

MATAGORDA COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Prepared by
Kristen Kubecka, Interim Matagorda County Auditor



Matagorda County
 Comprehensive Annual Financial Report
 For The Year Ended December 31, 2015

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Introductory Section





KRISTEN E. KUBECKA
COUNTY AUDITOR
MATAGORDA COUNTY
1700 SEVENTH STREET, ROOM 326
BAY CITY, TEXAS 77414-5095
(409) 244-7611

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, 2015.

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 Reed & Associates, PC, 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, 2015, 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, 2015, 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 36,770. 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, provided that 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 continues construction of a seamless steel pipe manufacturing plant that will have an approximate value of \$1.8 billion. This plant will bring 600 jobs to the county and is expected to be operational in 2017. Dunn Heat Exchanger is now fully operational. This plant cleans, decontaminates, repairs, and fabricates heat exchangers and has brought new employment opportunities to the County. Construction continues on multiple new hotels in Bay City. The County hopes that with these additions more business opportunities will follow. The South Texas Project Nuclear Operating Company continues toward its plans to build two additional units at the site in the near future. Although the expansion has been delayed while the industry recovers from the aftermath of the nuclear disaster in Japan, the preparation continues. The future construction would bring temporary jobs to the community and upon completion provide approximately 1,000 permanent jobs to Matagorda County. 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 \$0.16 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, 2015, the tax rate to finance general governmental services was \$0.35384 per \$100 valuation and the tax rate for the payment of principal and interest on long-term debt was \$0.00483 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, 2014. 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 12 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, Reed & Associates, P.C.

Respectfully submitted,



Kristen Kubecka, County Auditor
Matagorda County, Texas
June 10, 2016



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, 2014

Executive Director/CEO

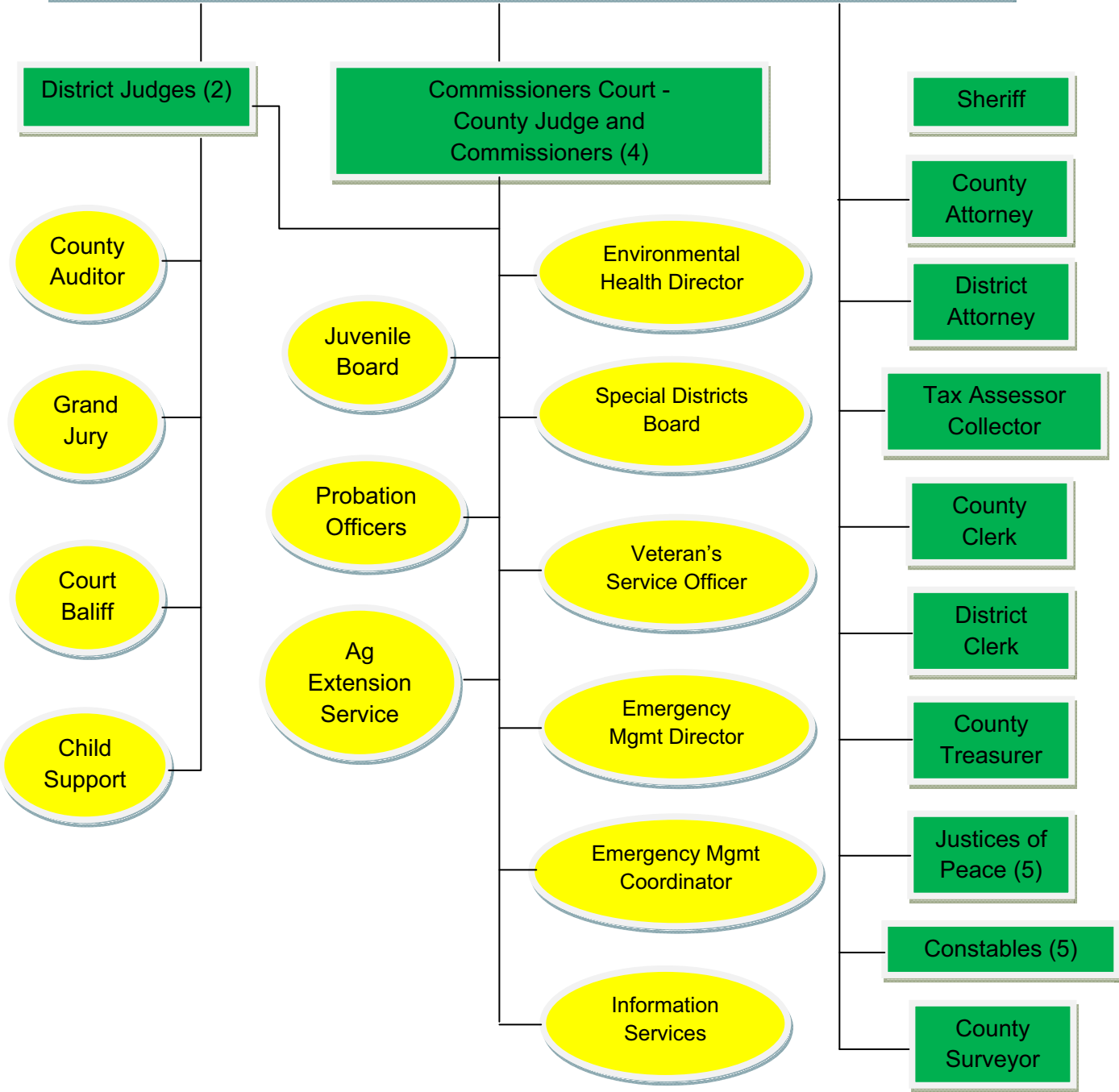


MATAGORDA COUNTY Organization Chart

Elected Officials

Appointed Officials

Matagorda County Voters



MATAGORDA COUNTY

LIST OF ELECTED AND APPOINTED OFFICIAL

DECEMBER 31, 2015

Elected Officials

Judge, 23 rd Judicial District	Ben Hardin
Judge, 130 th Judicial District	Craig Estlinbaum
County Judge	Nate McDonald
Commissioner, Precinct #1	Dan Pustka
Commissioner, Precinct #2	Kent Pollard
Commissioner, Precinct #3	James Gibson
Commissioner, Precinct #4	David J. Woodson
County Sheriff	Frank Osborne
County Attorney	Denise Fortenberry
District Attorney	Steven Reis
County Tax Collector	Cristyn Hallmark
County Clerk	Janet Hickl
District Clerk	Jamie Bludau
County Treasurer	Tammy McDonald
Justice of Peace, Precinct #1	Jeannette Bell
Justice of Peace, Precinct #2	Suzan Thompson
Justice of Peace, Precinct #3	Jerry Purvis
Justice of Peace, Precinct #4	Mark Finlay
Justice of Peace, Precinct #6	Ray Taggart
Constable, Precinct #1	Precious Smith
Constable, Precinct #2	Frank Craft
Constable, Precinct #3	Pat Jewell
Constable, Precinct #4	Pete Medina
Constable, Precinct #6	Tom Ward
County Surveyor	Vacant

Appointed Officials

County Auditor	Kristen Kubecka
Court Bailiff	Bill Orton
Child Support	Marlene Wells
Ag Extension Agent	Brent Batchelor
Environmental Health Director	Ruben Gonzales
Veterans Service Officer	Jason Sanders
Emergency Management Director	Nate McDonald
Emergency Management Coordinator	Doug Matthes
Information Services	Chris Peikert

Financial Section



Reed & Associates, PC

Certified Public Accountants
2300 Avenue I
Bay City, Texas 77414
(979) 245-7361 ~ *auditors@swbell.net*

Independent Auditor's Report

To the Commissioners
Matagorda County
1700 Seventh Street
Bay City, Texas 77414

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 the Matagorda County ("the County") as of and for the year ended December 31, 2015, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County as of December 31, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, Matagorda County adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Matagorda 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 required parts of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. "Code of Federal Regulations" (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and State 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 and state 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 and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 10, 2016 on our consideration of Matagorda 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 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 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 Matagorda County's internal control over financial reporting and compliance.

Respectfully submitted,

**Reed and
Associates, PC**

Reed & Associates, PC
Bay City, Texas
June 10, 2016



Digitally signed by Reed and Associates, PC
DN: cn=Reed and Associates, PC, o, ou,
email=auditors@swbell.net, c=US
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MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

This discussion and analysis of Matagorda County's financial performance provides a narrative overview of the County's financial activities for the fiscal year ended December 31, 2015. The information presented here should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required 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 Matagorda County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as 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 future fiscal periods (e.g., earned but unused vacation leave and uncollected taxes).

Both of the government-wide statements distinguish between functions of Matagorda County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities). The governmental activities of the County include general government, justice, public safety, corrections and rehabilitation, health and human services, community and economic development, and infrastructure and environmental services.

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. Matagorda 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The County maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and the CDBG disaster recovery grant fund. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a type of proprietary fund) is used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-funded health insurance program. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 statement because the resources of those funds are not available to support the County's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County uses agency funds to account for various assets held for the benefit of others.

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 disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

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. The combining statements and individual fund budgetary comparison schedules are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net position for the years ending December 31, 2015 and 2014 are summarized as follows:

MATAGORDA COUNTY'S NET POSITION

	(as restated)		
	2015	2014	Variance
Current and other assets	\$ 38,760,258	\$ 32,762,855	\$ 5,997,403
Capital Assets	24,617,256	18,087,133	6,530,123
Total assets	<u>63,377,514</u>	<u>50,849,988</u>	<u>12,527,526</u>
Total deferred outflow of resources	<u>2,162,857</u>	<u>1,149,596</u>	<u>1,013,261</u>
Current and other liabilities	2,671,100	2,746,168	(75,068)
Long-term liabilities	17,222,206	12,103,603	5,118,603
Total liabilities	<u>19,893,306</u>	<u>14,849,771</u>	<u>5,043,535</u>
Total deferred inflow of resources	<u>16,885,835</u>	<u>15,305,409</u>	<u>1,580,426</u>
Net investment in capital assets	23,077,392	17,259,548	5,817,844
Restricted for debt service	21,643	14,657	6,986
Restricted for construction	2,714,092	-	2,714,092
Restricted for legislative purposes	711,765	827,701	(115,936)
Unrestricted	2,236,338	3,742,498	(1,506,160)
Total net position	<u>\$ 28,761,230</u>	<u>\$ 21,844,404</u>	<u>\$ 6,916,826</u>

MATAGORDA COUNTY

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015*

Current assets increased \$5,997,403 of which \$2,081,143 represents an increase in cash and investments as a result of unspent certificates of obligation of \$2,714,092. Taxes receivable increased \$1,829,085 due in part to delinquent unpaid taxes from Tres Palacios Gas Storage, LLC pending results of a property valuation lawsuit as well as an increase in the tax rate. Other receivable increased \$1,665,792.

Deferred outflow of resources and noncurrent liabilities were restated \$1,149,596 and \$3,380,516 respectively to include the effects of GASB 68 "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27". Noncurrent liabilities increased overall \$5,118,603 of which \$3,462,279 represents the issuance of certificates of obligation and capital lease purchases during the year. Another \$1,226,405 represents the recognition of "other post employment benefits" for retirees in compliance with GASB 45. Deferred inflow of resources increased \$1,580,426 due in part to an increase in the adopted tax rate for the 2015 levy to finance the 2016 budget year.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Matagorda County, assets exceeded liabilities by \$28,761,230 at the close of the most recent fiscal year with a positive balance in all categories. Eighty percent (80%) of the County's net position, \$23,077,392, reflects its net investment in capital assets. The County uses capital assets to provide services to citizens; 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.

The County's changes in net position for the years ended December 31, 2015 and 2014 are as follows:

MATAGORDA COUNTY'S CHANGES IN NET POSITION

	12/31/2015	(as restated) 12/31/2014	Variance
Revenues:			
Program revenues:			
Fees, fines and charges for services	\$ 7,513,364	\$ 6,845,074	\$ 668,290
Operating grants and contributions	1,225,197	1,322,719	(97,522)
Capital Grants and Contributions	8,441,394	2,870,484	5,570,910
General revenues:			
Property taxes	15,272,676	14,269,367	1,003,309
Miscellaneous	46,471	107,161	(60,690)
Unrestricted investment earnings	167,131	182,468	(15,337)
Total revenues	<u>32,666,233</u>	<u>25,597,273</u>	<u>7,068,960</u>
Expenses:			
General government	4,140,190	4,030,366	109,824
Justice system	3,837,068	3,652,376	184,692
Public safety	4,014,643	3,892,339	122,304
Corrections & rehabilitation	2,417,196	2,334,817	82,379
Health and human services	1,411,815	1,418,957	(7,142)
Community & economic development	1,303,273	1,160,109	143,164
Infrastructure and environmental svcs.	6,850,164	5,228,877	1,621,287
Intergovernmental	1,620,146	2,304,056	(683,910)
Interest on debt	154,903	29,542	125,361
Total expenses	<u>25,749,398</u>	<u>24,051,439</u>	<u>1,697,959</u>
Increase (decrease) in net position	6,916,835	1,545,834	5,371,001
Net position - beginning	21,844,395	20,298,570	1,545,825
Net position - ending	<u>\$ 28,761,230</u>	<u>\$ 21,844,404</u>	<u>\$ 6,916,826</u>

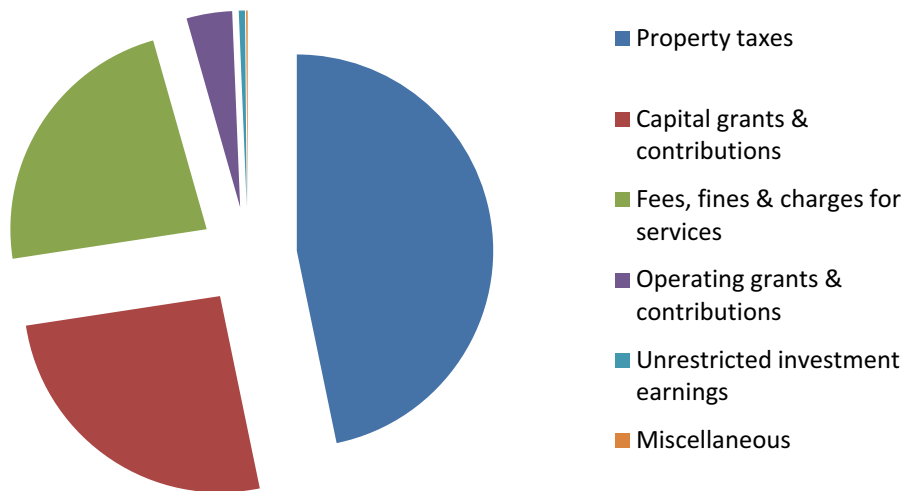
MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

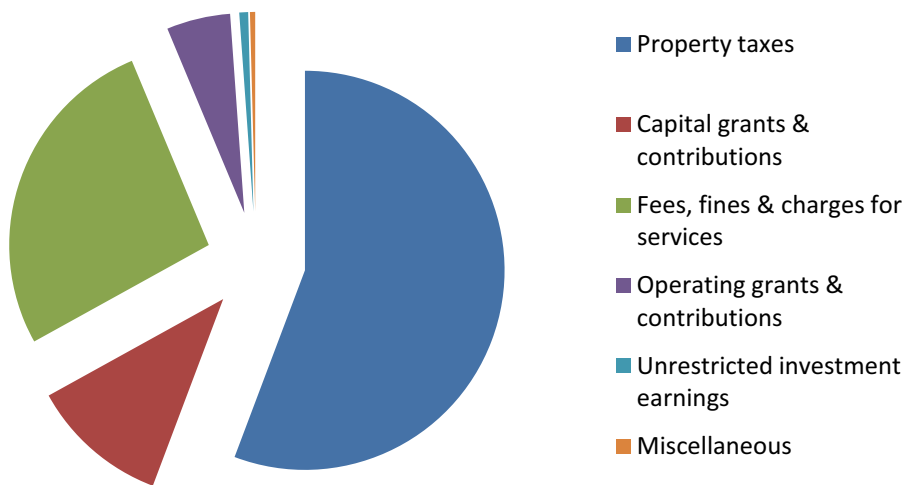
Governmental activities increased the County's net position by \$6,916,835 compared to a prior year increase of \$1,545,834. The following are some of the more significant factors contributing to the net change in position:

- Fines & fees increased \$668,290 in many areas, no one significant area was noted.
- Property tax revenue increased over \$1m due to an increase in tax rate and the refunding of over \$640,000 the prior year.
- Capital grants and contributions increased significantly as a result of Community Development Block Grant funds of over \$4.6m for Sargent street improvements and over \$740,000 in hazard mitigation funds used for two Matagorda County FEMA domes.
- Infrastructure and environmental service costs were up over \$1.6m due in large part to increased depreciation expense with the addition of over \$7.7m in assets.
- Intergovernmental costs decreased due completion of a \$1m water and sewer pass-through grant prior year.

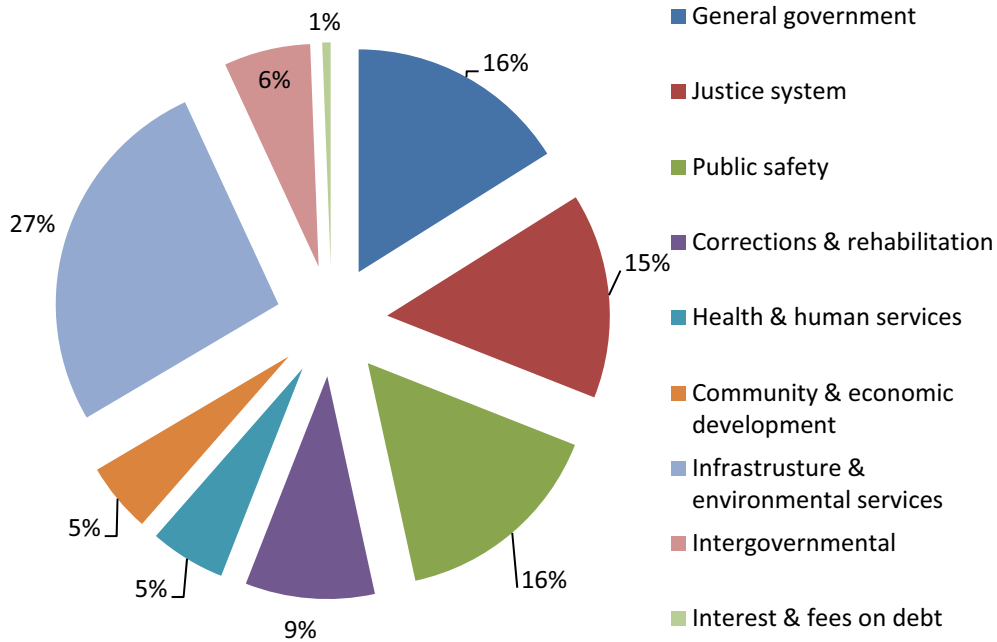
2015 Revenue Percentages



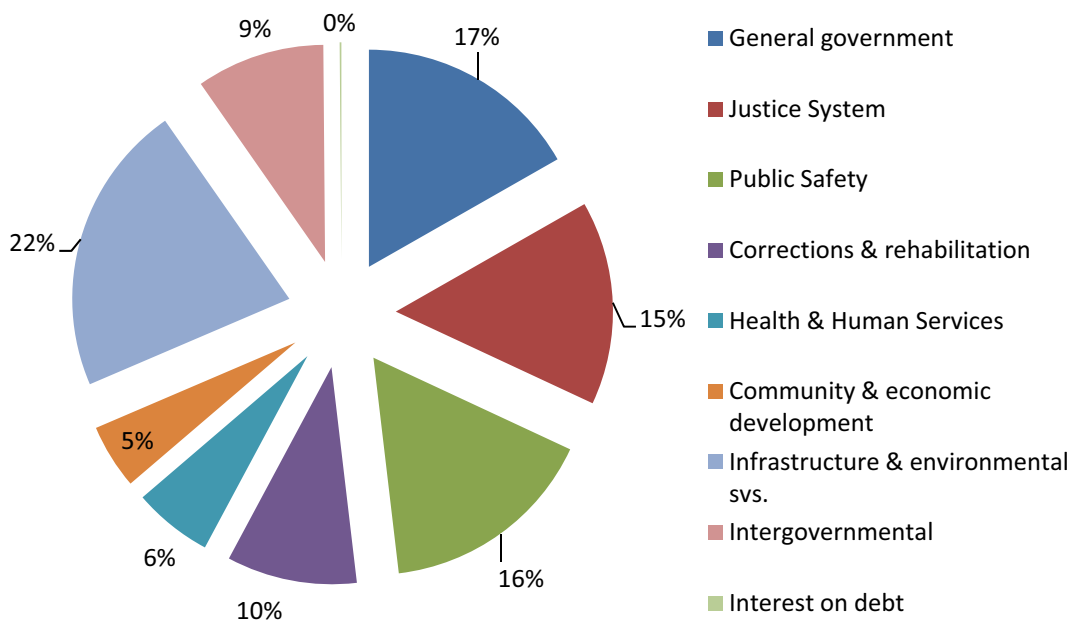
2014 Revenue Percentages



2015 Expense Percentages



2014 Expense Percentages



MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

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. Fund accounting and budget controls has been the framework of the County's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General, Intergovernmental, Special Revenue, and Debt Service funds. The focus of the County's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the County's financing requirements. In particular, *unreserved 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 \$13,781,423. Approximately 55% of this amount (7.6 million) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is divided among committed fund balance of \$1,788,128, restricted fund balance of \$3,432,048 and non-spendable fund balance of \$937,646. The County's ability to spend each of these types of fund balance is more limited than with unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,623,601, while total fund balance was \$10,349,375. 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 33% of total general fund expenditures, and total fund balance represents 45% of that same amount.

The fund balance of Matagorda County's general fund increased by \$151,905 compared to a net increase of \$546,787 the prior year. Overall, revenue and other sources were up over \$2.7m and expenditures were up over \$3.1m. Following are some of the more significant factors noted:

- Tax revenue was up over \$800,000. As discussed earlier, this is due to the increased tax rate as well as the prior year refunds issued of over \$640,000.
- Intergovernmental revenue was up over \$960,000. This is a result of an increase in federal and state grant funds for the year.
- The County recognized over \$1.2m in capital lease proceeds and a related increase in capital outlay.
- Justice system costs were up over \$350,000. Some of the more significant areas include increased insurance costs, autopsies, juvenile costs and personnel costs.
- Public safety costs were up over \$468,000 primarily in payroll costs and the purchase of a \$220,000 fire truck.
- Infrastructure and environmental service costs were up over \$534,000 primarily in operating costs for road & bridge maintenance.
- Debt service payments increased \$199,000 due to the capital leases mentioned earlier.

Proprietary funds. The County has only one proprietary fund type which is an internal service fund. This internal service fund is used to account for a self-funded health insurance program. The fund for 2015 had an operating loss of \$365,076 as compared to last year's loss of \$351,208. Premium revenue increased slightly to help defray the rising costs of healthcare.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commissioners' Court approved increases to budgeted revenue of \$2,419,320 and appropriations of \$5,514,234. The most significant revenue amendment was to intergovernmental revenue of \$1,953,249 for various federal and state grants with a resulting offset to sheriff department, marine and infrastructure & environmental services. Infrastructure and environmental services were amended further for \$1,654,219 adding the prior year committed funds to each of the four precincts budgets upon completion of the audit.

MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Actual expenditures were less than appropriations. The actual expenditures were under spent as a result of incomplete federal and state grant projects as noted above as well as under spent precinct budgets due to the carry-forward of unspent amounts each year.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$24,617,253 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; equipment and vehicles; and infrastructure for roads and bridges. Overall, the capital assets increased \$6,530,121.

The following table lists the County's investment in capital assets (net of accumulated depreciation) as of December 31, 2015

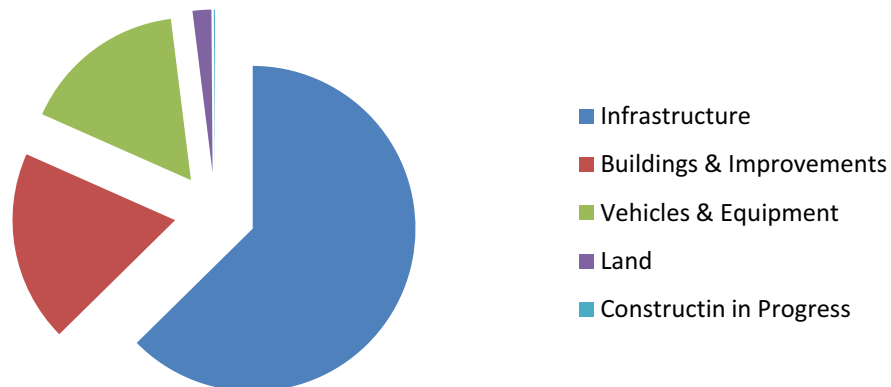
MATAGORDA COUNTY'S CAPITAL ASSETS

	Balances 12/31/2014	Increases	Decreases	Balances 12/31/2015
Land	\$ 1,349,101	\$ -	\$ -	\$ 1,349,101
Construction in Progress	646,564	81,396	646,389	81,571
Infrastructure	41,998,825	7,790,618	4,304,038	45,485,405
Buildings and improvements	13,800,822	14,450	-	13,815,272
Vehicles and equipment	10,255,938	1,972,026	322,746	11,905,218
	<u>68,051,250</u>	<u>9,858,490</u>	<u>5,273,173</u>	<u>72,636,567</u>
Less accumulated depreciation	(49,964,118)	(2,529,079)	(4,473,883)	(48,019,314)
	<u>\$ 18,087,132</u>	<u>\$ 7,329,411</u>	<u>\$ 799,290</u>	<u>\$ 24,617,253</u>

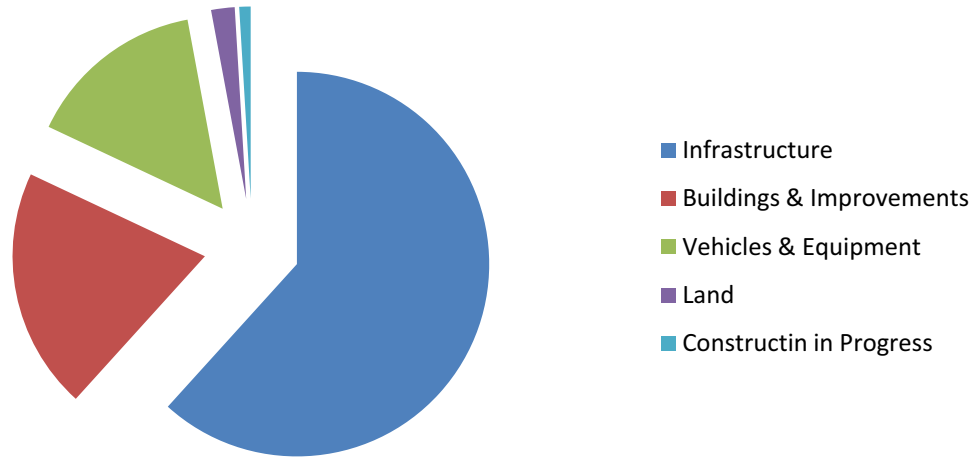
Some of the more significant transactions are noted below:

- Reworking of existing roads and bridges in addition to Sargent street improvements of over \$4.6m using federal CDBG funds mentioned earlier.
- Purchase of equipment for road construction and maintenance of over \$900,000
- Purchase of new fire truck at a cost of \$220,106
- Purchase of electronic voting equipment/software at a cost of \$436,953
- Depreciation expense of \$2,681,980

2015 Capital Assets at Cost



2014 Capital Asset Breakdown



Additional information of Matagorda County's capital assets can be found in note D of this report.

Long-term debt. The County's long-term debt consists of certificates of obligation and related issuance premium for County-wide facility improvements, capital leases for software and equipment, accumulated net post employment benefits (retiree health insurance) and net pension liabilities.

The following table lists the County's long-term debt as of December 31, 2015

MATAGORDA COUNTY'S LONG-TERM DEBT

	Balances				Balances	
	12/31/2014	Increases	Decreases	12/31/2015		
Certificates of obligatioin	\$ 355,000	\$ 2,750,000	\$ 175,000	\$ 2,930,000		
Capital leases	472,585	1,224,947	337,668	1,359,864		
Compensated absences	311,337	297,526	259,168	349,695		
Net OPEB obligation	7,584,165	2,479,406	1,253,001	8,810,570		
Net pension obligation	3,380,516	905,836	571,585	3,714,767		
Issuance premium	-	60,325	3,015	57,310		
	<u>\$ 12,103,603</u>	<u>\$ 7,718,040</u>	<u>\$ 2,599,437</u>	<u>\$ 17,222,206</u>		

Some of the more significant transaction for the year include:

- Issuance of \$2,750,000 in certificates of obligation for facility improvements
- Implementation of GASB 68 mentioned earlier related to the recognition of net pension obligation at year end.
- Continued amortization and recognition of net post employment health insurance obligation at year end.

Additional information on Matagorda County's long-term debt can be found in note J of this report.

MATAGORDA COUNTY

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015*

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 2016 budget was adopted August 24, 2015 with General Fund expenditures of \$22,107,387 million, and a revenue budget of \$22,107,387 million.

The Commissioners' Court adopted a maintenance and operation tax rate of .39568 per \$100 assessed valuation. The court also adopted an interest and sinking tax rate of .00680.

The main factors affecting the 2016 Budget were as follows:

- The 2015 tax rate increased in conjunction with the appraised value. As a result, South Texas Project Nuclear Operating Company (STP) paid more in taxes causing the Emergency Response Fee to decrease in the amount of \$520,362.
- An increase in expected current tax revenues in the amount of \$1,655,551 as a result of increased values.
- An increase in budgeted payroll and benefits, 5% for employees, and 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 request for additional information should be addressed to the Office of the Matagorda County Auditor, 1700 7th Street, Room 326, Bay City, Texas 77414, or call (979) 244-7611.



Basic Financial Statements



MATAGORDA COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,633,681
Receivables (net of allowances for uncollectibles):	
Taxes	14,992,725
Escrow	65,085
Other	5,588,165
Prepaid items	965,465
Due from other governments	14,900
Interest receivable	13,065
Investments	6,487,172
Capital Assets (net of accumulated depreciation):	
Land	1,349,101
Construction in progress	81,572
Buildings	7,563,604
Improvements	233,126
Infrastructure	11,246,242
Equipment	4,143,611
Total Assets	<u>63,377,514</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of pension resources	2,162,857
Total Deferred Outflow of Resources	<u>2,162,857</u>
LIABILITIES	
Accounts payable	1,064,900
Accrued payroll	175,900
Claims payable	134,530
Due to other governments	513,555
Due to others	410,503
Accrued interest payable	41,195
Unearned revenue	289,786
Escrow reserves	40,731
Noncurrent Liabilities:	
Due within one year	657,039
Due in more than one year	16,565,167
Total Liabilities	<u>19,893,306</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue - current taxes	16,885,835
Total deferred inflows of resources	<u>16,885,835</u>
NET POSITION:	
Net Investment in Capital Assets	23,077,392
Restricted For:	
Debt Service	21,643
Construction	2,714,092
Legislative Purposes	711,765
Unrestricted	2,236,338
Total Net Position	<u>\$ 28,761,230</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					Governmental Activities
General government	\$ 4,140,190	\$ 1,388,439	\$ 19,926	\$ --	\$ (2,731,825)
Justice system	3,837,068	1,972,518	641,142	--	(1,223,408)
Public safety	4,014,643	3,292,142	187,709	198,095	(336,697)
Corrections and rehabilitation	2,417,196	154,935	135,070	--	(2,127,191)
Health and human services	1,411,815	64,854	--	--	(1,346,961)
Community and economic development	1,303,273	228,692	51,828	99,750	(923,003)
Infrastructure and environmental services	6,850,164	411,784	41,944	7,099,394	702,958
Intergovernmental	1,620,146	--	147,578	1,044,155	(428,413)
Interest and fees on debt	154,903	--	--	--	(154,903)
Total governmental activities	<u>\$ 25,749,398</u>	<u>\$ 7,513,364</u>	<u>\$ 1,225,197</u>	<u>\$ 8,441,394</u>	<u>(8,569,443)</u>
General Revenues:					
Property taxes					15,272,676
Miscellaneous					46,471
Unrestricted investment earnings					167,131
Total General Revenues					<u>15,486,278</u>
Change in Net Position					<u>6,916,835</u>
Net Position - Beginning					<u>24,075,315</u>
Prior Period Adjustment					<u>(2,230,920)</u>
Net Position - Beginning Restated					<u>21,844,395</u>
Net Position - Ending					<u>\$ 28,761,230</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY*BALANCE SHEET - GOVERNMENTAL FUNDS**DECEMBER 31, 2015*

	General Fund	CDBG Disaster Recovery	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,876,236	\$ --	\$ 3,634,144	\$ 9,510,380
Receivables (net of allowances for uncollectibles):				
Taxes	14,746,071	--	246,654	14,992,725
Escrow	65,085	--	--	65,085
Other receivables	5,084,772	418,296	50,434	5,553,502
Prepaid items	937,646	--	--	937,646
Due from other governments	14,900	--	--	14,900
Due from other funds	10,498	--	--	10,498
Interest receivable	13,065	--	--	13,065
Investments	6,487,172	--	--	6,487,172
Total Assets	<u>\$ 33,235,445</u>	<u>\$ 418,296</u>	<u>\$ 3,931,232</u>	<u>\$ 37,584,973</u>
LIABILITIES				
Accounts payable	\$ 557,427	\$ 418,296	\$ 30,221	\$ 1,005,944
Accrued payroll	175,900	--	--	175,900
Due to other governments	513,554	--	1	513,555
Due to other funds	--	--	10,498	10,498
Due to others	320,627	--	89,876	410,503
Unearned revenue	1,957,787	--	41,772	1,999,559
Escrow reserves	40,731	--	--	40,731
Total Liabilities	<u>3,566,026</u>	<u>418,296</u>	<u>172,368</u>	<u>4,156,690</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - delinquent taxes	2,731,698	--	35,127	2,766,825
Unearned revenue - current taxes	16,588,346	--	291,689	16,880,035
Total deferred inflows of resources	<u>19,320,044</u>	<u>--</u>	<u>326,816</u>	<u>19,646,860</u>
FUND BALANCES (DEFICITS)				
Non-spendable:				
Prepaid items	937,646	--	--	937,646
Restricted for:				
Capital projects	--	--	2,714,092	2,714,092
Debt service	--	--	6,191	6,191
Legislative purposes	--	--	711,765	711,765
Committed for:				
Precincts	1,788,128	--	--	1,788,128
Unassigned	7,623,601	--	--	7,623,601
Total Fund Balances (Deficits)	<u>10,349,375</u>	<u>--</u>	<u>3,432,048</u>	<u>13,781,423</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 33,235,445</u>	<u>\$ 418,296</u>	<u>\$ 3,931,232</u>	<u>\$ 37,584,973</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2015

Total fund balances - governmental funds balance sheet \$ 13,781,423

Amounts reported for governmental activities in the Statement of Net Position
("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	24,617,256
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,761,025
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	794,280
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,359,864)
Payables for accrued interest which are not due in the current period are not reported in the funds.	(41,195)
Payables for certificates of obligation which are not due in the current period are not reported in the funds.	(2,930,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(349,696)
Other post employment benefits not due and payable in the current period are not reported in the funds.	(8,810,570)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	1,907,789
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	(3,714,767)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,162,857
Bond premiums are amortized in the SNA but not in the funds.	(57,308)

Net position of governmental activities - Statement of Net Position \$ 28,761,230

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	CDBG Disaster Recovery	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 13,979,718	\$ --	\$ 191,390	\$ 14,171,108
Licenses and permits	766,767	--	--	766,767
Intergovernmental	1,531,346	6,518,586	1,669,879	9,719,811
Charges for services	4,722,366	--	263,528	4,985,894
Fines	420,317	--	--	420,317
Investment income	161,701	--	5,430	167,131
Miscellaneous	222,270	51,668	32,977	306,915
Total revenues	<u>21,804,485</u>	<u>6,570,254</u>	<u>2,163,204</u>	<u>30,537,943</u>
EXPENDITURES				
Current:				
General government	3,088,485	--	232,206	3,320,691
Justice system	3,184,825	--	441,531	3,626,356
Public safety	3,741,102	--	8,958	3,750,060
Corrections and rehabilitation	2,272,848	--	85,773	2,358,621
Health and human services	1,339,962	--	--	1,339,962
Community and economic development	1,183,933	--	9,597	1,193,530
Infrastructure and environmental services	5,787,483	--	--	5,787,483
Intergovernmental	--	428,413	989,112	1,417,525
Capital outlay	1,937,870	6,141,841	299,848	8,379,559
Debt service:				
Principal	337,668	--	175,000	512,668
Interest and fees on debt	22,057	--	12,546	34,603
Debt issuance costs	1,793	--	96,233	98,026
Total expenditures	<u>22,898,026</u>	<u>6,570,254</u>	<u>2,350,804</u>	<u>31,819,084</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,093,541)</u>	<u>--</u>	<u>(187,600)</u>	<u>(1,281,141)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	27,500	--	7,000	34,500
Transfers out	(7,000)	--	(27,500)	(34,500)
Capital lease proceeds	1,224,946	--	--	1,224,946
Certificates of obligation	--	--	2,750,000	2,750,000
Debt issuance premium	--	--	60,325	60,325
Total other financing sources (uses)	<u>1,245,446</u>	<u>--</u>	<u>2,789,825</u>	<u>4,035,271</u>
Net change in fund balances	151,905	--	2,602,225	2,754,130
Fund balances - beginning	10,197,470	--	829,823	11,027,293
Fund balances - ending	<u>\$ 10,349,375</u>	<u>\$ --</u>	<u>\$ 3,432,048</u>	<u>\$ 13,781,423</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015*

Net change in fund balances - total governmental funds	\$ 2,754,130
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	9,212,102
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,681,979)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,101,568
Repayment of cert of obligation principal is an expenditure in the funds but is not an expense in the SOA.	152,755
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	337,678
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	3,016
The net revenue (expense) of internal service funds is reported with governmental activities.	(365,076)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(41,413)
Other post empl benefits are reported as the amount earned in the SOA but as the amount paid in the funds.	(1,226,405)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	1,026,722
Proceeds of certificates of obligation are reported as current resources in the funds, but not in SOA	(2,750,000)
Certificate of obligation premiums are reported in the funds but not in the SOA.	(60,325)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,224,946)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>679,008</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 6,916,835</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
DECEMBER 31, 2015

	Nonmajor Internal Service Fund
	<u>Insurance Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,123,300
Other receivables	34,663
Prepaid expenses	27,819
Total Assets	<u>\$ 1,185,782</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 58,956
Claims payable	134,530
Deferred revenue	198,016
Total Liabilities	<u>391,502</u>
NET POSITION	
Unrestricted	794,280
Total net position	<u>\$ 794,280</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Nonmajor Internal Service Fund
	Insurance Fund
OPERATING REVENUES	
Employer contributions	\$ 2,734,691
Employee contributions	198,490
Retiree/Cobra contributions	78,994
Special district contributions	182,109
Total Operating Revenues	<u>3,194,284</u>
OPERATING EXPENSES	
Administrative expenses	544,407
Retiree premiums	309,783
Claims expense	1,988,120
Prescriptions	724,418
Total Operating Expenses	<u>3,566,728</u>
Operating Income (Loss)	<u>(372,444)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	7,368
Total Non-operating Revenues (Expenses)	<u>7,368</u>
Change in Net Position	(365,076)
Total net position - beginning	1,159,356
Total net position - ending	<u>\$ 794,280</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY*STATEMENT OF CASH FLOWS**INTERNAL SERVICE FUND**FOR THE YEAR ENDED DECEMBER 31, 2015*

	Nonmajor Internal Service Fund
	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from interfund services provided	\$ 2,909,354
Cash received from external users	261,103
Cash payments for administration	(851,464)
Cash payments for claims	(2,692,028)
Net Cash Provided (Used) by Operating Activities	<u>(373,035)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Interfund loan	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends on investments	7,368
Net Cash Provided (Used) for Investing Activities	<u>7,368</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(365,667)
Cash and Cash Equivalents at Beginning of Year	1,488,967
Cash and Cash Equivalents at End of Year	<u>\$ 1,123,300</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPEARTING ACTIVITIES:	
Operating Income (Loss)	\$ (372,444)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(32,533)
(Increase) decrease in prepaid expenses	(27,819)
Increase (decrease) in accounts payable	30,545
Increase (decrease) in interfund balance	--
Increase (decrease) in claims payable	20,510
Increase (decrease) in deferred revenue	8,706
Total Adjustments	<u>(591)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (373,035)</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 3,705,705
Total Assets	<u>\$ 3,705,705</u>
LIABILITIES	
Due to other governments	\$ 191,366
Due to others	3,514,339
Total Liabilities	<u>3,705,705</u>
NET POSITION	
Unrestricted	--
Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

A. Summary of Significant Accounting Policies

1. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

2. Reporting entity

Matagorda County was established in 1836 by the Republic of Texas. Commissioners elected from each of 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.

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements using the criteria as set forth in GASB Statement No. 14, "The Financial Reporting Entity." Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

3. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The County allocates indirect expenses in the statement of activities based on the prior year functional totals at the government-wide level.

4. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The CDBG Disaster Recovery fund is used to account for the receipts and disbursements related to the Texas Community Development grant for recovery from residentially declared disasters to rebuild the affected areas and provide crucial seed money to start the recovery process.

Additionally, the County reports the following fund types:

Internal service funds account for health benefits provided to County employees, retirees and dependents. Contributions to the fund consist of charges to the participating entities for covered employees along with contributions from employees and retirees.

The agency fund accounts for District Clerk, County Clerk and Inmate trust funds held for the benefit of others and the Tax Assessor Collector funds collected on behalf of others.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

5. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

6. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and following special revenue funds: district attorney legal/law, sheriff & jail discretionary, county clerk preservation & automation, countywide records mgmt preservation, courthouse security, justice court technology, district clerk records mgmt preservation and county & district court technology. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The appropriated budget is prepared by fund, department and category. The department heads may make transfers of appropriations within a category; however, transfers of appropriations between categories require the approval of Commissioners Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, the four precinct unexpended budgets in the general fund are re-appropriated and become part of the subsequent year's budget pursuant to action by Commissioners Court.

7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the County are reported at fair value (generally based on quoted market prices) except for the position in Government Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

The Public Funds Investment Act and local policy authorizes the District to invest in obligations of the US Treasury, certificates of deposit, repurchase agreements, commercial paper, mutual funds and public funds investment pools. Investments for the District are reported at fair value. Public funds investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures or expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the County chose to include items from 1980 forward as permitted by GASB. The County was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15-40
Buildings	40-60
Improvements	10-20
Vehicles & office equipment	3-8
Other Equipment	5-20

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has one item that qualifies for reporting in this category. The deferred outflows of resources calculated in the actuarial pension study required by GASB 68 and the current year pension payments are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The items "unavailable" and "unearned" revenue are reported in the governmental funds balance sheet and only "unearned" in the government-wide statement of net position. The "unavailable" source represents the uncollected delinquent taxes receivable while the "unearned" represents the October 1 tax levy used to finance next years budget. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and earned for governmental funds and earned for government-wide.

Pensions

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 Matagorda County Drainage District #1 Employees Pension Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable accordance with the benefit terms. Investments are reported at fair value.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County does not have any items that qualifies for reporting in this category.

Net position flow assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Fund balance flow assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken, the adoption of a resolution to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. Although Commissioners Court has not authorized another to assign fund balance, they may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

8. Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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 has matured as a result of employee resignations or retirements.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to the County and employees for health insurance. Operating expenses for the internal service fund includes the cost of medical claims, prescriptions and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

B. Deposits and Investments

Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of The County to require full collateralization of all County investments and funds on deposit with a depository bank, other than investments, which are obligations of the U.S. government and its agencies and instrumentalities. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC. The County's cash deposits at December 31, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments:

All investments made by the County were within the guidelines provided in Government Code 10 (Chapter 2256), Public Funds Investment Act (short title), and subject to such other restrictions as may be imposed by the Commissioners Court by resolution or order, the Commissioners Court of Matagorda County, Texas.

The County's investment at December 31, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Avg Maturity in yrs</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Portfolio %</u>
Certificates of Deposit	0.75	FDIC	\$ 2,779,632	13.35%
State Agencies	0.09	AA+	471,037	2.26%
US Agencies	0.85	AA+	2,774,205	13.32%
US Agencies	0.07	Not Rated	462,298	2.22%
Total Investments			<u>6,487,172</u>	
Money Market Funds (included in cash)	0.00	FDIC	14,334,508	68.84%
	<u>1.76</u>		<u>\$ 20,821,680</u>	<u>100.00%</u>

Analysis of specific deposit and investment risks:

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfil its obligations. It is the policy of the County to only invest in securities meeting the minimum rating by the Public Funds Investment Act and local policy. The Investment Officer will monitor, on at least a weekly basis, the credit rating and should that rating fall below accepted levels; the Investment Officer will immediately advise the County of the loss of rating and the possible loss of principal. The Investment Officer and the County shall take all prudent measures consistent with this policy to liquidate any investment that does not have at least the minimum required rating.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 the Board of Directors. The maximum average maturity shall be two years.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of a government's investment in a single user. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specified class of securities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets. Diversification strategies shall be established and reviewed annually. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
US Obligations	Not to exceed 80%
US Agencies/Instrumentalities	Not to exceed 80%
State Obligations	Not to exceed 80%
State Agencies/Instrumentalities	Not to exceed 80%
Certificates of Deposits (including Brokered CDs)	Not to exceed 40%
Commercial Paper	Not to exceed 25%
Repurchase Agreements	Not to exceed 40%
Money Market Funds	100%
Local Government Investment Pools	100%

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the major funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	CDBG Disaster Recovery	Nonmajor Governmental	Nonmajor Governmental
Taxes	\$ 14,889,236	\$ --	\$ 247,154	\$ 15,136,390
Less allowance	(146,165)	--	(500)	(146,665)
	<u>\$ 14,743,071</u>	<u>\$ --</u>	<u>\$ 246,654</u>	<u>\$ 14,989,725</u>
Other Receivables	\$ 70,281	\$ --	\$ --	\$ 70,281
Taxes and Tax Statements	2,469,239	--	43,146	2,512,385
Grants	29,779	418,296	7,288	455,363
Insurance Recoveries	--	--	--	--
Fines and Fees	8,771,401	--	--	8,771,401
Less allowance	(6,255,928)	--	--	(6,255,928)
	<u>\$ 5,084,772</u>	<u>\$ 418,296</u>	<u>\$ 50,434</u>	<u>\$ 5,553,502</u>

With the exception of property taxes, fines and fees, all receivables are expected to be collected within one year.

D. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 1,349,101	\$ --	\$ --	\$ 1,349,101
Construction in Progress	646,564	81,396	646,389	81,571
	<u>1,995,665</u>	<u>81,396</u>	<u>646,389</u>	<u>1,430,672</u>

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Capital assets being depreciated:				
Infrastructure	41,998,826	7,790,618	4,304,038	45,485,406
Buildings and improvements	13,800,822	14,450	--	13,815,272
Vehicles and equipment	10,255,938	1,972,026	322,746	11,905,218
Total capital assets being depreciated	<u>66,055,586</u>	<u>9,777,094</u>	<u>4,626,784</u>	<u>71,205,896</u>
Less accumulated depreciation for:				
Infrastructure	36,914,613	1,476,467	4,151,915	34,239,165
Buildings and improvements	5,716,891	301,651	--	6,018,542
Vehicles and equipment	7,332,614	750,961	321,968	7,761,607
Total accumulated depreciation	<u>49,964,118</u>	<u>2,529,079</u>	<u>4,473,883</u>	<u>48,019,314</u>
Total capital assets being depreciated, net	<u>16,091,468</u>	<u>7,248,015</u>	<u>152,901</u>	<u>23,186,582</u>
Governmental activities capital assets, net	<u>\$ 18,087,133</u>	<u>\$ 7,329,411</u>	<u>\$ 799,290</u>	<u>\$ 24,617,254</u>

Depreciation expense of \$2,529,079 and net asset disposals of \$152,901 were charged to functions as follows:

General government	\$ 195,486
Justice system	177,153
Public safety	188,792
Corrections and rehabilitation	113,247
Health and human services	68,824
Community and economic development	56,269
Infrastructure and environmental services	1,882,209
	<u>\$ 2,681,980</u>

E. Pension Obligations

General Information about the Pension Plan

Plan Description

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. The system serves 677 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing body of each employer, within the options available in the TCDRS Act. Because of that, employers have the flexibility and local control to select benefits and pay for those benefits based on their needs and budgets. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year Basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

Benefits

The Plan provides retirement and disability benefits. Employees with 8 years of continuous service are eligible to retire at age 60, at any age with 30 years of services or when age plus years of service total 75. The service or disability retirement benefit is calculated based on the employee's account balance and employer matching as selected by the employer, and may include other employer provided funds. Current deposits are matched at a ratio of 2:1, or \$2.00 for every \$1.00. The employee's account and employer provided funds are combined and converted to a lifetime annuity. The retiree receives a payment every month for the rest of his or her life by choosing from one of seven actuarially equivalent payment options. Disability retirement benefits are determined in the same manner as retirement benefits.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Employees covered by benefit terms

At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	179
Inactive employees entitled to but not yet receiving benefits	42
Active employees	207
	428

Contributions

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

The deposit rate for employees is 7% of compensation, as adopted by the Board of Directors.

Participating employers are required to contribute at 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. The County contribution rate was 14.97% for 2014 and 14.77% for 2015.

Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis. 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.

Net Pension Liability (Asset)

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation Rate	3.00%
Long-term expected Invest Rate of Return	8.10%

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 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Mortality rates were based on the following: (a) depositing members - the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA; (b) service retirees, beneficiaries and non-depositing members - the RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females; and (c) disabled retirees RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 - December 31, 2013 for more details.

Asset Class and Benchmark	Target Allocation	Geometric Real Rate of Return (expected minus Inflation)
U.S. Equities - Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity - Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities - MSCI World (net) Index	1.50%	5.65%
International Equities - Developed - 50% MSCI World ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging - 50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment Grade Bonds - Barclays Capital Agg Bond Index	3.00%	0.55%
High Yield Bonds - Citigroup High Yield Cash Pay Capped Index	3.00%	3.75%
Opportunistic Credit - Citigroup High Yield Cash Pay Capped Index	5.00%	5.54%
Direct Lending - Citigroup High Yield Cash Pay Capped Index	2.00%	5.80%
Distressed Debt - Citigroup High Yield Cash Pay Capped Index	3.00%	6.75%
REIT Equities - 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities - Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs) - Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships - Cambridge Assoc Real Estate Index	3.00%	7.20%
Hedge Funds - Hedge Fund Research, Inc. (HFRI) Fund of Funds Comp Index	25.00%	5.15%
	<u>100.00%</u>	<u>74.89%</u>

Discount Rate

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

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

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

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position e 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.

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.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Postion (b)	Net Position Liability (Asset) (a) - (b)
Balances as of December 31, 2013	\$ 46,800,892	\$ 43,420,376	\$ 3,380,516
Changes for the year:			
Service cost	1,037,018	--	1,037,018
Interest on total pension liability	3,723,454	--	3,723,454
Effect of plan changes	--	--	--
Effect of economic/demographic gains or losses	629,628	--	629,628
Effect of assumptions changes or inputs	--	--	--
Refund of contributions	(141,906)	(141,906)	--
Benefit payments	(2,592,813)	(2,592,813)	--
Administrative expenses	--	(34,335)	34,335
Member contributions	--	537,553	(537,553)
Net investment income	--	2,975,354	(2,975,354)
Employer contributions	--	1,149,603	(1,149,603)
Other	--	427,674	(427,674)
Balances as of December 31, 2014	<u>\$ 49,456,273</u>	<u>\$ 45,741,506</u>	<u>\$ 3,714,767</u>

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Discount Rate 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 net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 55,118,017	\$ 49,456,273	\$ 44,753,637
Fiduciary net position	45,741,506	45,741,506	45,741,506
Net pension liability (asset)	<u>\$ 9,376,511</u>	<u>\$ 3,714,767</u>	<u>\$ (987,869)</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended December 31, 2015 the County recognized pension expense of \$571,585. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 472,221	\$ --
Changes in actuarial assumptions	--	--
Difference between projected and actual earnings on pension plan investments	440,041	--
Contributions paid to TCDRS subsequent to the measurement date	1,250,595	--
Total	<u>\$ 2,162,857</u>	<u>\$ --</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Exp Amount
2016	\$ 267,417
2017	267,417
2018	267,417
2019	110,010
2020	--
Thereafter	--

F. Other Postemployment Benefit (OPEB) Obligations

Plan Description

The County, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all retired employees who qualified under the Texas County District Retirement System and are currently receiving retirement (pension) income. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. Specific details of the Plan include the provision of certain hospitalization, major medical insurance and prescription drug coverage. These benefits are provided through insurance companies. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Funding Policy

The County pays the cost of the postemployment health care benefits for retirees during the life of the retiree. Retirees may elect to continue health care benefits for their spouse and family at their own expense. Substantially all of the government's employees may become eligible for these benefits if they reach normal retirement age while working for the government. The plan is financed on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 2,176,039
Interest on prior year net OPEB obligation	303,367
Amortization of prior year net OPEB obligation	(430,076)
Total annual OPEB cost	<u>2,049,330</u>
Contributions made	<u>(822,925)</u>
Increase in net OPEB obligation	1,226,405
Net OPEB obligation - beginning of year	7,584,165
Net OPEB obligation - end of year	<u>\$ 8,810,570</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation End of Year
12/31/13	\$ 2,205,973	\$ 674,040	30.56%	\$ 6,104,697
12/31/14	\$ 2,205,973	\$ 726,505	32.93%	\$ 7,584,165
12/31/15	\$ 2,049,330	\$ 822,925	40.16%	\$ 8,810,570

Funding Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial present value of accrued liability for past and future service benefits equaled \$20,408,335 which represents 70.30% of the present value of all projected benefits of \$29,030,094. There were \$0 in actuarial valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same. The total payroll (annual payroll of active employees) was \$7,877,175, and the ratio of the UAAL to the covered payroll equaled 259.08%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the County maintains no Plan assets, information relative to Plan asset required disclosures is not applicable.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the County and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and Plan members to that Point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The annual required contribution rate for the plan was determined as part of the January 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial cost method	proj unit cost
Amortization method	level, open
Remaining amortization	30 years
Inflation rate	3.00%
Asset valuation method	None
Investment return	1.00%
Projected salary increases	None
Cost of living adjustments	None
Healthcare cost trend rate	9.00%
Discount rate	4.00%

G. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities via interlocal agreement and forming a risk pool ("Pool"). The Pool is a legally separate entity operating as a common risk management and insurance program and is administered by TriStar Risk Management. The Pool provides third party liability, public officials liability, automobile liability, workers compensation, blanket crime coverage and property coverage. The County pays an annually determined premium to the pool for its share of the above insurance coverage. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. Latest audited financial statements for the self-insured pool can be obtained by contacting PO Box 327, Bay City, Tx 77404-0327.

The County continues to carry insurance for other risks of loss through a group purchasing cooperative. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Health Care 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, 2016, 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, remains responsible for the payment of benefits under the benefit plan in the event HEBP fails to make such payments.

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 reasonably estimated. The County considers claims paid in the three months following the fiscal year end to be a reasonable estimate of claims liability.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

	2013	2014	2015
Unpaid claims, beginning	\$ 201,333	\$ 157,736	\$ 157,736
Claims incurred	1,975,656	1,913,435	1,988,120
Claims paid	(2,019,253)	(1,957,151)	(2,011,326)
Unpaid claims, ending	<u>\$ 157,736</u>	<u>\$ 114,020</u>	<u>\$ 134,530</u>

I. Lease Obligations

The County entered into lease agreements as lessee for financing the acquisition of road equipment valued at \$755,600. The equipment has a twenty year estimated useful life with year to date depreciation of \$58,843. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

Year ending December 31,	Governmental Activities
2016	\$ 454,686
2017	378,828
2018	264,144
2019	263,808
2020	95,003
Total minimum lease payments	1,456,469
Less: amount representing interest	(96,604)
Present value of minimum lease payments	<u>\$ 1,359,865</u>

J. Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended December 31, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of Obligation	\$ 355,000	\$ 2,750,000	\$ 175,000	\$ 2,930,000	180,000
Capital leases*	472,585	1,224,947	337,668	1,359,864	415,433
Compensated absences *	311,337	297,526	259,168	349,695	61,606
Net OPEB Obligation*	7,584,165	2,479,406	1,253,001	8,810,570	--
Net Pension Liability**	3,380,516	905,836	571,585	3,714,767	--
Issuance Premium	--	60,325	3,015	57,310	--
Total governmental activities	<u>\$ 12,103,603</u>	<u>\$ 7,718,040</u>	<u>\$ 2,599,437</u>	<u>\$ 17,222,206</u>	<u>\$ 657,039</u>

* The funds typically used to liquidate other long-term liabilities in the past are as follows:

** Beginning balance restated for the effects of GASB 68, see footnote Q.

Liability	Activity Type	Fund
Capital leases	Governmental	General
Compensated absences	Governmental	General
Net OPEB Obligation	Governmental	General

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Debt service requirements on long-term debt at December 31, 2015, are as follows:

Certificates of obligation of \$1,515,000, issued August 15, 2006 bearing interest at 4.69% and maturing March 15, 2016 were issued for the purpose of jail expansion.

Certificates of obligation of \$2,750,000, issued August 24, 2015 bearing interest at 3.0%-3.50% and maturing March 15, 2035 were issued for the purpose of county-wide improvements.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 180,000	\$ 88,205	\$ 268,205
2017	105,000	84,563	189,563
2018	110,000	81,338	191,338
2019	115,000	77,963	192,963
2020	115,000	74,513	189,513
2021-2025	650,000	316,690	966,690
2026-2030	755,000	211,015	966,015
2031-2035	900,000	79,632	979,632
Totals	\$ 2,930,000	\$ 1,013,919	\$ 3,943,919

K. Fund Balance

In the November 28, 2011 minutes, 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 years approved budget upon completion of the audit.

The following schedule presents details of restricted net position for legislative purposes at December 31, 2015:

	Other Governmental Funds
Restricted for legislative purposes:	
District attorney legal/law	\$ 106,803
Sheriff & jail discretionary	36,635
County clerk preservation & automation	391,097
Countywide records management preservation	20,625
Courthouse security	46,729
Justice court technology	8,583
District clerk records management preservation	54,125
County & district court technology	43,026
Historical commission	4,142
	<u>\$ 711,765</u>

L. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$ 10,498

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. With the exception of \$50 which represents imprest funds, all interfund balances are expected to be collected in the subsequent year.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

M. Interfund Transfers

During the year, nonmajor governmental funds transferred \$27,500 in resources to the general fund to reimburse for supplemental pay using specially earmarked funds and the general fund transferred \$7,000 to nonmajor governmental funds to supplement resources.

N. Contingencies

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The Appraisal District is currently defendant in a property valuation lawsuit for 2011-2014 taxable values with Tres Palacios Gas Storage, LLC. The 2011 valuation year has settled resulting in a refund of taxes by each taxing entity involved paid to Tres Palacios Gas Storage, LLC in 2015. The remaining years have not been settled at this time. It is the opinion of counsel the result could have a material fiscal impact on the County, but the amount is indeterminable at this time.

O. Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions. The County stopped receiving waste prior to October 9, 1993 at over 90% capacity used and officially closed in July, 2007. Post-closure costs are subject to change resulting from inflation, deflation, technology and/or changes in applicable laws and regulations and are expected to be nominal for the next five years after certification of the completion of closure. Therefore, no liability has been recorded in these financial statements.

P. Jointly Governed and Related Organizations

1. The County is accountable for the following related organizations in that they appoint the Commissioners:

- Matagorda County Drainage District No. 1
- Matagorda County Drainage District No. 2
- Matagorda County Drainage District No. 3
- Matagorda County Drainage District No. 4
- Matagorda County Conservation & Reclamation District
- Matagorda County Hospital District

The County is not financially accountable for the above organizations nor does the County's accountability for these organizations extend significantly beyond making the appointments. Accordingly, financial information for these entities is excluded from the County's financial statements.

Latest audited financial statements for these entities may be obtained by writing 1700 7th Street, Room 302, Bay City, Tx 77414-5091.

2. The Adult Probation division is operated as a multi-county department doing business as 23rd Judicial District Community Supervision and Correction Department (CSCD) 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.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The Department's 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 not a part of the reporting entity of Matagorda County.

Q. Change in Accounting Policy and Related Prior Period Adjustment

In June, 2012 the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions -- an Amendment of GASB Statement No. 27," which is effective for fiscal years beginning after June 15, 2014. The County has implemented the provisions of this Statement for the year ended December 31, 2015.

The Statement requires numerous new pension disclosures in the notes to the financial statements and two new 10-year, pension-related charts as required supplementary information. Also, for the first time the County is required to recognize pension expense, report deferred outflows of resources and deferred inflows of resources related to pensions and a net pension liability (asset).

The effect of the restatement of the beginning net position is as follows:

Beginning net position as previously reported December 31, 2014		\$ 24,075,319
Net pension liability (December 31, 2013)	\$ (3,380,516)	
Deferred outflows - County contributions made during the year	<u>1,149,596</u>	
Total prior period adjustment		<u>(2,230,920)</u>
Net position as restated December 31, 2014		<u>\$ 21,844,399</u>

Required Supplementary Information

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



MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,621,235	\$ 14,621,235	\$ 13,979,718	\$ (641,517)
Licenses and permits	795,100	795,100	766,767	(28,333)
Intergovernmental	294,200	2,247,449	1,531,346	(716,103)
Charges for services	4,571,262	4,578,560	4,722,366	143,806
Fines	380,000	380,000	420,317	40,317
Investment income	130,000	130,000	161,701	31,701
Miscellaneous	125,500	584,273	222,270	(362,003)
Total revenues	20,917,297	23,336,617	21,804,485	(1,532,132)
EXPENDITURES				
GENERAL GOVERNMENT				
County Judge:				
Personnel	187,393	201,002	197,245	3,757
Operating costs	8,300	8,195	7,919	276
Total County Judge	195,693	209,197	205,164	4,033
Commissioners Court				
Personnel	37,796	37,796	38,050	(254)
Operating costs	102,500	104,300	99,652	4,648
Total Commissioners Court	140,296	142,096	137,702	4,394
Information Services:				
Personnel	133,600	134,200	134,770	(570)
Operating costs	237,791	235,701	220,012	15,689
Capital outlay	24,000	54,750	54,749	1
Total Information Services	395,391	424,651	409,531	15,120
County Courthouse:				
Personnel	87,275	87,275	78,297	8,978
Operating costs	255,872	315,672	269,115	46,557
Total County Courthouse	343,147	402,947	347,412	55,535
County Office Building:				
Operating costs	110,300	110,300	93,774	16,526
Total County Office Building	110,300	110,300	93,774	16,526
Unallocable by Department:				
Insurance	111,867	108,608	112,667	(4,059)
Appraisal fees	29,146	53,060	53,083	(23)
Retiree Insurance	211,081	214,063	232,700	(18,637)
Other costs	123,735	1,724	807	917
Total Unallocable by Department	475,829	377,455	399,257	(21,802)
County Clerk:				
Personnel	345,149	345,149	335,679	9,470
Operating costs	34,500	34,500	28,476	6,024
Total County Clerk	379,649	379,649	364,155	15,494

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
County Auditor:				
Personnel	370,057	385,250	385,683	(433)
Operating costs	11,200	14,610	13,406	1,204
Capital outlay	33,000	146,481	81,396	65,085
Debt	--	33,000	33,885	(885)
Total County Auditor	414,257	579,341	514,370	64,971
County Treasurer:				
Personnel	183,286	171,155	173,395	(2,240)
Operating costs	19,575	18,490	18,319	171
Total County Treasurer	202,861	189,645	191,714	(2,069)
Special Districts				
Personnel	4,125	4,125	3,687	438
Operating costs	1,624	1,624	1,284	340
Total Special Districts	5,749	5,749	4,971	778
County Tax Assessor Collector:				
Personnel	514,696	514,696	499,939	14,757
Operating costs	78,900	78,900	66,499	12,401
Total Tax Assessor Collector	593,596	593,596	566,438	27,158
Elections:				
Personnel	19,706	23,834	14,162	9,672
Operating costs	27,000	30,170	9,865	20,305
Capital outlay	--	436,953	436,953	--
Total Elections	46,706	490,957	460,980	29,977
TOTAL GENERAL GOVERNMENT	3,303,474	3,905,583	3,695,468	210,115
JUSTICE SYSTEM				
District Court:				
Personnel	185,141	185,141	182,012	3,129
Operating costs	56,050	58,139	41,141	16,998
Total District Court	241,191	243,280	223,153	20,127
County Court:				
Operating costs	19,500	20,700	17,188	3,512
Total County Court	19,500	20,700	17,188	3,512
Court Expenses:				
Personnel	75,040	75,040	71,776	3,264
Operating costs	302,120	333,945	296,980	36,965
Total Court Expenses	377,160	408,985	368,756	40,229
Capital Trials				
Operating costs	85,312	52,312	33,021	19,291
Total Capital Trials	85,312	52,312	33,021	19,291

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
District Clerk:				
Personnel	270,003	270,003	273,292	(3,289)
Operating costs	21,225	21,225	18,076	3,149
Total District Clerk	291,228	291,228	291,368	(140)
District Attorney:				
Personnel	582,102	593,420	585,607	7,813
Operating costs	62,750	75,837	74,723	1,114
Total District Attorney	644,852	669,257	660,330	8,927
County Attorney:				
Personnel	228,432	225,716	224,124	1,592
Operating costs	17,925	20,641	19,554	1,087
Total County Attorney	246,357	246,357	243,678	2,679
Justice of the Peace #1				
Personnel	151,861	151,361	151,974	(613)
Operating costs	10,800	11,800	10,880	920
Total Justice of the Peace #1	162,661	163,161	162,854	307
Justice of the Peace #2				
Personnel	152,327	151,327	148,928	2,399
Operating costs	22,380	24,380	21,103	3,277
Total Justice of the Peace #2	174,707	175,707	170,031	5,676
Justice of the Peace #3				
Personnel	116,897	141,327	141,441	(114)
Operating costs	8,750	7,638	6,630	1,008
Total Justice of the Peace #3	125,647	148,965	148,071	894
Justice of the Peace #4				
Personnel	117,776	119,268	119,042	226
Operating costs	8,740	8,688	7,417	1,271
Total Justice of the Peace #4	126,516	127,956	126,459	1,497
Justice of the Peace #6				
Personnel	28,301	29,601	28,379	1,222
Operating costs	6,400	6,759	6,560	199
Total Justice of the Peace #6	34,701	36,360	34,939	1,421
Law Library:				
Operating costs	21,000	21,000	19,401	1,599
Total Law Library	21,000	21,000	19,401	1,599
Child Support:				
Personnel	50,769	50,769	49,022	1,747
Operating costs	3,200	2,806	1,900	906
Total Child Support	53,969	53,575	50,922	2,653
Juvenile Probation Board:				
Personnel	35,286	38,786	37,910	876
Total Juvenile Probation Board	35,286	38,786	37,910	876

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Juvenile Probation:				
Personnel	48,165	48,165	38,156	10,009
Operating costs	218,250	225,150	209,248	15,902
Total Juvenile Probation	266,415	273,315	247,404	25,911
Unallocable by Department:				
Insurance	101,375	98,422	102,101	(3,679)
Appraisal fees	26,412	48,084	48,105	(21)
Autopsies	55,000	75,000	83,109	(8,109)
Retiree Insurance	105,246	106,732	116,025	(9,293)
Total unallocable by Department	288,033	328,238	349,340	(21,102)
TOTAL JUSTICE SYSTEM	3,194,535	3,299,182	3,184,825	114,357
PUBLIC SAFETY				
Constable Precinct #1:				
Personnel	19,863	19,863	19,929	(66)
Operating costs	13,120	13,966	2,299	11,667
Total Constable Precinct #1	32,983	33,829	22,228	11,601
Constable Precinct #2:				
Personnel	11,163	11,163	12,098	(935)
Operating costs	11,750	12,409	10,243	2,166
Total Constable Precinct #2	22,913	23,572	22,341	1,231
Constable Precinct #3:				
Personnel	14,223	14,223	13,706	517
Operating costs	4,730	6,039	4,360	1,679
Total Constable Precinct #3	18,953	20,262	18,066	2,196
Constable Precinct #4:				
Personnel	14,223	14,223	13,697	526
Operating costs	4,065	4,914	4,037	877
Total Constable Precinct #4	18,288	19,137	17,734	1,403
Constable Precinct #6:				
Personnel	19,863	19,863	20,086	(223)
Operating costs	5,900	6,622	6,534	88
Total Constable Precinct #6	25,763	26,485	26,620	(135)
County Sheriff:				
Personnel	2,440,113	2,780,463	2,573,631	206,832
Operating costs	412,550	429,176	381,712	47,464
Capital outlay	100,000	144,365	144,518	(153)
Total County Sheriff	2,952,663	3,354,004	3,099,861	254,143
Department of Public Safety:				
Operating costs	4,000	4,000	141	3,859
Total Department of Public Safety	4,000	4,000	141	3,859

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

Page 5 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Game Wardens:				
Operating costs	33,400	33,400	33,332	68
Total Game Wardens	33,400	33,400	33,332	68
Fire Protection:				
Operating costs	49,000	61,850	50,620	11,230
Capital outlay	--	220,107	220,106	1
Total Fire Protection	49,000	281,957	270,726	11,231
Emergency Management:				
Personnel	125,291	125,291	128,979	(3,688)
Operating costs	36,520	156,884	148,562	8,322
Total Emergency Management	161,811	282,175	277,541	4,634
Unallocable by department:				
Insurance	108,036	104,889	108,809	(3,920)
Appraisal fees	28,148	51,243	51,265	(22)
Retiree insurance	142,470	144,483	157,062	(12,579)
Total unallocable by department	278,654	300,615	317,136	(16,521)
TOTAL PUBLIC SAFETY	3,598,428	4,379,437	4,105,726	273,711
CORRECTIONS & REHABILITATION				
County Jail:				
Personnel	1,722,582	1,855,348	1,735,516	119,832
Operating costs	424,020	422,295	412,137	10,158
Capital outlay	--	66,388	66,388	--
Total County Jail	2,146,602	2,344,031	2,214,041	129,990
Adult Probation:				
Operating costs	2,500	2,500	2,400	100
Total Adult Probation	2,500	2,500	2,400	100
Unallocable by department:				
Insurance	64,805	62,917	65,269	(2,352)
Appraisal fees	16,884	30,738	30,751	(13)
Retiree insurance	24,287	24,631	26,775	(2,144)
Total unallocable by department	105,976	118,286	122,795	(4,509)
TOTAL CORRECTIONS & REHABILITATION	2,255,078	2,464,817	2,339,236	125,581
HEALTH & HUMAN SERVICES				
Health Department:				
Personnel	276,536	276,603	274,056	2,547
Operating costs	45,935	88,419	61,798	26,621
Total Health Department	322,471	365,022	335,854	29,168
Animal Control:				
Personnel	80,242	83,428	77,148	6,280
Operating costs	89,201	86,015	89,324	(3,309)
Total Animal Control	169,443	169,443	166,472	2,971

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

Page 6 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mental Health:				
Operating costs	35,419	35,419	35,419	--
Total Mental Health	35,419	35,419	35,419	--
Ambulance Service:				
Operating costs	597,275	597,275	592,575	4,700
Total Ambulance Service	597,275	597,275	592,575	4,700
Aid to Others:				
Economic Action Committee	33,000	33,000	33,000	--
Edith Armstrong Center	8,400	8,400	8,400	--
Friends of the Elderly	10,900	10,900	10,900	--
Cemetery	3,000	3,000	3,000	--
Indigent Burials	2,000	2,000	2,300	(300)
Total Aid to Others	57,300	57,300	57,600	(300)
Veteran's Service Officer:				
Personnel	67,043	69,464	69,005	459
Operating costs	7,400	7,100	6,831	269
Total Veteran's Service Officer	74,443	76,564	75,836	728
Unallocable by department:				
Insurance	39,385	38,237	39,667	(1,430)
Appraisal fees	10,261	18,681	18,689	(8)
Retiree insurance	16,192	16,420	17,850	(1,430)
Total unallocable by department	65,838	73,338	76,206	(2,868)
TOTAL HEALTH & HUMAN SERVICES	1,322,189	1,374,361	1,339,962	34,399
COMMUNITY & ECONOMIC DEVELOPMENT				
521 Park:				
Operating costs	5,000	5,000	4,785	215
Total 521 Park	5,000	5,000	4,785	215
Marine Department:				
Personnel	98,238	98,238	92,779	5,459
Operating costs	71,700	947,700	131,890	815,810
Total Marine Department	169,938	1,045,938	224,669	821,269
Aid to Others:				
Economic Development	60,000	102,633	102,633	--
Bay City Library	200,000	200,000	200,000	--
Palacios Library	66,000	66,000	66,000	--
Matagorda County Museum	52,000	52,000	52,000	--
Matagorda Library	6,000	6,000	6,000	--
Museum	--	20,000	20,000	--
Service Center	3,591	3,591	3,591	--
Total Aid to Others	387,591	450,224	450,224	--

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Agricultural Extension Service:				
Personnel	198,986	196,774	131,637	65,137
Operating costs	22,300	23,200	17,078	6,122
Total Agricultural Extension Service	221,286	219,974	148,715	71,259
Home Economist Service:				
Personnel	133,897	133,898	133,259	639
Operating costs	5,500	5,500	3,068	2,432
Total Home Economist Service	139,397	139,398	136,327	3,071
County Fairgrounds:				
Personnel	40,034	40,034	40,358	(324)
Operating costs	76,100	103,146	86,520	16,626
Capital outlay	--	23,800	23,800	--
Total County Fairgrounds	116,134	166,980	150,678	16,302
Unallocable by department:				
Insurance	32,200	31,262	32,430	(1,168)
Appraisal fees	8,389	15,273	15,280	(7)
Retiree insurance	40,479	41,051	44,625	(3,574)
Total unallocable by department	81,068	87,586	92,335	(4,749)
TOTAL COMMUNITY & ECONOMIC DEVELOPMENT	1,120,414	2,115,100	1,207,733	907,367
INFRASTRUCTURE & ENVIRONMENTAL SERVICES				
Transfer Station:				
Personnel	111,047	111,047	112,751	(1,704)
Operating costs	376,220	376,720	253,162	123,558
Total Transfer Station	487,267	487,767	365,913	121,854
Commissioner Precinct #1:				
Personnel	478,388	489,388	418,825	70,563
Operating costs	766,153	1,286,403	926,632	359,771
Capital outlay	--	41,204	41,112	92
Debt	75,899	75,899	75,898	1
Total Commissioner Precinct #1	1,320,440	1,892,894	1,462,467	430,427
Commissioner Precinct #2:				
Personnel	539,338	539,338	460,536	78,802
Operating costs	693,549	1,125,212	853,816	271,396
Capital outlay	22,000	332,151	332,150	1
Debt	65,553	130,949	131,149	(200)
Total Commissioner Precinct #2	1,320,440	2,127,650	1,777,651	349,999
Commissioner Precinct #3:				
Personnel	524,508	524,508	490,521	33,987
Operating costs	743,026	1,143,637	764,822	378,815
Capital outlay	--	124,482	119,770	4,712
Debt	52,907	52,907	52,906	1
Total Commissioner Precinct #3	1,320,441	1,845,534	1,428,019	417,515

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Commissioner Precinct #4:				
Personnel	472,444	498,244	376,912	121,332
Operating costs	847,996	1,172,442	703,853	468,589
Capital outlay	--	417,394	416,928	466
Debt	--	67,480	67,680	(200)
Total Commissioner Precinct #4	<u>1,320,440</u>	<u>2,155,560</u>	<u>1,565,373</u>	<u>590,187</u>
Unallocable by department:				
Insurance	145,132	140,905	146,171	(5,266)
Appraisal fees	37,813	68,838	68,869	(31)
Retiree insurance	191,046	193,745	210,613	(16,868)
Total unallocable by department	<u>373,991</u>	<u>403,488</u>	<u>425,653</u>	<u>(22,165)</u>
TOTAL INFRASTRUCTURE & ENVIRONMENTAL SVCS	<u>6,143,019</u>	<u>8,912,891</u>	<u>7,025,076</u>	<u>1,887,815</u>
Total Expenditures	<u>20,937,137</u>	<u>26,451,371</u>	<u>22,898,026</u>	<u>3,553,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,840)</u>	<u>(3,114,754)</u>	<u>(1,093,541)</u>	<u>2,021,213</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	27,500	27,500	27,500	--
Transfers out	(7,000)	(7,000)	(7,000)	--
Capital lease proceeds	--	573,127	1,224,946	651,819
Total other financing sources (uses)	<u>20,500</u>	<u>593,627</u>	<u>1,245,446</u>	<u>651,819</u>
Net change in fund balances	660	(2,521,127)	151,905	2,673,032
Fund balances - beginning	10,197,470	10,197,470	10,197,470	--
Fund balances - ending	<u>\$ 10,198,130</u>	<u>\$ 7,676,343</u>	<u>\$ 10,349,375</u>	<u>\$ 2,673,032</u>

MATAGORDA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

YEAR ENDED DECEMBER 31, 2015

OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	\$ --	\$ 15,613,317	\$ 15,613,317	--	\$ 6,651,848	234.7%
1/1/2013	--	19,565,090	19,565,090	--	8,162,581	239.7%
1/1/2015	--	20,408,335	20,408,335	--	7,877,175	259.1%

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability:										
Service cost	\$ 1,037,018	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	3,723,454	--	--	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	629,628	--	--	--	--	--	--	--	--	--
Changes of assumptions	--	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(2,734,719)	--	--	--	--	--	--	--	--	--
Net change in total pension liability	2,655,381	--	--	--	--	--	--	--	--	--
Total pension liability - beginning	46,800,892	--	--	--	--	--	--	--	--	--
Total pension liability - ending (a)	\$ 49,456,273	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position:										
Contributions - employer	\$ 1,149,603	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions - employee	537,553	--	--	--	--	--	--	--	--	--
Net investment income	2,975,354	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(2,734,719)	--	--	--	--	--	--	--	--	--
Administrative expense	(34,335)	--	--	--	--	--	--	--	--	--
Other	427,673	--	--	--	--	--	--	--	--	--
Net change in plan fiduciary net position	2,321,129	--	--	--	--	--	--	--	--	--
Plan fiduciary net position - beginning	43,420,376	--	--	--	--	--	--	--	--	--
Plan fiduciary net position - ending (b)	\$ 45,741,505	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's net pension liability - ending (a) - (b)	\$ 3,714,768	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position as a percentage of the total pension liability	92.49%	--	--	--	--	--	--	--	--	--
Covered-employee payroll	\$ 7,679,332	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's net pension liability as a percentage of covered-employee payroll	48.37%	--	--	--	--	--	--	--	--	--

Notes to Schedule:

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

MATAGORDA COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
TEXAS COUNTY DISTRICT RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,149,603	\$ 1,039,449	\$ 952,777	\$ 960,737	\$ 947,990	\$ 872,032	\$ 813,562	\$ 765,997	\$ 743,511	\$ not available
Contributions in relation to the actuarially determined contribution	(1,149,603)	(1,039,449)	(952,777)	(960,831)	(947,990)	(872,032)	(813,562)	(765,997)	(743,511)	not available
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ (94)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 7,679,332	\$ 7,542,912	\$ 7,228,971	\$ 7,547,030	\$ 7,377,350	\$ 7,095,458	\$ 6,630,495	\$ 6,273,523	\$ 6,195,926	\$ not available
Contributions as a percentage of covered-employee payroll	14.97%	13.78%	13.18%	12.73%	12.85%	12.29%	12.27%	12.21%	12.00%	--

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
 - Amortization method
 - Remaining amortization period
 - Asset valuation method
 - Inflation
 - Salary increases
 - Investment rate of return
 - Retirement age
 - Mortality
- Entry age level-percentage-of-covered-payroll basis over a closed period with a layered approach
 20 year closed
 5-year smoothed market
 3.5%
 8.93%, average, including inflation
 8.10%, net of pension plan investment expense, including inflation
 Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
 (a) Depositing members the RP-2000 Active Employee Mortality Table; (b) Service retirees, beneficiaries and non-depositing members The RP-2000 Combined Mortality Table and (c) Disabled retirees RP-2000 Disabled Mortality Table.

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

MATAGORDA COUNTY

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015*

BUDGETARY BASIS OF ACCOUNTING

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The County adopted a budget for the general fund using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The County did not adopt a budget for the CDBG Disaster Recovery major special revenue fund.

DEFINED BENEFIT PENSION PLAN

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.



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

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

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

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

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

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

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

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

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

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

Matagorda Water and Sewer -- 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.

Local Emergency Planning -- This fund was created to account for the activities of the Matagorda County Local Emergency Planning Committee (LEPC) which is to carry out those responsibilities specified by Public Law (PL) 99-499 and to implement other emergency plans or strategies as deemed appropriate.

Juvenile Probation Fund -- This fund is used to account for Texas Juvenile Probation Commission grant funds for administering the juvenile probation program.



MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund Capital Improvements Fund	Total Nonmajor Governmental Funds (See
ASSETS				
Cash and cash equivalents	\$ 871,998	\$ 48,054	\$ 2,714,092	\$ 3,634,144
Receivables (net of allowances for uncollectibles):				
Taxes	--	246,654	--	246,654
Other receivables	7,288	43,146	--	50,434
Total Assets	<u>\$ 879,286</u>	<u>\$ 337,854</u>	<u>\$ 2,714,092</u>	<u>\$ 3,931,232</u>
LIABILITIES				
Accounts payable	\$ 30,221	\$ --	\$ --	\$ 30,221
Due to other governments	1	--	--	1
Due to other funds	5,651	4,847	--	10,498
Due to others	89,876	--	--	89,876
Unearned revenue	41,772	--	--	41,772
Total Liabilities	<u>167,521</u>	<u>4,847</u>	<u>--</u>	<u>172,368</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - delinquent taxes	--	35,127	--	35,127
Unearned revenue - current taxes	--	291,689	--	291,689
Total deferred inflows of resources	<u>--</u>	<u>326,816</u>	<u>--</u>	<u>326,816</u>
FUND BALANCES (DEFICITS)				
Restricted for:				
Capital projects	--	--	2,714,092	2,714,092
Debt service	--	6,191	--	6,191
Legislative purposes	711,765	--	--	711,765
Total Fund Balances (Deficits)	<u>711,765</u>	<u>6,191</u>	<u>2,714,092</u>	<u>3,432,048</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 879,286</u>	<u>\$ 337,854</u>	<u>\$ 2,714,092</u>	<u>\$ 3,931,232</u>



MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund Capital Improvements Fund	Total Nonmajor Governmental Funds (See
REVENUES				
Taxes	\$ --	\$ 191,390	\$ --	\$ 191,390
Intergovernmental	1,669,879	--	--	1,669,879
Charges for services	263,528	--	--	263,528
Investment income	5,206	224	--	5,430
Miscellaneous	32,977	--	--	32,977
Total revenues	<u>1,971,590</u>	<u>191,614</u>	<u>--</u>	<u>2,163,204</u>
EXPENDITURES				
Current:				
General government	232,206	--	--	232,206
Justice system	441,531	--	--	441,531
Public safety	8,958	--	--	8,958
Corrections and rehabilitation	85,773	--	--	85,773
Community and economic development	9,597	--	--	9,597
Intergovernmental	989,112	--	--	989,112
Capital outlay	299,848	--	--	299,848
Debt service:				
Principal	--	175,000	--	175,000
Interest and fees on debt	--	12,546	--	12,546
Debt issuance costs	--	--	96,233	96,233
Total expenditures	<u>2,067,025</u>	<u>187,546</u>	<u>96,233</u>	<u>2,350,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,435)</u>	<u>4,068</u>	<u>(96,233)</u>	<u>(187,600)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	--	--	7,000
Transfers out	(27,500)	--	--	(27,500)
Certificates of obligation	--	--	2,750,000	2,750,000
Debt issuance premium	--	--	60,325	60,325
Total other financing sources (uses)	<u>(20,500)</u>	<u>--</u>	<u>2,810,325</u>	<u>2,789,825</u>
Net change in fund balances	(115,935)	4,068	2,714,092	2,602,225
Fund balances - beginning	827,700	2,123	--	829,823
Fund balances - ending	<u>\$ 711,765</u>	<u>\$ 6,191</u>	<u>\$ 2,714,092</u>	<u>\$ 3,432,048</u>

MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
ASSETS				
Cash and cash equivalents	\$ 108,643	\$ 124,722	\$ 391,221	\$ 20,625
Receivables (net of allowances for uncollectibles):				
Other receivables	--	--	--	--
Total Assets	<u>\$ 108,643</u>	<u>\$ 124,722</u>	<u>\$ 391,221</u>	<u>\$ 20,625</u>
LIABILITIES				
Accounts payable	\$ --	\$ --	\$ 124	\$ --
Due to other governments	--	1	--	--
Due to other funds	--	50	--	--
Due to others	1,840	88,036	--	--
Unearned revenue	--	--	--	--
Total Liabilities	<u>1,840</u>	<u>88,087</u>	<u>124</u>	<u>--</u>
FUND BALANCES (DEFICITS)				
Restricted for:				
Legislative purposes	106,803	36,635	391,097	20,625
Total Fund Balances (Deficits)	<u>106,803</u>	<u>36,635</u>	<u>391,097</u>	<u>20,625</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 108,643</u>	<u>\$ 124,722</u>	<u>\$ 391,221</u>	<u>\$ 20,625</u>

Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	County & District Court Technology	Inter Governmental Grants
\$ 52,330	\$ 8,583	\$ 54,125	\$ 43,026	\$ --
--	--	--	--	--
<u>\$ 52,330</u>	<u>\$ 8,583</u>	<u>\$ 54,125</u>	<u>\$ 43,026</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
5,601	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>5,601</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
46,729	8,583	54,125	43,026	--
<u>46,729</u>	<u>8,583</u>	<u>54,125</u>	<u>43,026</u>	<u>--</u>
<u>\$ 52,330</u>	<u>\$ 8,583</u>	<u>\$ 54,125</u>	<u>\$ 43,026</u>	<u>\$ --</u>

MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	Historical Commission Grant	Matagorda Water & Sewer
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 4,142	\$ --
Receivables (net of allowances for uncollectibles):		
Other receivables	--	7,288
Total Assets	<u>\$ 4,142</u>	<u>\$ 7,288</u>
LIABILITIES		
Accounts payable	\$ --	\$ 7,288
Due to other governments	--	--
Due to other funds	--	--
Due to others	--	--
Unearned revenue	--	--
Total Liabilities	<u>--</u>	<u>7,288</u>
FUND BALANCES (DEFICITS)		
Restricted for:		
Legislative purposes	<u>4,142</u>	<u>--</u>
Total Fund Balances (Deficits)	<u>4,142</u>	<u>--</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 4,142</u>	<u>\$ 7,288</u>

Local Emergency Planning	Juvenile Probation Fund	Total Nonmajor Special Revenue Funds
\$ --	\$ 64,581	\$ 871,998
--	--	7,288
<u>\$ --</u>	<u>\$ 64,581</u>	<u>\$ 879,286</u>
\$ --	\$ 22,809	\$ 30,221
--	--	1
--	--	5,651
--	--	89,876
--	41,772	41,772
<u>--</u>	<u>64,581</u>	<u>167,521</u>
--	--	711,765
<u>--</u>	<u>--</u>	<u>711,765</u>
<u>\$ --</u>	<u>\$ 64,581</u>	<u>\$ 879,286</u>

MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
REVENUES				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Charges for services	46,028	1,603	159,017	12,573
Investment income	478	26	2,867	282
Miscellaneous	--	32,501	26	--
Total revenues	<u>46,506</u>	<u>34,130</u>	<u>161,910</u>	<u>12,855</u>
EXPENDITURES				
Current:				
General government	--	--	228,262	--
Justice system	13,826	--	--	--
Public safety	--	5,876	--	--
Corrections and rehabilitation	--	16,888	--	--
Community and economic development	--	--	--	--
Intergovernmental	--	--	--	--
Capital outlay	24,639	--	--	51,487
Total expenditures	<u>38,465</u>	<u>22,764</u>	<u>228,262</u>	<u>51,487</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,041</u>	<u>11,366</u>	<u>(66,352)</u>	<u>(38,632)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers out	(27,500)	--	--	--
Total other financing sources (uses)	<u>(27,500)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(19,459)	11,366	(66,352)	(38,632)
Fund balances - beginning	126,262	25,269	457,449	59,257
Fund balances - ending	<u>\$ 106,803</u>	<u>\$ 36,635</u>	<u>\$ 391,097</u>	<u>\$ 20,625</u>

Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	County & District Court Technology	Inter Governmental Grants
\$ --	\$ --	\$ --	\$ --	\$ 1,191,733
18,342	6,203	9,740	10,022	--
240	109	286	215	--
--	--	--	--	--
<u>18,582</u>	<u>6,312</u>	<u>10,026</u>	<u>10,237</u>	<u>1,191,733</u>
3,944	--	--	--	--
--	15,466	2,280	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	989,112
--	21,101	--	--	202,621
<u>3,944</u>	<u>36,567</u>	<u>2,280</u>	<u>--</u>	<u>1,191,733</u>
<u>14,638</u>	<u>(30,255)</u>	<u>7,746</u>	<u>10,237</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
14,638	(30,255)	7,746	10,237	--
32,091	38,838	46,379	32,789	--
<u>\$ 46,729</u>	<u>\$ 8,583</u>	<u>\$ 54,125</u>	<u>\$ 43,026</u>	<u>\$ --</u>

MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Historical Commission Grant	Matagorda Water & Sewer
REVENUES		
Intergovernmental	\$ --	\$ --
Charges for services	--	--
Investment income	--	--
Miscellaneous	450	--
Total revenues	<u>450</u>	<u>--</u>
EXPENDITURES		
Current:		
General government	--	--
Justice system	--	--
Public safety	--	--
Corrections and rehabilitation	--	--
Community and economic development	9,597	--
Intergovernmental	--	--
Capital outlay	--	--
Total expenditures	<u>9,597</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,147)</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	7,000	--
Transfers out	--	--
Total other financing sources (uses)	<u>7,000</u>	<u>--</u>
Net change in fund balances	(2,147)	--
Fund balances - beginning	6,289	--
Fund balances - ending	<u>\$ 4,142</u>	<u>\$ --</u>

Local Emergency Planning	Juvenile Probation Fund	Total Nonmajor Special Revenue Funds
\$ --	\$ 478,146	\$ 1,669,879
--	--	263,528
5	698	5,206
--	--	32,977
<u>5</u>	<u>478,844</u>	<u>1,971,590</u>
--	--	232,206
--	409,959	441,531
3,082	--	8,958
--	68,885	85,773
--	--	9,597
--	--	989,112
--	--	299,848
<u>3,082</u>	<u>478,844</u>	<u>2,067,025</u>
<u>(3,077)</u>	<u>--</u>	<u>(95,435)</u>
--	--	7,000
--	--	(27,500)
<u>--</u>	<u>--</u>	<u>(20,500)</u>
(3,077)	--	(115,935)
3,077	--	827,700
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 711,765</u>

MATAGORDA COUNTY

DA LEGAL LAW

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 45,659	\$ 46,028	\$ 369
Investment income	400	478	78
Total revenues	<u>46,059</u>	<u>46,506</u>	<u>447</u>
EXPENDITURES			
JUSTICE SYSTEM			
District Attorney:			
Operating costs	16,959	13,826	3,133
Capital outlay	24,989	24,639	350
Total District Attorney	<u>41,948</u>	<u>38,465</u>	<u>3,483</u>
TOTAL JUSTICE SYSTEM	<u>41,948</u>	<u>38,465</u>	<u>3,483</u>
Total Expenditures	<u>41,948</u>	<u>38,465</u>	<u>3,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,111</u>	<u>8,041</u>	<u>3,930</u>
Transfers out	<u>(27,500)</u>	<u>(27,500)</u>	<u>--</u>
Total other financing sources (uses)	<u>(27,500)</u>	<u>(27,500)</u>	<u>--</u>
Net change in fund balances	(23,389)	(19,459)	3,930
Fund balances - beginning	126,262	126,262	--
Fund balances - ending	<u>\$ 102,873</u>	<u>\$ 106,803</u>	<u>\$ 3,930</u>

MATAGORDA COUNTY
SHERIFF & JAIL DISCRETIONARY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 4,000	\$ 1,603	\$ (2,397)
Investment income	100	26	(74)
Miscellaneous	<u>38,100</u>	<u>32,501</u>	<u>(5,599)</u>
Total revenues	<u>42,200</u>	<u>34,130</u>	<u>(8,070)</u>
EXPENDITURES			
PUBLIC SAFETY			
County Sheriff:			
Operating costs	<u>13,200</u>	<u>5,876</u>	<u>7,324</u>
Total County Sheriff	<u>13,200</u>	<u>5,876</u>	<u>7,324</u>
TOTAL PUBLIC SAFETY	<u>13,200</u>	<u>5,876</u>	<u>7,324</u>
CORRECTIONS & REHABILITATION			
County Jail:			
Operating costs	<u>29,000</u>	<u>16,888</u>	<u>12,112</u>
Total County Jail	<u>29,000</u>	<u>16,888</u>	<u>12,112</u>
TOTAL CORRECTIONS & REHABILITATION	<u>29,000</u>	<u>16,888</u>	<u>12,112</u>
Total Expenditures	<u>42,200</u>	<u>22,764</u>	<u>19,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>11,366</u>	<u>11,366</u>
Net change in fund balances	--	11,366	11,366
Fund balances - beginning	25,269	25,269	--
Fund balances - ending	<u>\$ 25,269</u>	<u>\$ 36,635</u>	<u>\$ 11,366</u>

MATAGORDA COUNTY

COUNTY CLERK PRESERVATION & AUTOMATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 153,500	\$ 159,017	\$ 5,517
Investment income	4,000	2,867	(1,133)
Miscellaneous	--	26	26
Total revenues	<u>157,500</u>	<u>161,910</u>	<u>4,410</u>
EXPENDITURES			
GENERAL GOVERNMENT			
County Clerk:			
Operating costs	<u>241,338</u>	<u>228,262</u>	<u>13,076</u>
Total County Clerk	<u>241,338</u>	<u>228,262</u>	<u>13,076</u>
TOTAL GENERAL GOVERNMENT	<u>241,338</u>	<u>228,262</u>	<u>13,076</u>
Total Expenditures	<u>241,338</u>	<u>228,262</u>	<u>13,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,838)</u>	<u>(66,352)</u>	<u>17,486</u>
Net change in fund balances	(83,838)	(66,352)	17,486
Fund balances - beginning	457,449	457,449	--
Fund balances - ending	<u>\$ 373,611</u>	<u>\$ 391,097</u>	<u>\$ 17,486</u>

MATAGORDA COUNTY

COUNTYWIDE RECORDS MANAGEMENT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 10,000	\$ 12,573	\$ 2,573
Investment income	1,250	282	(968)
Total revenues	<u>11,250</u>	<u>12,855</u>	<u>1,605</u>
EXPENDITURES			
GENERAL GOVERNMENT			
County Courthouse:			
Operating costs	11,250	--	11,250
Total County Courthouse	<u>11,250</u>	<u>--</u>	<u>11,250</u>
TOTAL GENERAL GOVERNMENT	<u>11,250</u>	<u>--</u>	<u>11,250</u>
JUSTICE SYSTEM			
Justice Court Technology:			
Capital outlay	51,487	51,487	--
Total Justice Court Technology	<u>51,487</u>	<u>51,487</u>	<u>--</u>
TOTAL JUSTICE SYSTEM	<u>51,487</u>	<u>51,487</u>	<u>--</u>
Total Expenditures	<u>62,737</u>	<u>51,487</u>	<u>11,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,487)</u>	<u>(38,632)</u>	<u>12,855</u>
Net change in fund balances	(51,487)	(38,632)	12,855
Fund balances - beginning	59,257	59,257	--
Fund balances - ending	<u>\$ 7,770</u>	<u>\$ 20,625</u>	<u>\$ 12,855</u>

MATAGORDA COUNTY
COURTHOUSE SECURITY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 21,300	\$ 18,342	\$ (2,958)
Investment income	<u>1,000</u>	<u>240</u>	<u>(760)</u>
Total revenues	<u>22,300</u>	<u>18,582</u>	<u>(3,718)</u>
EXPENDITURES			
GENERAL GOVERNMENT			
County Courthouse:			
Personnel	--	30	(30)
Operating costs	<u>17,000</u>	<u>3,914</u>	<u>13,086</u>
Total County Courthouse	<u>17,000</u>	<u>3,944</u>	<u>13,056</u>
TOTAL GENERAL GOVERNMENT	<u>17,000</u>	<u>3,944</u>	<u>13,056</u>
Total Expenditures	<u>17,000</u>	<u>3,944</u>	<u>13,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,300</u>	<u>14,638</u>	<u>9,338</u>
Net change in fund balances	5,300	14,638	9,338
Fund balances - beginning	32,091	32,091	--
Fund balances - ending	<u>\$ 37,391</u>	<u>\$ 46,729</u>	<u>\$ 9,338</u>

MATAGORDA COUNTY
JUSTICE COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 8,500	\$ 6,203	\$ (2,297)
Investment income	<u>500</u>	<u>109</u>	<u>(391)</u>
Total revenues	<u>9,000</u>	<u>6,312</u>	<u>(2,688)</u>
EXPENDITURES			
JUSTICE SYSTEM			
Justice Court Technology:			
Operating costs	40,808	15,466	25,342
Capital outlay	--	<u>21,101</u>	<u>(21,101)</u>
Total Justice Court Technology	<u>40,808</u>	<u>36,567</u>	<u>4,241</u>
TOTAL JUSTICE SYSTEM	<u>40,808</u>	<u>36,567</u>	<u>4,241</u>
Total Expenditures	<u>40,808</u>	<u>36,567</u>	<u>4,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,808)</u>	<u>(30,255)</u>	<u>1,553</u>
Net change in fund balances	(31,808)	(30,255)	1,553
Fund balances - beginning	38,838	38,838	--
Fund balances - ending	<u>\$ 7,030</u>	<u>\$ 8,583</u>	<u>\$ 1,553</u>

MATAGORDA COUNTY

DISTRICT CLERK RECORDS MGMT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 5,600	\$ 9,740	\$ 4,140
Investment income	200	286	86
Total revenues	<u>5,800</u>	<u>10,026</u>	<u>4,226</u>
EXPENDITURES			
JUSTICE SYSTEM			
District Clerk:			
Operating costs	<u>5,800</u>	<u>2,280</u>	<u>3,520</u>
Total District Clerk	<u>5,800</u>	<u>2,280</u>	<u>3,520</u>
TOTAL JUSTICE SYSTEM	<u>5,800</u>	<u>2,280</u>	<u>3,520</u>
Total Expenditures	<u>5,800</u>	<u>2,280</u>	<u>3,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>7,746</u>	<u>7,746</u>
Net change in fund balances	--	7,746	7,746
Fund balances - beginning	46,379	46,379	--
Fund balances - ending	<u>\$ 46,379</u>	<u>\$ 54,125</u>	<u>\$ 7,746</u>

MATAGORDA COUNTY

COUNTY & DISTRICT COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 7,500	\$ 10,022	\$ 2,522
Investment income	160	215	55
Total revenues	<u>7,660</u>	<u>10,237</u>	<u>2,577</u>
EXPENDITURES			
GENERAL GOVERNMENT			
County Clerk:			
Operating costs	7,000	--	7,000
Total County Clerk	<u>7,000</u>	<u>--</u>	<u>7,000</u>
TOTAL GENERAL GOVERNMENT	<u>7,000</u>	<u>--</u>	<u>7,000</u>
JUSTICE SYSTEM			
District Clerk:			
Operating costs	4,860	--	4,860
Total District Clerk	<u>4,860</u>	<u>--</u>	<u>4,860</u>
TOTAL JUSTICE SYSTEM	<u>4,860</u>	<u>--</u>	<u>4,860</u>
Total Expenditures	<u>11,860</u>	<u>--</u>	<u>11,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,200)</u>	<u>10,237</u>	<u>14,437</u>
Net change in fund balances	(4,200)	10,237	14,437
Fund balances - beginning	32,789	32,789	--
Fund balances - ending	<u>\$ 28,589</u>	<u>\$ 43,026</u>	<u>\$ 14,437</u>

MATAGORDA COUNTY
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 184,221	\$ 191,390	\$ 7,169
Investment income	<u>--</u>	<u>224</u>	<u>224</u>
Total revenues	<u>184,221</u>	<u>191,614</u>	<u>7,393</u>
EXPENDITURES			
Debt Service			
Principal	180,000	175,000	5,000
Interest	<u>4,221</u>	<u>12,546</u>	<u>(8,325)</u>
Total debt service	<u>184,221</u>	<u>187,546</u>	<u>(3,325)</u>
Total Expenditures	<u>184,221</u>	<u>187,546</u>	<u>(3,325)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>4,068</u>	<u>4,068</u>
Net change in fund balances	--	4,068	4,068
Fund balances - beginning	2,123	2,123	--
Fund balances - ending	<u>\$ 2,123</u>	<u>\$ 6,191</u>	<u>\$ 4,068</u>

Fiduciary Funds

Fiduciary funds are used to account for funds held in a trustee or agency capacity for the benefit of others and therefore cannot be used to support the government's own programs. Fiduciary funds include pension trust funds, investment funds, private-purpose trust funds and agency funds. The County is only combining agency funds as defined below.

County Clerk Trust Fund -- This fund is used to account for County Court awards for the benefit of minors or others considered by the County Court to be incapable of handling the award individually.

District Clerk Trust Fund -- This fund is used to account for District Court awards for the benefit of minors or others considered by the District Court to be incapable of handling the award individually.

Inmate Trust Fund -- This fund is used to account for money held on behalf of inmates booked into the County jail.

Tax Assessor Collector -- This fund is used as a clearing account for the receipt and disbursement of tax collected by the County Tax Assessor Collector on behalf of other governmental entities.

MATAGORDA COUNTY*COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**AGENCY FUNDS**DECEMBER 31, 2015*

	County Clerk Trust	District Clerk Trust
ASSETS		
Cash and cash equivalents	\$ 220,848	\$ 3,262,272
Total Assets	<u>\$ 220,848</u>	<u>\$ 3,262,272</u>
LIABILITIES		
Due to other governments	\$ --	\$ --
Due to others	220,848	3,262,272
Total Liabilities	<u>220,848</u>	<u>3,262,272</u>
NET POSITION		
Unrestricted	--	--
Total Net Position	<u>\$ --</u>	<u>\$ --</u>

Inmate Trust Fund	Tax Assessor Collector	Total Agency Funds
\$ 31,103	\$ 191,482	\$ 3,705,705
<u>\$ 31,103</u>	<u>\$ 191,482</u>	<u>\$ 3,705,705</u>
\$ --	\$ 191,366	\$ 191,366
31,103	116	3,514,339
<u>31,103</u>	<u>191,482</u>	<u>3,705,705</u>
--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

MATAGORDA COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Balance December 31 2014	Additions	Deductions	Balance December 31 2015
COUNTY CLERK TRUST FUNDS				
ASSETS				
Cash & investments	14,178	\$ 263,509	\$ 56,839	\$ 220,848
Total Assets	<u>\$ 14,178</u>	<u>\$ 263,509</u>	<u>\$ 56,839</u>	<u>\$ 220,848</u>
LIABILITIES				
Due to others	\$ 14,178	\$ 263,509	\$ 56,839	\$ 220,848
Total Liabilities	<u>\$ 14,178</u>	<u>\$ 263,509</u>	<u>\$ 56,839</u>	<u>\$ 220,848</u>
DISTRICT CLERK TRUST FUNDS				
ASSETS				
Cash & investments	\$ 1,129,274	\$ 2,371,433	\$ 238,435	\$ 3,262,272
Total Assets	<u>\$ 1,129,274</u>	<u>\$ 2,371,433</u>	<u>\$ 238,435</u>	<u>\$ 3,262,272</u>
LIABILITIES				
Due to others	\$ 1,129,274	\$ 2,371,433	\$ 238,435	\$ 3,262,272
Total Liabilities	<u>\$ 1,129,274</u>	<u>\$ 2,371,433</u>	<u>\$ 238,435</u>	<u>\$ 3,262,272</u>
INMATE TRUST FUND				
ASSETS				
Cash & investments	\$ 19,270	\$ 192,047	\$ 180,214	\$ 31,103
Total Assets	<u>\$ 19,270</u>	<u>\$ 192,047</u>	<u>\$ 180,214</u>	<u>\$ 31,103</u>
LIABILITIES				
Due to others	\$ 19,270	\$ 192,047	\$ 180,214	\$ 31,103
Total Liabilities	<u>\$ 19,270</u>	<u>\$ 192,047</u>	<u>\$ 180,214</u>	<u>\$ 31,103</u>
TAX ASSESSOR COLLECTOR				
ASSETS				
Cash & investments	\$ 202,731	\$ 391,663	\$ 402,912	\$ 191,482
Total Assets	<u>\$ 202,731</u>	<u>\$ 391,663</u>	<u>\$ 402,912</u>	<u>\$ 191,482</u>
LIABILITIES				
Due to other governments	\$ 201,649	\$ 457,845	\$ 468,128	\$ 191,366
Due to others	1,082	3,157	4,123	116
Total Liabilities	<u>\$ 202,731</u>	<u>\$ 461,002</u>	<u>\$ 472,251</u>	<u>\$ 191,482</u>
TOTAL AGENCY FUNDS:				
ASSETS				
Cash & investments	\$ 1,365,453	\$ 3,218,652	\$ 878,400	\$ 3,705,705
Total Assets	<u>\$ 1,365,453</u>	<u>\$ 3,218,652</u>	<u>\$ 878,400</u>	<u>\$ 3,705,705</u>
LIABILITIES				
Due to other governments	\$ 201,649	\$ 457,845	\$ 468,128	\$ 3,705,589
Due to others	1,163,804	2,830,146	479,611	116
Total Liabilities	<u>\$ 1,365,453</u>	<u>\$ 3,287,991</u>	<u>\$ 947,739</u>	<u>\$ 3,705,705</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends	82-85
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	86-89
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Debt Capacity	90-93
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	94-95
These schedules offer demographic and economic indicators to help the reader understand how the County's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	96-98
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



MATAGORDA COUNTY
NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 20,768,339	\$ 21,151,366	\$ 20,506,971	\$ 19,522,703	\$ 17,819,411	\$ 16,381,686	\$ 16,401,437	\$ 15,782,772	\$ 17,259,548	\$ 23,077,392
Restricted	52	--	5,594	5,094	3,978	1,096,131	935,092	816,242	842,358	3,447,500
Unrestricted	12,621,657	10,373,595	10,395,793	9,800,301	8,393,819	6,238,050	5,812,670	5,930,480	5,973,418	2,236,338
Total Governmental Activities Net Position	\$ 33,390,048	\$ 31,524,961	\$ 30,908,358	\$ 29,328,038	\$ 26,217,208	\$ 23,715,867	\$ 23,149,199	\$ 22,529,494	\$ 24,075,324	\$ 28,761,230

MATAGORDA COUNTY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 2,591,435	\$ 2,374,168	\$ 2,303,706	\$ 2,800,507	\$ 2,916,150	\$ 3,238,152	\$ 3,573,090	\$ 3,564,536	\$ 4,030,366	\$ 4,414,046
Justice system	3,275,243	2,931,754	2,965,507	3,402,444	3,673,061	3,617,128	3,393,214	3,492,513	3,652,376	4,085,240
Public safety	3,264,707	3,231,579	3,245,747	3,846,603	3,301,813	3,441,085	3,379,800	3,612,977	3,892,339	4,279,120
Corrections and rehabilitation	2,477,072	2,638,771	2,363,299	2,229,983	2,396,883	2,246,252	2,036,930	2,261,328	2,334,817	2,575,842
Health and human services	1,281,386	1,180,040	1,219,112	1,283,782	1,397,815	1,364,578	1,354,286	1,390,657	1,418,957	1,508,231
Community and economic development	1,166,624	1,325,564	1,167,753	1,597,919	2,002,462	2,289,523	1,324,645	5,213,574	1,160,109	1,382,101
Infrastructure and environmental services	3,823,861	6,896,776	5,922,408	6,335,128	7,742,526	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 on Long-Term Debt	23,980	66,736	59,224	53,070	46,788	40,020	37,868	30,073	29,542	154,903
Total governmental activities expenses	\$ 17,904,308	\$ 20,645,388	\$ 19,246,756	\$ 21,549,436	\$ 23,477,498	\$ 23,408,088	\$ 23,376,394	\$ 26,474,189	\$ 24,051,439	\$ 25,749,398
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	\$ 1,165,711	\$ 1,241,621	\$ 1,363,971	\$ 1,241,539	\$ 1,234,096	\$ 1,227,359	\$ 1,283,268	\$ 1,304,741	\$ 1,325,694	\$ 1,388,439
Justice system	1,287,277	1,209,619	1,422,866	1,069,513	682,049	897,829	793,258	1,062,915	1,374,752	1,972,518
Public safety	4,297,654	3,786,690	3,471,050	3,266,384	3,196,198	3,157,683	3,226,989	3,323,250	3,398,955	3,292,142
Corrections and rehabilitation	118,632	95,872	90,155	145,540	267,029	128,297	93,515	109,428	140,975	154,935
Health and human services	54,413	50,937	57,506	45,980	70,070	63,717	61,074	63,339	72,083	64,854
Community and economic development	107,775	116,050	124,171	144,380	205,118	196,767	200,410	188,626	180,042	228,692
Infrastructure and environmental services	93,447	71,490	66,402	83,753	387,145	278,522	112,564	129,682	352,573	411,784
Operating Grants and Contributions	942,638	1,796,638	1,661,296	2,500,369	2,383,709	2,214,978	4,251,542	5,511,435	1,322,719	1,225,197
Capital Grants and Contributions	49,915	318,103	--	--	--	--	--	165,879	2,870,484	8,441,394
Total Governmental Activities Program Revenues	\$ 8,117,462	\$ 8,687,020	\$ 8,257,417	\$ 8,497,458	\$ 8,425,414	\$ 8,165,152	\$ 10,012,620	\$ 11,859,295	\$ 11,038,277	\$ 17,179,955
Net (Expense)/Revenue										
Governmental Activities	\$ (9,786,846)	\$ (11,958,368)	\$ (10,989,339)	\$ (13,051,978)	\$ (15,052,084)	\$ (15,242,936)	\$ (13,363,774)	\$ (14,614,894)	\$ (13,013,162)	\$ (8,569,443)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 8,174,199	\$ 9,194,415	\$ 9,921,906	\$ 11,160,539	\$ 11,501,213	\$ 12,243,775	\$ 12,758,819	\$ 13,732,189	\$ 14,269,367	\$ 15,272,676
Miscellaneous	103,303	104,940	70,657	65,041	99,083	267,556	33,357	97,781	107,161	46,471
Unrestricted investment earnings	704,318	793,926	380,173	246,078	340,958	230,264	133,153	165,217	182,468	167,131
Total Governmental Activities	\$ 8,981,820	\$ 10,093,281	\$ 10,372,736	\$ 11,471,658	\$ 11,941,254	\$ 12,741,595	\$ 12,925,329	\$ 13,995,187	\$ 14,558,996	\$ 15,486,278
Change in Net Position	\$ (805,026)	\$ (1,865,087)	\$ (616,603)	\$ (1,580,320)	\$ (3,110,830)	\$ (2,501,341)	\$ (438,445)	\$ (619,707)	\$ 1,545,834	\$ 6,916,835
Governmental Activities										

MATAGORDA COUNTY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ 282,669	\$ 292,680	\$ 387,339	\$ 337,048	\$ 617,348	\$ 937,646
Committed	--	--	--	--	--	931,516	1,027,113	1,224,842	1,654,219	1,788,128
Unassigned	--	--	--	--	--	6,014,110	6,896,050	8,088,794	7,925,903	7,623,601
Unreserved	10,063,575	7,542,080	7,496,109	7,419,087	6,684,356	--	--	--	--	--
Total General Fund	\$ 10,063,575	\$ 7,542,080	\$ 7,496,109	\$ 7,419,087	\$ 6,967,025	\$ 7,238,306	\$ 8,310,502	\$ 9,650,684	\$ 10,197,470	\$ 10,349,375
All Other Governmental Funds										
Restricted	\$ --	\$ 52	\$ --	\$ --	\$ --	\$ 1,103,170	\$ 894,586	\$ 816,480	\$ 829,824	\$ 3,432,048
Reserved	--	--	--	4,924	7,505	--	--	--	--	--
Unreserved, Reported In:										
Special Revenue Funds	898,220	968,729	1,066,974	1,072,242	1,092,752	--	--	--	--	--
Debt Service Funds	--	(33,467)	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	\$ 898,220	\$ 935,262	\$ 1,067,791	\$ 1,077,166	\$ 1,100,257	\$ 1,103,170	\$ 894,586	\$ 816,480	\$ 829,824	\$ 3,432,048

MATAGORDA COUNTY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 8,341,847	\$ 9,147,597	\$ 9,903,450	\$ 11,124,689	\$ 11,422,107	\$ 12,219,087	\$ 12,766,067	\$ 13,790,874	\$ 13,286,586	\$ 14,171,108
Licenses and permits	828,052	833,238	842,590	818,549	813,885	792,739	794,878	780,770	805,842	766,767
Intergovernmental	1,010,040	1,729,944	1,694,349	2,478,021	2,130,808	2,255,663	4,273,126	5,679,217	3,465,873	9,719,811
Charges for services	5,475,765	5,098,908	4,838,363	4,524,898	4,959,784	4,622,755	4,445,502	4,692,877	4,923,019	4,985,894
Fines	415,787	340,318	407,980	415,196	358,715	409,390	379,955	359,083	406,122	420,317
Investment income	744,641	840,854	411,266	272,525	368,082	246,270	146,783	170,191	189,396	167,131
Miscellaneous	331,482	557,011	347,093	273,743	523,112	270,267	262,134	323,794	1,150,101	306,915
Total Revenues	17,147,614	18,547,870	18,445,091	19,907,621	20,576,493	20,816,171	23,068,445	25,796,806	24,226,939	30,537,943
Expenditures										
General administration	2,218,233	2,359,736	2,439,805	2,646,612	2,683,735	2,805,567	3,067,887	3,262,721	3,112,170	3,320,691
Justice	2,786,928	2,803,386	2,740,721	3,155,191	3,389,233	3,295,213	3,070,179	3,138,020	3,239,914	3,626,356
Public safety	2,807,335	2,881,351	2,984,941	3,547,744	2,967,366	3,090,014	2,996,188	3,206,246	3,437,289	3,750,060
Corrections and rehabilitation	2,092,130	2,550,113	2,147,703	2,018,431	2,161,546	2,087,751	1,906,351	2,102,157	2,159,036	2,358,621
Health and human services	1,068,561	1,130,644	1,141,036	1,208,428	1,316,134	1,261,528	1,254,709	1,283,214	1,297,399	1,339,962
Community and economic dev	978,022	988,856	1,093,049	1,223,005	1,223,185	1,267,022	1,034,598	991,326	1,025,094	1,193,530
Infrastructure and environmental	4,293,688	4,376,057	4,541,745	5,063,458	5,722,007	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	2,705,570	3,691,545	1,083,682	927,524	1,358,599	1,388,221	1,059,886	1,145,088	1,662,313	8,807,972
Debt service:										
Principal	25,129	181,466	125,000	130,000	135,000	145,000	212,555	278,751	303,265	512,668
Interest & debt costs	2,745	69,221	60,853	54,873	48,659	42,093	39,325	32,758	24,858	132,629
Total Expenditures	18,978,341	21,032,375	18,358,535	19,975,266	21,005,464	20,730,797	22,076,612	24,991,696	23,818,177	31,819,084
Excess of Revenues	(1,830,727)	(2,484,505)	86,556	(67,645)	(428,971)	85,374	991,833	805,110	408,762	(1,281,141)
Over (Under) Expenditures										
Other Financing Sources (Uses)										
Issuance premium	--	--	--	--	--	--	--	--	--	60,325
Certificates of obligation	1,515,000	--	--	--	--	--	--	--	--	2,750,000
Capital lease proceeds	--	--	--	--	--	188,820	456,965	456,965	151,371	1,224,946
Transfers In	688,736	2,794,384	489,115	67,612	53,450	70,053	40,695	33,500	34,500	34,500
Transfers Out	(698,736)	(2,794,384)	(489,115)	(67,612)	(53,450)	(70,053)	(40,695)	(33,500)	(34,500)	(34,500)
Total Other Financing Sources (Uses)	1,515,000	--	--	--	--	188,820	--	456,965	151,371	4,035,271
Net Change in Fund Balances	\$ (315,727)	\$ (2,484,505)	\$ 86,556	\$ (67,645)	\$ (428,971)	\$ 274,194	\$ 991,833	\$ 1,262,075	\$ 560,133	\$ 2,754,130
Debt Service As A Percentage Of Noncapital Expenditures	0.17%	1.45%	1.08%	0.97%	0.93%	0.97%	1.27%	1.40%	1.60%	2.94%

MATAGORDA COUNTY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Real Property	Assessed Non-real Property	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
2005/06	\$ 2,717,106,070	\$ 459,670,380	\$ (511,752,684)	\$ 2,665,023,766	0.30900	\$ 2,665,023,766	100.000%
2006/07	3,276,215,172	551,077,039	(463,734,746)	3,363,557,465	0.26829	3,363,557,465	100.000%
2007/08	3,580,834,451	426,262,334	(461,540,256)	3,545,556,529	0.27593	3,545,556,529	100.000%
2008/09	4,381,977,682	95,029,605	(491,074,920)	3,985,932,367	0.27518	3,985,932,367	100.000%
2009/10	3,533,533,063	1,116,722,810	(510,369,654)	4,139,886,219	0.27498	4,139,886,219	100.000%
2010/11	3,412,943,688	1,553,978,640	(552,937,135)	4,413,985,193	0.27478	4,413,985,193	100.000%
2011/12	4,085,451,154	950,761,254	(546,317,547)	4,489,894,861	0.28162	4,489,894,861	100.000%
2012/13	3,997,000,381	1,127,092,670	(560,957,690)	4,563,135,361	0.29878	4,563,135,361	100.000%
2013/14	2,347,521,763	2,791,886,570	(559,982,098)	4,579,426,235	0.32099	4,579,426,235	100.000%
2014/15	3,179,148,560	1,660,523,790	(579,127,165)	4,260,545,185	0.35867	4,260,545,185	100.000%

Source: Matagorda County Appraisal District

MATAGORDA COUNTY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	Matagorda County				Overlapping Rates								Total Direct and Overlapping
	Total Direct		City		Utility Districts		Special Districts		Schools				
	Operating	Debt	Rate	Operating	Debt	Operating	Debt	Operating	Debt	Operating	Debt		
2005/06	\$ 0.30900	\$ --	\$ 0.30900	\$ 0.60500	\$ 0.04600	\$ 0.13600	\$ 0.10400	\$ 0.08300	\$ 0.03000	\$ 1.45500	\$ 0.09500	\$ 2.86300	
2006/07	0.26264	0.00565	0.26829	0.60500	0.04300	0.12700	0.05800	0.07100	0.03000	1.28000	0.09800	2.58029	
2007/08	0.26978	0.00615	0.27593	0.60500	0.04300	0.11920	0.07650	0.07100	0.03000	1.00790	0.16156	2.39009	
2008/09	0.27055	0.00463	0.27518	0.59400	0.03400	0.11600	0.07600	0.07000	0.03000	1.01900	0.12700	2.34118	
2009/10	0.27055	0.00443	0.27498	0.61300	0.03000	0.12300	0.08700	0.06700	0.03000	1.03800	0.12900	2.39198	
2010/11	0.27055	0.00423	0.27478	0.65100	0.03800	0.12600	0.08300	0.06900	0.03000	1.04700	0.11800	2.43678	
2011/12	0.27750	0.00412	0.28162	0.67500	0.03900	0.13600	0.08200	0.07100	0.03000	1.04700	0.12700	2.48862	
2012/13	0.29477	0.00401	0.29878	0.67614	0.03875	0.16723	0.09308	0.06706	0.03000	1.04700	0.36091	2.77895	
2013/14	0.31695	0.00404	0.32099	0.66676	0.04615	0.18419	0.08677	0.06903	0.02951	1.04247	0.15824	2.60411	
2014/15	0.35384	0.00483	0.35867	0.68478	0.04521	0.18974	0.08123	0.07165	0.03626	1.03214	0.18821	2.68789	

Source: County Tax Assessor and Palacios ISD Tax Assessor

MATAGORDA COUNTY

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014/2015		2005/2006		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
NRG Texas Power LLC	\$ 861,905,520		20.23%		--
Tres Palacios Gas Storage	267,759,470		6.28%		--
Equistar Chemicals LP	134,608,600		3.16%	183,812,490	6.89%
Williams Fld Svcs - Gulf Coast Co.	98,379,030		2.31%	28,481,372	1.07%
Oxea Corporation	84,830,100		1.99%		--
Formosa Plastics Corp UGS	56,016,970		1.31%		--
Kinder Morgan Texas Pipeline	54,561,630		1.28%		--
Celanese LTD Chemical Division	45,470,300		1.07%	71,459,100	2.68%
AEP Texas Central Company	38,576,050		0.91%	37,115,780	1.39%
Kinder Morgan Texas Pipeline	38,389,660		0.90%		--
Texas Gen Co LP (FKA Reliant)	--	--	--	408,112,146	15.30%
Texas Genco Holding, Inc.	--	--	--	160,504,531	6.02%
AEP Central Power & Light STP	--	--	--	58,106,126	2.18%
Flint Hills Resources Inv	--	--	--	29,554,760	1.11%
BP America Production Co.	--	--	--	29,538,710	1.11%
Transcontinental Gas Pipeline	--	--	--	21,424,840	0.80%
Total	<u>\$ 1,680,497,330</u>		<u>39.44%</u>	<u>\$ 1,028,109,855</u>	<u>38.54%</u>
Total Taxable Assessed Value	<u>\$ 4,260,545,185</u>			<u>\$ 2,667,399,647</u>	

Source: Matagorda County Tax Assessor

MATAGORDA COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments	Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount			Percentage of Levy	Amount		Percentage of Levy	
2005/2006	\$ 8,178,222	\$ 8,174,645	(3,577)	\$ 8,174,645	\$ 8,047,767	98.45%	\$ 106,641	\$ 8,154,408	99.75%
2006/2007	9,039,485	9,013,741	(25,744)	9,013,741	8,895,062	98.68%	98,343	8,993,405	99.77%
2007/2008	9,783,727	9,804,889	21,162	9,804,889	9,653,410	98.46%	130,655	9,784,065	99.79%
2008/2009	10,968,961	10,961,575	(7,386)	10,961,575	10,797,638	98.50%	134,710	10,932,348	99.73%
2009/2010	11,384,047	11,348,295	(35,752)	11,348,295	11,155,160	98.30%	154,951	11,310,111	99.66%
2010/2011	12,129,877	12,112,169	(17,708)	12,112,169	11,923,482	98.44%	142,387	12,065,869	99.62%
2011/2012	12,644,542	12,442,599	(201,943)	12,442,599	12,268,506	98.60%	121,045	12,389,551	99.57%
2012/2013	13,635,349	13,638,912	3,563	13,638,912	13,471,772	98.77%	89,165	13,560,937	99.43%
2013/2014	14,701,308	14,140,422	(560,886)	14,140,422	12,961,537	91.66%	99,517	13,061,054	92.37%
2014/2015	15,282,252	15,314,515	32,263	15,314,515	14,020,987	91.55%	--	14,020,987	91.55%

Sources: Matagorda County Tax Assessor

MATAGORDA COUNTY*RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

Fiscal Year	Governmental Activities			Percentage of Personal Income (1)	Per Capita Total Debt (1)
	Certificates of Obligation	Capital Leases	Total Governmental Activities		
2006	\$ 1,515,000	\$ 26,466	\$ 1,541,466	0.18%	39
2007	1,360,000	--	1,360,000	0.16%	34
2008	1,235,000	--	1,235,000	0.13%	33
2009	1,105,000	--	1,105,000	0.12%	30
2010	970,000	--	970,000	0.09%	26
2011	825,000	188,820	1,013,820	0.09%	27
2012	675,000	126,265	801,265	0.07%	22
2013	520,000	459,478	979,478	0.09%	27
2014	355,000	620,634	975,634	0.08%	27
2015	2,930,000	1,359,864	4,289,864	0.31%	117

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and per capita can be found in the schedule of demographic and economic statistics on page 85.

MATAGORDA COUNTY

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2006	\$ 1,515,000	\$ 52	\$ 1,515,052	--	--
2007	1,360,000	--	1,360,000	0.05%	34
2008	1,235,000	817	1,234,183	0.04%	33
2009	1,105,000	4,924	1,100,076	0.03%	30
2010	970,000	7,505	962,495	0.02%	26
2011	825,000	11,363	813,637	0.02%	22
2012	675,000	13,787	661,213	0.01%	18
2013	520,000	18,055	501,945	0.01%	14
2014	355,000	14,657	340,343	0.01%	9
2015	2,930,000	6,191	2,923,809	0.07%	80

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of governmental funds

(2) This is the amount restricted for debt service principal payments

(3) Estimated actual value of taxable property can be found on page 77.

(4) Population data can be found in the schedule of demographic and economic statistics on page 85.

MATAGORDA COUNTY
 DIRECT AND OVERLAPPING
 GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
City of Bay City	11,291,250	100.000%	11,291,250
Tidehaven Independent School District	47,460,000	100.000%	47,460,000
Palacios Independent School District	3,580,000	94.076%	3,367,916
Bay City Independent School District	13,828,484	100.000%	13,828,484
Matagorda Independent School District	4,644,999	100.000%	4,644,999
Matagorda County Navigation District #1	2,195,000	100.000%	2,195,000
Caney Creek Municipal Utility District	2,979,000	100.000%	2,979,000
Beach Road Municipal Utility District	385,000	100.000%	385,000
Other Debt			
Bay City Independent School District Capital Lease	3,635,415	100.000%	3,635,415
Bay City Independent School District Notes Payable	709,494	100.000%	709,494
Matagorda Independent School District Capital Lease	95,598	100.000%	95,598
Van Vleck Independent School District Capital Lease	518,994	100.000%	518,994
City of Bay City Notes Payable	116,101	100.000%	116,101
City of Bay City Leases	151,690	100.000%	151,690
Subtotal, Overlapping Debt			<u>91,378,941</u>
County Direct Debt:			
Capital Lease			1,359,864
Certificates of Obligation			<u>2,930,000</u>
			4,289,864
Total Direct and Overlapping Debt			<u>\$ 95,668,805</u>

Sources: Assessed value data used to estimate applicable percentages provided by Matagorda County Appraisal District
 Debt outstanding data provided by each governmental unit.

MATAGORDA COUNTY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 399,753,565	\$ 504,533,620	\$ 531,833,479	\$ 597,889,855	\$ 620,982,933	\$ 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	1,514,948	1,360,000	1,234,183	1,100,076	977,505	813,637	661,213	501,945	349,747	2,936,191
Legal Debt Margin	398,238,617	503,173,620	530,599,296	596,789,779	620,005,428	1,102,682,661	1,121,812,502	1,140,281,895	1,144,506,812	1,059,263,914
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.38%	0.27%	0.23%	0.18%	0.16%	0.07%	0.06%	0.04%	0.03%	0.28%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 4,260,545,185
Debt Limit (25% of Assessed Value)	1,065,136,296
Debt Applicable to Limit:	
General Obligation Bonds	2,930,000
Less: Amount Set Aside for Repayment of General Obligation Debt	6,191
Total Net Debt Applicable to Limit	<u>2,936,191</u>
Legal Debt Margin	\$ 1,062,200,105

Sources: Matagorda County Appraisal District and County annual audit report.

MATAGORDA COUNTY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population	39,529	37,122	36,860	37,265	36,978	36,763	36,809	36,547	36,592	36,519
Personal Income (thousands)	\$ 858,520	\$ 926,647	\$ 959,353	\$ 1,073,586	\$ 1,124,476	\$ 1,211,531	\$ 1,225,279	\$ 1,231,490	\$ 1,296,291	\$ 1,363,043
Per Capita Income	\$ 21,719	\$ 24,962	\$ 26,027	\$ 28,809	\$ 30,409	\$ 32,955	\$ 33,287	\$ 33,696	\$ 35,426	\$ 37,324
School Enrollment	7,884	7,685	7,453	7,373	7,182	7,159	7,096	7,009	7,022	7,121
Unemployment	8.2%	7.2%	6.0%	7.0%	10.3%	16.4%	9.4%	9.1%	6.7%	7.3%

Note: This data represents a one year lag from the fiscal year end as this type of information is never available for the current year under audit.

Sources: Personal income per capita and population provided by Bureau of Economic Analysis; school enrollment provided by Texas Education Agency website to include five independent school districts located within the county. Unemployment provided by Texas LMCI Tracer 2.

MATAGORDA COUNTY

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Top Employers</u>	<u>2015</u>	<u>2015</u>	<u>2006</u>	<u>2006</u>
	<u>Employment</u>	<u>Percentage of Total County Employment</u>	<u>Employment</u>	<u>Percentage of Total County Employment</u>
South Texas Project	1,168	7.34%	1,114	7.50%
Bay City ISD	544	3.42%	646	4.35%
Wal-Mart	158	0.99%	170	1.15%
Matagorda Hospital	280	1.76%	318	2.14%
Palacios ISD	237	1.49%	237	1.60%
City of Bay City	177	1.11%	273	1.84%
Matagorda County	229	1.44%	236	1.59%
Lyondell	163	1.02%	193	1.30%
Oxea	175	1.10%	*	--
Van Vleck ISD	147	0.92%	146	0.98%
Tidehaven ISD	127	0.80%	142	0.96%
HEB	104	0.65%	106	0.71%
McAda Drilling Fluids	147	0.92%	**	--
Total	3,656	22.98%	3,581	24.12%
Total County Employment		15,911		14,847

Sources:

Each employer

Texas LMCI Tracer - Total County employment for current year

Labor Force - Total County employment nine years ago

* Opened 2007

** Opened 2014

MATAGORDA COUNTY
FULL-TIME-EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-Time-Equivalent Employees as of Year End									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	33	33	34	34	34	34	34	34	35	32
Justice system	35	34	37	37	37	37	34	34	34	42
Public safety	46	47	47	47	48	48	49	49	48	45
Corrections and rehabilitation	30	32	34	35	35	35	35	35	35	35
Community & economic development	10	10	10	10	10	10	10	10	10	10
Health & human services	7	7	7	7	7	7	7	7	7	7
Infrastructure & environmental services	33	34	34	35	33	37	37	37	39	32
Total	194	197	203	205	204	208	206	206	208	203

Source: County Treasurer and Auditor Office

MATAGORDA COUNTY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Births filed	291	322	420	389	404	386	355	474	571	514
Deaths filed	239	290	261	258	273	258	287	281	284	286
Marriage license applications	251	300	261	265	321	327	328	309	276	307
Registered voters	21,049	20,818	21,725	20,806	21,116	20,543	21,358	20,525	20,978	20,656
Auto titles	6,103	5,934	5,833	5,489	4,513	5,491	5,686	5,731	5,717	5,621
Justice										
District Court										
Civil cases filed	984	951	848	764	399	425	386	383	307	337
Civil case dispositions	1,023	961	994	933	414	330	371	304	355	254
Criminal cases filed	557	540	526	538	718	413	379	488	334	260
Criminal case dispositions	517	514	518	548	879	483	554	553	508	512
County Court										
Civil cases filed	94	63	73	52	64	75	67	74	73	58
Civil case dispositions	31	50	59	30	65	71	61	67	58	88
Criminal cases filed	1,323	1,371	983	935	968	986	1,001	982	850	729
Criminal case dispositions	1,467	1,594	1,085	1,073	1,096	4,955	1,112	989	1,013	942
Justice of the Peace										
Civil cases filed	328	328	592	408	363	385	374	416	414	418
Civil case dispositions	127	176	244	166	141	181	866	413	368	396
Criminal cases filed	8,426	5,878	6,591	6,599	5,351	4,955	3,931	3,381	3,452	2,906
Criminal case dispositions	6,241	4,450	4,450	5,153	3,848	4,626	5,500	3,566	2,032	2,412
Public Safety										
Total calls for service	7,847	8,235	7,957	7,851	7,863	7,976	7,605	6,262	6,552	7,287
Total arrests	588	775	890	744	970	791	680	800	799	718
Corrections and Rehabilitation										
Number of inmates per year	2,852	2,472	1,553	1,582	1,732	1,808	1,391	2,017	2,083	1,866
Health and Human Services										
Food permits issued	274	260	245	245	250	249	242	234	238	253
Food inspections	606	443	333	362	*	*	*	*	*	*
Septic permits issued	138	134	160	104	123	111	97	109	148	124
Building permits issued	436	368	449	367	375	333	297	330	373	290
Electrical permits issued	510	510	496	210	446	498	510	488	516	100

* Information not available

MATAGORDA COUNTY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
County buildings	40	42	42	42	42	42	42	42	42	42
Public Safety										
Sheriff vehicles	48	43	47	48	55	53	53	46	48	49
Fire and ambulance	39	48	48	48	48	48	48	50	51	51
Infrastructure and Env. Svcs										
County roads (miles)	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
County bridges	87	87	87	87	87	87	87	87	87	87
Community and Economic Development										
Number of county parks	9	9	9	9	9	9	9	9	9	9

* Information not available.

Sources: HGAC & TxDot and County Commissioner inventory report.



Other Supplementary Information

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



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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

Commissioners
Matagorda County
1700 Seventh Street
Bay City, Texas 77414

Members of the Commissioners:

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, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Matagorda County's basic financial statements, and have issued our report thereon dated June 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Matagorda County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Matagorda County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Matagorda 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 and 2015-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Matagorda County's Response to Findings

Matagorda County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Matagorda County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully submitted,

Reed and Associates,
PC

Reed & Associates, PC
Bay City, Texas
June 10, 2016

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email=auditors@swbell.net, c=US
Date: 2016.06.10 13:50:51 -05'00'

Reed & Associates, PC

*Certified Public Accountants
2300 Avenue I
Bay City, Texas 77414
(979) 245-7361 ~ auditors@swbell.net*

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Federal and State Uniform Guidance

Commissioners
Matagorda County
1700 Seventh Street
Bay City, Texas 77414

Members of the Commissioners:

Report on Compliance for Each Major Federal and State Program

We have audited the Matagorda County's 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 Matagorda County's major federal and state programs for the year ended December 31, 2015. Matagorda 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matagorda County's major federal and state 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 and State Awards" (Uniform Guidance). Those standards and 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Matagorda 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 and state program. However, our audit does not provide a legal determination of the Matagorda County's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Matagorda 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 and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Matagorda 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 Matagorda County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state 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 Matagorda 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 or state 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 considered 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.

Respectfully submitted,

**Reed and
Associates, PC**

Reed & Associates, PC
Bay City, Texas
June 10, 2016

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MATAGORDA COUNTY

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted?

 Yes X No

2. Federal and State Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) of the Uniform Guidance

 Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster</u>
14.228	Community Development Block Grant
97.039	Hazard Mitigation Grant
N/A	Texas Infrastructure Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

B. Financial Statement Findings

2015-001

Criteria: Controls should be in place and operating to ensure all pay is appropriately approved and only overtime meeting the applicable overtime requirements is paid.

MATAGORDA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

Condition: Not all payroll tested supported with approved payroll change notices and/or properly calculated overtime in accordance with policies.

Context: We selected 60 employees to determine appropriate pay and approved time for the year out of approximately 203 employees total.

Effect: The County has no assurance that employee pay is paid at the appropriate rate and calculated accurately.

Cause: Approved pay and calculated overtime policies are not strictly adhered, checked and/or monitored during the year.

Recommendation: All employees with payroll processing duties should receive thorough training on County policies for documenting approved pay and for calculating overtime hours. The processes should be checked by the department head and periodically monitored by the internal audit department for compliance.

Views of responsible officials and planned corrective actions: This information is in the County's separate corrective action plan.

2015-002

Criteria: Controls should be in place and operating to ensure bank reconciliations are accurate and errors are researched immediately and any needed corrections are made to the general ledger.

Condition: Not all cash reconciliations agreed with the general ledger with reconciling errors that have not been cleared and/or corrected.

Context: We reviewed all bank reconciliations at December 31, 2015 for accuracy and agreement with the general ledger.

Effect: The County has no assurance all bank transactions are properly recorded in the general ledger, are in the proper period and are recorded at the proper amounts.

Cause: Appropriate personnel responsible for reconciling has not assigned priority to locating and correcting all reconciliation discrepancies in a timely manner.

Recommendations: Appropriate personnel need to receive thorough training on how to reconcile bank statements or assign the duties to someone who has that knowledge. After reconciling, necessary adjustments should take priority in completing the reconciliation process to ensure the general ledger agrees with the final reconciliation. This should be done each month prior to proceeding to the next month. This process should be checked by the department head and periodically monitored by the internal audit department for compliance.

Views of responsible officials and planned corrective actions: This information is in the County's separate corrective action plan.

C. Federal Award Findings and Questioned Costs

NONE

MATAGORDA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2015

2014-001

Condition: Controls over application of time to comp time, straight time or overtime is not operating effectively.

Recommendation: All employees with payroll processing duties should receive thorough training on County policies for applying hours to comp time, straight time or overtime. These calculations should be randomly spot checked to ensure the policies are being followed and calculations are mathematically correct.

Current Status: Not complete

Management's Explanation: The County established a new human resources department to assume the duties over payroll. All employees with payroll processing duties in the human resources department have received thorough training on County policies for applying hours to comp time, straight time and overtime. The existing payroll related policies are being reviewed and updated for clarification purposes. Human resources have reiterated payroll policies to department heads. Payroll is now reviewed by the human resources, treasurers, and the auditors department during each payroll process to ensure multiple checks and balances are in place. Management has found improvements following the establishment of human resources coupled with policy clarifications. The auditors office will continue to monitor the efficiency of the new payroll process and procedures.

2014-002

Condition: Cash was not always reconciled in a timely manner and not all errors have been identified and correct

Recommendations: Appropriate personnel need to receive thorough training on how to reconcile bank statements or assign the duties to someone who has that knowledge. After reconciling and making any necessary adjustments, the general ledger should be reviewed to ensure all necessary adjustments have been made and that the general ledger balance agrees with the reconciliation. This should be done each month before proceeding to the next month.

Current Status: Not complete

Management's Explanation: The County purchased bank reconciliation software. Appropriate personnel have scheduled training and plan to utilize the software. After reconciling, department head will meet to discuss reconciling items requiring action. This meeting will address corrective responsibilities, estimated time of completion, and preventative measures pertaining to reconciling items. The department head will ensure necessary adjustments are made in completing the reconciliation process to ensure the general ledger agrees with the final reconciliation prior to the end of the following month. The auditors office will monitor periodically for compliance with applicable procedures

2014-003

Not all GAAP entries were identified for inclusion in the audit report.

Recommendations: Appropriate personnel should review the balance sheet accounts at year end to ensure all accounts agree with applicable worksheets, subsidiary ledgers or other documentation. If the documentation is not available and adjustments are needed at a later date, the entries should be made available as applicable during the audit for inclusion in the report.

Current Status: Complete

MATAGORDA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2015

2014-004

Condition: Payroll forms W-2 and forms 1099 were not submitted to the appropriate federal departments in a timely manner. The 4 quarterly forms 941 did not agree with the totals reported on forms W-2 for the year.

Recommendations: Appropriate personnel should develop procedures to alert them as to applicable deadlines. To avoid any confusion as to responsibility for final submission, the person in charge of the filing should develop a checklist of the various steps and departments involved in the filing and follow up as to the completion of each step to ensure the entire process is completed by the applicable deadline. At the end of each quarter, the totals on form 941 should be compared to grand totals that would be reported on cumulative W-2 forms at that time. Any discrepancies should be researched and resolved prior to moving on to the next quarter.

Current Status: Complete

MATAGORDA COUNTY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

2015-001

Criteria: Controls should be in place and operating to ensure all pay is appropriately approved and only overtime meeting the applicable overtime requirements is paid.

Condition: Not all payroll tested supported with approved payroll change notices and/or properly calculated overtime in accordance with policies.

Corrective action: The County established a new human resources department to assume the duties over payroll. All employees with payroll processing duties in the human resources department have received thorough training on County policies for applying hours to comp time, straight time and overtime. The existing payroll related policies are being reviewed and updated for clarification purposes. Human resources have reiterated payroll policies to department heads. Payroll is now reviewed by the human resources, treasurers, and the auditors department during each payroll process to ensure multiple checks and balances are in place. Management has found improvements following the establishment of human resources coupled with policy clarifications. An audit schedule of personnel files has been implemented. The auditors office will continue to monitor the efficiency of the new payroll process and procedures.

Contact person and completion date: Commissioners Court or their representative August, 2015.

2015-002

Criteria: Controls should be in place and operating to ensure bank reconciliations are accurate and errors are researched immediately and any needed corrections are made to the general ledger.

Condition: Not all cash reconciliations agreed with the general ledger with reconciling errors that have not been cleared and/or corrected.

Corrective action: The County purchased bank reconciliation software. Appropriate personnel have scheduled training and plan to utilize the software. After reconciling, department head will meet to discuss reconciling items requiring action. This meeting will address corrective responsibilities, estimated time of completion, and preventative measures pertaining to reconciling items. The department head will ensure necessary adjustments are made in completing the reconciliation process to ensure the general ledger agrees with the final reconciliation prior to the end of the following month. The auditors office will monitor periodically for compliance with applicable procedures.

Contact person and completion date: Commissioners Court or their representative December, 2016.



MATAGORDA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through or State Number	Pass-Through to Subrecipients	Federal or State Expenditures
FEDERAL AWARDS				
<u>U. S. DEPARTMENT OF THE INTERIOR</u>				
Direct Programs:				
Coastal Impact Assistance Program - Tres Palacios Study	15.668		\$ 114,926	\$ 114,926
Coastal Impact Assistance Program - Gulf Pier	15.668			99,750
Coastal Impact Assistance Program - Palacios Ed Pavilion	15.668		202,621	202,621
GOMESA	15.435			11,305
Total Direct Programs			<u>317,547</u>	<u>428,602</u>
Passed Through Texas General Land Office				
GOMESA	15.435	13-429-000-7888		6,105
Total Passed Through Texas General Land Office			<u>--</u>	<u>6,105</u>
Total U. S. Department of the Interior			<u>317,547</u>	<u>434,707</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>				
Direct Program:				
State Criminal Alien Assistance Program	16.606			5,034
Total U. S. Department of Justice			<u>--</u>	<u>5,034</u>
<u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Passed Through Texas General Land Office:				
*Community Development Block Grant - Sargent Road	14.228	12-485-000-6657		4,667,193
*Community Development Block Grant - Carancahua St Impr	14.228	12-485-000-6657		376,745
Total Passed Through Texas General Land Office			<u>--</u>	<u>5,043,938</u>
Passed Through Texas Department of Agriculture				
*Community Development Block Grant - Texas Capital Grant	14.228	713082		98,634
Total Passed Through Texas General Land Office			<u>--</u>	<u>98,634</u>
Total U. S. Department of Housing & Urban Development			<u>--</u>	<u>5,142,572</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed Through Texas Department of Public Safety				
Emergency Management Performance Grant	97.042	15TX-EMPG-0528		34,287
Homeland Security Grant Program	97.067	14-SR-48321-01		120,363
Hazard Mitigation	97.039	DR-1791-323	255,125	255,125
Hazard Mitigation	97.039	DR-1791-324	487,775	487,775
Total Passed Through Texas Department of Public Safety			<u>742,900</u>	<u>897,550</u>
Passed Through Victoria County				
Stonegarden Grant	97.067	13-GA-48469-02		19,613
Total Passed Through Victoria County			<u>--</u>	<u>19,613</u>
Total U. S. Department of Homeland Security			<u>742,900</u>	<u>917,163</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Texas Dept of Family & Protective Services:				
Foster Care Title IV-E - Welfare	93.658	23940146		2,991
Foster Care Title IV-E - Legal	93.658	23940147		20,553
Total Passed Through Texas Dept of Family & Protective Services			<u>--</u>	<u>23,544</u>
Total U. S. Department of Health and Human Services			<u>--</u>	<u>23,544</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,060,447</u>	<u>\$ 6,523,020</u>

MATAGORDA COUNTY

*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through or State Number	Pass-Through to Subrecipients	Federal or State Expenditures
STATE AWARDS				
<u>TEXAS CRIMINAL JUSTICE DIVISION</u>				
Palacios HUB	N/A	2774701	\$ 26,547	\$ 26,547
Total Office of the Governor Criminal Justice Division			<u>26,547</u>	<u>26,547</u>
<u>TEXAS DEPARTMENT OF PUBLIC SAFETY</u>				
Operation Border Star	N/A	LBSP-15-00XX		73,351
Operation Border Star	N/A	LBSP-14-0047		29,354
Operation Border Star	N/A	LBSP-13-0041		7,717
Total Texas Department of Public Safety			<u>--</u>	<u>110,422</u>
<u>TEXAS GENERAL LAND OFFICE</u>				
Beach Maintenance	N/A	14-414-006-6964		19,000
Total Texas General Land Office			<u>--</u>	<u>19,000</u>
<u>TEXAS INDIGENT DEFENSE COMMISSION</u>				
Indigent Defense	N/A	221-15-161	--	31,380
<u>TEXAS FORESTRY SERVICE</u>				
Rural Volunteer Fire Department Assistance Program	N/A	1597	--	198,095
<u>TEXAS JUVENILE JUSTICE DIVISION</u>				
Commitment Reduction Program	N/A	TJJD-C-2016-161		18,831
State Aid	N/A	TJJD-A-2016-161		37,659
Commitment Reduction Program	N/A	TJJD-C-2015-161		36,962
State Aid	N/A	TJJD-A-2015-161		227,494
Mental Health	N/A	TJJD-N-2016-161		38,776
Mental Health	N/A	TJJD-N-2015-161		49,372
Community Programs	N/A	TJJD-X-2016-161		32,973
Pre & Post Adjudication	N/A	TJJD-X-2016-161		35,912
Total Texas Juvenile Justice Division			<u>--</u>	<u>477,979</u>
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>				
Transportation Infrastructure Grant	N/A	CTIF-01-158	--	529,140
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 26,547</u>	<u>\$ 1,392,563</u>

The accompanying notes are an integral part of this schedule.

MATAGORDA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Matagorda County under programs of the federal government for the year ended June 30, 20X3. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Matagorda County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Matagorda County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rates

Matagorda County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

