

MATAGORDA COUNTY, TEXAS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2023

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



MATAGORDA COUNTY, TEXAS

Annual Comprehensive Annual Financial Report
For the Year Ended December 31, 2023

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INTRODUCTORY SECTION





KRISTEN E. KUBECKA
COUNTY AUDITOR
MATAGORDA COUNTY
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BAY CITY, TEXAS 77414-5095
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Citizens of Matagorda County
Honorable District Judges of Matagorda County
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, 2023.

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

Matagorda County's financial statements have been audited by KM&L LLC, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2023, 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, 2023, 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 36,255. The County is a political subdivision of the State of Texas. Neighboring counties are Brazoria, Wharton and Jackson.

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

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

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

BUDGET

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

LONG TERM FINANCIAL PLANNING

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

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

LOCAL ECONOMY

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

For several years, Matagorda County has partnered with the South Texas Project Nuclear Operating Company (STP) in providing Emergency Preparedness Training and Operations Drills for the safety of its citizens. This contract is not only financially favorable to the County, but has also provided invaluable emergency preparedness skills and a network of cooperation between the County leaders and departments and its industry neighbors. Through a joint partnership with the South Texas Project and Wharton County Junior College, the South Texas Center for Energy Development continues to serve as a career center for staffing at STP and also offers classes focusing on process-technology and power-technology programs to train students for work at chemical, industrial and nuclear plants. STP is the County's largest employer with over 1,000 employees.

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

The economic outlook for Matagorda County remains positive for the future. Tenaris, a seamless steel pipe manufacturing plant is located in the County with an approximate value of \$1.8 billion. Tenaris requested an abatement during 2023 in relation to an expansion; however, it was denied. There is a potential for an expansion, but is still unknown at this time. Tenaris ended the 2023 year with approximately 700 employees per Tenaris' reports to the County. Roehm America is under construction on a \$500 million chemical plant that will create 70 new jobs in the next 5 years. OQ Chemical a plastic manufacturer located outside of Bay City plans a \$70 million expansion to support the new Rohm facility with the production of additional propinoaldehyde. OQ Chemical has been a large community supporter. Oxea, a global chemical company, post-construction continues to operate its 100,000 mt per annum world-scale production unit. In December 2022, PCC Chemicals Inc. received a 100% ten year tax abatement with accompanying PILOT. Their project if secured would deliver 130 FTE highly skilled labor positions alongside a \$500 million dollar investment. HIF USA announced in 2022 a \$6 billion project, HIF Matagorda E-Fuels Facility, their first industrial-scale electrofuels (e-fuels) plant in North America. HIF will be creating at least 125 new full-time jobs. Air Liquide, a \$107 million, 20-acre world-scale Air Separation Unit at the Port Authority of Bay City remains in operation providing oxygen and nitrogen for industrial and commercial customers in the pipeline system from east Texas to Corpus Christi. Lodestar Energy Group, LLC is building a \$32 million South Texas Rail Terminal in Matagorda County. The terminal will handle rail traffic from nearby fractionation, crude oil and natural gas storage facilities.

An Oyster Research and Recovery Center is located in Palacios operated by a partnership between Harte Research Institute and Texas A&M AgriLife Research. Operations recently focus on producing larvae for aquaculture farmers, forming partnerships for the development of new oyster reef habitat, bolstering the economic resilience of coastal communities, and ensuring future Gulf Coast resources. Several industrial projects have shown interest in the County by communicating to the Commissioner's Court through the Matagorda County Economic Development. Additionally, restaurants have increased in the County such as Chic-Fil-A. Hotels have also continued to respond positively supporting the economic growth within the County. The County hopes that with these additions more business opportunities will follow. Tourism continues to grow as Matagorda's coastline is developed and discovered by those who enjoy fishing, beach and river activities or just relaxing.

FINANCIAL POLICIES

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

The County Treasurer is responsible for administering all of the investment of idle funds in the County. For the last several years, the County's depository has provided better interest rates than comparable liquid investments. During the fiscal year, the County earned approximately \$0.28 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, 2023, the tax rate to finance general governmental services was \$0.38208 per \$100 valuation and the tax rate for the payment of principal and interest on long-term debt was \$0.00324 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, 2022. 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 20 consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Kristen Kubecka". The signature is written in a cursive, flowing style.

Kristen Kubecka, County Auditor
Matagorda County, Texas
June 7, 2024



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

**Matagorda County
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

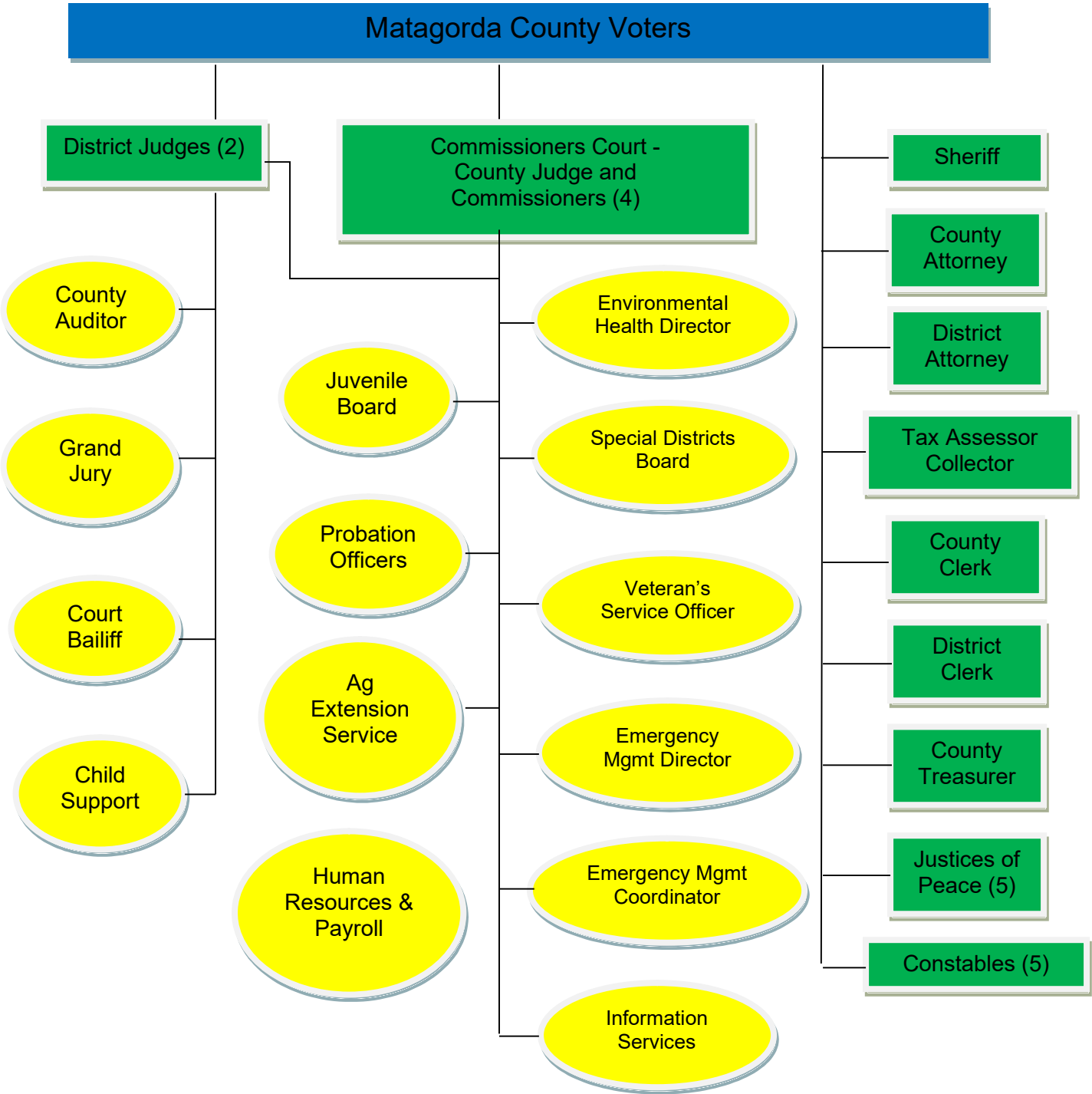
Christopher P. Morill

Executive Director/CEO

MATAGORDA COUNTY Organization Chart

Elected Officials

Appointed Officials



MATAGORDA COUNTY, TEXAS

**ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2023**

ELECTED OFFICIALS

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

Ben Hardin
Denise Fortenberry
Bobby Seiferman
Edward Cook
Mike Estlinbuam
Troy Shimek
Charles Frick
Frank Osborne
Jennifer Kim Chau
Steven Reis
Becky Cook
Stephanie Wurtz
Janice Hawthorne
Loretta Griffin
Jason Sanders
Suzanne Sullivan
Amy Tapia
Mark Finlay
James Powell
Doug Schoppe
Keith Sullivan
Jesse Alvarez
David Miles
Ricky Bort

APPOINTED OFFICIALS

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

Kristen Kubecka
Bill Orton
Bell Cortinas
Greg Baker
Lisa Krobot
David Libby
Bobby Seiferman
Amanda Campos
Chris Peikert
Tressa Leadford

FINANCIAL SECTION





Independent Auditor's Report

To the Honorable County Judge
and Members of Commissioners Court
Matagorda County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County, Texas (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Angleton, TX 77515
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Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension schedules and required OPEB schedules on pages 5 through 16 and 71 through 80 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
June 7, 2024

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023

As management of Matagorda County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year for governmental activities by \$ 39,668,915 (net position). Of this amount, unrestricted net position is \$ 1,079,206.
- The County's total net position increased for governmental activities by \$ 5,383,921.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 32,076,515. 62.73% of this amount, \$ 20,120,509 (unassigned fund balance), was available for use within the County's fund designations. Of the governmental funds amount, \$ 7,660,828 has been restricted for specific uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 20,120,509 or 67.46% of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2023

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

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

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

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

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

The County maintains nineteen (19) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Intergovernmental Grants Fund, which are considered to be major funds. Data from the other seventeen (17) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 20 through 25 of this report.

- **Proprietary Funds.** The County maintains one category of *proprietary fund*, the *internal service fund*. The internal service fund is an accounting device used to accumulate and allocate costs of its self-funded health insurance program among various funds and functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary funds financial statements can be found on pages 26 through 28 of this report.

MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2023

- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's basic fiduciary financial statements can be found on pages 29 through 30.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 68 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 71 through 80 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 84 through 91 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 39,668,915 as of December 31, 2023. This is an increase in net position of \$ 5,383,921 which is primarily due to an overall increase in revenues offsetting an overall increase in total expenses.

The largest portion of the County's net position of \$ 31,242,914 reflects its investments in capital assets (e.g., land; construction in progress, vehicles and equipment, buildings and improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens and consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$ 1,811,843 due to an increase in capital grants and contributions for the current fiscal year.

An additional portion of the County's net position of \$ 7,346,795 represents resources that are subject to external restrictions on how they may be used. The remaining balance is \$ 1,079,206, which represents unrestricted net position.

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023

MATAGORDA COUNTY'S NET POSITION

	<u>Governmental Activities</u>		Net Change
	<u>2023</u>	<u>Restated 2022</u>	
Assets:			
Current and other assets	\$ 67,402,407	\$ 69,151,996	\$(1,749,589)
Capital assets	<u>33,008,069</u>	<u>31,157,399</u>	<u>1,850,670</u>
Total assets	<u>100,410,476</u>	<u>100,309,395</u>	<u>101,081</u>
Total deferred outflows of resources	<u>4,318,967</u>	<u>5,138,152</u>	<u>(819,185)</u>
Liabilities:			
Current and other liabilities	6,868,447	6,986,676	(118,229)
Long-term liabilities	<u>24,585,947</u>	<u>21,479,232</u>	<u>3,106,715</u>
Total liabilities	<u>31,454,394</u>	<u>28,465,908</u>	<u>2,988,486</u>
Total deferred inflows of resources	<u>33,606,134</u>	<u>42,696,645</u>	<u>(9,090,511)</u>
Net Position			
Net investment in capital assets	31,242,914	29,431,071	1,811,843
Restricted	7,346,795	5,656,672	1,690,123
Unrestricted	<u>1,079,206</u>	<u>(802,749)</u>	<u>1,881,955</u>
Total net position	<u>\$ 39,668,915</u>	<u>\$ 34,284,994</u>	<u>\$ 5,383,921</u>

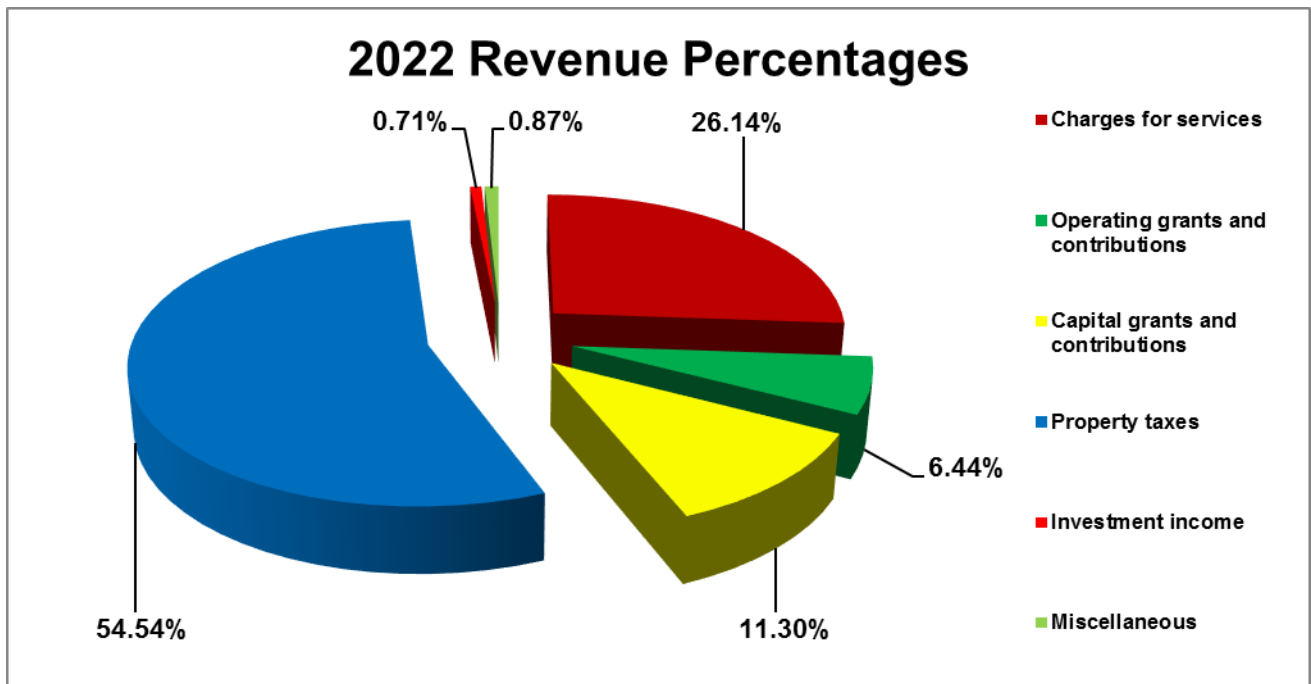
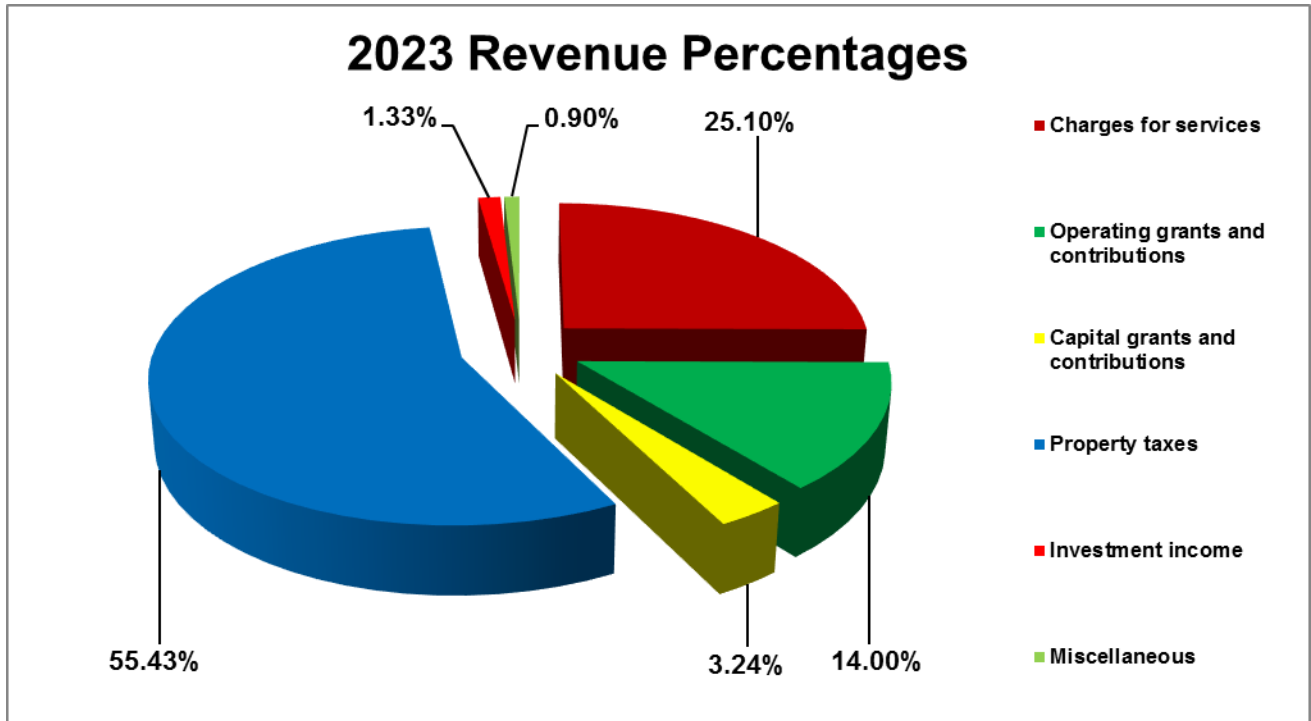
MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Analysis of the County's Operations. Governmental activities reported an increase in net position in the amount of \$ 5,383,921 due to increased overall revenues offsetting an overall increase in total expenses. The following table provides a summary of the County's operations for the years ended December 31, 2023 and 2022.

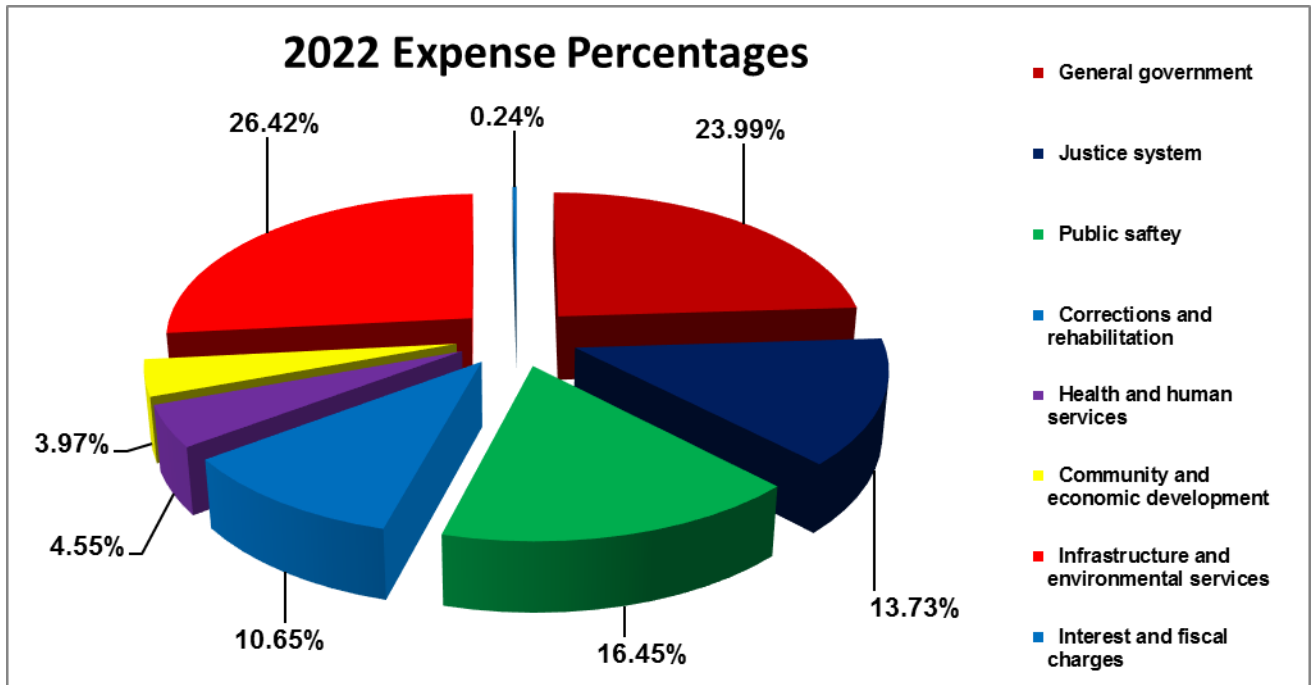
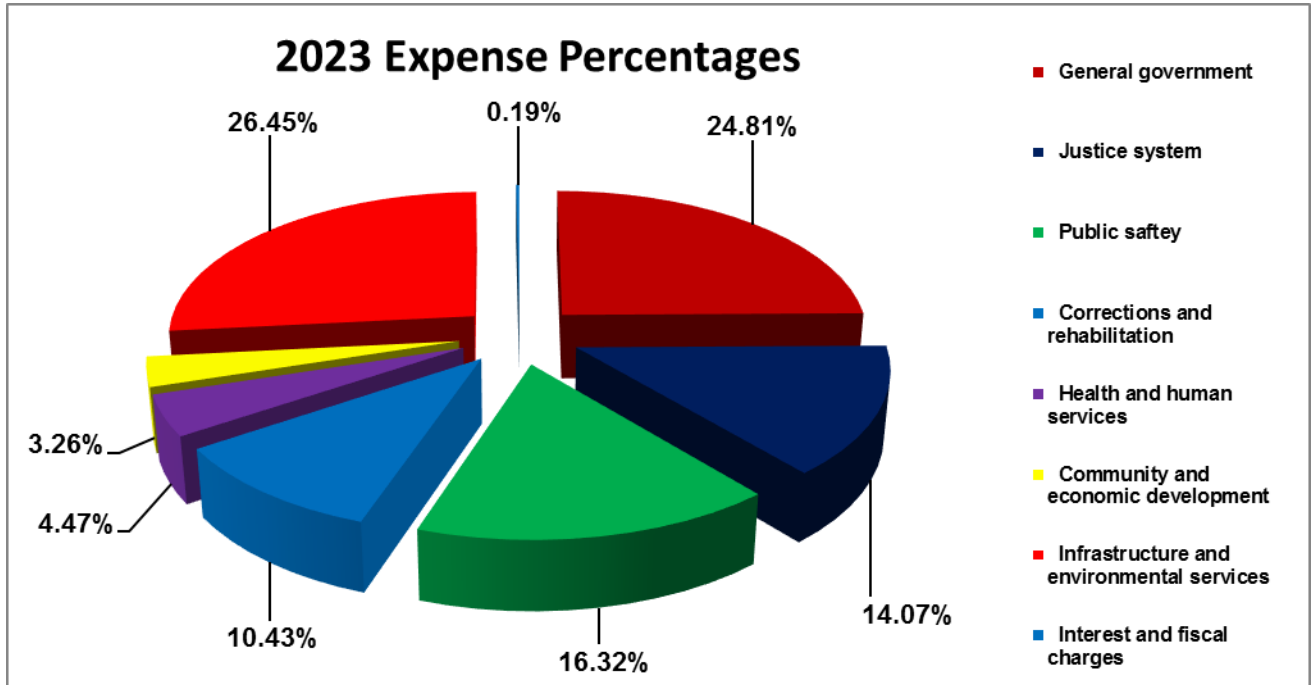
MATAGORDA COUNTY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2023</u>	<u>Restated 2022</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 10,356,003	\$ 10,585,927	\$(229,924)
Operating grants and contributions	5,777,011	2,610,447	3,166,564
Capital grants and contributions	1,337,565	4,576,058	(3,238,493)
General Revenues:			
Property taxes	22,869,640	22,089,551	780,089
Investment income	545,615	288,479	257,136
Miscellaneous	<u>371,523</u>	<u>350,756</u>	<u>20,767</u>
Total revenues	<u>41,257,357</u>	<u>40,501,218</u>	<u>756,139</u>
Expenses:			
General government	8,898,579	7,430,565	1,468,014
Justice system	5,045,826	4,252,060	793,766
Public safety	5,856,127	5,096,956	759,171
Corrections and rehabilitation	3,742,657	3,300,726	441,931
Health and human services	1,604,305	1,409,185	195,120
Community and economic development	1,169,998	1,229,940	(59,942)
Infrastructure and environmental services	9,488,534	8,183,951	1,304,583
Interest and fiscal charges	<u>67,410</u>	<u>73,797</u>	<u>(6,387)</u>
Total expenses	<u>35,873,436</u>	<u>30,977,180</u>	<u>4,896,256</u>
Change in net position	5,383,921	9,524,038	(4,140,117)
Net position - beginning (restated)	<u>34,284,994</u>	<u>24,760,956</u>	<u>9,524,038</u>
Net position - ending	<u>\$ 39,668,915</u>	<u>\$ 34,284,994</u>	<u>\$ 5,383,921</u>

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 32,076,515. The unassigned fund balance of \$ 20,120,509 constitutes 62.73% of ending fund balance. The fund balance is categorized as 1) nonspendable of \$ 1,093,169, 2) restricted of \$ 7,660,828, 3) committed of \$ 3,202,009, and 4) unassigned of \$ 20,120,509.

The General Fund is the chief operating fund of the County. Fund balance of the General Fund increased by \$ 2,367,029; no change in the Intergovernmental Grants Fund, and other governmental funds decreased by \$ 89,477. 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 67.46% of total general fund expenditures, and total fund balance represents 100.99% of that same amount.

The fund balance of the County's general fund increased by \$ 2,367,029 compared to a net increase of \$ 2,025,469 in the prior year due to increased intergovernmental revenues.

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

The Commissioners Court approved increases to budgeted operating revenue of \$ 644,985 and appropriations of \$ 4,779,523. Various grant awards were also allocated to revenue and expenditures during the year as necessary. Upon completion of the audit, the prior year committed funds were allocated to the four precincts current year budgets for an overall total of \$ 3,202,009.

Total General Fund budget exceeded the revenue by approximately 6.64% and total General Fund expenditures were under budget by approximately 13.26%.

MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Capital Assets

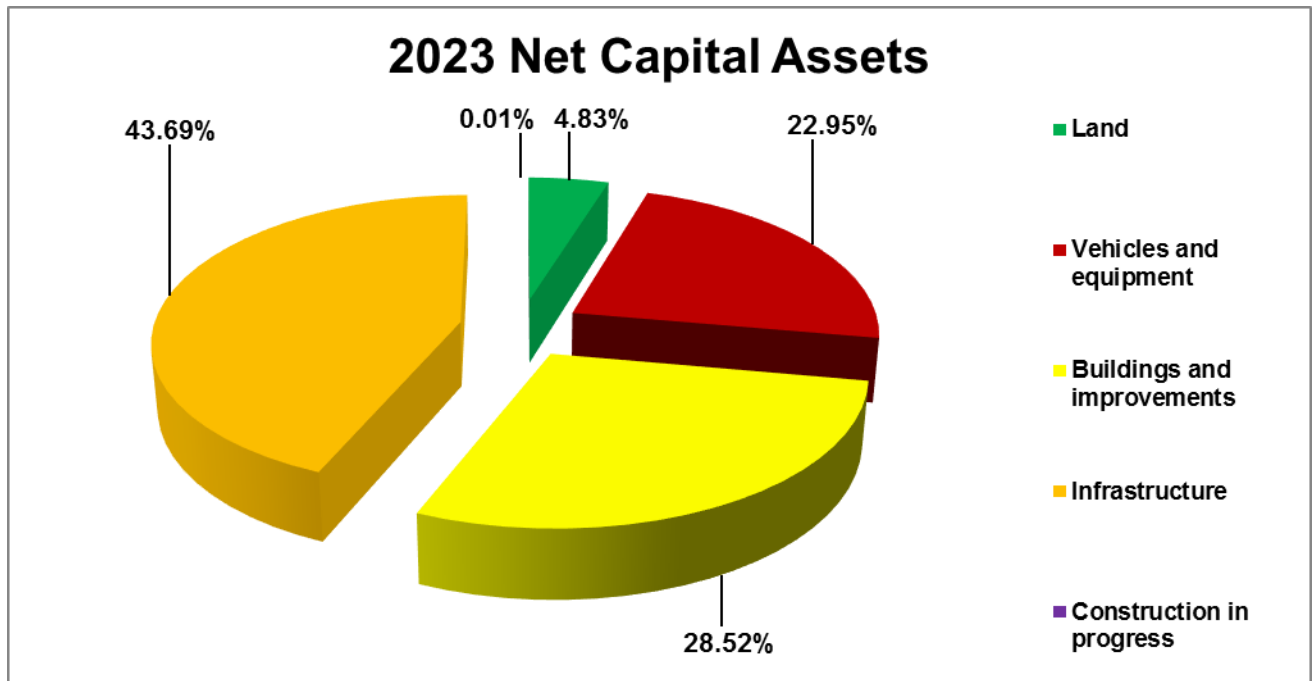
This investment in capital assets includes land; buildings and improvements; equipment and vehicles; infrastructure; and construction in progress.

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

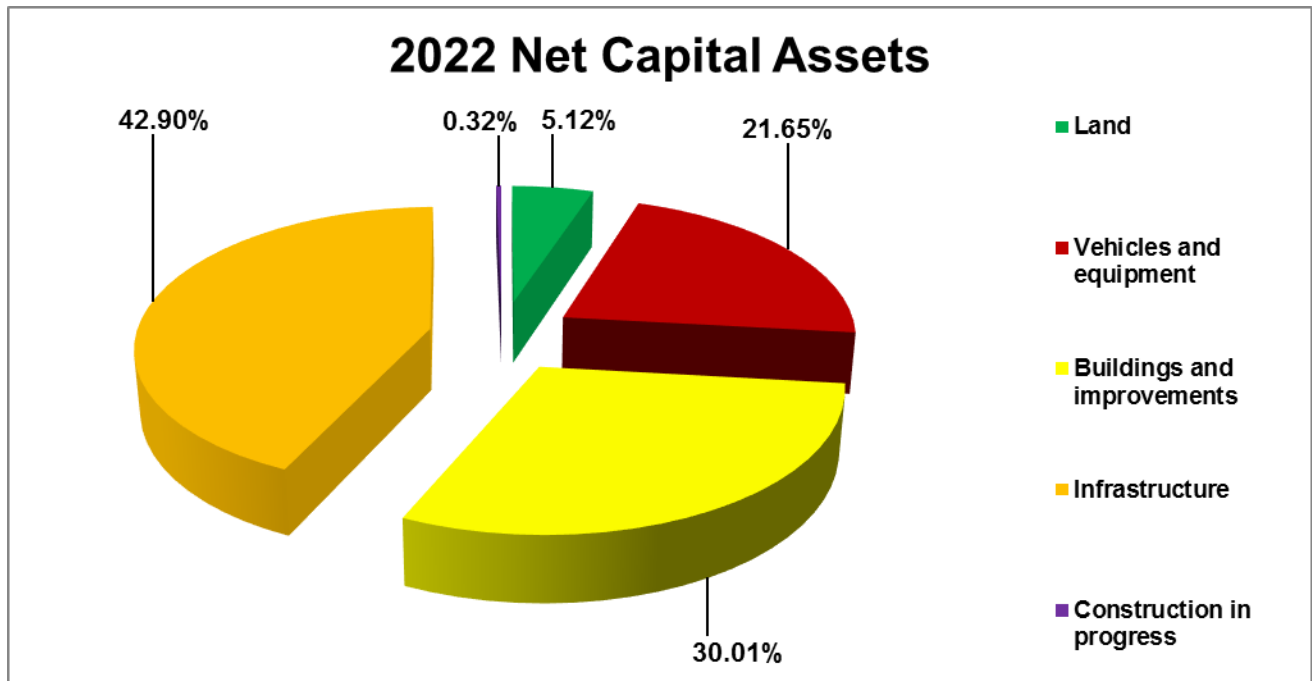
- Acquisition of new vehicles and several large road and bridge equipment.
- Road and bridge improvements are continuous.
- Acquisition of land and buildings
- Emergency radio tower equipment and repairs.

MATAGORDA COUNTY'S CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>Governmental Activities</u>		Net Change
	<u>2023</u>	<u>2022</u>	
Land	\$ 1,594,608	\$ 1,594,608	\$ -
Construction in progress	851	100,410	(99,559)
Vehicles and equipment	7,575,317	6,746,251	829,066
Buildings and improvements	9,415,271	9,349,018	66,253
Infrastructure	<u>14,422,022</u>	<u>13,367,112</u>	<u>1,054,910</u>
 Total	 <u>\$ 33,008,069</u>	 <u>\$ 31,157,399</u>	 <u>\$ 1,850,670</u>



MATAGORDA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended December 31, 2023



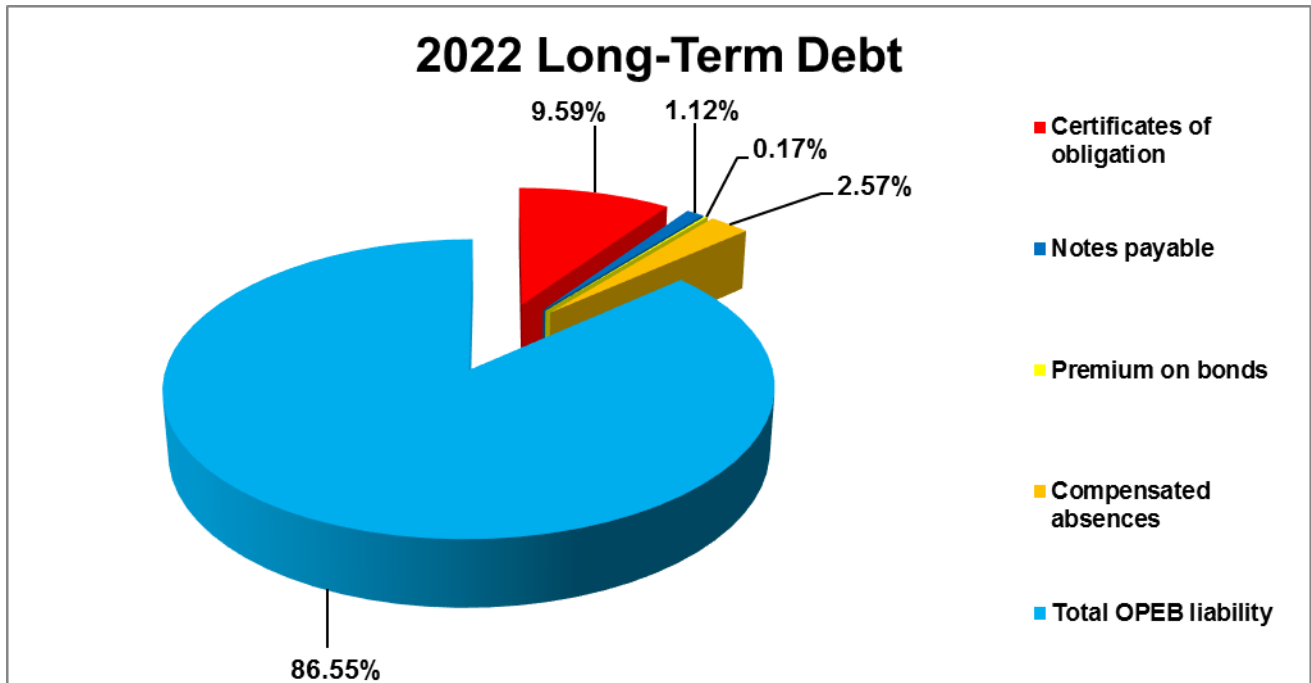
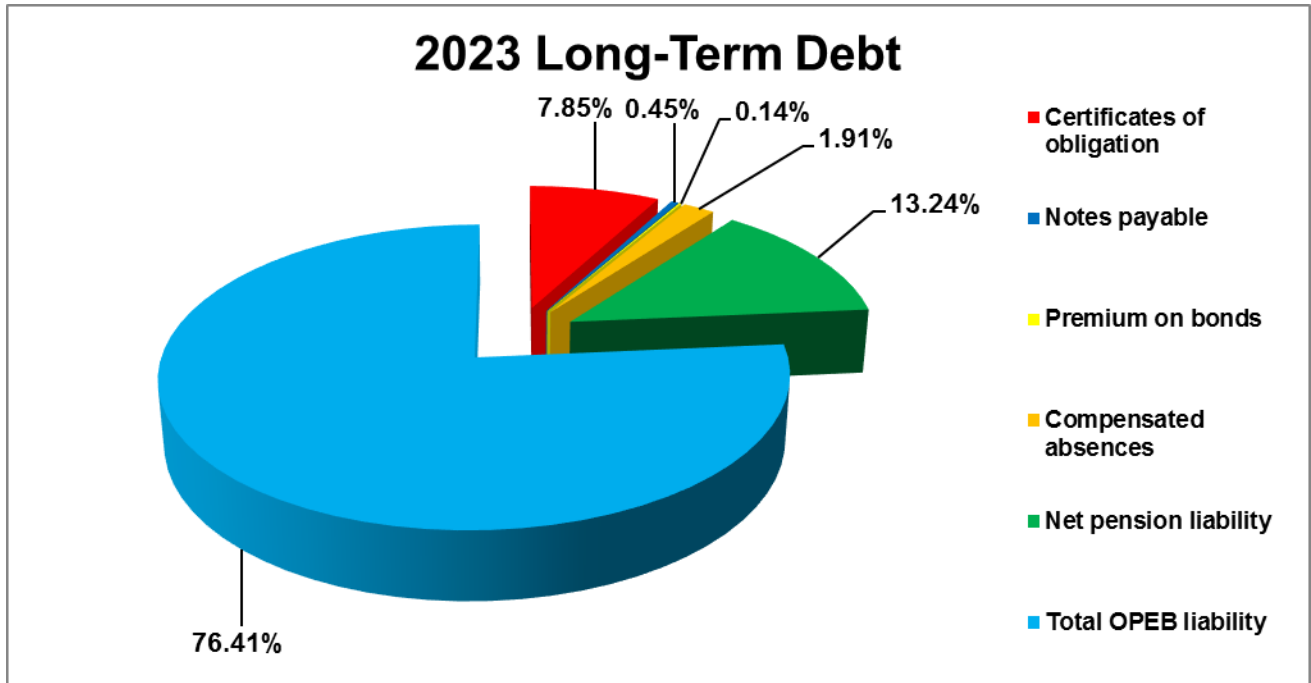
Additional information on the County's capital assets can be found in Note 5 on pages 50 through 51 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded and note payable debt of \$ 2,040,491, which, comprises bonded and debt backed by the full faith and credit of the County agreement. The bonds and capital leases will be retired with revenues from property taxes.

MATAGORDA COUNTY'S LONG-TERM DEBT

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2023</u>	<u>2022</u>	
Certificates of obligation	\$ 1,930,000	\$ 2,060,000	\$(130,000)
Notes payable	110,491	239,847	(129,356)
Premium on bonds	34,786	37,843	(3,057)
Compensated absences	470,211	551,588	(81,377)
Net pension liability	3,253,665	-	3,253,665
Total OPEB liability	<u>18,786,794</u>	<u>18,589,954</u>	<u>196,840</u>
Total	<u>\$ 24,585,947</u>	<u>\$ 21,479,232</u>	<u>\$ 3,106,715</u>



MATAGORDA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended December 31, 2023

During the fiscal year, the County's total debt increased by \$ 3,106,715 or 14.46%. The net increase was due primarily to the increased valuation on the net pension liability.

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

Additional information on the County's long-term debt can be found in Note 7 on pages 52 through 53 of this report.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the County's resources. Through the budget the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The 2024 budget was adopted September 11, 2023 with General Fund expenditures of \$31,048,912 and a revenue budget of \$31,048,912.

The Commissioners' Court adopted a maintenance and operation tax rate of \$0.35640 per \$100 assessed valuation. The court also adopted an interest and sinking tax rate of \$0.00288.

The main factors affecting the 2024 budget were as follows:

- The property tax rate adopted was above the No New Revenue (NNR) Tax Rate and below the Voter Approval Tax Rate. The Commissioner's Court placed a high level of importance on maintaining the lowest possible property tax rate feasible to support the County's needs.
- A County-wide raise of 2.5 % was provided to all employees, several positions were created, and specific positions were raised totaling a cumulative \$690,093 increase over the prior year.
- Public Safety and Corrections and Rehabilitations increased approximately \$200,000.
- IT projects funded exceeded \$180,000.
- Court related expenditures were also increased spanning several different departments.

Request for Information

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

BASIC FINANCIAL STATEMENTS

MATAGORDA COUNTY, TEXAS*Statement of Net Position**December 31, 2023*

Exhibit 1

	<u>Governmental Activities</u>
Assets:	
Cash and temporary investments	\$ 14,661,751
Receivables (net of allowance for uncollectibles):	
Taxes	18,857,143
Accounts	3,165,021
Due from other governments	6,688,472
Accrued interest	119,629
Inventories	274,886
Prepaid expenses	818,283
Investments	22,817,222
Capital Assets:	
Land	1,594,608
Construction in progress	851
Vehicles and equipment, net	7,575,317
Buildings and improvements, net	9,415,271
Infrastructure, net	<u>14,422,022</u>
Total assets	<u>100,410,476</u>
Deferred Outflows of Resources:	
Deferred outflows of resources	<u>4,318,967</u>
Total deferred outflows of resources	<u>4,318,967</u>
Liabilities:	
Accounts and accrued liabilities payable	2,712,403
Accrued interest payable	19,949
Unearned revenue	4,136,095
Noncurrent Liabilities:	
Due within one year	669,899
Due in more than one year:	
Other long-term liabilities	1,875,589
Net pension liability	3,253,665
Total OPEB liability	<u>18,786,794</u>
Total liabilities	<u>31,454,394</u>
Deferred Inflows of Resources:	
Deferred inflows of resources	<u>33,606,134</u>
Total deferred inflows of resources	<u>33,606,134</u>
Net Position:	
Net investment in capital assets	31,242,914
Restricted:	
Federal grants	5,706,436
Records management	953,256
Other	687,103
Unrestricted	<u>1,079,206</u>
Total net position	<u>\$ 39,668,915</u>

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

MATAGORDA COUNTY, TEXAS
Statement of Activities
For the Year Ended December 31, 2023

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change In Net Position Governmental Activities</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 8,898,579	\$ 2,600,100	\$ 536,824	\$ 1,015,250	\$(4,746,405)
Justice system	5,045,826	650,165	522,290	13,026	(3,860,345)
Public safety	5,856,127	4,290,560	374,839	175,344	(1,015,384)
Corrections and rehabilitation	3,742,657	738,941	50,985	-	(2,952,731)
Health and human services	1,604,305	139,620	80,598	-	(1,384,087)
Community and economic development	1,169,998	252,313	1,497,514	-	579,829
Infrastructure and environmental services	9,488,534	1,684,304	2,713,961	133,945	(4,956,324)
Interest and fiscal charges	<u>67,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,410)</u>
Total governmental activities	<u>35,873,436</u>	<u>10,356,003</u>	<u>5,777,011</u>	<u>1,337,565</u>	<u>(18,402,857)</u>
General Revenue:					
Property taxes					22,869,640
Investment income					545,615
Miscellaneous					<u>371,523</u>
Total general revenue					<u>23,786,778</u>
Change in net position					5,383,921
Net position - beginning (restated)					<u>34,284,994</u>
Net position - ending					<u>\$ 39,668,915</u>

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

MATAGORDA COUNTY, TEXAS
Balance Sheet - Governmental Funds
 December 31, 2023

Exhibit 3

	General Fund	Inter- governmental Grants Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and temporary investments	\$ 8,120,276	\$ 3,999,943	\$ 2,396,721	\$ 14,516,940
Receivables (net of allowance for uncollectibles):				
Taxes	18,700,499	-	156,644	18,857,143
Accounts	132,960	-	2,063	135,023
Due from other governments	5,768,547	90,134	829,791	6,688,472
Accrued interest	119,629	-	-	119,629
Due from other funds	253,466	-	-	253,466
Inventories	274,886	-	-	274,886
Prepaid expenditures	815,283	-	3,000	818,283
Investments	<u>22,817,222</u>	<u>-</u>	<u>-</u>	<u>22,817,222</u>
 Total assets	 <u>\$ 57,002,768</u>	 <u>\$ 4,090,077</u>	 <u>\$ 3,388,219</u>	 <u>\$ 64,481,064</u>
 Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts and accrued liabilities payable	\$ 1,423,689	\$ 278,995	\$ 914,054	\$ 2,616,738
Due to other funds	-	62,817	190,649	253,466
Unearned revenue	<u>266,988</u>	<u>3,748,265</u>	<u>116,855</u>	<u>4,132,108</u>
 Total liabilities	 <u>1,690,677</u>	 <u>4,090,077</u>	 <u>1,221,558</u>	 <u>7,002,312</u>
 Deferred Inflows of Resources:				
Deferred inflows of resources	<u>25,192,968</u>	<u>-</u>	<u>209,269</u>	<u>25,402,237</u>
 Total deferred inflows of resources	 <u>25,192,968</u>	 <u>-</u>	 <u>209,269</u>	 <u>25,402,237</u>
 Fund Balance:				
Nonspendable	1,090,169	-	3,000	1,093,169
Restricted	5,706,436	-	1,954,392	7,660,828
Committed	3,202,009	-	-	3,202,009
Unassigned	<u>20,120,509</u>	<u>-</u>	<u>-</u>	<u>20,120,509</u>
 Total fund balance	 <u>30,119,123</u>	 <u>-</u>	 <u>1,957,392</u>	 <u>32,076,515</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 57,002,768</u>	 <u>\$ 4,090,077</u>	 <u>\$ 3,388,219</u>	 <u>\$ 64,481,064</u>

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

MATAGORDA COUNTY, TEXAS

Exhibit 3R

*Reconciliation Of The Governmental Funds Balance Sheet to the Governmental
Activities Statement Of Net Position
December 31, 2023*

Total fund balance - governmental funds balance sheet (Exhibit 3) \$ 32,076,515

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

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

Capital assets	\$ 95,435,714	
Accumulated depreciation	(<u>62,427,645</u>)	33,008,069

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

Property taxes receivable	\$ 1,131,843	
Judicial receivables (net allowance for uncollectibles)	<u>2,921,368</u>	4,053,211

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

Deferred outflows - pension	\$ 2,811,665	
Deferred outflows - OPEB	1,392,725	
Deferred outflows - TCDRS OPEB	114,577	
Accrued interest on bonds	(19,949)	
Certificate of obligation bonds payable	(1,930,000)	
Notes payable	(110,491)	
Premium on bonds payable	(34,786)	
Compensated absences	(470,211)	
Net pension liability	(3,253,665)	
Total OPEB liability	(17,996,037)	
Total OPEB liability - TCDRS	(790,757)	
Deferred inflows - pension	(186,840)	
Deferred inflows - OPEB	(8,945,838)	
Deferred inflows - TCDRS OPEB	<u>(203,062)</u>	(29,622,669)

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

153,789

Net position of governmental activities - statement of net position (Exhibit 1) \$ 39,668,915

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



MATAGORDA COUNTY, TEXAS

Exhibit 4

*Statement Of Revenues, Expenditures, And Change In Fund Balance - Governmental Funds
For the Year Ended December 31, 2023*

	General Fund	Inter- governmental Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 22,502,546	\$ -	\$ 191,475	\$ 22,694,021
Licenses and permits	818,715	-	-	818,715
Intergovernmental	2,537,776	1,394,512	2,969,491	6,901,779
Charges for services	4,801,249	-	262,586	5,063,835
Fines	403,694	-	-	403,694
Investment income	531,190	-	6,353	537,543
Miscellaneous	438,555	5,893	74,734	519,182
Total revenues	<u>32,033,725</u>	<u>1,400,405</u>	<u>3,504,639</u>	<u>36,938,769</u>
Expenditures:				
Current:				
General government	7,096,690	277,574	50,245	7,424,509
Justice system	4,263,848	-	386,832	4,650,680
Public safety	4,608,607	-	9,856	4,618,463
Corrections and rehabilitation	3,382,777	-	38,692	3,421,469
Health and human services	1,389,374	80,598	-	1,469,972
Community and economic development	1,130,934	-	7,849	1,138,783
Infrastructure and environmental services	4,853,237	-	2,591,429	7,444,666
Capital outlay	2,959,232	1,015,250	302,020	4,276,502
Debt Service:				
Principal	129,356	-	130,000	259,356
Interest and fiscal charges	9,673	-	63,888	73,561
Total expenditures	<u>29,823,728</u>	<u>1,373,422</u>	<u>3,580,811</u>	<u>34,777,961</u>
Excess (deficiency) of revenues over expenditures	<u>2,209,997</u>	<u>26,983</u>	<u>(76,172)</u>	<u>2,160,808</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	116,744	-	-	116,744
Transfers in	54,483	-	14,195	68,678
Transfers out	(14,195)	(26,983)	(27,500)	(68,678)
Total other financing sources (uses)	<u>157,032</u>	<u>(26,983)</u>	<u>(13,305)</u>	<u>116,744</u>
Change in fund balance	2,367,029	-	(89,477)	2,277,552
Fund balance - beginning	<u>27,752,094</u>	<u>-</u>	<u>2,046,869</u>	<u>29,798,963</u>
Fund balance - ending	<u>\$ 30,119,123</u>	<u>\$ -</u>	<u>\$ 1,957,392</u>	<u>\$ 32,076,515</u>

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

MATAGORDA COUNTY, TEXAS*Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance -
Governmental Funds To Governmental Activities Statement of Activities
For the Year Ended December 31, 2023*Exhibit 4R
Page 1 of 2Change in fund balance - total governmental funds (Exhibit 4) \$ 2,277,552**Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:**

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

Capital outlay	\$ 4,276,502	
Capital contributions	40,030	
Depreciation expense	<u>(2,448,960)</u>	1,867,572

Governmental funds report the entire sales price (proceeds) from the sale of an asset as revenue because it provides current resources. In contrast, in the statement of activities, only the gain/loss on the sale of capital assets is reported. Thus, the change in net position differs from the change in the fund balance by the book value of capital assets sold. (16,902)

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

Principal payments on bonds and notes payable	\$ 259,356	
Change in accrued interest	3,094	
Change in compensated absences	81,377	
Amortization of bond premium	<u>3,057</u>	346,884

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

Net pension liability increased	\$(8,120,377)	
Deferred outflows increased	60,222	
Deferred inflows decreased	<u>8,308,248</u>	248,093

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

Total OPEB liability increased	\$(425,697)	
Deferred outflows decreased	(814,460)	
Deferred inflows decreased	<u>2,549,999</u>	1,309,842

(continued)

MATAGORDA COUNTY, TEXAS

*Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance -
Governmental Funds To Governmental Activities Statement of Activities - Continued
For the Year Ended December 31, 2023*

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

Total OPEB liability decreased	\$	228,857	
Deferred outflows decreased	(64,947)	
Deferred inflows increased	(<u>183,855</u>)	\$(19,945)

Because some property tax receivable and judicial receivables will not be collected for several months after the County's fiscal year ends, they are not considered available revenues in the governmental funds. (597,117)

Internal service funds are used by the County. The net revenue of the internal service funds are reported with the governmental activities. (32,058)

Change in net position of governmental activities (see Exhibit 2) \$ 5,383,921

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

MATAGORDA COUNTY, TEXAS
Statement of Net Position - Proprietary Fund
December 31, 2023

Exhibit 5

	Insurance Fund
Assets:	
Cash and temporary investments	\$ 144,811
Other receivables	<u>108,630</u>
Total assets	<u>253,441</u>
Liabilities:	
Accounts payable	296
Claims payable	95,369
Unearned revenue	<u>3,987</u>
Total liabilities	<u>99,652</u>
Net Position:	
Unrestricted	<u>153,789</u>
Total net position	<u>\$ 153,789</u>

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

MATAGORDA COUNTY, TEXAS

Exhibit 6

*Statement of Revenues, Expenses, and Change in Net Position - Proprietary Fund
For the Year Ended December 31, 2023*

	Insurance Fund
Operating Revenues:	
Employer contributions	\$ 4,265,110
Employee contributions	225,621
Retiree/cobra contributions	124,550
Special district contributions	<u>152,480</u>
Total operating revenues	<u>4,767,761</u>
Operating Expenses:	
Administrative expenses	749,929
Retiree premiums	473,683
Claims expense	2,263,748
Prescriptions	<u>1,320,531</u>
Total operating expenses	<u>4,807,891</u>
Operating loss	<u>(40,130)</u>
Nonoperating Revenues:	
Investment income	<u>8,072</u>
Total nonoperating revenues	<u>8,072</u>
Change in net position	<u>(32,058)</u>
Net position - beginning	<u>185,847</u>
Net position - ending	<u>\$ <u>153,789</u></u>

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

MATAGORDA COUNTY, TEXAS
Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2023

Exhibit 7

	<u>Insurance Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 4,561,976
Cash payments for administration	(749,942)
Cash payments for claims	<u>(4,236,276)</u>
Net cash used by operating activities	<u>(424,242)</u>
Cash Flows from Noncapital Financing Activities:	
Net cash provided (used) by noncapital financing activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities:	
Net cash provided (used) by capital and related financing activities	<u>-</u>
Cash Flows from Investing Activities:	
Investment income	<u>8,072</u>
Net cash provided by investing activities	<u>8,072</u>
Net decrease in cash and temporary investments	(416,170)
Cash and temporary investments - beginning	<u>560,981</u>
Cash and temporary investments - ending	<u>\$ 144,811</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$(40,130)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts receivable	2,630
Accounts payable	(13)
Claims payable	(178,314)
Unearned revenue	<u>(208,415)</u>
Net cash used by operating activities	<u>\$ (424,242)</u>

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

MATAGORDA COUNTY, TEXAS
Statement of Net Position - Fiduciary Funds
December 31, 2023

Exhibit 8

	<u>Custodial Funds</u>
Assets:	
Cash and temporary investments	\$ <u>3,841,651</u>
Total assets	<u>3,841,651</u>
Liabilities:	
Accounts payable	<u>98,548</u>
Total liabilities	<u>98,548</u>
Net Position:	
Individuals, organizations and other governments	\$ <u><u>3,743,103</u></u>

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

MATAGORDA COUNTY, TEXAS

Exhibit 9

*Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2023*

	<u>Custodial Funds</u>
Additions:	
Tax collections for other governments	\$ 170,375
Collections for adult probation	1,823,598
Held for others	1,380,111
Investment income	<u>18,996</u>
Total additions	<u>3,393,080</u>
Deductions:	
Payments to other governments	278,956
Payments for adult probation	1,848,722
Payments to individuals	<u>3,373,177</u>
Total deductions	<u>5,500,855</u>
Change in net position	(2,107,775)
Net position - beginning	<u>5,850,878</u>
Net position - ending	<u>\$ 3,743,103</u>

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

MATAGORDA COUNTY, TEXAS
Notes to the Financial Statements
For The Year Ended December 31, 2023

Note

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MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Adult Probation

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

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

Government-Wide and Fund Financial Statements

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Revenues from property and other taxes, grants and contracts, fees (charges for services), fines (including forfeitures), and interest associated with the current fiscal period are all considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

The County has presented the following major governmental funds:

The *General fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The *Intergovernmental Grant Fund* is used to account for federal and state grants passed through other governments.

The County reports the following fiduciary funds:

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

New Pronouncements

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

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

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

GASB Statement No. 99 "Omnibus 2022" was issued in April 2022. The statement was implemented and did not have a material effect on the financial statements of the County. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

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

Budgetary Data

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

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

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

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

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of December 31, 2023, the County had no encumbrances outstanding.

Cash and Investments

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

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

Property Taxes

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

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The County's 2023 tax levy, supporting the 2024 fiscal period budget, totaled \$ 0.35928 per \$ 100 valuation and was comprised as follows:

General Fund	\$	0.35640
Debt Service Fund		<u>0.00288</u>
Combined tax rate	\$	<u>0.35928</u>

Interfund Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended December 31, 2023, no capitalized interest was included in the cost of capital assets under construction.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Continued

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

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

Compensated Absences

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

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

The liability for compensated absences disclosed in the financial statements represents accumulated vacation and compensatory time at December 31, 2023, computed at pay rates in effect at that time was \$ 470,211.

Deferred Outflows and Inflows of Resources

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

Pension Plans

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Post-Employment Benefits

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

Long-Term Debt

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

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

Fund Balance

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

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

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

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

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Commissioners Court actions, no later than the close of the fiscal year. These actions must be in the form of a resolution approved by Commissioners Court. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources. At December 31, 2023, the Commissioners agreed to commit fund balances for each of the four precincts unspent budgeted funds at year end to be added to the subsequent year's approved budget.

The *assigned* fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by Commissioners Court or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Commissioners Court actions. At December 31, 2023, there are no assignments of fund balance.

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

Governmental Fund Financial Statements:

The following schedule presents details of fund balance components at December 31, 2023:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance:			
Nonspendable:			
Inventories	\$ 274,886	\$ -	\$ 274,886
Prepaid expenditures	815,283	3,000	818,283
Restricted:			
Capital projects	-	310,122	310,122
Contributor purposes	-	13,759	13,759
Court improvements and operations	-	346,933	346,933
Debt service	-	39,701	39,701
Federal Grants	5,706,436	-	5,706,436
Juvenile services	-	19,590	19,590
Records management	-	950,256	950,256
County/District attorney services	-	109,081	109,081
Sheriff services	-	164,950	164,950
Committed:			
Precincts	3,202,009	-	3,202,009
Unassigned	<u>20,120,509</u>	<u>-</u>	<u>20,120,509</u>
 Total fund balance	 <u>\$ 30,119,123</u>	 <u>\$ 1,957,392</u>	 <u>\$ 32,076,515</u>

Net Position

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position - Continued

	<u>Governmental Activities</u>
Net Position:	
Net investment in capital assets	\$ 31,242,914
Restricted:	
Federal grants	5,706,436
Records management	953,256
Other:	
Contributor purposes	13,759
Court improvements and operations	346,933
Debt service	32,790
Juvenile services	19,590
County/District attorney services	109,081
Sheriff services	164,950
Unrestricted	<u>1,079,206</u>
Total net position	<u>\$ 39,668,915</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

The County classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. Investments are classified as either short-term investments or investments. Short-term investments have a maturity of one year or less and investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures. Cash and temporary investments as reported on the financial statements at December 31, 2023 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Temporary Investments:				
Cash (petty cash accounts)	\$ 7,440	\$ -	\$ -	\$ 7,440
Financial Institution Deposits:				
Demand deposits	14,409,500	144,811	3,841,651	18,395,962
Local Government Investment Pools:				
Texas CLASS Government	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total cash and temporary investments	<u>14,516,940</u>	<u>144,811</u>	<u>3,841,651</u>	<u>18,503,402</u>
Investments:				
Broker Dealer:				
U.S. Agency Securities	20,847,222	-	-	20,847,222
Certificates of deposit	<u>1,970,000</u>	<u>-</u>	<u>-</u>	<u>1,970,000</u>
Total investments	<u>22,817,222</u>	<u>-</u>	<u>-</u>	<u>22,817,222</u>
Total Cash and Temporary Investments and Investments	<u>\$ 37,334,162</u>	<u>\$ 144,811</u>	<u>\$ 3,841,651</u>	<u>\$ 41,320,624</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Deposits

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

At year-end, in addition to petty cash and change funds accounts of \$ 7,440, the carrying amount of the County's financial institution deposits, was \$ 20,365,962, while the financial institution balances totaled \$ 47,734,385. Of these balances, \$ 459,090 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the court's beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the remaining balances, \$ 2,220,000 was covered by federal depository insurance coverage and \$ 45,055,295 was covered by collateral held by the County's agent in the County's name.

Investments

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

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

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

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

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. No-load money market mutual funds: regulated by SEC, with a dollar-weighted average stated maturity of 90 days or less, includes in its investment objectives the maintenance of a stable \$ 1.00 net asset value per each share, and limited in quantity to the requirements, set forth in Chapter 2256, Government Code Section 2256.014;

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas and is: guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, secured in any manner and amount provided by law for deposits of the County;
7. Fully collateralized repurchase agreements, if it: has a defined termination date, is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act, requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, is placed through a primary government securities dealer, approved by the County, or a financial institution doing business in the State of Texas;
8. Commercial paper is an authorized investment, if the commercial paper: has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state;
9. Eligible investment pools if the Commissioners Court by resolution authorizes investment in the particular pool. An investment pool shall invest funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

Texas CLASS Government was created as a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. Per State Code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds and maximize yield. The Texas CLASS Government agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. Texas CLASS Government seeks to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texas Class Government is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At December 31, 2023 Texas CLASS Government has a weighted average maturity of 50 days. Although the pool has a weighted average maturity, the County considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

As of December 31, 2023, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Texas Class Government Certificates of Deposit	\$ 100,000	50
U.S. Agency Securities	1,970,000	208
	<u>20,847,222</u>	712
Total	<u>\$ 22,917,222</u>	665

Credit Risk - As of December 31, 2023, the LGIP (which represents approximately 0.44% of the investment portfolio) is rated AAAM by Standard and Poor's; the United States agency securities are rated A-1 by Standard and Poor's and P-1 by Moody's (which represent 90.96% of the investment portfolio) were covered by private insurance and the certificates of deposit (which represents 8.60% of the investment portfolio) and were covered by FDIC, respectively, therefore, the County does not have a significant exposure to credit risk.

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

Fair Value Measures

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Fair Value Measures - Continued

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

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Agency Securities	\$ <u>20,847,222</u>	\$ _____ -	\$ _____ -	\$ <u>20,847,222</u>
Total assets at fair value	\$ <u>20,847,222</u>	\$ _____ -	\$ _____ -	\$ <u>20,847,222</u>

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

Receivables and Allowances

Receivables as of December 31, 2023, for the government's individual governmental major and nonmajor funds, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Inter- governmental Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receivables:				
Property taxes	\$ 18,755,647	\$ -	\$ 156,781	\$ 18,912,428
Accounts	132,960	-	2,063	135,023
Due from other governments	5,768,547	90,134	829,791	6,688,472
Accrued interest	<u>119,629</u>	<u>-</u>	<u>-</u>	<u>119,629</u>
Gross receivables	24,776,783	90,134	988,635	25,855,552
Less allowance for uncollectibles:				
Property taxes	<u>55,148</u>	<u>-</u>	<u>137</u>	<u>55,285</u>
Net receivables	<u>\$ 24,721,635</u>	<u>\$ 90,134</u>	<u>\$ 988,498</u>	<u>\$ 25,800,267</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

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

Receivables From Other Governments

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

Amounts due from federal, state, and local governments as of December 31, 2023 are summarized below:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:				
General Fund	\$ 39,734	\$ 170,665	\$ 5,558,148	\$ 5,768,547
Intergovernmental Grants Fund	67,433	15,070	7,631	90,134
Other Governmental funds	<u>784,542</u>	<u>-</u>	<u>45,249</u>	<u>829,791</u>
Total	<u>\$ 891,709</u>	<u>\$ 185,735</u>	<u>\$ 5,611,028</u>	<u>\$ 6,688,472</u>

Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of December 31, 2023:

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justices of the Peace	\$ 2,104,015	\$ 521,003	\$ 1,583,012
County Courts	2,367,190	1,440,907	926,283
District Courts	<u>8,416,762</u>	<u>8,004,689</u>	<u>412,073</u>
Total	<u>\$ 12,887,967</u>	<u>\$ 9,966,599</u>	<u>\$ 2,921,368</u>

Deferred Outflows and Inflows of Resources and Unearned Revenue

Governmental Funds

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of December 31, 2023, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

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

Deferred Inflows of Resources and Unearned Revenue - Continued

Governmental Funds - Continued

	<u>General Fund</u>	<u>Inter- governmental Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Deferred Inflows of Resources:				
Current property taxes collected (October 1, 2023 Levy)	\$ 6,536,187	\$ -	\$ 53,151	\$ 6,589,338
Current property taxes receivable (October 1, 2023 Levy)	17,536,067	-	144,989	17,681,056
Delinquent property taxes (October 1, 2022 and prior)	1,120,714	-	11,129	1,131,843
Unearned Revenue:				
Federal grants	207,816	3,748,265	-	3,956,081
State grants	-	-	116,855	116,855
Other	<u>59,172</u>	<u>-</u>	<u>-</u>	<u>59,172</u>
Total	<u>\$ 25,459,956</u>	<u>\$ 3,748,265</u>	<u>\$ 326,124</u>	<u>\$ 29,534,345</u>

Governmental Activities

Governmental activities defer the recognition of pension expense for contributions made from the measurement date to the current year end of December 31, 2023 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

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

Deferred Inflows of Resources and Unearned Revenue - Continued

Governmental Activities - Continued

As of December 31, 2023, the various components of deferred outflows and inflows of resources and unearned revenue reported in the governmental activities were as follows:

<u>Governmental Activities:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Pension Related:			
Differences between expected and actual experience	\$ -	\$ 97,287	\$ -
Net differences between projected and actual investment earnings	1,031,944	-	-
Changes in assumptions	-	89,553	-
Subsequent contributions	1,779,721	-	-
OPEB related:			
Differences between expected and actual experience	3,872	4,514,588	-
Changes in assumptions	1,478,228	4,634,312	-
Subsequent contributions	25,202	-	-
Current property taxes collected (October 1, 2023 Levy)	-	6,589,338	-
Current property taxes receivable (October 1, 2023 Levy)	-	17,681,056	-
Unearned Revenue:			
Federal grants	-	-	3,956,081
State grants	-	-	116,855
Self-insurance	-	-	3,987
Other	-	-	59,172
Totals	<u>\$ 4,318,967</u>	<u>\$ 33,606,134</u>	<u>\$ 4,136,095</u>

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2023 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>12-31-23</u>
General Fund	Intergovernmental Grants Fund	\$ 62,817
General Fund	Other Governmental Funds	<u>190,649</u>
Total		<u>\$ 253,466</u>

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers for the year ended December 31, 2023 consisted of the following individual fund transfers in and transfers out:

Transferring Fund	Receiving Fund	12-31-23
General Fund	Other Governmental Funds	\$ 14,195
Intergovernmental Grants Fund	General Fund	26,983
Other Governmental Funds	General Fund	<u>27,500</u>
Total		<u>\$ 68,678</u>

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

NOTE 5 - CAPITAL ASSETS

Capital Transactions

	Balance 01-01-23	Additions	Retirements	Adjustments & Transfers	Balance 12-31-23
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 1,594,608	\$ -	\$ -	\$ -	\$ 1,594,608
Construction in progress	<u>100,410</u>	<u>851</u>	<u>-</u>	<u>(100,410)</u>	<u>851</u>
Total capital assets not being depreciated	<u>1,695,018</u>	<u>851</u>	<u>-</u>	<u>(100,410)</u>	<u>1,595,459</u>
Capital Assets, Being Depreciated:					
Vehicles and equipment	18,674,933	2,175,380	853,271	1,160	19,998,202
Buildings and improvements	17,723,309	346,240	-	99,250	18,168,799
Infrastructure	<u>53,879,193</u>	<u>1,794,061</u>	<u>-</u>	<u>-</u>	<u>55,673,254</u>
Total capital assets being depreciated	<u>90,277,435</u>	<u>4,315,681</u>	<u>853,271</u>	<u>100,410</u>	<u>93,840,255</u>
Less Accumulated Depreciation For:					
Vehicles and equipment	11,928,682	1,330,572	836,369	-	12,422,885
Buildings and improvements	8,374,291	379,237	-	-	8,753,528
Infrastructure	<u>40,512,081</u>	<u>739,151</u>	<u>-</u>	<u>-</u>	<u>41,251,232</u>
Total accumulated depreciation	<u>60,815,054</u>	<u>2,448,960</u>	<u>836,369</u>	<u>-</u>	<u>62,427,645</u>
Total capital assets being depreciated, net	<u>29,462,381</u>	<u>1,866,721</u>	<u>16,902</u>	<u>100,410</u>	<u>31,412,610</u>
Governmental activities capital assets, net	<u>\$ 31,157,399</u>	<u>\$ 1,867,572</u>	<u>\$ 16,902</u>	<u>\$ -</u>	<u>\$ 33,008,069</u>

During the year ended December 31, 2023, the County received vehicles and equipment from various sources totaling \$ 40,030.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation

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

	<u>12-31-23</u>
Governmental Activities:	
General government	\$ 210,383
Justice system	62,943
Public safety	492,436
Corrections and rehabilitation	14,772
Health and human services	12,426
Community and economic development	30,089
Infrastructure and environmental services	<u>1,625,911</u>
 Total depreciation expense	 <u>\$ 2,448,960</u>

Construction Commitments

There were no construction commitments as of December 31, 2023.

NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of December 31, 2023, for the government's individual governmental major and nonmajor funds, and fiduciary funds in the aggregate are as follows:

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Intergovern- mental Grants Fund</u>	<u>Other Governmental Funds</u>	
Accounts and accrued liabilities payable:				
Vendors	\$ 765,375	\$ 278,995	\$ 640,008	\$ 1,684,378
Other governments	159,357	-	629	159,986
Accrued compensation	219,516	-	-	219,516
Due to others	<u>279,441</u>	<u>-</u>	<u>273,417</u>	<u>552,858</u>
 Totals	 <u>\$ 1,423,689</u>	 <u>\$ 278,995</u>	 <u>\$ 914,054</u>	 <u>\$ 2,616,738</u>
				<u>Fiduciary Funds</u>
Accounts and accrued liabilities payable:				
Vendors				\$ 7,417
Restitution payable				<u>91,131</u>
 Total				 <u>\$ 98,548</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 7 - LONG-TERM DEBT

Certificate of Obligation Bonded Debt

Certificates of obligations payable at December 31, 2023, are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 12-31-23
		Issued	Maturity	Callable	
Certificates of Obligation Bonds Taxable Series 2015	1.704 - 4.627	2015	2035	2025	\$ <u>1,930,000</u>
Total					\$ <u>1,930,000</u>

Certificates of obligation bond transactions for the year ended December 31, 2023 were as follows:

Bonds outstanding, January 1, 2023	\$ 2,060,000
Maturities	(<u>130,000</u>)
Bonds outstanding, December 31, 2023	\$ <u>1,930,000</u>

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. The current year tax levy was set to utilize the excess fund balance above the bond ordinance requirement. For the year ended December 31, 2023, the amount of ad valorem taxes collected for interest and sinking were \$ 191,475, while the debt service requirements for principal and interest was \$ 193,888. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of certificate of obligation bond requirements by year as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 135,000	\$ 59,513	\$ 194,513
2025	140,000	55,388	195,388
2026	145,000	51,112	196,112
2027	145,000	46,763	191,763
2028	150,000	42,337	192,337
2029-2033	840,000	137,219	977,219
2034-2035	<u>375,000</u>	<u>13,212</u>	<u>388,212</u>
Total	\$ <u>1,930,000</u>	\$ <u>405,544</u>	\$ <u>2,335,544</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 7 - LONG-TERM DEBT - Continued

Notes Payable

	<u>Interest Rate %</u>	<u>Issued</u>	<u>Maturity</u>	<u>Notes Payable Outstanding 12-31-23</u>
Note Payable:				
Government Capital Corporation No. 8929	3.848%	2019	2024	\$ 51,535
Government Capital Corporation No. 9850	4.292%	2022	2024	11,711
Government Capital Corporation No. 9234	4.884%	2022	2025	<u>47,245</u>
Total				<u>\$ 110,491</u>

Note payable transactions for the year ended December 31, 2023 were as follows:

Note payable outstanding, January 1, 2023	\$ 239,847
Maturities	<u>(129,356)</u>
Note payable outstanding, December 31, 2023	<u>\$ 110,491</u>

The following is a summary of note payable requirements by year as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 86,671	\$ 4,830	\$ 91,501
2025	<u>23,820</u>	<u>1,200</u>	<u>25,020</u>
Total	<u>\$ 110,491</u>	<u>\$ 6,030</u>	<u>\$ 116,521</u>

Changes in Long-Term Debt

Transactions for the year ended December 31, 2023 are summarized as follows:

	<u>Balance 01-01-23</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 12-31-23</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificate of obligation bonds	\$ 2,060,000	\$ -	\$ 130,000	\$ 1,930,000	\$ 135,000
Notes payable	239,847	-	129,356	110,491	86,671
Compensated absences	551,588	406,776	488,153	470,211	445,171
Net pension liability	-	11,090,425	7,836,760	3,253,665	-
Total OPEB liability	18,589,954	1,621,227	1,424,387	18,786,794	-
Premium on bonds	<u>37,843</u>	<u>-</u>	<u>3,057</u>	<u>34,786</u>	<u>3,057</u>
Total governmental activities	<u>\$ 21,479,232</u>	<u>\$ 13,118,428</u>	<u>\$ 10,011,713</u>	<u>\$ 24,585,947</u>	<u>\$ 669,899</u>

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 850 non-traditional defined benefit plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 79768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

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

	<u>Plan Year 2022</u>	<u>Plan Year 2021</u>
Employee deposit rate	7.00%	7.00%
Employer deposit rate	14.83%	14.83%
Matching ratio (County to employee)	2 to 1	2 to 1
Years required for vesting	8	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/30	60/8, 0/30

Employees Covered by Benefit Terms:

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	228
Inactive employees entitled to but not yet receiving benefits	190
Active employees	<u>241</u>
	<u><u>659</u></u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

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

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

Employees of the County were required to contribute 7.00% of their annual compensation during the fiscal year. The County’s required contribution rates of 12.34% and 14.14% in calendar years 2023 and 2022, respectively. The County’s contributions to TCDRS for the year ended December 31, 2023 were \$ 1,779,721.

Net Pension Liability - The County’s Net Pension Liability was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

Except where indicated in the section of this GASB 68 report entitled “Actuarial Methods and Assumptions Used for GASB Calculations”, the assumptions used in this analysis for the December 31, 2022 financial reporting metrics are the same as those used in the December 31, 2022 actuarial valuation analysis for the County.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Following is a description of the assumptions used in the December 31, 2022 actuarial valuation analysis for the County. This information may also be found in the Brazoria County December 31, 2022 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions

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

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.70% per year for a career employee.

Employer Specific Economic Assumptions

Growth in membership	0.00%
Payroll growth	3.00%

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers are based on January 2023 information for a 10-year time horizon.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

The valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

⁽¹⁾ Target asset allocation adopted at the March 2023 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions

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

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

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

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 investments.
2. The actuarial present value of projected benefit payments not include in (1), calculated using the municipal bond rate.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

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

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

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

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

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a)-(b)
Balance as of December 31, 2021	\$ 66,002,096	\$ 70,868,808	\$(4,866,712)
Changes for the Year:			
Service cost	1,444,064	-	1,444,064
Interest on total pension liability ⁽¹⁾	4,970,509	-	4,970,509
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(94,453)	-	(94,453)
Effect of assumptions changes or inputs	-	-	-
Refunds of contributions	(230,642)	(230,642)	-
Employer contributions	-	1,650,376	(1,650,376)
Member contributions	-	779,004	(779,004)
Net investment income	-	(4,006,365)	4,006,365
Benefit payment,	(3,935,085)	(3,935,085)	-
Administrative expense	-	(38,034)	38,034
Other changes ⁽³⁾	-	(185,238)	185,238
Balance as of December 31, 2022	<u>\$ 68,156,489</u>	<u>\$ 64,902,824</u>	<u>\$ 3,253,665</u>

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

⁽²⁾ No plan changes valued.

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

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

	1% Decrease In Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase In Discount Rate (8.60%)
Total pension liability	\$ 76,366,015	\$ 68,156,489	\$ 61,234,105
Fiduciary net position	<u>64,902,824</u>	<u>64,902,824</u>	<u>64,902,824</u>
Net pension liability / (asset)	<u>\$ 11,463,191</u>	<u>\$ 3,253,665</u>	<u>\$(3,668,719)</u>

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 8 - TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

<i>Pension Expense:</i>	<u>Year Ended 12-31-22</u>
Service cost	\$ 1,444,064
Interest on total pension liability ⁽¹⁾	4,970,509
Administrative expenses	38,034
Member contributions	(779,004)
Expected investment return net of investment expenses	(5,312,927)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(124,912)
Recognition of assumption changes or inputs	1,031,272
Recognition of investment gains or losses	99,113
Other ⁽²⁾	<u>185,238</u>
 Pension expense	 \$ <u>1,551,387</u>

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

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

Deferred Inflows and Outflows - At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 97,287
Net difference between projected and actual investment earnings	1,031,944	-
Changes in assumptions	-	89,553
Contributions subsequent to the measurement date ⁽³⁾	<u>1,779,721</u>	<u>-</u>
 Totals	 \$ <u>2,811,665</u>	 \$ <u>186,840</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	
2024	\$ (1,057,824)
2025	(111,206)
2026	150,274
2027	1,863,860
2028	-
Thereafter ⁽⁴⁾	-

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

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Matagorda County Retiree Healthcare Plan

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

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

The following table provides a summary of the number of participants in the plan as of December 31, 2022:

Inactive plan members or beneficiaries currently receiving benefits	117
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>206</u>
	<u>323</u>

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

The plan is funded on a pay-as-you-go basis. For the year ended December 31, 2023, the total benefit payments made to the plan were \$ 1,143,200. The total benefit payments made include explicit benefit payments made by the County of \$ 1,143,200.

Total OPEB Liability - The County’s total OPEB liability of \$ 17,996,037 was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2022.

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual Entry-Age
Discount rate	4.31%
Inflation	2.50%
Salary increases	3.50%
Health care trend rates	Level trend rate of 4.50%

Mortality rates were based on the RPH-2014 Total Table with projection MP-2021.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

The actuarial assumptions used in the December 31, 2022 valuation were based on the experience study covering the four-year period ending December 31, 2017, as conducted for the Texas County and District Retirement System.

Discount Rate - For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of a 20-year general obligation bond with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.31% (based on the daily rate closest to but not later than the measurement date of the “Bond Buyer GO-20 bond index”).

Changes in Total OPEB Liability - The changes in the total OPEB liability as of December 31, 2023 are as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 801,698
Interest on total OPEB liability	767,199
Benefit payments	<u>(1,143,200)</u>
Net change in total OPEB liability	425,697
Total OPEB liability, December 31, 2021	<u>17,570,340</u>
Total OPEB liability, December 31, 2022	<u>\$ 17,996,037</u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the County, calculated using the discount rate of 4.31%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate of 1 percentage-point lower (3.31%) or 1 percentage-point higher (5.31%) than the current rate:

	<u>1% Decrease In Discount Rate (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase In Discount Rate (5.31%)</u>
Total OPEB liability	\$ 20,824,027	\$ 17,996,037	\$ 15,722,874

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

	<u>1% Decrease In Healthcare Cost Trend Rate (3.50%)</u>	<u>Healthcare Cost Trend Rate (4.50%)</u>	<u>1% Increase In Healthcare Cost Trend Rate (5.50%)</u>
Total OPEB liability	\$ 15,510,609	\$ 17,996,037	\$ 21,161,716

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

<i>Total OPEB Expense:</i>	<u>Year Ended 12-31-23</u>
Service cost	\$ 801,698
Interest on total OPEB liability	767,199
Difference between expected and actual experience	(1,321,664)
Changes in assumptions or other inputs	<u>(413,875)</u>
Total OPEB expense	<u>\$ (166,642)</u>

Deferred Inflows and Outflows - At December 31, 2023, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Schedule of Deferred Outflows/(Inflows)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,511,548
Changes in assumption	<u>1,392,725</u>	<u>4,434,290</u>
Total	<u>\$ 1,392,725</u>	<u>\$ 8,945,838</u>

<u>Year Ended December 31,</u>	<u>Net Outflows/ (Inflows)</u>
2024	\$(1,735,539)
2025	(1,932,101)
2026	(2,413,342)
2027	(1,472,131)

Matagorda County Retiree Group Term Life Program

Plan Description - The County participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a defined benefits group term life insurance plan. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. As the GTL program covers both active and retiree participants, with no segregation of asset, the GTL program is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75)

Benefits Provided - The plan provides a \$ 5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$ 5,000.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	187
Inactive employees entitled to but not yet receiving benefits	70
Active employees	<u>241</u>
	<u>498</u>

Contributions - For GASB 75 purposes, the TCDRS GTL plan is not a cost sharing plan as the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the TCDRS GTL program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contribution associated with retiree coverage are included under GASB 75.

The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$ 5,000. Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

The retiree portion of contribution rates to the TCDRS GTL plan for the County was 0.21% and 0.28% in calendar years 2022 and 2021, respectively. The County's contributions to the TCDRS GTL plan for the year ended December 31, 2023 were \$ 25,202.

Total OPEB Liability - The County's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

The discount rate used to measure the TCDRS OPEB liability was 3.72% and was based on the 20 year bond GO index published by bondbuyer.com as of December 31, 2022.

Mortality rates for depositing members were 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for service retirees, beneficiaries and non-depositing members were 135% of Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for disabled retirees were 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actual experience study for the period January 1, 2017 through December 31, 2020.

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Changes in the Total OPEB Liability

Balance as of December 31, 2021	\$ 1,019,614
Changes for the Year:	
Service cost	28,355
Interest on total OPEB liability ⁽¹⁾	21,269
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic experience	2,706
Effect of assumptions changes or inputs ⁽³⁾	(250,027)
Benefit payments	(31,160)
Other	<u>-</u>
Balance as of December 31, 2022	<u>\$ 790,757</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate.

Sensitivity Analysis - The following presents the total OPEB liability of the County, calculated using the discount rate of 3.72%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate of 1 percentage-point lower (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

	1% Decrease In Discount Rate <u>(2.72%)</u>	Discount Rate <u>(3.72%)</u>	1% Increase In Discount Rate <u>(4.72%)</u>
Total OPEB Liability	\$ <u>928,825</u>	\$ <u>790,757</u>	\$ <u>681,942</u>

	Year Ended <u>12-31-22</u>
OPEB Expense:	
Service cost	\$ 28,355
Interest on total pension liability ⁽¹⁾	21,269
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	845
Recognition of assumption changes or inputs	(4,949)
Other	<u>-</u>
OPEB expense	<u>\$ 45,520</u>

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Deferred Inflows and Outflows - At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,872	\$ 3,040
Changes in assumptions	85,503	200,022
Contributions subsequent to the measurement date	<u>25,202</u>	<u>-</u>
 Totals	 <u>\$ 114,577</u>	 <u>\$ 203,062</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	
2024	\$ 10,027
2025	(24,785)
2026	(49,464)
2027	(49,465)
2028	-
Thereafter ⁽²⁾	-

⁽³⁾ Total remaining balance to be recognized in future years, if any. Note that additional deferred inflows and outflows of resources may impact these numbers.

NOTE 10 - SELF INSURANCE HEALTH COVERAGE

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 10 - SELF INSURANCE HEALTH COVERAGE - Continued

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

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

	<u>2022</u>	<u>2023</u>
Unpaid claims, beginning	\$ 154,755	\$ 273,683
Claims incurred	3,293,815	4,057,962
Claims paid	<u>(3,174,887)</u>	<u>(4,236,276)</u>
Unpaid claims, ending	<u>\$ 273,683</u>	<u>\$ 95,369</u>

NOTE 11 - CONTINGENCIES

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

NOTE 12 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended December 31, 2023, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund and various special revenue funds. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal financial assistance programs are covered by the requirements of the Single Audit Act and the Uniform Guidance.

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

NOTE 13 - TAX ABATEMENTS

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

MATAGORDA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended December 31, 2023

NOTE 13 - TAX ABATEMENTS - Continued

For the year ended December 31, 2023, the County abated property taxes totaling \$ 6,370,446 under this program, including the following tax abatement agreement:

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

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The beginning net position of the governmental activities has been restated on the government-wide financial statements to record a prior period adjustment to correct the total OPEB liability for a plan not included in the financial statements in prior year. A reconciliation of the prior period ending net position to the current year beginning net position for the governmental activities is as follows:

Beginning net position	\$ 35,144,291
Adjustment for deferred outflows of resources	179,524
Adjustment for total OPEB liability	(1,019,614)
Adjustment for deferred inflows of resources	<u>(19,207)</u>
Beginning net position, as restated	<u>\$ 34,284,994</u>

NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 7, 2024, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**



MATAGORDA COUNTY, TEXAS

Exhibit 10

*Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget And Actual - General Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 22,760,696	\$ 22,760,696	\$ 22,502,546	\$(258,150)
Licenses and permits	804,100	804,100	818,715	14,615
Intergovernmental	295,803	849,791	2,537,776	1,687,985
Charges for services	4,755,443	4,755,443	4,801,249	45,806
Fines	357,000	357,000	403,694	46,694
Investment income	200,000	200,000	531,190	331,190
Miscellaneous	221,500	312,497	438,555	126,058
Total revenues	29,394,542	30,039,527	32,033,725	1,994,198
Expenditures				
Current:				
General government	6,749,426	7,478,402	7,096,690	381,712
Justice system	4,457,288	4,577,124	4,263,848	313,276
Public safety	4,615,327	4,900,498	4,608,607	291,891
Corrections and rehabilitation	3,348,089	3,366,909	3,382,777	(15,868)
Health and human services	1,400,034	1,432,487	1,389,374	43,113
Community and economic development	1,251,907	1,231,955	1,130,934	101,021
Infrastructure and environmental services	7,126,199	9,179,840	4,853,237	4,326,603
Capital outlay	553,000	2,075,594	2,959,232	(883,638)
Debt service:				
Principal	93,962	127,526	129,356	(1,830)
Interest and fiscal charges	7,093	11,513	9,673	1,840
Total expenditures	29,602,325	34,381,848	29,823,728	4,558,120
Excess (deficiency) of revenues over expenditures	(207,783)	(4,342,321)	2,209,997	6,552,318
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	161,000	165,245	116,744	(48,501)
Transfers in	53,783	81,284	54,483	(26,801)
Transfers out	(7,000)	(7,000)	(14,195)	(7,195)
Total other financing sources (uses)	207,783	239,529	157,032	(82,497)
Change in fund balance	-	(4,102,792)	2,367,029	6,469,821
Fund balance - beginning	27,752,094	27,752,094	27,752,094	-
Fund balance - ending	\$ 27,752,094	\$ 23,649,302	\$ 30,119,123	\$ 6,469,821

MATAGORDA COUNTY, TEXAS

Texas County and District Retirement System

Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios

With a measurement date of December 31,

	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 1,444,064	\$ 1,346,793	\$ 1,316,143	\$ 1,208,668
Interest on total pension liability	4,970,509	4,835,357	4,725,709	4,558,509
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(268,661)	3,362,480	-
Effect of economic/demographic (gains) or losses	(94,453)	(79,339)	(171,465)	(70,789)
Benefit payments/refunds of contributions	(4,165,727)	(4,140,935)	(3,825,395)	(3,657,210)
Net Change in Total Pension Liability	2,154,393	1,693,215	5,407,472	2,039,178
Total Pension Liability - beginning	66,002,096	64,308,881	58,901,409	56,862,231
Total Pension Liability - ending (a)	\$ 68,156,489	\$ 66,002,096	\$ 64,308,881	\$ 58,901,409
Fiduciary Net Position				
Employer contributions	\$ 1,650,376	\$ 1,649,061	\$ 1,489,438	\$ 1,501,212
Member contributions	779,004	778,388	703,031	708,666
Investment income net of investment expenses	(4,006,365)	12,922,786	5,750,709	8,073,918
Benefit payments/refunds of contributions	(4,165,727)	(4,140,935)	(3,825,395)	(3,657,210)
Administrative expenses	(38,034)	(38,341)	(43,705)	(42,444)
Other	(185,238)	(32,097)	(42,801)	(41,795)
Net Change in Fiduciary Net Position	(5,965,984)	11,138,862	4,031,277	6,542,347
Fiduciary Net Position - beginning	70,868,808	59,729,946	55,698,669	49,156,322
Fiduciary Net Position - ending (b)	\$ 64,902,824	\$ 70,868,808	\$ 59,729,946	\$ 55,698,669
Net Pension Liability/(Asset), ending (a)-(b)	\$ 3,253,665	\$(4,866,712)	\$ 4,578,935	\$ 3,202,740
Fiduciary Net Position as a Percentage of Total Pension Liability	95.23%	107.37%	92.88%	94.56%
Pensionable covered payroll	\$ 11,128,633	\$ 11,119,822	\$ 10,043,295	\$ 10,123,800
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	29.24%	(43.77%)	45.59%	31.64%

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

2018	2017	2016	2015	2014
\$ 1,252,718	\$ 1,179,188	\$ 1,245,749	\$ 1,061,294	\$ 1,037,018
4,412,150	4,206,623	4,084,781	3,949,923	3,723,454
-	-	-	(163,313)	-
-	253,616	-	559,506	-
(343,083)	64,730	(1,306,164)	(710,572)	629,628
(3,291,561)	(3,191,023)	(2,990,057)	(2,868,547)	(2,734,719)
2,030,224	2,513,134	1,034,309	1,828,291	2,655,381
<u>54,832,007</u>	<u>52,318,873</u>	<u>51,284,564</u>	<u>49,456,273</u>	<u>46,800,892</u>
<u>\$ 56,862,231</u>	<u>\$ 54,832,007</u>	<u>\$ 52,318,873</u>	<u>\$ 51,284,564</u>	<u>\$ 49,456,273</u>
\$ 1,394,276	\$ 1,375,431	\$ 1,273,638	\$ 1,250,595	\$ 1,149,603
658,638	649,226	601,183	592,700	537,553
(972,120)	6,691,662	3,299,098	252,706	2,975,354
(3,291,561)	(3,191,023)	(2,990,057)	(2,868,547)	(2,734,719)
(39,483)	(34,208)	(35,887)	(32,500)	(34,335)
(31,735)	(26,742)	(837,728)	(272,746)	427,674
(2,281,985)	5,464,346	1,310,247	(1,077,792)	2,321,130
<u>51,438,307</u>	<u>45,973,961</u>	<u>44,663,714</u>	<u>45,741,506</u>	<u>43,420,376</u>
<u>\$ 49,156,322</u>	<u>\$ 51,438,307</u>	<u>\$ 45,973,961</u>	<u>\$ 44,663,714</u>	<u>\$ 45,741,506</u>
<u>\$ 7,705,909</u>	<u>\$ 3,393,700</u>	<u>\$ 6,344,912</u>	<u>\$ 6,620,850</u>	<u>\$ 3,714,767</u>
86.45%	93.81%	87.87%	87.09%	92.49%
\$ 9,409,109	\$ 9,274,658	\$ 8,564,214	\$ 8,467,148	\$ 7,679,332
81.90%	36.59%	74.09%	78.19%	48.37%

MATAGORDA COUNTY, TEXAS

*Texas County and District Retirement System
 Schedule of Employer Contributions
 For the Ten Years Ended December 31,*

Exhibit 12

	<u>Actuarially Determined Contribution⁽¹⁾</u>	<u>Actual Employer Contribution⁽¹⁾</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll⁽²⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 1,149,603	\$ 1,149,603	\$ -	\$ 7,679,332	15.0%
2015	1,250,595	1,250,595	-	8,467,148	14.8%
2016	1,270,073	1,273,638	(3,565)	8,564,214	14.9%
2017	1,311,437	1,375,431	(63,994)	9,274,658	14.8%
2018	1,347,384	1,394,276	(46,892)	9,409,109	14.8%
2019	1,380,886	1,501,212	(120,326)	10,123,800	14.8%
2020	1,444,226	1,489,438	(45,212)	10,043,295	14.8%
2021	1,504,512	1,649,061	(144,549)	11,119,822	14.8%
2022	1,487,677	1,630,617	(142,940)	10,995,397	14.8%
2023	1,623,711	1,779,721	(156,010)	12,000,817	14.8%

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

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



MATAGORDA COUNTY, TEXAS

Texas County and District Retirement System

Schedule of Changes in Total OPEB Liability and Related Ratios

With a Measurement Date of December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability				
Service cost	\$ 28,355	\$ 25,949	\$ 23,036	\$ 18,214
Interest on the total OPEB liability	21,269	20,988	23,972	27,790
Effect of assumption changes or inputs	(250,027)	22,132	101,335	169,519
Effect of economic/demographic (gains) or losses	2,706	1,606	(7,597)	4,529
Benefit payments	(31,160)	(30,024)	(27,117)	(28,347)
Net change in total OPEB liability	(228,857)	40,651	113,629	191,705
Total OPEB liability - beginning	<u>1,019,614</u>	<u>978,963</u>	<u>865,334</u>	<u>673,629</u>
Total OPEB liability - ending	<u>\$ 790,757</u>	<u>\$ 1,019,614</u>	<u>\$ 978,963</u>	<u>\$ 865,334</u>
Covered payroll	<u>\$ 11,128,633</u>	<u>\$ 11,119,822</u>	<u>\$ 10,043,295</u>	<u>\$ 10,123,800</u>
Total OPEB liability as a percentage of covered payroll	<u>7.11%</u>	<u>9.17%</u>	<u>9.75%</u>	<u>8.55%</u>

Notes to schedule:

There are no assets accumulated in a trust that meets the criteria of GASB to pay benefits for the OPEB plan.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the County will present information for those years for which information is available.

<u>2018</u>	<u>2017</u>
\$ 23,309	\$ 18,928
25,225	26,726
(73,236)	30,729
2,575	(26,455)
<u>(28,227)</u>	<u>(27,824)</u>
(50,354)	22,104
<u>723,983</u>	<u>701,879</u>
\$ <u>673,629</u>	\$ <u>723,983</u>
\$ <u>9,409,109</u>	\$ <u>9,274,658</u>
<u>7.16%</u>	<u>7.81%</u>

MATAGORDA COUNTY, TEXAS

*Schedule of Changes in Total OPEB Liability and Related Ratios
With a Measurement Date of December 31,*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 801,698	\$ 1,680,553	\$ 1,680,553	\$ 1,117,591
Interest on the total OPEB liability	767,199	657,208	631,637	997,713
Differences between expected and actual experiences	-	(6,647,881)	-	(780,309)
Changes in assumptions	-	(6,890,960)	-	4,650,565
Benefit payments	<u>(1,143,200)</u>	<u>(1,096,800)</u>	<u>(1,115,200)</u>	<u>(1,062,400)</u>
Net change in total OPEB liability	425,697	(12,297,880)	1,196,990	4,923,160
Total OPEB liability - beginning	<u>17,570,340</u>	<u>29,868,220</u>	<u>28,671,230</u>	<u>23,748,070</u>
Total OPEB liability - ending	<u>\$ 17,996,037</u>	<u>\$ 17,570,340</u>	<u>\$ 29,868,220</u>	<u>\$ 28,671,230</u>
Covered-employee payroll	<u>\$ 8,952,088</u>	<u>\$ 8,952,088</u>	<u>\$ 8,457,075</u>	<u>\$ 8,457,075</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>201.03%</u>	<u>196.27%</u>	<u>353.17%</u>	<u>339.02%</u>

Notes to schedule:

There are no assets accumulated in a trust that meets the criteria of GASB to pay benefits for the OPEB plan.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the County will present information for those years for which information is available.

<u>2019</u>	<u>2018</u>
\$ 1,117,591	\$ 1,073,574
911,660	914,856
-	-
-	-
<u>(1,033,600)</u>	<u>(952,000)</u>
995,651	1,036,430
<u>22,752,419</u>	<u>21,715,989</u>
\$ <u>23,748,070</u>	\$ <u>22,752,419</u>
\$ <u>7,592,004</u>	\$ <u>7,592,004</u>
<u>312.80%</u>	<u>299.69%</u>

MATAGORDA COUNTY, TEXAS

Notes to the Required Supplementary Information
For The Year Ended December 31, 2023

NOTE 1 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	8.4 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Schedule of Employer Contributions*	2015: New inflation, mortality and other assumption were reflected 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the schedule. 2016: No changes in plan provisions were reflected in the schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule. 2019: No changes in plan provisions were reflected in the schedule. 2020: No changes in plan provisions were reflected in the schedule. 2021: No changes in plan provisions were reflected in the schedule. 2022: No changes in plan provisions were reflected in the schedule.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

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

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

Capital Projects Funds

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

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

MATAGORDA COUNTY, TEXAS

*Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023*

	Special		
	District Attorney Legal/Law Fund	Sheriff & Jail Discretionary Fund	County Clerk Preservation & Automation Fund
Assets:			
Cash and temporary investments	\$ 128,669	\$ 437,851	\$ 744,611
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	11
Due from other governments	-	-	-
Prepaid expenditures	-	-	<u>3,000</u>
Total assets	<u>\$ 128,669</u>	<u>\$ 437,851</u>	<u>\$ 747,622</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 19,588	\$ 272,851	\$ 9,694
Due to other funds	-	50	-
Unearned revenue	-	-	-
Total liabilities	<u>19,588</u>	<u>272,901</u>	<u>9,694</u>
Deferred Inflows of Resources:			
Deferred inflows of resources	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Nonspendable	-	-	3,000
Restricted	<u>109,081</u>	<u>164,950</u>	<u>734,928</u>
Total fund balance	<u>109,081</u>	<u>164,950</u>	<u>737,928</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 128,669</u>	<u>\$ 437,851</u>	<u>\$ 747,622</u>

Revenue Funds

Countywide Records Management Preservation Fund	Courthouse Security Fund	Justice Court Technology Fund	District Clerk Records Management Preservation Fund	County & District Court Technology Fund	Disaster Fund
\$ 86,437	\$ 196,164	\$ 37,755	\$ 128,861	\$ 118,577	\$ -
-	-	-	-	-	-
-	30	8	30	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 86,437</u>	<u>\$ 196,194</u>	<u>\$ 37,763</u>	<u>\$ 128,891</u>	<u>\$ 118,577</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,601	-	-	-	-
-	-	-	-	-	-
-	5,601	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>86,437</u>	<u>190,593</u>	<u>37,763</u>	<u>128,891</u>	<u>118,577</u>	<u>-</u>
<u>86,437</u>	<u>190,593</u>	<u>37,763</u>	<u>128,891</u>	<u>118,577</u>	<u>-</u>
<u>\$ 86,437</u>	<u>\$ 196,194</u>	<u>\$ 37,763</u>	<u>\$ 128,891</u>	<u>\$ 118,577</u>	<u>\$ -</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Combining Balance Sheet -
Nonmajor Governmental Funds - Continued
December 31, 2023*

	Special		
	Joint Task Force Fund	Historical Commission Fund	CDBG Disaster Recovery Fund
Assets:			
Cash and temporary investments	\$ 524	\$ 13,759	\$ -
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Due from other governments	-	-	784,542
Prepaid expenditures	-	-	-
Total assets	<u>\$ 524</u>	<u>\$ 13,759</u>	<u>\$ 784,542</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts and accrued liabilities payable	\$ 524	\$ -	\$ 599,544
Due to other funds	-	-	184,998
Unearned revenue	-	-	-
Total liabilities	<u>524</u>	<u>-</u>	<u>784,542</u>
Deferred Inflows of Resources:			
Deferred inflows of resources	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Nonspendable	-	-	-
Restricted	-	13,759	-
Total fund balance	<u>-</u>	<u>13,759</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 524</u>	<u>\$ 13,759</u>	<u>\$ 784,542</u>

Revenue Funds

Matagorda Water & Sewer Fund	Juvenile Probation Funds	Total Special Revenue Fund	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 6,365	\$ 139,949	\$ 2,039,522	\$ 47,077	\$ 310,122	\$ 2,396,721
-	-	-	156,644	-	156,644
-	1,984	2,063	-	-	2,063
-	-	784,542	45,249	-	829,791
-	-	3,000	-	-	3,000
<u>\$ 6,365</u>	<u>\$ 141,933</u>	<u>\$ 2,829,127</u>	<u>\$ 248,970</u>	<u>\$ 310,122</u>	<u>\$ 3,388,219</u>
\$ 6,365	\$ 5,488	\$ 914,054	\$ -	\$ -	\$ 914,054
-	-	190,649	-	-	190,649
-	116,855	116,855	-	-	116,855
<u>6,365</u>	<u>122,343</u>	<u>1,221,558</u>	<u>-</u>	<u>-</u>	<u>1,221,558</u>
-	-	-	209,269	-	209,269
-	-	-	209,269	-	209,269
-	-	3,000	-	-	3,000
-	19,590	1,604,569	39,701	310,122	1,954,392
-	19,590	1,607,569	39,701	310,122	1,957,392
<u>\$ 6,365</u>	<u>\$ 141,933</u>	<u>\$ 2,829,127</u>	<u>\$ 248,970</u>	<u>\$ 310,122</u>	<u>\$ 3,388,219</u>

MATAGORDA COUNTY, TEXAS

*Combining Statement of Revenues, Expenditures and Change
In Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2023*

	Special		
	District Attorney Legal/Law Fund	Sheriff & Jail Discretionary Fund	County Clerk Preservation & Automation Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	33,308	11,932	157,352
Investment income	212	945	1,779
Miscellaneous	-	74,734	-
Total revenues	<u>33,520</u>	<u>87,611</u>	<u>159,131</u>
Expenditures:			
Current:			
General government	-	-	42,710
Justice system	6,310	-	-
Public safety	-	9,856	-
Corrections and rehabilitation	-	38,692	-
Community and economic development	-	-	-
Infrastructure and environmental services	-	-	-
Capital outlay	-	780	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>6,310</u>	<u>49,328</u>	<u>42,710</u>
Excess (deficiency) of revenue over expenditures	<u>27,210</u>	<u>38,283</u>	<u>116,421</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(27,500)	-	-
Total other financing sources (uses)	<u>(27,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(290)	38,283	116,421
Fund balance - beginning	<u>109,371</u>	<u>126,667</u>	<u>621,507</u>
Fund balance - ending	<u>\$ 109,081</u>	<u>\$ 164,950</u>	<u>\$ 737,928</u>

Revenue Funds

Countywide Records Management Preservation Fund	Courthouse Security Fund	Justice Court Technology Fund	District Clerk Records Management Preservation Fund	County & District Court Technology Fund	Disaster Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,963	30,064	8,166	16,193	1,608	-
218	470	90	312	304	-
-	-	-	-	-	-
<u>4,181</u>	<u>30,534</u>	<u>8,256</u>	<u>16,505</u>	<u>1,912</u>	<u>-</u>
-	340	-	-	-	7,195
-	-	3,340	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	340	3,340	-	-	7,195
<u>4,181</u>	<u>30,194</u>	<u>4,916</u>	<u>16,505</u>	<u>1,912</u>	<u>(7,195)</u>
-	-	-	-	-	7,195
-	-	-	-	-	-
-	-	-	-	-	7,195
4,181	30,194	4,916	16,505	1,912	-
<u>82,256</u>	<u>160,399</u>	<u>32,847</u>	<u>112,386</u>	<u>116,665</u>	<u>-</u>
<u>\$ 86,437</u>	<u>\$ 190,593</u>	<u>\$ 37,763</u>	<u>\$ 128,891</u>	<u>\$ 118,577</u>	<u>\$ -</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Combining Statement of Revenues, Expenditures and Change
In Fund Balance - Nonmajor Governmental Funds - Continued
For the Year Ended December 31, 2023*

	Special		
	Joint Task Forces Fund	Historical Commission Fund	CDBG Disaster Recovery Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,591,429
Charges for services	-	-	-
Investment income	-	46	-
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>46</u>	<u>2,591,429</u>
Expenditures:			
Current:			
General government	-	-	-
Justice system	-	-	-
Public safety	-	-	-
Corrections and rehabilitation	-	-	-
Community and economic development	-	7,849	-
Infrastructure and environmental services	-	-	2,591,429
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>7,849</u>	<u>2,591,429</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(7,803)</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	-	7,000	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(803)</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>14,562</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 13,759</u>	<u>\$ -</u>

Revenue Funds

Matagorda Water & Sewer Fund	Juvenile Probation Fund	Total Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 191,475	\$ -	\$ 191,475
-	378,062	2,969,491	-	-	2,969,491
-	-	262,586	-	-	262,586
-	1,030	5,406	947	-	6,353
-	-	74,734	-	-	74,734
-	<u>379,092</u>	<u>3,312,217</u>	<u>192,422</u>	-	<u>3,504,639</u>
-	-	50,245	-	-	50,245
-	377,182	386,832	-	-	386,832
-	-	9,856	-	-	9,856
-	-	38,692	-	-	38,692
-	-	7,849	-	-	7,849
-	-	2,591,429	-	-	2,591,429
-	-	780	-	301,240	302,020
-	-	-	130,000	-	130,000
-	-	-	63,888	-	63,888
-	<u>377,182</u>	<u>3,085,683</u>	<u>193,888</u>	<u>301,240</u>	<u>3,580,811</u>
-	<u>1,910</u>	<u>226,534</u>	<u>(1,466)</u>	<u>(301,240)</u>	<u>(76,172)</u>
-	-	14,195	-	-	14,195
-	-	(27,500)	-	-	(27,500)
-	-	(13,305)	-	-	(13,305)
-	1,910	213,229	(1,466)	(301,240)	(89,477)
-	<u>17,680</u>	<u>1,394,340</u>	<u>41,167</u>	<u>611,362</u>	<u>2,046,869</u>
<u>\$ -</u>	<u>\$ 19,590</u>	<u>\$ 1,607,569</u>	<u>\$ 39,701</u>	<u>\$ 310,122</u>	<u>\$ 1,957,392</u>

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department
and Legal Level of Budgetary Control - General Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
County Judge:				
Salaries and wages, and employee benefits	\$ 229,418	\$ 239,418	\$ 237,572	\$ 1,846
Operating expenditures	6,300	9,800	5,857	3,943
Total County Judge	235,718	249,218	243,429	5,789
Commissioners Court:				
Salaries and wages, and employee benefits	80,513	81,513	43,923	37,590
Operating expenditures	287,300	228,186	178,913	49,273
Total Commissioners Court	367,813	309,699	222,836	86,863
County Clerk:				
Salaries and wages, and employee benefits	438,113	438,113	437,550	563
Operating expenditures	32,450	32,450	26,823	5,627
Total County Clerk	470,563	470,563	464,373	6,190
Special District Services:				
Salaries and wages, and employee benefits	750	750	714	36
Operating expenditures	2,850	-	-	-
Total Special District Services	3,600	750	714	36
Non-Departmental:				
Salaries and wages, and employee benefits	1,300,000	1,300,000	1,648,268	(348,268)
Operating expenditures	1,193,686	1,959,217	1,547,142	412,075
Total Non-Departmental	2,493,686	3,259,217	3,195,410	63,807
Election Cost:				
Salaries and wages, and employee benefits	77,653	37,653	26,667	10,986
Operating expenditures	71,660	71,660	39,863	31,797
Capital outlay expenditures	27,000	27,000	-	27,000
Total Election Cost	176,313	136,313	66,530	69,783
County Auditor:				
Salaries and wages, and employee benefits	561,903	561,183	551,966	9,217
Operating expenditures	17,400	18,120	11,157	6,963
Total County Auditor	579,303	579,303	563,123	16,180
Human Resources:				
Salaries and wages, and employee benefits	213,424	201,424	202,331	(907)
Operating expenditures	12,500	19,350	17,331	2,019
Total Human Resources	225,924	220,774	219,662	1,112

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department
and Legal Level of Budgetary Control - General Fund - Continued
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government - Continued:				
County Treasurer:				
Salaries and wages, and employee benefits	\$ 186,056	\$ 185,406	\$ 185,040	\$ 366
Operating expenditures	<u>19,000</u>	<u>19,650</u>	<u>16,865</u>	<u>2,785</u>
Total County Treasurer	<u>205,056</u>	<u>205,056</u>	<u>201,905</u>	<u>3,151</u>
County Tax Assessor:				
Salaries and wages, and employee benefits	765,757	723,682	633,475	90,207
Operating expenditures	<u>88,000</u>	<u>115,275</u>	<u>103,062</u>	<u>12,213</u>
Total County Tax Assessor	<u>853,757</u>	<u>838,957</u>	<u>736,537</u>	<u>102,420</u>
Information Services:				
Salaries and wages, and employee benefits	175,332	175,332	173,708	1,624
Operating expenditures	418,120	390,465	373,591	16,874
Capital outlay expenditures	25,000	35,868	35,287	581
Debt service expenditures	<u>-</u>	<u>37,984</u>	<u>37,983</u>	<u>1</u>
Total Information Services	<u>618,452</u>	<u>639,649</u>	<u>620,569</u>	<u>19,080</u>
County Office Building:				
Operating expenditures	<u>149,500</u>	<u>149,500</u>	<u>114,906</u>	<u>34,594</u>
Total County Office Building	<u>149,500</u>	<u>149,500</u>	<u>114,906</u>	<u>34,594</u>
County Tax Office Building:				
Operating expenditures	-	91,218	84,994	6,224
Capital outlay expenditures	<u>-</u>	<u>73,082</u>	<u>77,969</u>	<u>(4,887)</u>
Total County Tax Assessor	<u>-</u>	<u>164,300</u>	<u>162,963</u>	<u>1,337</u>
County Courthouse:				
Salaries and wages, and employee benefits	112,569	130,121	139,424	(9,303)
Operating expenditures	309,172	298,916	295,548	3,368
Capital outlay expenditures	<u>-</u>	<u>10,000</u>	<u>9,979</u>	<u>21</u>
Total County Courthouse	<u>421,741</u>	<u>439,037</u>	<u>444,951</u>	<u>(5,914)</u>
Total General Government	<u>6,801,426</u>	<u>7,662,336</u>	<u>7,257,908</u>	<u>404,428</u>
Justice System:				
County Court:				
Operating expenditures	<u>19,800</u>	<u>19,800</u>	<u>14,076</u>	<u>5,724</u>
Total County Court	<u>19,800</u>	<u>19,800</u>	<u>14,076</u>	<u>5,724</u>
23 rd District Court:				
Salaries and wages, and employee benefits	116,672	115,576	115,955	(379)
Operating expenditures	<u>20,686</u>	<u>21,101</u>	<u>14,260</u>	<u>6,841</u>
Total 23 rd District Court	<u>137,358</u>	<u>136,677</u>	<u>130,215</u>	<u>6,462</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department
and Legal Level of Budgetary Control - General Fund - Continued
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Justice System - Continued:				
130 th District Court:				
Salaries and wages, and employee benefits	\$ 239,983	\$ 239,912	\$ 240,933	\$(1,021)
Operating expenditures	<u>28,220</u>	<u>51,061</u>	<u>33,898</u>	<u>17,163</u>
Total 130 th District Court	<u>268,203</u>	<u>290,973</u>	<u>274,831</u>	<u>16,142</u>
Court Expenditures:				
Salaries and wages, and employee benefits	122,319	122,369	111,332	11,037
Operating expenditures	<u>481,767</u>	<u>535,650</u>	<u>484,731</u>	<u>50,919</u>
Total Court Expenditures	<u>604,086</u>	<u>658,019</u>	<u>596,063</u>	<u>61,956</u>
Capital Murder Trial:				
Operating expenditures	<u>60,000</u>	<u>49,358</u>	<u>31,655</u>	<u>17,703</u>
Total Capital Murder Trial	<u>60,000</u>	<u>49,358</u>	<u>31,655</u>	<u>17,703</u>
District Clerk:				
Salaries and wages, and employee benefits	415,622	412,822	358,458	54,364
Operating expenditures	<u>34,783</u>	<u>37,583</u>	<u>32,622</u>	<u>4,961</u>
Total District Clerk	<u>450,405</u>	<u>450,405</u>	<u>391,080</u>	<u>59,325</u>
District Attorney:				
Salaries and wages, and employee benefits	925,404	937,795	869,031	68,764
Operating expenditures	<u>59,750</u>	<u>74,860</u>	<u>59,003</u>	<u>15,857</u>
Total District Attorney	<u>985,154</u>	<u>1,012,655</u>	<u>928,034</u>	<u>84,621</u>
Justice of the Peace Precinct #1:				
Salaries and wages, and employee benefits	179,054	177,554	175,165	2,389
Operating expenditures	<u>15,600</u>	<u>17,100</u>	<u>12,633</u>	<u>4,467</u>
Total Justice of the Peace Precinct #1	<u>194,654</u>	<u>194,654</u>	<u>187,798</u>	<u>6,856</u>
Justice of the Peace Precinct #2:				
Salaries and wages, and employee benefits	178,824	178,324	168,704	9,620
Operating expenditures	<u>12,780</u>	<u>14,180</u>	<u>13,205</u>	<u>975</u>
Total Justice of the Peace Precinct #2	<u>191,604</u>	<u>192,504</u>	<u>181,909</u>	<u>10,595</u>
Justice of the Peace Precinct #3:				
Salaries and wages, and employee benefits	194,726	193,406	192,285	1,121
Operating expenditures	<u>5,650</u>	<u>7,970</u>	<u>6,213</u>	<u>1,757</u>
Total Justice of the Peace Precinct #3	<u>200,376</u>	<u>201,376</u>	<u>198,498</u>	<u>2,878</u>
Justice of the Peace Precinct #4:				
Salaries and wages, and employee benefits	191,940	188,715	186,212	2,503
Operating expenditures	<u>10,592</u>	<u>13,817</u>	<u>13,687</u>	<u>130</u>
Total Justice of the Peace Precinct #4	<u>202,532</u>	<u>202,532</u>	<u>199,899</u>	<u>2,633</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department and Legal Level of Budgetary Control - General Fund - Continued
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Justice System - Continued:				
Justice of the Peace Precinct #6:				
Salaries and wages, and employee benefits	\$ 121,460	\$ 123,160	\$ 117,248	\$ 5,912
Operating expenditures	20,800	23,650	20,596	3,054
Total Justice of the Peace Precinct #6	142,260	146,810	137,844	8,966
County Attorney:				
Salaries and wages, and employee benefits	437,882	435,673	440,023	(4,350)
Operating expenditures	28,750	30,959	32,031	(1,072)
Total County Attorney	466,632	466,632	472,054	(5,422)
Juvenile Probation Board:				
Salaries and wages, and employee benefits	65,088	76,588	76,419	169
Total Juvenile Probation Board	65,088	76,588	76,419	169
Juvenile Probation:				
Salaries and wages, and employee benefits	67,035	64,735	66,380	(1,645)
Operating expenditures	218,000	223,005	196,104	26,901
Total Juvenile Probation	285,035	287,740	262,484	25,256
Child Protective Services:				
Operating expenditures	84,646	84,646	84,646	-
Total Child Protective Services	84,646	84,646	84,646	-
Child Support:				
Salaries and wages, and employee benefits	75,355	75,355	71,689	3,666
Operating expenditures	3,100	3,100	187	2,913
Total Child Support	78,455	78,455	71,876	6,579
Law Library:				
Operating expenditures	21,000	27,300	24,467	2,833
Total Law Library	21,000	27,300	24,467	2,833
Total Justice System	4,457,288	4,577,124	4,263,848	313,276
Public Safety:				
Emergency Management/911:				
Salaries and wages, and employee benefits	171,655	170,155	169,606	549
Operating expenditures	32,020	83,505	76,956	6,549
Capital outlay expenditures	-	158,956	158,956	-
Total Emergency Management/911	203,675	412,616	405,518	7,098
Fire Protection:				
Operating expenditures	61,700	145,200	110,265	34,935
Capital outlay expenditures	-	35,500	35,500	-
Total Fire Protection	61,700	180,700	145,765	34,935

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department and Legal Level of Budgetary Control - General Fund - Continued
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety - Continued:				
Constable Precinct #1:				
Salaries and wages, and employee benefits	\$ 54,429	\$ 50,011	\$ 50,672	\$(661)
Operating expenditures	7,220	11,638	10,518	1,120
Capital outlay expenditures	-	55,233	76,753	(21,520)
Total Constable Precinct #1	61,649	116,882	137,943	(21,061)
Constable Precinct #2:				
Salaries and wages, and employee benefits	62,021	62,021	58,994	3,027
Operating expenditures	4,500	6,371	5,507	864
Total Constable Precinct #2	66,521	68,392	64,501	3,891
Constable Precinct #3:				
Salaries and wages, and employee benefits	50,929	50,929	50,205	724
Operating expenditures	2,100	7,934	160	7,774
Total Constable Precinct #3	53,029	58,863	50,365	8,498
Constable Precinct #4:				
Salaries and wages, and employee benefits	44,389	43,889	38,973	4,916
Operating expenditures	4,500	18,742	16,143	2,599
Total Constable Precinct #4	48,889	62,631	55,116	7,515
Constable Precinct #6:				
Salaries and wages, and employee benefits	62,021	52,421	50,335	2,086
Operating expenditures	8,250	16,290	14,276	2,014
Capital outlay expenditures	-	68,670	73,170	(4,500)
Total Constable Precinct #6	70,271	137,381	137,781	(400)
County Sheriff:				
Salaries and wages, and employee benefits	3,562,643	3,680,906	3,498,301	182,605
Operating expenditures	444,550	458,086	419,296	38,790
Capital outlay expenditures	120,000	198,069	175,262	22,807
Total County Sheriff	4,127,193	4,337,061	4,092,859	244,202
Texas Department of Public Safety:				
Operating expenditures	4,000	4,000	-	4,000
Total Texas Department of Public Safety	4,000	4,000	-	4,000
Game Wardens:				
Operating expenditures	38,400	38,400	38,400	-
Total Game Wardens	38,400	38,400	38,400	-
Total Public Safety	4,735,327	5,416,926	5,128,248	288,678

(Continued)

MATAGORDA COUNTY, TEXAS

Schedule of Expenditures - Budget And Actual - By Function, Department and Legal Level of Budgetary Control - General Fund - Continued For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Corrections and Rehabilitation:				
County Jail:				
Salaries and wages, and employee benefits	\$ 2,608,069	\$ 2,604,569	\$ 2,613,470	\$(8,901)
Operating expenditures	<u>735,020</u>	<u>757,340</u>	<u>764,880</u>	<u>(7,540)</u>
Total County Jail	<u>3,343,089</u>	<u>3,361,909</u>	<u>3,378,350</u>	<u>(16,441)</u>
Adult Probation:				
Operating expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,427</u>	<u>573</u>
Total Adult Probation	<u>5,000</u>	<u>5,000</u>	<u>4,427</u>	<u>573</u>
Total Corrections and Rehabilitation	<u>3,348,089</u>	<u>3,366,909</u>	<u>3,382,777</u>	<u>(15,868)</u>
Health and Human Services:				
Veteran Service Officer:				
Salaries and wages, and employee benefits	91,048	91,048	77,633	13,415
Operating expenditures	<u>3,650</u>	<u>4,034</u>	<u>2,146</u>	<u>1,888</u>
Total Veteran Service Officer	<u>94,698</u>	<u>95,082</u>	<u>79,779</u>	<u>15,303</u>
Ambulance:				
Operating expenditures	<u>592,575</u>	<u>592,575</u>	<u>592,575</u>	<u>-</u>
Total Ambulance	<u>592,575</u>	<u>592,575</u>	<u>592,575</u>	<u>-</u>
Health Department:				
Salaries and wages, and employee benefits	363,995	362,245	353,106	9,139
Operating expenditures	<u>20,535</u>	<u>69,735</u>	<u>58,492</u>	<u>11,243</u>
Total Health Department	<u>384,530</u>	<u>431,980</u>	<u>411,598</u>	<u>20,382</u>
Animal Control:				
Salaries and wages, and employee benefits	107,586	107,586	108,121	(535)
Operating expenditures	<u>108,226</u>	<u>108,226</u>	<u>101,884</u>	<u>6,342</u>
Total Animal Control	<u>215,812</u>	<u>215,812</u>	<u>210,005</u>	<u>5,807</u>
Human Services:				
Operating expenditures	<u>77,000</u>	<u>98,000</u>	<u>96,000</u>	<u>2,000</u>
Total Human Services	<u>77,000</u>	<u>98,000</u>	<u>96,000</u>	<u>2,000</u>
Mental Health:				
Operating expenditures	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-</u>
Total Mental Health	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-</u>
Total Health and Human Services	<u>1,400,034</u>	<u>1,468,868</u>	<u>1,425,376</u>	<u>43,492</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department
and Legal Level of Budgetary Control - General Fund - Continued
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Community and Economic Development:				
521 Park:				
Operating expenditures	\$ 5,000	\$ 5,000	\$ 1,472	\$ 3,528
Total 521 Park	5,000	5,000	1,472	3,528
Fairgrounds:				
Salaries and wages, and employee benefits	57,010	57,010	61,063	(4,053)
Operating expenditures	301,100	291,600	257,181	34,419
Capital outlay expenditures	-	9,500	9,300	200
Total Fairgrounds	358,110	358,110	327,544	30,566
Marine:				
Salaries and wages, and employee benefits	114,854	43,254	27,998	15,256
Operating expenditures	54,000	87,480	68,302	19,178
Capital outlay expenditures	-	36,381	36,002	379
Total Marine	168,854	167,115	132,302	34,813
Cultural and Education:				
Operating expenditures	428,741	431,028	431,028	-
Total Cultural and Education	428,741	431,028	431,028	-
Agricultural Extension:				
Salaries and wages, and employee benefits	144,100	142,724	118,430	24,294
Operating expenditures	23,220	22,420	15,816	6,604
Total Agricultural Extension	167,320	165,144	134,246	30,898
Home Economist Service:				
Salaries and wages, and employee benefits	119,132	110,808	111,402	(594)
Operating expenditures	4,750	4,250	2,240	2,010
Total Home Economist Service	123,882	115,058	113,642	1,416
Total Community and Economic Development	1,251,907	1,241,455	1,140,234	101,221
Infrastructure and Environmental Services:				
Transfer Station:				
Salaries and wages, and employee benefits	195,493	196,393	198,835	(2,442)
Operating expenditures	483,520	472,020	248,831	223,189
Capital outlay expenditures	45,000	55,600	55,463	137
Total Transfer Station	724,013	724,013	503,129	220,884

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures - Budget And Actual - By Function, Department
and Legal Level of Budgetary Control - General Fund - Continued
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Infrastructure and Environmental Services - Continued:				
Commissioner - Precinct #1:				
Salaries and wages, and employee benefits	\$ 696,866	\$ 700,266	\$ 570,050	\$ 130,216
Operating expenditures	913,252	1,315,753	495,470	820,283
Capital outlay expenditures	-	358,195	584,855	(226,660)
Total Commissioner - Precinct #1	<u>1,610,118</u>	<u>2,374,214</u>	<u>1,650,375</u>	<u>723,839</u>
Commissioner - Precinct #2:				
Salaries and wages, and employee benefits	784,339	792,339	635,996	156,343
Operating expenditures	850,555	1,512,655	542,380	970,275
Capital outlay expenditures	180,000	145,419	567,841	(422,422)
Debt service expenditures	47,536	47,536	47,528	8
Total Commissioner - Precinct #2	<u>1,862,430</u>	<u>2,497,949</u>	<u>1,793,745</u>	<u>704,204</u>
Commissioner - Precinct #3:				
Salaries and wages, and employee benefits	735,194	735,194	586,467	148,727
Operating expenditures	871,974	1,716,752	453,034	1,263,718
Capital outlay expenditures	156,000	589,320	673,063	(83,743)
Total Commissioner - Precinct #3	<u>1,763,168</u>	<u>3,041,266</u>	<u>1,712,564</u>	<u>1,328,702</u>
Commissioner - Precinct #4:				
Salaries and wages, and employee benefits	646,449	683,074	504,225	178,849
Operating expenditures	948,557	1,055,394	617,940	437,445
Capital outlay expenditures	-	218,801	389,832	(171,031)
Debt service expenditures	53,519	53,519	53,518	1
Total Commissioner - Precinct #4	<u>1,648,525</u>	<u>2,010,788</u>	<u>1,565,524</u>	<u>445,264</u>
Total Infrastructure and Environmental Services	<u>7,608,254</u>	<u>10,648,230</u>	<u>7,225,337</u>	<u>3,422,893</u>
Total Expenditures	<u>\$ 29,602,325</u>	<u>\$ 34,381,848</u>	<u>\$ 29,823,728</u>	<u>\$ 4,558,120</u>



MATAGORDA COUNTY, TEXAS

Exhibit 18

*Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget And Actual - Debt Service Fund
 Legal Level of Budgetary Control
 For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 193,888	\$ 193,888	\$ 191,475	\$(2,413)
Investment income	-	-	947	947
Total revenues	<u>193,888</u>	<u>193,888</u>	<u>192,422</u>	<u>(1,466)</u>
Expenditures:				
Debt service:				
Principal	130,000	130,000	130,000	-
Interest and fiscal charges	<u>63,888</u>	<u>63,888</u>	<u>63,888</u>	<u>-</u>
Total expenditures	<u>193,888</u>	<u>193,888</u>	<u>193,888</u>	<u>-</u>
Change in fund balance	-	-	(1,466)	(1,466)
Fund balance - beginning	<u>41,167</u>	<u>41,167</u>	<u>41,167</u>	<u>-</u>
Fund balance - ending	<u>\$ 41,167</u>	<u>\$ 41,167</u>	<u>\$ 39,701</u>	<u>\$(1,466)</u>

MATAGORDA COUNTY, TEXAS

*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
By Function and Legal Level of Budgetary Control
For the Year Ended December 31, 2023*

	District Attorney Legal/Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 32,500	\$ 33,107	\$ 33,308	\$ 201
Investment income	400	400	212	(188)
Miscellaneous	-	-	-	-
Total revenues	<u>32,900</u>	<u>33,507</u>	<u>33,520</u>	<u>13</u>
Expenditures:				
Justice System:				
Operating expenditures	5,400	9,921	6,310	3,611
Public Safety:				
Operating expenditures	-	-	-	-
Corrections and Rehabilitation:				
Operating expenditures	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>5,400</u>	<u>9,921</u>	<u>6,310</u>	<u>3,611</u>
Excess (deficiency) of revenues over expenditures	<u>27,500</u>	<u>23,586</u>	<u>27,210</u>	<u>3,624</u>
Other Financing Uses:				
Transfers out	(53,783)	(58,783)	(27,500)	31,283
Total other financing uses	<u>(53,783)</u>	<u>(58,783)</u>	<u>(27,500)</u>	<u>31,283</u>
Change in fund balance	(26,283)	(35,197)	(290)	34,907
Fund balance - beginning	<u>109,371</u>	<u>109,371</u>	<u>109,371</u>	<u>-</u>
Fund balance - ending	<u>\$ 83,088</u>	<u>\$ 74,174</u>	<u>\$ 109,081</u>	<u>\$ 34,907</u>

Sheriff & Jail Discretionary Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 1,000	\$ 1,000	\$ 11,932	\$ 10,932
100	100	945	845
<u>41,000</u>	<u>41,000</u>	<u>74,734</u>	<u>33,734</u>
<u>42,100</u>	<u>42,100</u>	<u>87,611</u>	<u>45,511</u>
-	-	-	-
13,100	4,100	9,856	(5,756)
29,000	62,590	38,692	23,898
<u>-</u>	<u>-</u>	<u>780</u>	<u>(780)</u>
<u>42,100</u>	<u>66,690</u>	<u>49,328</u>	<u>17,362</u>
<u>-</u>	<u>(24,590)</u>	<u>38,283</u>	<u>62,873</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(24,590)</u>	<u>38,283</u>	<u>62,873</u>
<u>126,667</u>	<u>126,667</u>	<u>126,667</u>	<u>-</u>
<u>\$ 126,667</u>	<u>\$ 102,077</u>	<u>\$ 164,950</u>	<u>\$ 62,873</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - Special Revenue Funds
 By Function and Legal Level of Budgetary Control - Continued
 For the Year Ended December 31, 2023*

	County Clerk Preservation & Automation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 153,500	\$ 153,500	\$ 157,352	\$ 3,852
Investment income	2,500	2,500	1,779	(721)
Total revenues	<u>156,000</u>	<u>156,000</u>	<u>159,131</u>	<u>3,131</u>
Expenditures:				
General Government:				
Operating expenditures	<u>144,555</u>	<u>144,555</u>	<u>42,710</u>	<u>101,845</u>
Total expenditures	<u>144,555</u>	<u>144,555</u>	<u>42,710</u>	<u>101,845</u>
Change in fund balance	11,445	11,445	116,421	104,976
Fund balance - beginning	<u>621,507</u>	<u>621,507</u>	<u>621,507</u>	<u>-</u>
Fund balance - ending	<u>\$ 632,952</u>	<u>\$ 632,952</u>	<u>\$ 737,928</u>	<u>\$ 104,976</u>

<u>Countywide Records Management Preservation Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 8,000	\$ 8,000	\$ 3,963	\$ (4,037)
<u>750</u>	<u>750</u>	<u>218</u>	<u>(532)</u>
<u>8,750</u>	<u>8,750</u>	<u>4,181</u>	<u>(4,569)</u>
<u>8,750</u>	<u>8,750</u>	<u>-</u>	<u>8,750</u>
<u>8,750</u>	<u>8,750</u>	<u>-</u>	<u>8,750</u>
<u>-</u>	<u>-</u>	<u>4,181</u>	<u>4,181</u>
<u>82,256</u>	<u>82,256</u>	<u>82,256</u>	<u>-</u>
<u>\$ 82,256</u>	<u>\$ 82,256</u>	<u>\$ 86,437</u>	<u>\$ 4,181</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
By Function and Legal Level of Budgetary Control - Continued
For the Year Ended December 31, 2023*

	Courthouse Security Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 17,500	\$ 17,500	\$ 30,064	\$ 12,564
Investment income	500	500	470	(30)
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>30,534</u>	<u>12,534</u>
Expenditures:				
General Government:				
Operating expenditures	18,000	13,000	340	12,660
Justice System:				
Operating expenditures	-	-	-	-
Total expenditures	<u>18,000</u>	<u>13,000</u>	<u>340</u>	<u>12,660</u>
Change in fund balance	-	5,000	30,194	25,194
Fund balance - beginning	<u>160,399</u>	<u>160,399</u>	<u>160,399</u>	<u>-</u>
Fund balance - ending	<u>\$ 160,399</u>	<u>\$ 165,399</u>	<u>\$ 190,593</u>	<u>\$ 25,194</u>

Justice Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 6,500	\$ 6,500	\$ 8,166	\$ 1,666
<u>200</u>	<u>200</u>	<u>90</u>	<u>(110)</u>
<u>6,700</u>	<u>6,700</u>	<u>8,256</u>	<u>1,556</u>
-	-	-	-
<u>6,700</u>	<u>6,700</u>	<u>3,340</u>	<u>3,360</u>
<u>6,700</u>	<u>6,700</u>	<u>3,340</u>	<u>3,360</u>
-	-	4,916	4,916
<u>32,847</u>	<u>32,847</u>	<u>32,847</u>	<u>-</u>
<u>\$ 32,847</u>	<u>\$ 32,847</u>	<u>\$ 37,763</u>	<u>\$ 4,916</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
By Function and Legal Level of Budgetary Control - Continued
For the Year Ended December 31, 2023*

	District Clerk Records Management Preservation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 7,179	\$ 7,179	\$ 16,193	\$ 9,014
Investment income	200	200	312	112
Total revenues	<u>7,379</u>	<u>7,379</u>	<u>16,505</u>	<u>9,126</u>
Expenditures:				
General Government:				
Operating expenditures	-	-	-	-
Justice System:				
Salaries and wages, and employee benefits	1,579	1,579	-	1,579
Operating expenditures	<u>5,800</u>	<u>5,800</u>	-	<u>5,800</u>
Total expenditures	<u>7,379</u>	<u>7,379</u>	-	<u>7,379</u>
Change in fund balance	-	-	16,505	16,505
Fund balance - beginning	<u>112,386</u>	<u>112,386</u>	<u>112,386</u>	-
Fund balance - ending	<u>\$ 112,386</u>	<u>\$ 112,386</u>	<u>\$ 128,891</u>	<u>\$ 16,505</u>

County & District Court Technology Fund			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 11,600	\$ 11,600	\$ 1,608	\$ (9,992)
<u>260</u>	<u>260</u>	<u>304</u>	<u>44</u>
<u>11,860</u>	<u>11,860</u>	<u>1,912</u>	<u>(9,948)</u>
7,000	7,000	-	7,000
-	-	-	-
<u>4,860</u>	<u>4,860</u>	<u>-</u>	<u>4,860</u>
<u>11,860</u>	<u>11,860</u>	<u>-</u>	<u>11,860</u>
-	-	1,912	1,912
<u>116,665</u>	<u>116,665</u>	<u>116,665</u>	<u>-</u>
<u>\$ 116,665</u>	<u>\$ 116,665</u>	<u>\$ 118,577</u>	<u>\$ 1,912</u>

(Continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Revenues, Expenditures, and Change in Fund Balance -
Budget and Actual - Special Revenue Funds
By Function and Legal Level of Budgetary Control - Continued
For the Year Ended December 31, 2023*

	Historical Commission Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 46	\$ 46
Total revenues	-	-	46	46
Expenditures:				
Community and Economic Development:				
Operating expenditures	7,000	7,000	7,849	(849)
Total expenditures	7,000	7,000	7,849	(849)
Deficiency of revenues over expenditures	(7,000)	(7,000)	(7,803)	(803)
Other Financing Sources:				
Transfers in	7,000	7,000	7,000	-
Total other financing sources	7,000	7,000	7,000	-
Change in fund balance	-	-	(803)	(803)
Fund balances - beginning	14,562	14,562	14,562	-
Fund balances - ending	\$ 14,562	\$ 14,562	\$ 13,759	\$(803)

MATAGORDA COUNTY, TEXAS

*Combining Statement of Fiduciary Net Position
December 31, 2023*

Exhibit 20

	County Clerk Trust Fund	District Clerk Trust Fund	Inmate Trust Fund	Tax Assessor Collector Fund	Adult Probation Fund	Total Custodial Funds
Assets:						
Cash and temporary investments	\$ <u>102,124</u>	\$ <u>2,594,269</u>	\$ <u>72,875</u>	\$ <u>170,375</u>	\$ <u>884,008</u>	\$ <u>3,841,651</u>
Total assets	<u>120,124</u>	<u>2,594,269</u>	<u>72,875</u>	<u>170,375</u>	<u>884,008</u>	<u>3,841,651</u>
Liabilities:						
Accounts and accrued liabilities payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,548</u>	<u>98,548</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,548</u>	<u>98,548</u>
Net Position:						
Individual, organizations and other governments	<u>120,124</u>	<u>2,594,269</u>	<u>72,875</u>	<u>170,375</u>	<u>785,460</u>	<u>3,743,103</u>
Total net position	<u>\$ 120,124</u>	<u>\$ 2,594,269</u>	<u>\$ 72,875</u>	<u>\$ 170,375</u>	<u>\$ 785,460</u>	<u>\$ 3,743,103</u>

MATAGORDA COUNTY, TEXAS

Exhibit 21

*Combining Statement of Change in Fiduciary Net Position
For the Year Ended December 31, 2023*

	County Clerk Trust Fund	District Clerk Trust Fund	Inmate Trust Fund	Tax Assessor Collector Fund	Adult Probation Fund	Total Custodial Funds
Additions:						
Tax collections for other governments	\$ -	\$ -	\$ -	\$ 170,375	\$ -	\$ 170,375
Collections for adult probation	-	-	-	-	1,823,598	1,823,598
Held for others	77,626	1,030,374	272,111	-	-	1,380,111
Investment income	-	-	-	-	18,996	18,996
Total additions	<u>77,626</u>	<u>1,030,374</u>	<u>272,111</u>	<u>170,375</u>	<u>1,842,594</u>	<u>3,393,080</u>
Deductions:						
Payments to other governments	-	-	-	278,956	-	278,956
Payments for adult probation	-	-	-	-	1,848,722	1,848,722
Payments to individuals	10,231	3,084,156	278,790	-	-	3,373,177
Total deductions	<u>10,231</u>	<u>3,084,156</u>	<u>278,790</u>	<u>278,956</u>	<u>1,848,722</u>	<u>5,500,855</u>
Net change in net position	67,395	(2,053,782)	(6,679)	(108,581)	(6,128)	(2,107,775)
Net position - beginning	<u>52,729</u>	<u>4,648,051</u>	<u>79,554</u>	<u>278,956</u>	<u>791,588</u>	<u>5,850,878</u>
Net position - ending	<u>\$ 120,124</u>	<u>\$ 2,594,269</u>	<u>\$ 72,875</u>	<u>\$ 170,375</u>	<u>\$ 785,460</u>	<u>\$ 3,743,103</u>

STATISTICAL SECTION



MATAGORDA COUNTY, TEXAS

Statistical Section
(unaudited)

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

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

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

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

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

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

MATAGORDA COUNTY, TEXAS

Net Position By Components

Last Ten Years Ended

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:					
Net investment in capital assets	\$ 17,259,548	\$ 23,077,392	\$ 20,110,391	\$ 20,889,826	\$ 21,077,762
Restricted	842,358	3,447,500	2,393,253	999,683	987,684
Unrestricted	<u>5,973,418</u>	<u>2,236,338</u>	<u>2,241,129</u>	<u>(8,101,188)</u>	<u>(6,217,689)</u>
Total governmental activities net position	<u>\$ 24,075,324</u>	<u>\$ 28,761,230</u>	<u>\$ 24,744,773</u>	<u>\$ 13,788,321</u>	<u>\$ 15,847,757</u>

Source:

Annual Comprehensive Financial Report (Statement of Net Position)

Notes:

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

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

The Matagorda County Retiree Group Term Life Program was included as a post employment benefits other than pensions (OPEB) in 2023, and only 2022 ending balances have been restated.

Table 1

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 22,753,383	\$ 25,267,989	\$ 26,095,480	\$ 29,431,071	\$ 31,242,914
1,109,873	4,439,195	4,701,077	5,656,672	7,346,795
(4,884,348)	(6,972,355)	(5,216,955)	(802,749)	1,079,206
<u>\$ 18,978,908</u>	<u>\$ 22,734,829</u>	<u>\$ 25,579,602</u>	<u>\$ 34,284,994</u>	<u>\$ 39,668,915</u>

MATAGORDA COUNTY, TEXAS

Changes in Net Position For the Last Ten Fiscal Years Ended,

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities:					
General government	\$ 4,030,366	\$ 4,414,046	\$ 4,594,032	\$ 6,821,388	\$ 7,149,969
Justice system	3,652,376	4,085,240	4,008,884	4,695,643	4,655,067
Public safety	3,892,339	4,279,120	4,404,045	5,670,232	5,045,927
Corrections and rehabilitation	2,334,817	2,575,842	2,692,576	3,811,044	3,492,005
Health and human services	1,418,957	1,508,231	1,450,050	1,474,631	1,431,115
Community and economic development	1,160,109	1,382,101	1,210,022	1,946,369	1,168,712
Infrastructure and environmental services	5,228,877	6,158,182	8,580,302	7,639,725	7,422,500
Intergovernmental	2,304,056	1,191,733	7,130,930	-	-
Interest and fiscal charges	29,542	154,903	124,987	105,756	109,841
Total governmental activities expenses	<u>\$ 24,051,439</u>	<u>\$ 25,749,398</u>	<u>\$ 34,195,828</u>	<u>\$ 32,164,788</u>	<u>\$ 30,475,136</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 1,325,694	\$ 1,388,439	\$ 1,373,609	\$ 1,694,057	\$ 2,118,407
Justice system	1,374,752	1,972,518	248,067	2,086,607	2,454,436
Public safety	3,398,955	3,292,142	2,821,947	3,216,636	3,447,637
Corrections and rehabilitation	140,975	154,935	179,924	870,203	844,217
Health and human services	72,083	64,854	72,149	89,472	123,678
Community and economic development	180,042	228,692	214,760	344,333	318,288
Infrastructure and environmental services	352,573	411,784	392,615	1,661,543	1,633,287
Operating grants and contributions	1,322,719	1,225,197	1,065,975	2,636,558	2,648,962
Capital grants and contributions	2,870,484	8,441,394	7,100,204	37,636	221,828
Total governmental activities program revenues	<u>11,038,277</u>	<u>17,179,955</u>	<u>13,469,250</u>	<u>12,637,045</u>	<u>13,810,740</u>
Net expense	<u>\$(13,013,162)</u>	<u>\$(8,569,443)</u>	<u>\$(20,726,578)</u>	<u>\$(19,527,743)</u>	<u>\$(16,664,396)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	\$ 14,269,367	\$ 15,272,676	\$ 16,392,558	\$ 18,533,031	\$ 17,932,603
Investment income	107,161	46,471	144,532	262,237	259,431
Miscellaneous	182,468	167,131	173,033	150,187	531,798
Total general revenues	<u>\$ 14,558,996</u>	<u>\$ 15,486,278</u>	<u>\$ 16,710,123</u>	<u>\$ 18,945,455</u>	<u>\$ 18,723,832</u>
Change in net position	<u>\$ 1,545,834</u>	<u>\$ 6,916,835</u>	<u>\$(4,016,455)</u>	<u>\$(582,288)</u>	<u>\$ 2,059,436</u>

Source: Annual Comprehensive Financial Report (Statement of Activities)

Note: The Matagorda County Retiree Group Term Life Program was included as a post employment benefits other than pension (OPEB) in 2023, and only 2022 ending balances have been restated.

Table 2

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 6,670,175	\$ 6,991,798	\$ 7,311,752	\$ 7,430,565	\$ 8,898,579
5,045,150	5,076,817	5,211,203	4,252,060	5,045,826
5,185,776	5,941,987	5,787,098	5,096,956	5,856,127
3,796,273	3,689,587	3,675,367	3,300,726	3,742,657
1,476,106	1,401,627	1,467,893	1,409,185	1,604,305
1,259,254	1,318,701	1,771,777	1,229,940	1,169,998
9,004,028	7,655,238	7,668,344	8,183,951	9,488,534
-	-	-	-	-
<u>94,618</u>	<u>90,350</u>	<u>81,212</u>	<u>73,797</u>	<u>67,410</u>
<u>\$ 32,531,380</u>	<u>\$ 32,166,105</u>	<u>\$ 32,974,646</u>	<u>\$ 30,977,180</u>	<u>\$ 35,873,436</u>
\$ 1,787,418	\$ 1,913,385	\$ 1,967,110	\$ 2,162,410	\$ 2,600,100
1,762,542	724,194	1,706,569	1,686,541	650,165
3,729,678	3,974,673	4,119,687	4,030,169	4,290,560
922,638	652,546	622,822	629,104	738,941
145,466	121,460	122,465	130,009	139,620
342,664	440,224	348,172	256,647	252,313
1,690,758	1,664,794	1,702,304	1,691,047	1,684,304
4,007,516	4,762,946	3,299,845	2,610,447	5,777,011
<u>1,807,440</u>	<u>168,467</u>	<u>-</u>	<u>4,576,058</u>	<u>1,337,565</u>
<u>16,196,120</u>	<u>14,422,689</u>	<u>13,888,974</u>	<u>17,772,432</u>	<u>17,470,579</u>
<u>\$(16,335,260)</u>	<u>\$(17,743,416)</u>	<u>\$(19,085,672)</u>	<u>\$(13,204,748)</u>	<u>\$(18,402,857)</u>
\$ 18,899,447	\$ 20,704,928	\$ 21,239,743	\$ 22,089,551	\$ 22,869,640
361,820	487,371	271,483	288,479	545,615
<u>205,144</u>	<u>307,038</u>	<u>419,219</u>	<u>350,756</u>	<u>371,523</u>
<u>\$ 19,466,411</u>	<u>\$ 21,499,337</u>	<u>\$ 21,930,445</u>	<u>\$ 22,728,786</u>	<u>\$ 23,786,778</u>
<u>\$ 3,131,151</u>	<u>\$ 3,755,921</u>	<u>\$ 2,844,773</u>	<u>\$ 9,524,038</u>	<u>\$ 5,383,921</u>

MATAGORDA COUNTY, TEXAS
Fund Balances of Governmental Funds
Last Ten Years Ended,
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:					
Nonspendable	\$ 617,348	\$ 937,646	\$ 408,330	\$ 523,587	\$ 893,161
Restricted	1,654,219	1,788,128	-	-	-
Committed	-	-	1,436,849	1,686,685	1,487,792
Unassigned	<u>7,925,903</u>	<u>7,623,601</u>	<u>9,056,754</u>	<u>10,736,520</u>	<u>14,058,826</u>
Total general fund	<u>\$ 10,197,470</u>	<u>\$ 10,349,375</u>	<u>\$ 10,901,933</u>	<u>\$ 12,946,792</u>	<u>\$ 16,439,779</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	829,824	3,432,048	2,395,215	2,093,668	2,088,975
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(759,419)</u>	<u>(525,418)</u>
Total all other governmental funds	<u>\$ 829,824</u>	<u>\$ 3,432,048</u>	<u>\$ 2,395,215</u>	<u>\$ 1,334,249</u>	<u>\$ 1,563,557</u>
Total all governmental funds	<u>\$ 11,027,294</u>	<u>\$ 13,781,423</u>	<u>\$ 13,297,148</u>	<u>\$ 14,281,041</u>	<u>\$ 18,003,336</u>

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

Table 3

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 584,260	\$ 1,123,309	\$ 775,670	\$ 1,231,723	\$ 1,090,169
-	3,152,274	3,449,870	4,234,312	5,706,436
1,343,436	1,217,717	1,967,793	3,190,779	3,202,009
<u>16,343,814</u>	<u>16,308,430</u>	<u>19,533,292</u>	<u>19,095,280</u>	<u>20,120,509</u>
<u>\$ 18,271,510</u>	<u>\$ 21,801,730</u>	<u>\$ 25,726,625</u>	<u>\$ 27,752,094</u>	<u>\$ 30,119,123</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,000
1,953,138	2,085,247	2,045,973	2,046,869	1,954,392
(49,820)	(419,403)	(925,882)	-	-
<u>\$ 1,903,318</u>	<u>\$ 1,665,844</u>	<u>\$ 1,120,091</u>	<u>\$ 2,046,869</u>	<u>\$ 1,957,392</u>
<u>\$ 20,174,828</u>	<u>\$ 23,467,574</u>	<u>\$ 26,846,716</u>	<u>\$ 29,798,963</u>	<u>\$ 32,076,515</u>

MATAGORDA COUNTY, TEXAS

Change in Fund Balance, Governmental Funds
For the Last Ten Years Ended,
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 13,286,586	\$ 14,171,108	\$ 16,833,700	\$ 18,184,334	\$ 19,851,001
Licenses and permits	805,842	766,767	770,097	756,759	772,907
Intergovernmental	3,465,873	9,719,811	8,304,186	2,512,824	2,443,565
Charges for services	4,923,019	4,985,894	4,431,355	4,417,327	4,830,075
Fines	406,122	420,317	429,327	435,100	491,568
Investment income	189,396	167,131	173,033	259,106	252,452
Miscellaneous	1,150,101	306,915	343,087	311,556	764,204
Total revenues	<u>24,226,939</u>	<u>30,537,943</u>	<u>31,284,785</u>	<u>26,877,006</u>	<u>29,405,772</u>
Expenditures:					
General government	3,112,170	3,320,691	4,819,501	5,662,847	5,931,771
Justice system	3,239,914	3,626,356	3,540,786	3,611,473	3,867,564
Public safety	3,437,289	3,750,060	3,821,650	4,129,307	3,967,106
Corrections and rehabilitation	2,159,036	2,358,621	2,455,704	2,347,663	2,415,983
Health and human services	1,297,399	1,339,962	1,342,124	1,344,985	1,289,160
Community and economic development	1,025,094	1,193,530	1,074,855	1,722,320	1,035,798
Infrastructure and environmental services	5,252,783	5,787,483	5,980,068	4,037,783	4,813,896
Intergovernmental	2,304,056	989,112	6,442,116	-	-
Capital outlay	1,662,313	8,807,972	1,569,425	3,016,712	1,784,087
Debt Service:					
Principal	303,265	512,668	594,965	456,157	475,036
Interest and fiscal charges	24,858	132,629	127,864	112,559	117,251
Total expenditures	<u>23,818,177</u>	<u>31,819,084</u>	<u>31,769,058</u>	<u>26,441,806</u>	<u>25,697,652</u>
Excess (deficiency) of revenues over expenditures	<u>408,762</u>	<u>(1,281,141)</u>	<u>(484,273)</u>	<u>435,200</u>	<u>3,708,120</u>
Other Financing Sources (Uses):					
Transfers in	34,500	34,500	34,500	34,500	34,499
Transfers out	(34,500)	(34,500)	(34,500)	(34,500)	(34,499)
Proceeds from sale of capital asset	-	-	-	12,148	14,175
Issuance of notes payable	151,371	1,224,946	-	536,545	-
Issuance of certificates of obligation bonds	-	2,750,000	-	-	-
Premium on issuance	-	60,325	-	-	-
Total other financing sources (uses)	<u>151,371</u>	<u>4,035,271</u>	<u>-</u>	<u>548,693</u>	<u>14,175</u>
Net change in fund balances	<u>\$ 560,133</u>	<u>\$ 2,754,130</u>	<u>\$ (484,273)</u>	<u>\$ 983,893</u>	<u>\$ 3,722,295</u>
Debt service as a percentage of noncapital expenditures	1.5%	2.8%	2.4%	2.4%	2.5%

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

Table 4

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 18,871,997	\$ 20,607,663	\$ 21,214,568	\$ 22,033,399	\$ 22,694,021
781,340	794,226	877,066	885,863	818,715
3,813,307	4,603,615	2,883,079	4,883,038	6,901,779
4,998,618	4,858,253	5,050,733	5,440,766	5,063,835
463,530	394,517	356,096	342,323	403,694
351,100	470,522	266,381	285,111	537,543
<u>489,331</u>	<u>453,115</u>	<u>802,448</u>	<u>447,522</u>	<u>519,182</u>
<u>29,769,223</u>	<u>32,181,911</u>	<u>31,450,371</u>	<u>34,318,022</u>	<u>36,938,769</u>
5,774,412	5,706,476	6,124,860	6,630,710	7,424,509
4,061,446	3,981,866	3,990,860	4,299,531	4,650,680
3,967,905	4,384,188	3,977,272	4,271,673	4,618,463
2,539,137	2,660,419	2,780,159	3,012,072	3,421,469
1,309,922	1,241,351	1,289,291	1,341,622	1,469,972
1,070,157	1,138,337	1,650,550	1,191,969	1,138,783
6,974,052	5,524,443	5,433,079	6,533,954	7,444,666
-	-	-	-	-
1,566,513	3,925,049	2,477,914	3,896,163	4,276,502
491,517	382,906	292,880	310,800	259,356
<u>101,604</u>	<u>92,164</u>	<u>87,900</u>	<u>79,304</u>	<u>73,561</u>
<u>27,856,665</u>	<u>29,037,199</u>	<u>28,104,765</u>	<u>31,567,798</u>	<u>34,777,961</u>
<u>1,912,558</u>	<u>3,144,712</u>	<u>3,345,606</u>	<u>2,750,224</u>	<u>2,160,808</u>
42,133	107,214	86,567	1,004,990	68,678
(42,133)	(107,214)	(86,567)	(1,004,990)	(68,678)
15,551	13,255	33,536	102,019	116,744
243,383	134,779	-	100,004	-
-	-	-	-	-
-	-	-	-	-
<u>258,934</u>	<u>148,034</u>	<u>33,536</u>	<u>202,023</u>	<u>116,744</u>
<u>\$ 2,171,492</u>	<u>\$ 3,292,746</u>	<u>\$ 3,379,142</u>	<u>\$ 2,952,247</u>	<u>\$ 2,277,552</u>
2.3%	1.9%	1.5%	1.4%	1.1%

MATAGORDA COUNTY, TEXAS

Table 5

*Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years Ended,*

Fiscal Year	Assessed Real Property	Assessed Non-Real Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2014	\$ 2,347,521,763	\$ 2,791,886,570	\$(559,982,098)	\$ 4,579,426,235	0.35867	\$ 4,579,426,235	100.00%
2015	3,179,148,560	1,660,523,790	(579,127,165)	4,260,545,185	0.39568	4,260,545,185	100.00%
2016	3,535,169,802	1,477,166,650	(746,127,230)	4,266,209,222	0.41998	4,266,209,222	100.00%
2017	3,860,625,616	1,442,071,480	(994,209,738)	4,308,487,358	0.41898	4,308,487,358	100.00%
2018	4,485,887,994	1,538,427,351	(1,576,741,549)	4,447,573,796	0.41758	4,447,573,796	100.00%
2019	5,951,129,481	985,347,835	(2,205,947,933)	4,730,529,383	0.43342	4,730,529,383	100.00%
2020	7,551,278,040	1,088,382,240	(3,695,468,797)	4,944,191,483	0.42223	4,944,191,483	100.00%
2021	8,190,019,656	1,227,812,163	(3,992,384,809)	5,425,447,010	0.39974	5,425,447,010	100.00%
2022	8,691,678,964	1,526,379,888	(4,323,129,391)	5,894,929,461	0.38532	5,894,929,461	100.00%
2023	10,651,758,481	1,696,781,574	(5,593,875,892)	6,754,664,163	0.35928	6,754,664,163	100.00%

Source: Matagorda County Central Appraisal District



MATAGORDA COUNTY, TEXAS

Direct and Overlapping Property Tax Rates
Last Ten Years Ended,

	2014 Tax Rate	2015 Tax Rate	2016 Tax Rate	2017 Tax Rate	2018 Tax Rate
Cities:					
Bay City	0.60209	0.60209	0.60209	0.65500	0.65500
Palacios	0.85787	0.84000	0.84000	0.85351	0.85351
School Districts:					
Bay City ISD	1.34064	1.34064	1.33120	1.43701	1.55222
Matagorda ISD	1.14831	1.15074	1.14587	1.13958	1.13541
Palacios ISD	1.10500	1.13500	1.13500	1.13500	1.13500
Tidehaven ISD	1.33118	1.37897	1.26111	1.25540	1.22275
Van Vleck ISD	0.98840	1.03410	1.01400	1.01400	1.25325
Matagorda County:					
County	0.35867	0.39568	0.41998	.041898	0.41758
Utility Districts:					
Beach Road Municipal Utility District	0.13454	0.13317	0.14102	0.13811	0.13641
Caney Creek Municipal Utility District	0.39000	0.39387	0.38865	0.38918	0.40008
Special Districts:					
Coastal Plains Groundwater District	0.00495	0.00500	0.00499	0.00478	0.00478
Matagorda County Conservation & Reclamation District	0.00577	0.00646	0.00691	0.00721	0.00765
Matagorda County Drainage District #1	0.07750	0.07158	0.06554	0.05138	0.04178
Matagorda County Drainage District #2	0.04590	0.05287	0.05132	0.05107	0.05230
Matagorda County Drainage District #3	0.01500	0.01500	0.01635	0.01825	0.02089
Matagorda County Drainage District #4	0.22249	0.25000	0.26629	0.24150	0.23800
Matagorda County Hospital District	0.27624	0.30147	0.31270	0.32096	0.32159
Matagorda County Navigation District #1	0.04681	0.04427	0.04442	0.04474	0.04533
Matagorda County Palacios Seawall Commission	0.01761	0.01761	0.01786	0.01841	0.01945
Matagorda County Water Control Improvement District #2	0.21179	0.21179	0.20055	0.20292	0.19822
Matagorda County Water Control Improvement District #6	0.26632	0.25511	0.25511	0.25511	0.25511
Port of Bay City Authority	0.04044	0.04539	0.04856	0.05072	0.05389

Source: Matagorda County Tax Assessor and Palacios ISD Tax Assessor

Table 6

<u>2019 Tax Rate</u>	<u>2020 Tax Rate</u>	<u>2021 Tax Rate</u>	<u>2022 Tax Rate</u>	<u>2023 Tax Rate</u>
0.65500	0.65500	0.63500	0.63500	0.56995
0.85351	0.85351	0.81126	0.76570	0.66164
1.53731	1.43140	1.39124	1.26000	1.04446
1.06760	0.99275	0.96614	0.94593	0.77597
1.13500	1.10140	1.17420	1.28670	0.98951
1.17476	1.17146	1.05758	1.01025	0.82580
1.19281	1.17944	1.16956	1.13068	0.88189
0.43342	0.42223	0.39974	0.38532	0.35928
0.17232	0.16712	0.16078	0.15224	0.14819
0.40772	0.40799	0.42241	0.43659	0.43690
0.00470	0.00465	0.00426	0.00394	0.00352
0.00776	0.00831	0.00819	0.00773	0.00704
0.04169	0.04201	0.04113	0.03835	0.03447
0.04606	0.04977	0.04257	0.03924	0.03618
0.02266	0.02450	0.02440	0.02460	0.02203
0.19000	0.17065	0.17065	0.12409	0.12950
0.32159	0.31815	0.29127	0.28995	0.26382
0.04551	0.04564	0.01031	0.01026	0.00935
0.01962	0.01948	0.01944	0.01871	0.01635
0.01992	0.20959	0.20638	0.21051	0.19429
0.25511	0.23000	0.23000	0.23000	0.21000
0.05477	0.05628	0.05299	0.05007	0.04754

MATAGORDA COUNTY, TEXAS

Table 7

*Principal Property Taxpayers
Current Year and Nine Years Ago*

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
NRG South Texas LP	\$ 932,782,030	1	13.81%	\$ 1,095,581,730	1	23.92%
Tres Palacios Gas Storage	225,677,650	2	3.34%	-	-	-
Equistar Chemicals,LP	191,554,430	3	2.84%	131,018,580	4	2.86%
Peyton Creek Wind Farm, LLC	162,384,000	4	2.40%	-	-	-
Ingleside Ethylene, LLC	146,763,730	5	2.17%	-	-	-
Texas Brine Company LLC	145,776,720	6	2.16%	143,867,680	3	3.14%
OQ Chemicals Corporation	139,674,150	7	2.07%	-	-	-
Kinder Morgan Texas Pipeline	114,623,670	8	1.70%	-	-	-
AEP Texas Central Company	92,230,740	9	1.37%	107,373,420	5	2.34%
Williams Fld Svcs – Gulf Coast Co	87,711,340	10	1.30%	33,786,380	9	0.74%
Inergy LP	-	-	-	386,949,572	2	8.45%
Oxea Corporation	-	-	-	69,148,220	6	1.51%
Midtex Gas Storage Company	-	-	-	62,519,510	7	1.37%
Celanese LTD Chemical Division	-	-	-	40,891,960	8	0.89%
Flint Hills Resources INV	-	-	-	32,736,020	10	0.71%
Total	\$ 2,239,178,460		33.15%	\$ 2,103,873,072		45.94%
Total Taxable Assessed Value	\$ 6,754,664,163			\$ 4,579,426,235		

Source: Matagorda County Appraisal District

MATAGORDA COUNTY, TEXAS
Property Tax Levies and Collections
Last Ten Years Ended,

Table 8

Fiscal Year	Tax Levy as of Fiscal Year End			Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Adjustments	Adjusted Levy	Amount	Percentage of Levy	Amount		Percentage of Levy	
2014	\$ 25,106	\$ 15,307,358	\$ 14,122,704	92.26%	\$ 1,152,878	\$ 15,275,582	99.79%	
2015	(64,509)	16,817,825	16,034,255	95.34%	743,544	16,777,799	99.76%	
2016	46,842	18,148,652	17,604,870	97.00%	490,664	18,095,534	99.71%	
2017	17,362	18,656,298	18,403,238	98.64%	187,116	18,590,354	99.65%	
2018	(34,403)	18,778,704	18,525,956	98.65%	171,367	18,697,323	99.57%	
2019	(16,351)	20,496,969	20,228,772	98.69%	166,876	20,395,648	99.51%	
2020	15,492	20,900,498	20,646,154	98.78%	134,704	20,780,858	99.43%	
2021	124,536	21,812,501	21,519,658	98.66%	123,968	21,643,626	99.23%	
2022	(35,640)	22,686,513	22,306,204	98.32%	-	22,306,204	98.32%	
2023	(11,807)	24,270,394	6,589,338	27.15%	-	6,589,338	27.15%	

Source: Matagorda County Tax Assessor-Collector

MATAGORDA COUNTY, TEXAS*Ratios of Outstanding Debt by Type
Last Ten Years Ended,*

Table 9

Fiscal Year	Governmental Activities			Percentage of Personal Income	Population	Debt per Capita
	Certificates of Obligation ¹	Notes Payable	Total Outstanding Debt			
2014	\$ 355,000	\$ 620,634	\$ 975,634	0.08%	36,592	26.66
2015	2,987,310	1,359,864	4,347,174	0.32%	36,519	119.04
2016	2,804,294	944,431	3,748,725	0.26%	36,770	101.95
2017	2,698,129	1,129,820	3,827,949	0.26%	37,187	102.94
2018	2,585,072	764,784	3,349,856	0.22%	36,840	90.93
2019	2,467,015	631,650	3,098,665	0.21%	36,643	84.56
2020	2,348,958	498,523	2,847,481	0.16%	36,720	77.55
2021	2,225,901	325,643	2,551,544	0.14%	36,797	69.34
2022	2,097,843	239,847	2,337,690	0.13%	36,125	64.71
2023	1,964,786	110,491	2,075,277	0.11%	36,044	57.58

Source: Annual Comprehensive Financial Report

¹ Presented net of original issuance premiums

MATAGORDA COUNTY, TEXAS

Table 10

*Ratio of General Bonded Debt Outstanding
Last Ten Years Ended,*

Fiscal Year	Governmental Activities			Percentage of Estimated Actual Taxable Value of Property(3)	Per Capita(4)
	General Obligation Bonds(1)	Less: Amounts Available in Debt Service Fund(2)	Total		
2023	\$ 1,964,786	\$ 32,790	\$ 1,931,996	0.03%	54
2022	2,097,843	28,020	2,069,823	0.04%	57
2021	2,225,901	20,972	2,204,929	0.04%	60
2020	2,348,958	18,259	2,330,699	0.05%	63
2019	2,467,015	34,120	2,432,895	0.05%	66
2018	2,585,072	37,574	2,547,498	0.06%	69
2017	2,698,129	32,956	2,665,173	0.06%	72
2016	2,804,294	26,002	2,778,292	0.07%	76
2015	2,987,310	6,191	2,981,119	0.07%	82
2014	355,000	14,657	340,343	0.01%	9

Source: Annual Comprehensive Financial Report

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

MATAGORDA COUNTY, TEXAS

*Direct and Overlapping Governmental Activities Debt
As of December 31, 2023*

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Bay City	\$ 16,162,744	100.00%	\$ 16,162,744
City of Palacios	1,832,072	100.00%	1,832,072
Tidehaven Independent School District	36,835,000	100.00%	36,835,000
Palacios Independent School District	115,245,000	94.08%	108,422,496
Bay City Independent School District	129,460,016	100.00%	129,460,016
Van Vleck Independent School District	70,235,000	100.00%	70,235,000
Caney Creek Municipal Utility District	2,735,000	100.00%	2,735,000
Beach Road Municipal Utility District	797,000	100.00%	<u>797,000</u>
Sub-total Overlapping Debt			366,479,328
Matagorda County, Texas direct debt			<u>2,075,277</u>
Total Direct & Overlapping Debt			<u>\$ 368,554,605</u>

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

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

MATAGORDA COUNTY, TEXAS
Legal Debt Margin Information
Last Ten Years Ended,

Table 12

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 1,144,856,559	\$ 1,062,200,105	\$ 1,066,552,306	\$ 1,074,456,667	\$ 1,109,345,951
Total net debt applicable to limit	<u>349,747</u>	<u>2,936,191</u>	<u>2,830,296</u>	<u>2,665,173</u>	<u>2,547,498</u>
Legal debt margin	\$ <u>1,144,506,812</u>	\$ <u>1,059,263,914</u>	\$ <u>1,063,722,010</u>	\$ <u>1,071,791,494</u>	\$ <u>1,106,798,453</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.03%</u>	<u>0.28%</u>	<u>0.27%</u>	<u>0.25%</u>	<u>0.23%</u>

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 1,182,632,346	\$ 1,236,047,871	\$ 1,356,361,753	\$ 1,496,232,365	\$ 1,688,666,041
Total net debt applicable to limit	<u>2,432,895</u>	<u>2,330,699</u>	<u>2,204,929</u>	<u>2,069,823</u>	<u>1,931,996</u>
Legal debt margin	\$ <u>1,180,199,451</u>	\$ <u>1,233,717,172</u>	\$ <u>1,354,156,824</u>	\$ <u>1,494,162,542</u>	\$ <u>1,686,734,045</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.21%</u>	<u>0.19%</u>	<u>0.16%</u>	<u>0.14%</u>	<u>0.11%</u>

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 6,754,664,163
Debt Limit (25% of Assessed Value)	1,688,666,041
Debt Applicable to Limit:	
General Obligation Bonds	1,964,786
Less: Amount set aside for repayment of General Obligation Debt	<u>32,790</u>
Total Net Debt Applicable to Limit	<u>1,931,996</u>
Legal Debt Margin	\$ <u>1,686,734,045</u>

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

MATAGORDA COUNTY, TEXAS
Demographic and Economic Statistics
Last Ten Years Ended,

Table 13

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Per Capita Income (1)</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Public School Enrollment(2)</u>	<u>Unemployment Rate(3)</u>
2023	36,044	\$ 50,360	\$ 1,819,272	6,973	5.4%
2022	36,125	50,775	1,845,376	7,084	5.9%
2021	36,797	48,150	1,768,294	7,023	7.3%
2020	36,720	47,612	1,657,614	6,969	10.4%
2019	36,643	41,246	1,511,377	7,258	5.7%
2018	36,840	40,827	1,504,079	7,255	5.7%
2017	37,187	39,090	1,453,644	7,150	6.7%
2016	36,770	39,493	1,452,173	7,264	7.8%
2015	36,519	37,324	1,363,043	7,121	7.3%
2014	36,592	35,426	1,296,291	7,022	6.7%

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

MATAGORDA COUNTY, TEXAS

Table 14

Principal Employers

Current Year and Nine Years Ago

Employer	2023			2014		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
South Texas Project	1,006	1	5.99%	1,170	1	7.65%
Tenaris	700	2	4.17%	-	-	-
Bay City ISD	534	3	3.18%	521	2	3.41%
Matagorda County	284	4	1.69%	260	3	1.70%
Matagorda Hospital	270	5	1.61%	227	5	1.48%
Palacios ISD	255	6	1.52%	241	4	1.58%
Van Vleck ISD	167	7	0.99%	150	8	0.98%
Tidehaven ISD	165	8	0.98%	130	10	0.85%
City of Bay City	151	9	0.90%	179	6	1.17%
Lyondell	150	10	0.89%	145	9	0.95%
Oxea	-	-	-	162	7	1.06%
Total	<u>3,682</u>		<u>21.92%</u>	<u>3,185</u>		<u>20.81%</u>

Source: Jobs EQ 2022 Chmura Economics & Analytics - Total County employment for current year

MATAGORDA COUNTY, TEXAS*Full-Time Equivalent Employees by Function
Last Ten Years Ended,*

Table 15

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	35	32	31	30	36	37	33	62	35	37
Justice system	34	42	36	42	47	47	45	33	48	47
Public safety	48	45	42	42	46	49	49	47	48	46
Corrections and rehabilitation	35	35	35	53	53	62	58	61	55	57
Health and human services	7	7	8	8	8	9	8	9	8	8
Community and economic development	10	10	7	8	9	11	9	7	6	7
Infrastructure and environmental services	<u>39</u>	<u>32</u>	<u>33</u>	<u>34</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>30</u>	<u>38</u>	<u>34</u>
Total	<u>208</u>	<u>203</u>	<u>192</u>	<u>217</u>	<u>238</u>	<u>254</u>	<u>242</u>	<u>249</u>	<u>238</u>	<u>236</u>

Source: Human Resources and Auditor's Office



MATAGORDA COUNTY, TEXAS*Operating Indicators by Function**Last Ten Years Ended,*

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General Government:					
Births filed	571	514	545	596	440
Deaths filed	284	286	293	311	280
Marriage license applications	276	307	325	324	282
Registered voters	20,978	20,656	21,535	21,352	21,153
Auto titles	5,717	5,621	5,561	5,093	5,369
Justice System					
District Court					
Civil cases filed	307	337	435	464	847
Civil case dispositions	355	254	217	266	793
Criminal cases filed	334	260	360	465	326
Criminal case dispositions	508	512	560	424	451
County Court					
Civil cases filed	73	58	63	83	66
Civil case dispositions	58	88	78	63	59
Criminal cases filed	580	729	784	719	603
Criminal case dispositions	1,013	942	1,017	658	740
Justices of the Peace					
Civil cases filed	414	418	416	406	862
Civil case dispositions	368	396	361	367	685
Criminal cases filed	3,452	2,906	3,068	3,539	4,355
Criminal case dispositions	2,032	2,412	2,719	2,779	3,765
Public safety					
Total calls for service	6,552	7,287	7,513	7,571	10,025
Total arrests	799	718	727	807	832
Corrections and Rehabilitation					
Number of inmates per year	2,083	1,866	1,075	1,322	2,199
Health and Human Services					
Food permits issued	238	253	266	244	249
Septic permits issued	148	124	136	157	158
Building permits issued	373	290	281	372	385
Electrical permits issued	516	100	100	571	481

Sources: Various County department records

Table 16

Fiscal Year				
2019	2020	2021	2022	2023
496	479	430	409	384
319	338	327	350	265
267	176	221	208	198
21,447	21,065	21,413	18,830	21,804
5,267	4,602	5,100	5,284	3,050
495	495	992	593	807
688	516	867	956	754
413	413	369	421	470
586	419	351	456	502
79	65	76	84	77
70	47	22	42	25
574	380	415	558	508
609	334	369	572	469
1,025	787	853	817	969
691	809	713	743	743
3,917	2,489	2,124	2,957	2,814
3,618	2,355	2,277	2,523	3,190
13,047	11,413	11,249	15,491	17,704
761	496	521	348	299
1,466	1,431	1,526	1,519	1,339
237	206	267	268	289
162	184	166	149	156
407	355	416	445	391
518	605	583	668	616

MATAGORDA COUNTY, TEXAS

*Capital Asset Statistics by Function
Last Ten Years Ended,*

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General Government					
Buildings	42	42	42	43	44
Public Safety					
Sheriff vehicles	48	49	49	53	52
Fire and ambulance	51	51	51	51	54
Infrastructure and Environmental Services					
County roads (miles)	1,126	1,126	1,126	1,126	1,126
County bridges	87	87	87	87	87
Community and Economic Development					
County parks	9	9	9	9	9

Sources: Various County department records

Table 17

Fiscal Year				
2019	2020	2021	2022	2023
44	44	44	45	47
50	55	56	52	54
52	58	59	56	56
1,126	1,126	1,126	1,126	1,126
87	87	87	87	87
9	9	9	9	9



FEDERAL AWARDS SECTION





Independent Auditor's Report

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

To the Honorable County Judge
and Members of Commissioners Court
Matagorda County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County, Texas (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KM&L, LLC

Lake Jackson, Texas
June 7, 2024



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

To the Honorable County Judge
And Members of Commissioners Court
Matagorda County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Matagorda County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

KM&L, LLC

Lake Jackson, Texas
June 7, 2024



MATAGORDA COUNTY, TEXAS

Schedule of Findings And Questioned Costs For the Year Ended December 31, 2023

I. Summary of auditor's results:

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

II. Findings related to the financial statements.

The audit disclosed no findings required to be reported.

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

The audit disclosed no findings required to be reported.



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Federal:

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

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

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

None.



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Federal:

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

None.

MATAGORDA COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Housing and Urban Development:			
Passed Through Texas General Land Office:			
Community Development Block Grant	14.228	20-065-123-C430	\$ 2,526,884
Community Development Block Grant	14.228	22-085-078-D342	64,545
Passed Through Texas Department of Housing and Community Affairs:			
Community Development Block Grant	14.228	70800001010	<u>80,598</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 2,672,027</u>
U.S. Department of Interior:			
Direct:			
Payment in Lieu of Taxes	15.226	--	<u>\$ 8,497</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>\$ 8,497</u>
U.S. Department of Justice:			
Passed Through the Houston Galveston Area Council:			
Coronavirus Emergency Supplemental Funding Program	16.034	9730	<u>\$ 49,985</u>
Passed Through the Bureau of Justice Assistance:			
State Criminal Alien Assistance Program	16.606	15PBJA-20-RR-00330	\$ 2,016
State Criminal Alien Assistance Program	16.606	15PBJA-21-RR-0517B	<u>2,303</u>
			<u>4,319</u>
Passed Through the Texas Office of the Governor:			
Edward Byrne Memorial Justice Assistance Grant	16.738	4427401	21,694
Edward Byrne Memorial Justice Assistance Grant	16.738	4470001	70,576
Passed Through the Institute for Intergovernmental Research:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2023-SWB-0073	<u>14,275</u>
			<u>106,545</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 160,849</u>
U.S. Department of Treasury:			
Direct:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	<u>\$ 1,198,539</u>
TOTAL U.S. DEPARTMENTS OF ELECTIONS			<u>\$ 1,198,539</u>
U.S. Department of Homeland Security:			
Passed Through the Texas Division of Emergency Management:			
Hazard Mitigation Grant	97.039	DR-4332-163	\$ 23,778
Hazard Mitigation Grant	97.039	DR-4332-164	<u>70,714</u>
			<u>94,492</u>

(continued)

MATAGORDA COUNTY, TEXAS

*Schedule of Expenditures of Federal Awards - Continued
For the Year Ended December 31, 2023*

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract/ Program Number</u>	<u>Expenditures Indirect Costs or Award Amount</u>
U.S. Department of Homeland Security: Passed Through Texas Office of the Governor:			
Homeland Security Grant Program	97.067	3186307	\$ 6,229
Homeland Security Grant Program	97.067	3186308	172,967
Homeland Security Grant Program	97.067	3572403	<u>150,706</u>
			<u>329,902</u>
 TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			 \$ <u>424,394</u>
 TOTAL FEDERAL ASSISTANCE			 \$ <u>4,464,306</u>
 TOTAL MAJOR PROGRAMS			 \$ <u>3,870,566</u>
 TYPE A PROGRAM			 \$ <u>750,000</u>

MATAGORDA COUNTY, TEXAS

*Notes on Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023*

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

Governmental Fund Types:

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

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

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

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

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

MATAGORDA COUNTY, TEXAS

*Notes on Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023*

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
4. The County has elected to use the 10 percent de minimis indirect cost rate.

