - Precinct #3	1,588,460	1,899,936	1,578,880	321,056
Commissioner - Precinct #4:				
Salaries and wages, and employee benefits	582,541	603,741	531,849	71,892
Operating expenditures	600,465	735,756	571,575	164,181
Capital outlay expenditures	358,092	507,639	406,613	101,026
Debt service expenditures	95,377	95,377	81,749	13,628
Total Commissioner - Precinct #4	1,636,475	1,942,513	1,591,786	350,727
Total Infrastructure and Environmental Services	7,185,596	8,593,821	7,275,430	1,318,391
Total Current Expenditures	\$ 26,889,813	\$ 30,283,918	\$ 26,149,244	\$ 4,134,674

MATAGORDA COUNTY, TEXAS

Exhibit 16

*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, 2020

	Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Taxes	\$ 189,913	\$ 189,913	\$ 192,373	\$ 2,460
Investment income			1,191	1,191
Total revenues	<u>189,913</u>	<u>189,913</u>	<u>193,564</u>	<u>3,651</u>
Expenditures:				
Debt service:				
Principal	115,000	115,000	115,000	-0-
Interest and fiscal charges	<u>74,913</u>	<u>74,913</u>	<u>74,912</u>	<u>1</u>
Total expenditures	<u>189,913</u>	<u>189,913</u>	<u>189,912</u>	<u>1</u>
Change in fund balance	-0-	-0-	3,652	3,652
Fund balance - beginning	<u>34,120</u>	<u>34,120</u>	<u>34,120</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 34,120</u>	<u>\$ 34,120</u>	<u>\$ 37,772</u>	<u>\$ 3,652</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, 2020

	District Attorney Legal/Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 34,500	\$ 35,241	\$ 33,022	\$(2,219)
Fines				-0-
Investment income	400	400	1,174	774
Miscellaneous				-0-
Total revenues	<u>34,900</u>	<u>35,641</u>	<u>34,196</u>	<u>(1,445)</u>
Expenditures:				
Justice System:				
Operating expenditures	7,400	10,760	3,164	7,596
Public Safety:				
Operating expenditures				-0-
Corrections and Rehabilitation:				
Operating expenditures				-0-
Total expenditures	<u>7,400</u>	<u>10,760</u>	<u>3,164</u>	<u>7,596</u>
Excess (deficiency) of revenues over expenditures	<u>27,500</u>	<u>24,881</u>	<u>31,032</u>	<u>6,151</u>
Other Financing Uses:				
Transfers out	(27,500)	(27,500)	(27,500)	-0-
Total other financing uses	<u>(27,500)</u>	<u>(27,500)</u>	<u>(27,500)</u>	<u>-0-</u>
Change in fund balance	-0-	(2,619)	3,532	6,151
Fund balance - beginning	<u>126,398</u>	<u>126,398</u>	<u>126,398</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 126,398</u>	<u>\$ 123,779</u>	<u>\$ 129,930</u>	<u>\$ 6,151</u>

Sheriff & Jail Discretionary Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$	\$	\$ -0-
4,000	4,000	25,589	21,589
100	100	268	168
<u>38,000</u>	<u>38,000</u>	<u>54,489</u>	<u>16,489</u>
<u>42,100</u>	<u>42,100</u>	<u>80,346</u>	<u>38,246</u>
			-0-
13,100	13,100	3,036	10,064
<u>29,000</u>	<u>44,500</u>	<u>42,214</u>	<u>2,286</u>
<u>42,100</u>	<u>57,600</u>	<u>45,250</u>	<u>12,350</u>
<u>0</u>	<u>(15,500)</u>	<u>(35,096)</u>	<u>50,596</u>
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	(15,500)	35,096	50,596
<u>73,349</u>	<u>73,349</u>	<u>73,349</u>	<u>-0-</u>
<u>\$ 73,349</u>	<u>\$ 57,849</u>	<u>\$ 108,445</u>	<u>\$ 50,596</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, 2020

	County Clerk Preservation & Automation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 151,000	\$ 151,000	\$ 164,104	\$ 13,104
Investment income	1,000	1,000	6,463	5,463
Total revenues	<u>152,000</u>	<u>152,000</u>	<u>170,567</u>	<u>18,567</u>
Expenditures:				
General Government:				
Operating expenditures	127,000	127,000	34,243	92,757
Capital outlay expenditures	<u>10,000</u>	<u>10,000</u>	<u> </u>	<u>10,000</u>
Total expenditures	<u>137,000</u>	<u>137,000</u>	<u>34,243</u>	<u>102,757</u>
Change in fund balance	15,000	15,000	136,324	121,324
Fund balance - beginning	<u>440,377</u>	<u>440,377</u>	<u>440,377</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 455,377</u>	<u>\$ 455,377</u>	<u>\$ 576,701</u>	<u>\$ 121,324</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	\$ 8,784	\$ (1,216)
<u>1,250</u>	<u>1,250</u>	<u>845</u>	<u>(405)</u>
<u>11,250</u>	<u>11,250</u>	<u>9,629</u>	<u>(1,621)</u>
11,250	11,250	3,482	7,768
<u>11,250</u>	<u>11,250</u>	<u>3,482</u>	<u>-0-</u>
-0-	-0-	6,147	6,147
<u>64,415</u>	<u>64,415</u>	<u>64,415</u>	<u>-0-</u>
<u>\$ 64,415</u>	<u>\$ 64,415</u>	<u>\$ 70,562</u>	<u>\$ 6,147</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, 2020

	Courthouse Security Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 17,500	\$ 17,500	\$ 19,809	\$ 2,309
Investment income	500	500	1,532	1,032
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>21,341</u>	<u>3,341</u>
Expenditures:				
General Government:				
Operating expenditures	17,000	17,000		17,000
Justice System:				
Operating expenditures				-0-
Total expenditures	<u>17,000</u>	<u>17,000</u>	<u>0</u>	<u>17,000</u>
Change in fund balance	1,000	1,000	21,341	20,341
Fund balance - beginning	<u>106,041</u>	<u>107,041</u>	<u>106,041</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 107,041</u>	<u>\$ 107,041</u>	<u>\$ 127,382</u>	<u>\$ 20,341</u>

Justice Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 8,500	\$ 8,500	\$ 6,639	\$(1,861)
<u>500</u>	<u>500</u>	<u>285</u>	<u>(215)</u>
<u>9,000</u>	<u>9,000</u>	<u>6,924</u>	<u>(2,076)</u>
			-0-
<u>9,000</u>	<u>9,000</u>	<u>8,923</u>	<u>77</u>
<u>9,000</u>	<u>9,000</u>	<u>8,923</u>	<u>77</u>
-0-	-0-	(1,999)	(1,999)
<u>25,570</u>	<u>25,570</u>	<u>25,570</u>	<u>-0-</u>
<u>\$ 25,570</u>	<u>\$ 25,570</u>	<u>\$ 23,571</u>	<u>\$(1,999)</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, 2020

	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	\$ 7,404	\$ 225
Investment income	200	200	1,088	888
Total revenues	<u>7,739</u>	<u>7,739</u>	<u>8,492</u>	<u>1,113</u>
Expenditures:				
General Government:				
Operating expenditures				-0-
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>5,800</u>
Total expenditures	<u>7,379</u>	<u>7,379</u>	<u>-0-</u>	<u>7,379</u>
Change in fund balance	-0-	-0-	8,492	8,492
Fund balance - beginning	<u>83,046</u>	<u>83,046</u>	<u>83,046</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 83,046</u>	<u>\$ 83,046</u>	<u>\$ 91,538</u>	<u>\$ 8,492</u>

County & District Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 11,600	\$ 11,600	\$ 6,364	\$(5,236)
<u>260</u>	<u>260</u>	<u>1,263</u>	<u>1,003</u>
<u>11,860</u>	<u>11,860</u>	<u>7,627</u>	<u>(4,233)</u>
7,000	7,000		7,000
<u>4,860</u>	<u>4,860</u>		<u>-0-</u> <u>4,860</u>
<u>11,860</u>	<u>11,860</u>	<u>-0-</u>	<u>11,860</u>
-0-	-0-	7,627	7,627
<u>97,535</u>	<u>97,535</u>	<u>97,535</u>	<u>-0-</u>
<u>\$ 97,535</u>	<u>\$ 97,535</u>	<u>\$ 105,162</u>	<u>\$ 7,627</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, 2020

	Historical Commission Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Miscellaneous income	\$ _____	\$ _____	\$ _____ 321	\$ _____ 321
Total revenues	_____ -0-	_____ -0-	_____ 321	_____ 321
Expenditures:				
Community and Economic Development:				
Operating expenditures	_____ 7,000	_____ 8,300	_____ 7,698	_____ 602
Total expenditures	_____ 7,000	_____ 8,300	_____ 7,698	_____ 602
Excess (deficiency) of revenues over expenditures	(_____ 7,000)	(_____ 8,300)	(_____ 7,377)	_____ 923
Other Financing Sources (Uses):				
Transfers in	_____ 7,000	_____ 7,000	_____ 7,000	_____ -0-
Total other financing sources	_____ 7,000	_____ 7,000	_____ 7,000	_____ -0-
Change in fund balance	_____ -0-	(_____ 1,300)	(_____ 377)	_____ 923
Fund balances - beginning	_____ 22,500	_____ 22,500	_____ 22,500	_____ -0-
Fund balances - ending	\$ _____ 22,500	\$ _____ 21,200	\$ _____ 22,123	\$ _____ 923



MATAGORDA COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the Year Ended December 31, 2020

	<u>Balance</u> 01-01-20	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12-31-20
COUNTY CLERK TRUST FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ 40,836	\$ 98,127	\$ 40,836	\$ 98,127
Total assets	<u>\$ 40,836</u>	<u>\$ 98,127</u>	<u>\$ 40,836</u>	<u>\$ 98,127</u>
<i>Liabilities</i>				
Due to others	\$ 40,836	\$ 98,127	\$ 40,836	\$ 98,127
Total liabilities	<u>\$ 40,836</u>	<u>\$ 98,127</u>	<u>\$ 40,836</u>	<u>\$ 98,127</u>
DISTRICT CLERK TRUST FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ 1,829,305	\$ 16,236,455	\$ 3,206,625	\$ 14,859,135
Total assets	<u>\$ 1,829,305</u>	<u>\$ 16,236,455</u>	<u>\$ 3,206,625</u>	<u>\$ 14,859,135</u>
<i>Liabilities</i>				
Due to others	\$ 1,829,305	\$ 16,236,455	\$ 3,206,625	\$ 14,859,135
Total liabilities	<u>\$ 1,829,305</u>	<u>\$ 16,236,455</u>	<u>\$ 3,206,625</u>	<u>\$ 14,859,135</u>
INMATE TRUST FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ 52,968	\$ 213,096	\$ 209,227	\$ 56,837
Total assets	<u>\$ 52,968</u>	<u>\$ 213,096</u>	<u>\$ 209,227</u>	<u>\$ 56,837</u>
<i>Liabilities</i>				
Due to others	\$ 52,968	\$ 213,096	\$ 209,227	\$ 56,837
Total liabilities	<u>\$ 52,968</u>	<u>\$ 213,096</u>	<u>\$ 209,227</u>	<u>\$ 56,837</u>

MATAGORDA COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - Continued**

For the Year Ended December 31, 2020

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	Balance 01-01-20	Additions	Deductions	Balance 12-31-20
TAX ASSESSOR COLLECTOR FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ 221,195	\$ 477,168	\$ 478,147	\$ 220,216
Total assets	<u>\$ 221,195</u>	<u>\$ 477,168</u>	<u>\$ 478,147</u>	<u>\$ 220,216</u>
<i>Liabilities</i>				
Due to other governments	\$ 221,195	\$ 477,168	\$ 478,147	\$ 220,216
Total liabilities	<u>\$ 221,195</u>	<u>\$ 477,168</u>	<u>\$ 478,147</u>	<u>\$ 220,216</u>
ADULT PROBATION FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ 899,094	\$ 1,523,070	\$ 1,562,526	\$ 859,638
Accounts receivable	<u>44,915</u>	<u>49,216</u>	<u>44,915</u>	<u>49,126</u>
Total assets	<u>\$ 944,009</u>	<u>\$ 1,572,286</u>	<u>\$ 1,607,441</u>	<u>\$ 908,854</u>
<i>Liabilities</i>				
Accounts payable	\$ 59,568	\$ 1,478,904	\$ 1,478,896	\$ 59,576
Due to others	<u>884,441</u>	<u>93,382</u>	<u>128,545</u>	<u>849,278</u>
Total liabilities	<u>\$ 944,009</u>	<u>\$ 1,572,286</u>	<u>\$ 1,607,441</u>	<u>\$ 908,854</u>
TOTALS - ALL AGENCY FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ 3,043,398	\$ 18,547,916	\$ 5,497,361	\$ 16,093,953
Accounts receivable	<u>44,915</u>	<u>49,216</u>	<u>44,915</u>	<u>49,216</u>
Total assets	<u>\$ 3,088,313</u>	<u>\$ 18,597,132</u>	<u>\$ 5,542,276</u>	<u>\$ 16,143,169</u>
<i>Liabilities</i>				
Accounts payable	\$ 59,568	\$ 1,478,904	\$ 1,478,896	\$ 59,576
Due to other governments	221,195	477,168	478,147	220,216
Due to others	<u>2,807,550</u>	<u>16,641,060</u>	<u>3,585,233</u>	<u>15,863,377</u>
Total liabilities	<u>\$ 3,088,313</u>	<u>\$ 18,597,132</u>	<u>\$ 5,542,276</u>	<u>\$ 16,143,169</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
--------------------------------------------	---------

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:					
Net investment in capital assets	\$ 16,381,686	\$ 16,401,437	\$ 15,782,772	\$ 17,259,548	\$ 23,077,392
Restricted	1,096,131	935,092	816,242	842,358	3,447,500
Unrestricted	<u>6,238,050</u>	<u>5,812,670</u>	<u>5,930,480</u>	<u>5,973,418</u>	<u>2,236,338</u>
Total governmental activities net position	<u>\$ 23,715,867</u>	<u>\$ 23,149,199</u>	<u>\$ 22,529,494</u>	<u>\$ 24,075,324</u>	<u>\$ 28,761,230</u>

Source:

Comprehensive Annual 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 20,110,391	\$ 20,889,826	\$ 21,077,726	\$ 22,753,383	\$ 25,267,989
2,393,253	999,683	987,684	1,109,873	1,286,921
<u>2,241,129</u>	<u>(8,101,188)</u>	<u>(6,217,689)</u>	<u>(4,884,348)</u>	<u>(3,820,081)</u>
<u>\$ 24,744,773</u>	<u>\$ 13,788,321</u>	<u>\$ 15,847,757</u>	<u>\$ 18,978,908</u>	<u>\$ 22,734,829</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental Activities:					
General government	\$ 3,238,152	\$ 3,573,090	\$ 3,564,536	\$ 4,030,366	\$ 4,414,046
Justice system	3,617,128	3,393,214	3,492,513	3,652,376	4,085,240
Public safety	3,441,085	3,379,800	3,612,977	3,892,339	4,279,120
Corrections and rehabilitation	2,246,252	2,036,930	2,261,328	2,334,817	2,575,842
Health and human services	1,364,578	1,354,286	1,390,657	1,418,957	1,508,231
Community and economic development	2,289,523	1,324,645	5,213,574	1,160,109	1,382,101
Infrastructure and environmental services	6,881,349	5,671,712	6,342,332	5,228,877	6,158,182
Intergovernmental	290,001	2,604,849	566,199	2,304,056	1,191,733
Interest and fiscal charges	<u>40,020</u>	<u>37,868</u>	<u>30,073</u>	<u>29,542</u>	<u>154,903</u>
Total governmental activities expenses	<u>\$ 23,408,088</u>	<u>\$ 23,376,394</u>	<u>\$ 26,474,189</u>	<u>\$ 24,051,439</u>	<u>\$ 25,749,398</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 1,227,359	\$ 1,283,268	\$ 1,304,741	\$ 1,325,694	\$ 1,388,439
Justice system	897,829	783,258	1,062,915	1,374,752	1,972,518
Public safety	3,157,683	3,226,989	3,323,250	3,398,955	3,292,142
Corrections and rehabilitation	128,297	93,515	109,428	140,975	154,935
Health and human services	63,717	61,074	63,339	72,083	64,854
Community and economic development	196,767	200,410	188,626	180,042	228,692
Infrastructure and environmental services	278,522	112,564	129,682	352,573	411,784
Operating grants and contributions	2,214,978	4,251,542	5,511,435	1,322,719	1,225,197
Capital grants and contributions	<u> </u>	<u> </u>	<u>165,879</u>	<u>2,870,484</u>	<u>8,441,394</u>
Total governmental activities program revenues	<u>8,165,152</u>	<u>10,012,620</u>	<u>11,859,295</u>	<u>11,038,277</u>	<u>17,179,955</u>
Net expense	<u>\$(15,242,936)</u>	<u>\$(13,363,774)</u>	<u>\$(14,614,894)</u>	<u>\$(13,013,162)</u>	<u>\$(8,569,443)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	\$ 12,243,775	\$ 12,758,819	\$ 13,732,189	\$ 14,269,367	\$ 15,272,676
Investment income	267,556	33,357	97,781	107,161	46,471
Miscellaneous	<u>230,264</u>	<u>133,153</u>	<u>165,217</u>	<u>182,468</u>	<u>167,131</u>
Total general revenues	<u>\$ 12,741,595</u>	<u>\$ 12,925,329</u>	<u>\$ 13,995,187</u>	<u>\$ 14,558,996</u>	<u>\$ 15,486,278</u>
Change in net position	<u>\$(2,501,341)</u>	<u>\$(438,445)</u>	<u>\$(619,707)</u>	<u>\$ 1,545,834</u>	<u>\$ 6,916,835</u>

Source: Comprehensive Annual Financial Report (Statement of Activities)

Table 2

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 4,594,032	\$ 6,821,388	\$ 7,149,969	\$ 6,670,175	\$ 6,991,798
4,008,884	4,695,643	4,655,067	5,045,150	5,076,817
4,404,045	5,670,232	5,045,927	5,185,776	5,941,987
2,692,576	3,811,044	3,492,005	3,796,273	3,689,587
1,450,050	1,474,631	1,431,115	1,476,106	1,401,627
1,210,022	1,946,369	1,168,712	1,259,254	1,318,701
8,580,302	7,639,725	7,422,500	9,004,028	7,655,238
7,130,930				
<u>124,987</u>	<u>105,756</u>	<u>109,841</u>	<u>94,618</u>	<u>90,350</u>
<u>\$ 34,195,828</u>	<u>\$ 32,164,788</u>	<u>\$ 30,475,136</u>	<u>\$ 32,531,380</u>	<u>\$ 32,166,105</u>
\$ 1,373,609	\$ 1,694,057	\$ 2,118,407	\$ 1,787,418	\$ 1,913,385
248,067	2,086,607	2,454,436	1,762,542	724,194
2,821,947	3,216,636	3,447,637	3,729,678	3,974,673
179,924	870,203	844,217	922,638	652,546
72,149	89,472	123,678	145,466	121,460
214,760	344,333	318,288	342,664	440,224
392,615	1,661,543	1,633,287	1,690,758	1,664,794
1,065,975	2,636,558	2,648,962	4,007,516	4,762,946
<u>7,100,204</u>	<u>37,636</u>	<u>221,828</u>	<u>1,807,440</u>	<u>168,467</u>
<u>13,469,250</u>	<u>12,637,045</u>	<u>13,810,740</u>	<u>16,196,120</u>	<u>14,422,689</u>
<u>\$(20,726,578)</u>	<u>\$(19,527,743)</u>	<u>\$(16,664,396)</u>	<u>\$(16,335,260)</u>	<u>\$(17,743,416)</u>
\$ 16,392,558	\$ 18,533,031	\$ 17,932,603	\$ 18,899,447	\$ 20,704,928
144,532	262,237	259,431	361,820	487,371
<u>173,033</u>	<u>150,187</u>	<u>531,798</u>	<u>205,144</u>	<u>307,038</u>
<u>\$ 16,710,123</u>	<u>\$ 18,945,455</u>	<u>\$ 18,723,832</u>	<u>\$ 19,466,411</u>	<u>\$ 21,499,337</u>
<u>\$ (4,016,455)</u>	<u>\$(582,288)</u>	<u>\$ 2,059,436</u>	<u>\$ 3,131,151</u>	<u>\$ 3,755,921</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:					
Nonspendable	\$ 292,680	\$ 387,339	\$ 337,048	\$ 617,348	\$ 937,646
Restricted	931,516	1,027,113	1,224,842	1,654,219	1,788,128
Committed					
Unassigned	<u>6,014,110</u>	<u>6,896,050</u>	<u>8,088,794</u>	<u>7,925,903</u>	<u>7,623,601</u>
Total general fund	<u>\$ 7,238,306</u>	<u>\$ 8,310,502</u>	<u>\$ 9,650,684</u>	<u>\$ 10,197,470</u>	<u>\$ 10,349,375</u>
All Other Governmental Funds:					
Restricted	\$ 1,103,170	\$ 894,586	\$ 816,480	\$ 829,824	\$ 3,432,048
Unassigned					
Total all other governmental funds	<u>\$ 1,103,170</u>	<u>\$ 894,586</u>	<u>\$ 816,480</u>	<u>\$ 829,824</u>	<u>\$ 3,432,048</u>
Total all governmental funds	<u>\$ 8,341,476</u>	<u>\$ 9,205,088</u>	<u>\$ 10,467,164</u>	<u>\$ 11,027,294</u>	<u>\$ 13,781,423</u>

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

Table 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 408,330	\$ 523,587	\$ 893,161	\$ 584,260	\$ 1,123,309
				3,152,274
1,436,849	1,686,685	1,487,792	1,343,436	1,217,717
<u>9,056,754</u>	<u>10,736,520</u>	<u>14,058,826</u>	<u>16,343,814</u>	<u>16,308,430</u>
<u>\$ 10,901,933</u>	<u>\$ 12,946,792</u>	<u>\$ 16,439,779</u>	<u>\$ 18,271,510</u>	<u>\$ 21,801,730</u>
\$ 2,395,215	\$ 2,093,668	\$ 2,088,975	\$ 1,953,138	\$ 2,085,247
	(759,419)	(525,418)	(49,820)	(419,403)
<u>\$ 2,395,215</u>	<u>\$ 1,334,249</u>	<u>\$ 1,563,557</u>	<u>\$ 1,903,318</u>	<u>\$ 1,665,844</u>
<u>\$ 13,297,148</u>	<u>\$ 14,281,041</u>	<u>\$ 18,003,336</u>	<u>\$ 20,174,828</u>	<u>\$ 23,467,574</u>

MATAGORDA COUNTY, TEXAS

CHANGE IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 12,219,087	\$ 12,766,067	\$ 13,790,874	\$ 13,286,586	\$ 14,171,108
Licenses and permits	792,739	794,878	780,770	805,842	766,767
Intergovernmental	2,255,663	4,273,126	5,679,217	3,465,873	9,719,811
Charges for services	4,622,755	4,445,502	4,692,877	4,923,019	4,985,894
Fines	409,390	379,955	359,083	406,122	420,317
Investment income	246,270	146,783	170,191	189,396	167,131
Miscellaneous	270,267	262,134	323,794	1,150,101	306,915
Total revenues	<u>20,816,171</u>	<u>23,068,445</u>	<u>25,796,806</u>	<u>24,226,939</u>	<u>30,537,943</u>
Expenditures:					
Current:					
General government	2,805,567	3,067,887	3,262,721	3,112,170	3,320,691
Justice system	3,295,213	3,070,179	3,138,020	3,239,914	3,626,356
Public safety	3,090,014	2,996,188	3,206,246	3,437,289	3,750,060
Corrections and rehabilitation	2,087,751	1,906,351	2,102,157	2,159,036	2,358,621
Health and human services	1,261,528	1,254,709	1,283,214	1,297,399	1,339,962
Community and economic development	1,267,022	1,034,598	991,326	1,025,094	1,193,530
Infrastructure and environmental services	5,058,387	4,821,509	8,985,216	5,252,783	5,787,483
Intergovernmental	290,001	2,613,425	566,199	2,304,056	989,112
Capital outlay	1,388,221	1,059,886	1,145,088	1,662,313	8,807,972
Debt Service:					
Principal	145,000	212,555	278,751	303,265	512,668
Interest and fiscal charges	42,093	39,325	32,758	24,858	132,629
Total expenditures	<u>20,730,797</u>	<u>22,076,612</u>	<u>24,991,696</u>	<u>23,818,177</u>	<u>31,819,084</u>
Excess (deficiency) of revenues over expenditures	<u>85,374</u>	<u>991,833</u>	<u>805,110</u>	<u>408,762</u>	<u>(1,281,141)</u>
Other Financing Sources (Uses):					
Transfers in	70,053	40,695	33,500	34,500	34,500
Transfers out	(70,053)	(40,695)	(33,500)	(34,500)	(34,500)
Proceeds from sale of capital asset					
Capital lease issuance	188,820		456,965	151,371	1,224,946
Certificates of obligation bonds issuance					2,750,000
Premium on issuance					60,325
Total other financing sources (uses)	<u>188,820</u>		<u>456,965</u>	<u>151,371</u>	<u>4,035,271</u>
Extraordinary items	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balances	<u>\$ 274,194</u>	<u>\$ 991,833</u>	<u>\$ 1,262,075</u>	<u>\$ 560,133</u>	<u>\$ 2,754,130</u>
Debt service as a percentage of noncapital expenditures	1.0%	1.2%	1.3%	1.5%	2.8%

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

Table 4

2016	2017	2018	2019	2020
\$ 16,833,700	\$ 18,184,334	\$ 19,851,001	\$ 18,871,997	\$ 20,607,663
770,097	756,759	772,907	781,340	794,226
8,304,186	2,512,824	2,443,565	3,813,307	4,603,615
4,431,355	4,417,327	4,830,075	4,998,618	4,858,253
429,327	435,100	491,568	463,530	394,517
173,033	259,106	252,452	351,100	470,522
<u>343,087</u>	<u>311,556</u>	<u>764,204</u>	<u>489,331</u>	<u>453,115</u>
<u>31,284,785</u>	<u>26,877,006</u>	<u>29,405,772</u>	<u>29,769,223</u>	<u>32,181,911</u>
4,819,501	5,662,847	5,931,771	5,774,412	5,706,476
3,540,786	3,611,473	3,867,564	4,061,446	3,981,866
3,821,650	4,129,307	3,967,106	3,967,905	4,384,188
2,455,704	2,347,663	2,415,983	2,539,137	2,660,419
1,342,124	1,344,985	1,289,160	1,309,922	1,241,351
1,074,855	1,722,320	1,035,798	1,070,157	1,138,337
5,980,068	4,037,783	4,813,896	6,974,052	5,524,443
6,442,116				
1,569,425	3,016,712	1,784,087	1,566,513	3,925,049
594,965	456,157	475,036	491,517	382,906
<u>127,864</u>	<u>112,559</u>	<u>117,251</u>	<u>101,604</u>	<u>92,164</u>
<u>31,769,058</u>	<u>26,441,806</u>	<u>25,697,652</u>	<u>27,856,665</u>	<u>29,037,199</u>
(<u>484,273</u>)	<u>435,200</u>	<u>3,708,120</u>	<u>1,912,558</u>	<u>3,144,712</u>
34,500	34,500	34,499	42,133	107,214
(34,500)	(34,500)	(34,499)	(42,133)	(107,214)
	12,148	14,175	15,551	13,255
	536,545		243,383	134,779
<u>-0-</u>	<u>548,693</u>	<u>14,175</u>	<u>258,934</u>	<u>148,034</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$(484,273)</u>	<u>\$ 983,893</u>	<u>\$ 3,722,295</u>	<u>\$ 2,171,492</u>	<u>\$ 3,292,746</u>
2.4%	2.4%	2.5%	2.3%	1.9%

MATAGORDA COUNTY, TEXAS

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

Table 5

Fiscal Year	Assessed Real Property	Assesses 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
2011	\$ 3,412,943,688	\$ 1,553,978,640	\$(552,937,135)	\$ 4,413,985,193	0.281620	\$ 4,413,985,193	100.00%
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%

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)

	2011 Tax Rate	2012 Tax Rate	2013 Tax Rate	2014 Tax Rate	2015 Tax Rate
Cities:					
Bay City	0.56981	0.57191	0.56794	0.60209	0.60209
Palacios	0.85787	0.85787	0.85787	0.85787	0.84000
School Districts:					
Bay City ISD	1.32000	1.32000	1.32394	1.34064	1.34064
Matagorda ISD	1.16720	1.17000	1.16373	1.14831	1.15074
Palacios ISD	1.08500	1.09500	1.10000	1.10500	1.13500
Tidehaven ISD	1.00500	1.19864	1.21760	1.33118	1.37897
Van Vleck ISD	1.04000	1.04000	1.04000	1.98840	1.03410
Matagorda County:					
County	0.28162	0.29878	0.32099	0.35867	0.39568
Utility Districts:					
Beach Road Municipal Utility District	0.11909	0.12549	0.12943	0.13454	0.13317
Caney Creek Municipal Utility District	0.37594	0.38161	0.39387	0.39000	0.39387
Special Districts:					
Coastal Plains Groundwater District	0.00448	0.00479	0.00476	0.00495	0.004500
Matagorda County Conservation & Reclamation District	0.00456	0.00470	0.00522	0.00577	0.00646
Matagorda County Drainage District #1	0.09628	0.09524	0.08600	0.07750	0.07158
Matagorda County Drainage District #2	0.03691	0.03366	0.03731	0.04590	0.05287
Matagorda County Drainage District #3	0.01700	0.01700	0.01500	0.01500	0.01500
Matagorda County Drainage District #4	0.23000	0.22311	0.22380	0.22249	0.25000
Matagorda County Hospital District	0.20003	0.23163	0.25600	0.27624	0.30147
Matagorda County Navigation District #1	0.03874	0.03938	0.03872	0.04681	0.04427
Matagorda County Palacios Seawall Commission	0.01700	0.01820	0.01650	0.01761	0.01761
Matagorda County Water Control Improvement District #2	0.17494	0.17494	0.20745	0.21179	0.21179
Matagorda County Water Control Improvement District #6	0.24955	0.26632	0.26632	0.26632	0.25511
Port of Bay City Authority	0.03175	0.03284	0.03645	0.04044	0.04539

Source: Matagorda County Tax Assessor and Palacios ISD Tax Assessor

Table 6

<u>2016 Tax Rate</u>	<u>2017 Tax Rate</u>	<u>2018 Tax Rate</u>	<u>2019 Tax Rate</u>	<u>2020 Tax Rate</u>
0.60209	0.65500	0.65500	0.65500	0.65500
0.84000	0.85351	0.85351	0.85351	0.85351
1.33120	1.43701	1.55222	1.53731	1.43140
1.14587	1.13958	1.13541	1.06760	0.99275
1.13500	1.13500	1.13500	1.13500	1.10140
1.26111	1.25540	1.22275	1.17476	1.17146
1.01400	1.01400	1.25325	1.19281	1.17944
0.41998	0.41898	0.41758	0.43342	0.42223
0.14102	0.13811	0.13641	0.17232	0.16712
0.38865	0.38865	0.40008	0.40772	0.40799
0.00499	0.00499	0.00478	0.00470	0.00465
0.00691	0.00691	0.00765	0.00776	0.00831
0.06554	0.06554	0.04178	0.04169	0.04201
0.05132	0.05132	0.05230	0.04606	0.04977
0.01635	0.01635	0.02089	0.02266	0.02450
0.26629	0.26629	0.23800	0.19000	0.17065
0.31270	0.31270	0.32159	0.32159	0.31815
0.04442	0.04442	0.04533	0.04551	0.04564
0.01786	0.01786	0.01945	0.01962	0.01948
0.20055	0.20055	0.19822	0.01992	0.20959
0.25511	0.25511	0.25511	0.25511	0.23000
0.04856	0.04856	0.05389	0.05477	0.05628

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

Table 7

Taxpayer	2020			2011		
	2020 Taxable Assessed Value	Rank	% of Total Assessed Value	2011 Taxable Assessed Value	Rank	% of Total Assessed Value
NRG	\$ 684,730,620	1	13.85%	\$ 1,116,324,480	1	25.29%
Tres Palacios Gas Storage	214,213,450	2	4.33%	173,759,140	2	3.94%
Equistar Chemicals,LP	153,429,000	3	3.10%	114,931,120	4	2.60%
Ingleside Ethylene, LLC	130,790,360	4	2.65%			
Peyton Creek Wind Farm, LL	128,716,250	5	2.60%			
OQ Chemicals Corporation	111,973,920	6	2.26%			
Kinder Morgan Texas Pipeline	89,830,040	7	1.82%			
Williams Fld Svcs – Gulf Coast Co	89,434,220	8	1.81%	67,250,680	6	1.52%
OQ Chemicals Corporation	69,525,240	9	1.41%			
AEP Texas Central Company	63,413,830	10	1.28%			
Oxea Corporation				52,188,230	7	1.18%
Texas Brine Corporation	--	--	--	118,968,590	3	2.70%
Midtex Gas Storage Company			--	88,640,490	5	2.01%
Flint Hills Resources INV				45,568,550	8	1.03%
Equistar Chemicals LP UGS				45,120,800	9	1.02%
Celanese LTD Chemical Division	--	--	--	33,939,170	10	0.77%
Total	\$ 1,736,056,930		35.11%	\$ 1,856,661,250		42.06%
Total Taxable Assessed Value	\$ 4,944,191,483			\$ 4,413,985,183		

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	
		Adjustments		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 12,644,542	\$(203,558)	\$ 12,440,984	\$ 12,407,390	99.73%	\$ 8,938	\$ 12,416,328	99.80%
2012	13,635,349	(298,185)	13,337,164	13,285,597	99.61%	24,317	13,309,914	99.80%
2013	14,701,308	(1,021,222)	13,680,086	13,614,562	99.52%	32,543	13,647,105	99.76%
2014	15,282,252	25,106	15,307,358	14,122,704	92.26%	1,140,647	15,263,351	99.71%
2015	16,882,334	(64,509)	16,817,825	16,034,255	95.34%	727,063	16,761,318	99.66%
2016	18,101,810	46,842	18,148,652	17,604,870	97.00%	461,799	18,066,669	99.55%
2017	18,638,936	17,362	18,656,298	18,403,238	98.64%	144,749	18,547,987	99.42%
2018	18,813,107	(34,403)	18,778,704	18,525,956	98.65%	95,956	18,621,912	99.17%
2019	20,513,320	(16,351)	20,496,969	20,228,772	98.69%	--	20,228,772	98.69%
2020	20,885,006	15,492	20,900,498	4,045,564	19.36%	--	4,045,564	19.36%

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			
2011	\$ 825,000	\$ 188,820	\$ 1,013,820	0.08%	36,763	27.58
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

Source: Comprehensive Annual 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)				
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	
2010	970,000	7,505	962,495	0.02%	26	

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 date 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, 2020

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	\$ 19,407,012	100.00%	\$ 19,407,012
City of Palacios	2,531,000	100.00%	2,531,000
Tidehaven ISD	53,804,759	100.00%	53,804,759
Palacios ISD	7,599,703	94.08%	7,149,497
Bay City ISD	129,576,862	100.00%	129,576,862
Van Vleck ISD	80,380,000	100.00%	80,380,000
Matagorda County Navigation District #1	400,000	100.00%	400,000
Caney Creek Municipal Utility District	4,070,587	100.00%	4,070,587
Beach Road Municipal Utility District	256,313	100.00%	<u>56,313</u>
Sub-total Overlapping Debt			297,376,030
Matagorda County, Texas direct debt			<u>2,847,481</u>
Total Direct & Overlapping Debt			<u>\$ 300,223,511</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 1,103,496,298	\$ 1,122,473,715	\$ 1,140,783,840	\$ 1,144,856,559	\$ 1,062,200,105
Total net debt applicable to limit	<u>813,637</u>	<u>661,213</u>	<u>501,945</u>	<u>349,747</u>	<u>2,936,191</u>
Legal debt margin	\$ <u>1,102,682,661</u>	\$ <u>1,121,812,502</u>	\$ <u>1,140,281,895</u>	\$ <u>1,144,506,812</u>	\$ <u>1,059,263,914</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.07%</u>	<u>0.06%</u>	<u>0.04%</u>	<u>0.03%</u>	<u>0.28%</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 1,066,552,306	\$ 1,074,456,667	\$ 1,109,345,951	\$ 1,182,632,346	\$ 1,236,047,871
Total net debt applicable to limit	<u>2,830,296</u>	<u>2,665,173</u>	<u>2,547,498</u>	<u>2,432,895</u>	<u>2,330,699</u>
Legal debt margin	\$ <u>1,063,722,010</u>	\$ <u>1,071,791,494</u>	\$ <u>1,106,798,453</u>	\$ <u>1,180,199,451</u>	\$ <u>1,233,717,172</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.27%</u>	<u>0.25%</u>	<u>0.23%</u>	<u>0.21%</u>	<u>0.19%</u>

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 4,944,191,483
Debt Limit (25% of Assessed Value)	1,236,047,871
Debt Applicable to Limit:	
General Obligation Bonds	2,348,958
Less: Amount set aside for repayment of General Obligation Debt	<u>18,259</u>
Total Net Debt Applicable to Limit	<u>2,330,699</u>
Legal Debt Margin	\$ <u>1,233,717,172</u>

Sources: Matagorda County Appraisal District and Matagorda County Comprehensive Annual 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>
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%
2011	36,763	32,955	1,211,531	7,159	16.4%

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	2020			2011		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
South Texas Project	1,096	1	6.49%	1,143	1	7.15%
Bay City ISD	570	2	3.37%	545	2	3.41%
Tenaris	524	3	3.10%			
Matagorda Hospital	279	4	1.65%	249	4	1.56%
Matagorda County	242	5	1.43%	218	7	1.36%
Palacios ISD	213	6	1.26 %	245	5	1.53%
Van Vleck ISD	175	7	1.04 %	147	10	0.92%
Lyondell	163	8	0.97%	207	8	1.30%
Tidehaven ISD	159	9	0.94%			
City of Bay City	154	10	0.91%	229	6	1.43%
Wal-Mart				254	3	1.59%
Oxea				150	9	0.94%
Total	<u>3,575</u>		<u>21.17%</u>	<u>3,387</u>		<u>21.19%</u>

Source: Jobs EQ 2020 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	34	34	34	35	32	31	30	36	37	33
Justice system	37	34	34	34	42	36	42	47	47	45
Public safety	48	49	49	48	45	42	42	46	49	49
Corrections and rehabilitation	35	35	35	35	35	35	53	53	62	58
Health and human services	7	7	7	7	7	8	8	8	9	8
Community and economic development	10	10	10	10	10	7	8	9	11	9
Infrastructure and environmental services	<u>37</u>	<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>
Total	<u>208</u>	<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>

Source: Human Resources and Auditor's Office



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

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General Government:					
Births filed	386	355	474	571	514
Deaths filed	258	287	281	284	286
Marriage license applications	327	328	309	276	307
Registered voters	20,543	21,358	20,525	20,978	20,656
Auto titles	5,491	5,686	5,731	5,717	5,621
Justice System					
District Court					
Civil cases filed	425	386	383	307	337
Civil case dispositions	330	371	304	355	254
Criminal cases filed	413	379	488	334	260
Criminal case dispositions	483	554	553	508	512
County Court					
Civil cases filed	75	67	74	73	58
Civil case dispositions	71	61	67	58	88
Criminal cases filed	986	1,001	982	850	729
Criminal case dispositions	4,955	1,112	989	1,013	942
Justices of the Peace					
Civil cases filed	385	374	416	414	418
Civil case dispositions	181	866	413	368	396
Criminal cases filed	4,955	3,931	3,381	3,452	2,906
Criminal case dispositions	4,626	5,500	3,566	2,032	2,412
Public safety					
Total calls for service	7,976	7,605	6,262	6,552	7,287
Total arrests	791	680	800	799	718
Corrections and Rehabilitation					
Number of inmates per year	1,808	1,391	2,017	2,083	1,866
Health and Human Services					
Food permits issued	249	242	234	238	253
Septic permits issued	111	97	109	148	124
Building permits issued	333	297	330	373	290
Electrical permits issued	498	510	488	516	100

Sources: Various County department records

Table 16

Fiscal Year				
2016	2017	2018	2019	2020
545	596	440	496	479
293	311	280	319	338
325	324	282	267	176
21,535	21,352	21,153	21,447	21,065
5,561	5,093	5,369	5,267	4,602
435	464	847	495	495
217	266	793	688	516
360	465	326	413	413
560	424	451	586	419
63	83	66	79	65
78	63	59	70	47
784	719	603	574	380
1,017	658	740	609	334
416	406	862	1,025	787
361	367	685	691	809
3,068	3,539	4,355	3,917	2,489
2,719	2,779	3,765	3,618	2,355
7,513	7,571	10,025	13,047	11,413
727	807	832	761	496
1,075	1,322	2,199	1,466	1,431
266	244	249	237	206
136	157	158	162	184
281	372	385	407	355
100	571	481	518	605

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

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General Government					
Buildings	42	42	42	42	42
Public Safety					
Sheriff vehicles	53	53	46	48	49
Fire and ambulance	48	48	50	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					
2016	2017	2018	2019	2020	
42	43	44	44	44	
49	53	52	50	55	
51	51	54	52	58	
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, 2020, 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 25, 2021.

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 may exist that have not been identified.

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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 of Matagorda County, Texas

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 25, 2021



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

We have audited Matagorda County's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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Bay City
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Bay City, TX 77414
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The Honorable County Judge
and Members of Commissioners
Court of Matagorda County, Texas

Report on Internal Control over Compliance

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

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

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

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

KM&L, LLC

Lake Jackson, Texas
June 25, 2021

MATAGORDA COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2020

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:
 - 21.019 Coronavirus Relief Fund
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.



KRISTEN E. KUBECKA
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.



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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, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Housing and Urban Development:			
Direct:			
Community Development Block Grant	14.228	20-065-123-C430	\$ 262,561
Community Development Block Grant	14.228	DRS220112	179,831
Community Development Block Grant	14.228	7219261	<u>59,450</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 501,842</u>
U.S. Department of Interior:			
Direct:			
Payment in Lieu of Taxes	15.226	--	<u>\$ 7,755</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>\$ 7,755</u>
U.S. Department of Justice:			
Direct:			
State Criminal Alien Assistance Program	16.605	2020-APBX-1097	\$ 6,793
Passed Through the Texas Office of the Governor:			
Crime Victim Assistance	16.575	2017-DJBX-0053	<u>124,990</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 131,783</u>
U.S. Department of Treasury:			
Passed Through the Texas Division of Emergency Management:			
Coronavirus Relief Fund	21.019	---	<u>\$ 805,860</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>\$ 805,860</u>
U.S. Department of Elections:			
Passed Through the Texas Secretary of State:			
2020 HAVA Election Security Grants	90.404	TX20101CARES-158	<u>\$ 33,750</u>
TOTAL U.S. DEPARTMENTS OF ELECTIONS			<u>\$ 33,750</u>

MATAGORDA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

For the Year Ended December 31, 2020

Exhibit 19

Page 2 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Homeland Security:			
Passed Through Texas Department of Public Safety:			
Disaster Grants Public Assistance	97.036	4332-DR-TX-P0000001-1359	\$ 4,158
Disaster Grants Public Assistance	97.036	4332-DR-TX-P0000001-6935	<u>85,129</u>
			<u>89,287</u>
Passed Through Texas Division of Emergency Management:			
Hazard Mitigation Grant	97.039	DR-1791-323	1,012
Hazard Mitigation Grant	97.039	DR-4332-163	198,361
Hazard Mitigation Grant	97.039	DR-4332-164	<u>19,780</u>
			<u>219,153</u>
Passed Through Texas Department of Public Safety:			
Emergency Management Performance Grants	97.042	EMT-2019-EP-00005	<u>22,337</u>
Passed Through Texas Office of the Governor:			
Homeland Security Grant Program	97.067	EMW-2020-SS-00054	143,235
Homeland Security Grant Program	97.067	EMW-2018-SS-00022-S01	14,262
Homeland Security Grant Program	97.067	EMW-2019-SS-00034-S01	<u>115,191</u>
			<u>272,688</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 603,465</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,084,455</u>
TOTAL MAJOR PROGRAMS			<u>\$ 805,860</u>
TYPE A PROGRAM			<u>\$ 750,000</u>

MATAGORDA COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

Year Ended December 31, 2020

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, 2020

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, 2020.
5. As of December 31, 2020, the County included \$ 89,287 on the schedule of expenditures of federal awards from the Public Assistance Grant CFDA #97.036 for expenditures that were incurred in previous fiscal years. The Federal Emergency Management Agency approved the project worksheets related to the \$ 89,287 in the current fiscal year.
6. The County has elected to use the 10 percent de minimis indirect cost rate.

