

ZAPATA COUNTY, TEXAS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

ZAPATA COUNTY, TEXAS

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge
And Honorable County Commissioners
County of Zapata, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019, on our consideration of the County of Zapata, Texas' internal control over financial reporting and

on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Zapata, Texas' internal control over financial reporting and compliance.

Canales, Darga & Baum, PLLC

Laredo, Texas
July 30, 2019

Zapata County

Management's Discussion and Analysis

This section of Zapata County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2018. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights

The assets of Zapata County exceeded its liabilities of the most recent fiscal year by \$71,016,756 (net assets) at September 30, 2018. Of this amount, \$13,889,477 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The County's total net assets increased by \$3,004,215.

The County's total combined Proprietary Fund net assets was \$8,582,347 September 30, 2018.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,468,154, a decrease of \$243,037 in comparison with the prior period. Approximately 48% of this total amount, \$6,908,282, is available for spending at the County's discretion (unassigned fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

The government-wide financial statements include only the County itself.

The government-wide financial statements can be found on pages 12-13 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 uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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 near-term inflows and outflows 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 County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains three 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, debt service fund, and capital projects fund.

The County adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund.

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

Proprietary funds. The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer funds, Airport fund and the Sheriff's Commissary fund.

Fiduciary funds. The County is agent for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position, found on page 21. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

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 22-49 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 50-59 of this report.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) they are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash, or are not expected to be converted to cash within the next year.

Restricted - This classification includes amounts for which the constraints that have been placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments, or (b) imposed by law through constitutional provisions or by enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by order of the Board of Directors, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the fund were initially committed.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned - This classification includes the residual fund balance for the General Fund.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of Zapata County, assets exceeded liabilities by \$71,016,756 at the close of the most recent fiscal year.

A portion of the County's net assets (\$54,273,263 - 76%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>9/30/2018</u>	<u>9/30/2017</u>
Current and Other Assets	\$ 21,118,060	\$ 18,622,993
Capital Assets	<u>90,296,709</u>	<u>84,124,234</u>
Total Assets	<u>111,414,769</u>	<u>102,747,227</u>
Deferred Outflows of Resources	<u>2,224,149</u>	<u>3,160,169</u>
Long-term Liabilities	37,455,184	34,289,163
Other Liabilities	<u>3,468,728</u>	<u>3,003,100</u>
Total Liabilities	<u>40,923,912</u>	<u>37,292,263</u>
Deferred Inflows of Resources	<u>1,698,250</u>	<u>602,592</u>
Invested in Capital Assets, net of Related Debt	54,273,263	51,203,976
Reserved for Other Purposes	2,582,333	2,362,340
Reserved for Debt Service	271,683	1,160,634
Unrestricted	<u>13,889,477</u>	<u>13,285,591</u>
Total Net Assets	<u>\$ 71,016,756</u>	<u>\$ 68,012,541</u>

Government-wide Financial Activities

Government-wide financial activities increased the County's net assets by \$3,004,215.

	<u>9/30/2018</u>	<u>9/30/2017</u>
Revenues:		
Program revenues		
Charges for services	\$ 4,741,104	\$ 4,376,613
Operating grants	986,511	883,497
Capital grants	512,553	972,999
General revenues		
Property taxes	10,016,324	9,250,855
Sales and miscellaneous taxes	2,037,523	1,719,055
Investment earnings	222,722	80,780
Other financing sources	135,000	-
Miscellaneous	<u>5,211,376</u>	<u>7,511,732</u>
Total Revenue	<u>23,863,113</u>	<u>24,795,531</u>

	<u>9/30/2018</u>	<u>9/30/2017</u>
Expenses:		
General government	3,284,090	4,290,109
Public safety	4,866,422	4,721,820
Justice system	1,306,942	1,290,617
Health and human services	1,740,282	1,601,651
Infrastructure and environmental serv.	2,349,144	2,260,892
Correction and rehabilitation	2,238,063	2,084,406
Community and economic develop.	527,323	504,400
Interest and fiscal charges	380,657	674,358
Business type activities	4,165,975	3,783,663
Total Expenses	<u>20,858,898</u>	<u>21,211,916</u>
Increase/(Decrease) in net assets	3,004,215	3,583,615
Beginning net assets	68,012,541	64,428,926
Ending net assets	<u>\$ 71,016,756</u>	<u>\$ 68,012,541</u>

Revenues and expenses by source-government-wide financial activities:

	2018	
	<u>Amount</u>	<u>%</u>
Revenues:		
Charges for services	\$ 4,741,104	19.9%
Operating grants	986,511	4.1%
Capital grants	512,553	2.1%
Property taxes	10,016,324	42.0%
Sales and miscellaneous taxes	2,037,523	8.5%
Investment earnings	222,722	0.9%
Other financing sources	135,000	0.6%
Miscellaneous	5,211,376	21.8%
Total Revenue	<u>\$ 23,863,113</u>	<u>100.0%</u>
Expenses:		
General government	\$ 3,284,090	15.7%
Public safety	4,866,422	23.3%
Justice system	1,306,942	6.3%
Health and human services	1,740,282	8.3%
Infrastructure and environmental serv.	2,349,144	11.3%
Correction and rehabilitation	2,238,063	10.7%
Community and economic develop.	527,323	2.5%
Interest and fiscal charges	380,657	1.8%
Business type activities	4,165,975	20.0%
Total Expenses	<u>\$ 20,858,898</u>	<u>100.0%</u>

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, unreserved fund balance may serve as a useful measure of a County'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 \$14,468,154, a decrease of \$243,037 in comparison with the prior period. Approximately, 48% of this total amount, \$6,908,282 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or committed as follows:

Restricted:		
General Administration	\$	247,118
Public Safety		(90,923)
Justice System		93,172
Health and Human Services		10,224
Infrastructure and Environmental Services		1,201,991
Community and Economic Development		(53,098)
Capital Outlay		-
Debt Service		271,683
Total Restricted		<u>1,680,167</u>
Committed:		
Landfill		1,058,123
Airport		325,674
Veleno Bridge		223,459
Catastrophic Fund		3,402,385
Oil and Gas		870,064
Water Well Drilling		-
Total Committed		<u>5,879,705</u>
Total Restricted and Committed Funds	\$	<u>7,559,872</u>

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,908,282, while total fund balance reached \$12,787,987. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 95% of that same amount. The fund balance of the County's general fund increased by \$817,921 during the current fiscal year.

General Fund Budgetary Highlights

The County adopts an annual appropriated budget for the governmental funds. The County General Fund budgeted \$12,886,484 in total revenues and transfers in and \$13,217,902 in total expenditures and transfers out. Actual governmental fund revenues and transfers in were \$14,068,959 for a favorable variance compared to budgeted revenues of \$1,182,475. Actual

governmental fund expenditures and transfers out were \$13,423,159 for an unfavorable variance compared to budgeted expenditures of \$205,257.

Capital Assets and Debt Administration

Capital Assets:

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$90,296,709 (net of accumulated depreciation).

	2018	2017
Land	\$ 2,319,841	\$ 2,319,841
Infrastructure	54,999,604	54,636,920
Buildings and improvements	57,556,988	57,450,138
Construction in progress	9,870,282	1,999,088
Equipment and furniture	11,397,483	10,917,303
Accumulated depreciation	(45,847,489)	(43,199,056)
Total	<u>\$ 90,296,709</u>	<u>\$ 84,124,234</u>

Long-term debt:

At the end of the current fiscal year, the County had the following long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Governmental Activities:						
Unlimited Tax Road Bonds, Series 2006	\$ 8,400,000	\$ -	\$ 8,400,000	\$ -	\$ -	\$ -
Tax Notes, Series 2011	875,000	-	875,000	-	-	-
Limited Tax Refunding Bonds, Series 2013A	2,670,000	-	850,000	1,820,000	890,000	930,000
Limited Tax Refunding Bonds, Series 2013B	250,000	-	80,000	170,000	85,000	85,000
Combined Tax & Revenue C/O, Series 2013	1,175,000	-	90,000	1,085,000	90,000	995,000
Unlimited Tax Refunding Bonds Series 2017	-	8,265,000	965,000	7,300,000	810,000	6,490,000
Zapata National Bank (Election Equipment)	-	172,121	-	172,121	29,886	142,235
Compensated Absences	466,829	39,884	-	506,713	-	506,713
Land Closure & Postclosure Costs	817,778	14,720	-	832,498	-	832,498
Total	<u>14,654,607</u>	<u>8,491,725</u>	<u>11,260,000</u>	<u>11,886,332</u>	<u>1,904,886</u>	<u>9,981,446</u>
Business-Type Activities:						
TWDB EDAP, Series 2006	11,363,000	-	494,000	10,869,000	494,000	10,375,000
TWDB CWSRF, Series 2008	4,805,000	-	320,000	4,485,000	320,000	4,165,000
TX Waterworks & Sewer Revenue Bonds, Series 2014	862,000	-	15,000	847,000	15,000	832,000
USDA Series 2017 A (Sewer Plant)	-	4,800,000	-	4,800,000	75,000	4,725,000
USDA Series 2017 B (Sewer Plant)	-	3,928,000	-	3,928,000	62,000	3,866,000
Colorado Bank-New USDA Sewer Project	1,931,713	185,424	2,117,137	-	-	-
San Ygnacio MUD Loan #5093392427	500,707	-	29,222	471,485	471,485	-
San Ygnacio MUD Loan #5093392428	87,838	-	11,998	75,840	75,840	-
Compensated Absences	84,298	8,229	-	92,527	-	92,527
Total	<u>19,634,556</u>	<u>8,921,653</u>	<u>2,987,357</u>	<u>25,568,852</u>	<u>1,513,325</u>	<u>24,055,527</u>
Grand Total	<u>\$ 34,289,163</u>	<u>\$ 17,413,378</u>	<u>\$ 14,247,357</u>	<u>\$ 37,455,184</u>	<u>\$ 3,418,211</u>	<u>\$ 34,036,973</u>

The County total debt increased by \$3,166,021 during the current fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The taxable value used for the fiscal year ending September 30, 2019 budget preparation decreased approximately 0.3% from fiscal year ended September 30, 2018.
- The tax rate established for the fiscal year ending September 30, 2018 budget is \$.924026, which is a slight increase over the prior year.
- Inflationary trends in the region are comparable to national indices.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Zapata County Auditor's Office, 200 E. 7th Avenue, Suite 157, Zapata, Texas, 78076.

BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 8,351,191	\$ 4,244,561	\$ 12,595,752
Cash in Escrow	-	1,173,849	1,173,849
Receivables (net of allowance)	5,430,118	740,466	6,170,584
Internal Balances	5,254,577	(5,254,577)	-
Net Pension Asset	1,177,875	-	1,177,875
Capital Assets			
Land	1,554,640	765,201	2,319,841
Construction in Progress	-	9,870,282	9,870,282
Infrastructure	20,264,712	34,734,892	54,999,604
Building and Improvements	55,287,324	2,269,664	57,556,988
Equipment and Furniture	8,337,001	3,060,482	11,397,483
Less: accumulated depreciation	(30,908,001)	(14,939,488)	(45,847,489)
TOTAL CAPITAL ASSETS	54,535,676	35,761,033	90,296,709
TOTAL ASSETS	74,749,437	36,665,332	111,414,769
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	2,224,149	-	2,224,149
Total Deferred Outflows of Resources	2,224,149	-	2,224,149
LIABILITIES			
Accounts Payable	213,921	1,720,871	1,934,792
Accrued Wages Payable	149,207	18,534	167,741
Retainage Payable	-	451,373	451,373
Net Pension Obligations - OPEB	591,467	-	591,467
Consumer Meter Deposits	-	323,355	323,355
Long-term liabilities			
Due within one year			
Bonds	1,904,886	1,513,325	3,418,211
Due in more than one year			
Bonds	8,642,235	23,963,000	32,605,235
Compensated Absences	506,713	92,527	599,240
Land Closure & Postclosure Costs	832,498	-	832,498
Total Liabilities	12,840,927	28,082,985	40,923,912
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and OPEB	1,698,250	-	1,698,250
Total Deferred Inflows of Resources	1,698,250	-	1,698,250
NET POSITION			
Invested in Capital Assets, Net of Related Debt	43,988,555	10,284,708	54,273,263
Restricted:			
Debt Service	271,683	-	271,683
Other Purposes	1,408,484	1,173,849	2,582,333
Unrestricted	16,765,687	(2,876,210)	13,889,477
Total Net Position	\$ 62,434,409	\$ 8,582,347	\$ 71,016,756

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In		Net (Expense) Revenue and Changes In Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
Primary Government							
Governmental Activities:							
General Government	\$ 3,284,090	\$ 104,818	\$ 203,612	\$ -	\$ (2,975,660)	\$ -	\$ (2,975,660)
Public Safety	4,866,422	19,041	259,959		(4,587,422)		(4,587,422)
Justice System	1,306,942	88,946	298,723		(919,273)		(919,273)
Health and Human Services	1,740,282	28,013	224,217		(1,488,052)		(1,488,052)
Infrastructure and Environmental Services	2,349,144	377,843		267,053	(1,704,248)		(1,704,248)
Correction and Rehabilitation	2,238,063				(2,238,063)		(2,238,063)
Community and Economic Development	527,323				(527,323)		(527,323)
Interest and Fiscal Charges	380,657				(380,657)		(380,657)
Total Governmental Activities	<u>16,692,923</u>	<u>618,661</u>	<u>986,511</u>	<u>267,053</u>	<u>(14,820,698)</u>	<u>-</u>	<u>(14,820,698)</u>
Business-Type Activities							
Water Plant	2,747,416	2,891,348				143,932	143,932
Sewer Plant	1,258,345	1,094,593		245,500		81,748	81,748
Airport	96,250	80,500				(15,750)	(15,750)
Sheriff Commissary	63,964	56,002				(7,962)	(7,962)
Total Business-Type Activities	<u>4,165,975</u>	<u>4,122,443</u>	<u>-</u>	<u>245,500</u>	<u>-</u>	<u>201,968</u>	<u>201,968</u>
Total Primary Government	<u>20,858,898</u>	<u>4,741,104</u>	<u>986,511</u>	<u>512,553</u>	<u>(14,820,698)</u>	<u>201,968</u>	<u>(14,618,730)</u>
General Revenues							
Property Taxes, Levies for General Purposes					10,016,324		10,016,324
Penalty and interest on taxes					397,165		397,165
Sales and Miscellaneous Taxes					1,640,358		1,640,358
Fines and Forfeitures					260,470		260,470
Unrestricted Investment Earnings					200,366	22,356	222,722
Miscellaneous					4,950,906		4,950,906
Gain on Refunding of Bonds					135,000		135,000
Total General Revenues and Transfers					<u>17,600,589</u>	<u>22,356</u>	<u>17,622,945</u>
Change in Net Assets					2,779,891	224,324	3,004,215
Net Assets - Beginning					59,654,518	8,358,023	68,012,541
Net Assets - Ending					<u>\$ 62,434,409</u>	<u>\$ 8,582,347</u>	<u>\$ 71,016,756</u>

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	GENERAL FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 6,307,495	\$ 214,098	\$ 1,829,598	\$ 8,351,191
Receivables, net	3,453,595	849,307	1,127,216	5,430,118
Due from Other Funds	6,441,196	39,105	166,101	6,646,402
Total Assets	16,202,286	1,102,510	3,122,915	20,427,711
LIABILITIES AND FUND BALANCES				
Accounts Payable	180,452	-	33,469	213,921
Accrued Wages Payable	119,904	-	29,303	149,207
Due to Other Funds	-	-	1,391,825	1,391,825
Deferred Revenues	3,113,943	830,827	259,834	4,204,604
Total Liabilities	3,414,299	830,827	1,714,431	5,959,557
Fund Balances:				
Restricted:				
General Government			247,118	247,118
Public Safety			(90,923)	(90,923)
Justice System			93,172	93,172
Health and Human Services			10,224	10,224
Infrastructure and Environmental Services			1,201,991	1,201,991
Community and Economic Development			(53,098)	(53,098)
Debt Service		271,683		271,683
Committed:	5,879,705			5,879,705
Unassigned:	6,908,282			6,908,282
Total Fund Balances	12,787,987	271,683	1,408,484	14,468,154
Total Liabilities and Fund Balances	\$ 16,202,286	\$ 1,102,510	\$ 3,122,915	\$ 20,427,711

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2018

Total Fund Balances - governmental funds balance sheet	\$ 14,468,154
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds	54,535,676
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net if allowance for uncollectible)	4,204,604
Included in the items related to debt is the recognition of the County's proportionate share of the net pension asset required by GASB 68 in the amount of \$1,177,875, net pension obligation - OPEB required by GASB 75 in the amount of \$(591,467), a deferred resources outflows related to TCDRS in the amount of \$2,224,149, and a deferred resources inflows related to TCDRS in the amount of \$(1,698,250)	1,112,307
Long-term liabilities, including bonds payable, compensated absences, and closure and post closure costs are not due and payable in the current period and therefore are not reported in the funds.	<u>(11,886,332)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 62,434,409</u>

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	GENERAL FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:				
Taxes:				
Property Taxes	\$ 6,477,933	\$ 2,596,953	\$ 753,159	\$ 9,828,045
Sales and Miscellaneous Taxes	1,481,187	-	98,614	1,579,801
Penalty and Interest on Taxes	284,401	87,758	25,006	397,165
Franchise Taxes	60,557	-	-	60,557
Intergovernmental	203,612	-	1,049,952	1,253,564
Licenses and Permits	4,022	-	377,843	381,865
Charges for Services	167,196	-	69,600	236,796
Fees and Fines	-	-	260,470	260,470
Interest	158,615	13,328	28,423	200,366
Miscellaneous	4,940,393	8,619	1,894	4,950,906
Total Revenues	<u>13,777,916</u>	<u>2,706,658</u>	<u>2,664,961</u>	<u>19,149,535</u>
EXPENDITURES:				
Current:				
General government	3,812,574	-	51,068	3,863,642
Judicial	982,304	-	323,429	1,305,733
Public safety	3,960,088	-	422,763	4,382,851
Infrastructure and environmental services	85,858	-	1,440,782	1,526,640
Corrections and rehabilitation	2,224,087	-	-	2,224,087
Health and human services	1,063,054	-	516,984	1,580,038
Community and economic development	373,984	-	153,225	527,209
Capital outlay	653,054	-	260,782	913,836
Debt Service:				
Principal	-	2,860,000	-	2,860,000
Interest and Fiscal Charges	-	380,657	-	380,657
Total Expenditures	<u>13,155,003</u>	<u>3,240,657</u>	<u>3,169,033</u>	<u>19,564,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>622,913</u>	<u>(533,999)</u>	<u>(504,072)</u>	<u>(415,158)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	291,043	-	359,044	650,087
Operating Transfers Out	(268,156)	(354,952)	(26,979)	(650,087)
Loan Proceeds	172,121	-	-	172,121
Total Other Financing Sources (Uses)	<u>195,008</u>	<u>(354,952)</u>	<u>332,065</u>	<u>172,121</u>
Net Change in Fund Balances	817,921	(888,951)	(172,007)	(243,037)
Fund Balance - Beginning of Year	11,970,066	1,160,634	1,580,491	14,711,191
Fund Balance - End of Year	<u>\$ 12,787,987</u>	<u>\$ 271,683</u>	<u>\$ 1,408,484</u>	<u>\$ 14,468,154</u>

The accompanying notes are an integral part of these financial statement.

ZAPATA COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2018

Net changes in fund balances - total governmental funds	\$ (243,037)
Amounts reported for governmental activities in the statement of activities 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. This is the amount by which capital outlays was exceeded by depreciation expense in the current period.	(677,929)
Long-term liabilities, including loan proceeds, are not due and payable in the current period and therefore are not reported in the funds.	(172,121)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	188,279
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resources outflows.	744,303
Repayment of loan principal is an expenditure in the funds but not an expense in the statement of activities	2,860,000
Gain on refunding of bond is recorded in statement of activities and not in governmental funds	135,000
Compensated Absences in the amount of \$(39,884) and Land Closure & Postclosure Costs in the amount of \$(14,720) recorded for entity wide financial statements	<u>(54,604)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 2,779,891</u>

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 2,817,209	\$ 1,053,750	\$ 251,333	\$ 122,269	\$ 4,244,561
Cash in Escrow	-	1,173,849	-	-	1,173,849
Receivables, net	510,532	229,934	-	-	740,466
Total current assets	<u>3,327,741</u>	<u>2,457,533</u>	<u>251,333</u>	<u>122,269</u>	<u>6,158,876</u>
Non-current assets:					
Capital assets:					
Land	459,121	306,080	-	-	765,201
Construction in progress	-	9,870,282	-	-	9,870,282
Equipment and furniture	1,925,096	1,135,386	-	-	3,060,482
Buildings and improvements	1,556,296	656,558	56,810	-	2,269,664
Infrastructure	22,621,783	12,113,109	-	-	34,734,892
Less: Accumulated Depreciation	<u>(10,672,249)</u>	<u>(4,213,208)</u>	<u>(54,031)</u>	<u>-</u>	<u>(14,939,488)</u>
Total non-current assets	<u>15,890,047</u>	<u>19,868,207</u>	<u>2,779</u>	<u>-</u>	<u>35,761,033</u>
Total assets	<u>19,217,788</u>	<u>22,325,740</u>	<u>254,112</u>	<u>122,269</u>	<u>41,919,909</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	204,623	1,488,426	27,822	-	1,720,871
Retainage Payable	-	451,373	-	-	451,373
Accrued Expenses	13,849	4,685	-	-	18,534
Customer Deposits	323,355	-	-	-	323,355
Due to Other Funds	1,621,445	3,400,197	232,935	-	5,254,577
Bonds, notes and loans payable	1,041,325	472,000	-	-	1,513,325
Total current liabilities	<u>3,204,597</u>	<u>5,816,681</u>	<u>260,757</u>	<u>-</u>	<u>9,282,035</u>
Non-current liabilities					
Bonds, notes and loans payable	10,375,000	13,588,000	-	-	23,963,000
Compensated Absences	67,353	25,174	-	-	92,527
Total non-current liabilities	<u>10,442,353</u>	<u>13,613,174</u>	<u>-</u>	<u>-</u>	<u>24,055,527</u>
Total liabilities	<u>13,646,950</u>	<u>19,429,855</u>	<u>260,757</u>	<u>-</u>	<u>33,337,562</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,473,722	5,808,207	2,779	-	10,284,708
Restricted	-	1,173,849	-	-	1,173,849
Unrestricted	1,097,116	(4,086,171)	(9,424)	122,269	(2,876,210)
Total net assets	<u>\$ 5,570,838</u>	<u>\$ 2,895,885</u>	<u>\$ (6,645)</u>	<u>\$ 122,269</u>	<u>\$ 8,582,347</u>

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
OPERATING REVENUES					
Charges for Services	\$ 2,891,348	\$ 1,094,593	\$ 13,260	\$ -	\$ 3,999,201
Sales of products	-	-	67,240	56,002	123,242
Total operating revenues	<u>2,891,348</u>	<u>1,094,593</u>	<u>80,500</u>	<u>56,002</u>	<u>4,122,443</u>
OPERATING EXPENSES					
Personal Services	1,067,481	421,244	-	-	1,488,725
Utilities	99,221	79,001	-	-	178,222
Repairs and maintenance	227,698	214,791	31,466	-	473,955
Other supplies and expenses	619,203	83,951	63,817	63,964	830,935
Depreciation	713,184	342,518	967	-	1,056,669
Total Operating expenses	<u>2,726,787</u>	<u>1,141,505</u>	<u>96,250</u>	<u>63,964</u>	<u>4,028,506</u>
Operating income (loss)	<u>164,561</u>	<u>(46,912)</u>	<u>(15,750)</u>	<u>(7,962)</u>	<u>93,937</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	10,806	2,603	8,947	-	22,356
Intergovernmental Transfers	-	245,500	-	-	245,500
Interest and Fiscal Charges	(20,629)	(116,840)	-	-	(137,469)
Total non-operating revenue (expenses)	<u>(9,823)</u>	<u>131,263</u>	<u>8,947</u>	<u>-</u>	<u>130,387</u>
Income Before Transfers	154,738	84,351	(6,803)	(7,962)	224,324
Transfers In (Out) - Net	-	-	-	-	-
Changes in Net Assets	154,738	84,351	(6,803)	(7,962)	224,324
Total Net Assets - Beginning	<u>5,416,100</u>	<u>2,811,534</u>	<u>158</u>	<u>130,231</u>	<u>8,358,023</u>
Total Net Assets - Ending	<u>\$ 5,570,838</u>	<u>\$ 2,895,885</u>	<u>\$ (6,645)</u>	<u>\$ 122,269</u>	<u>\$ 8,582,347</u>

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				TOTALS
	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,766,094	\$ 1,042,534	\$ 80,500	\$ 56,002	\$ 3,945,130
Payments to employees	(1,057,133)	(423,168)	-	-	(1,480,301)
Payments to vendors, suppliers, and insurance administrators	(787,457)	2,119,825	(78,354)	(63,964)	1,190,050
Net cash provided (used) by operating activities	<u>921,504</u>	<u>2,739,191</u>	<u>2,146</u>	<u>(7,962)</u>	<u>3,654,879</u>
CASH FLOW FOR NON-CAPITAL AND RELATED FINANCING ACTIVITIES					
Intergovernmental Transfers	-	-	-	-	-
Net cash provided (used) by non-capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Receipts from the issuance of capital debt	-	8,728,000	-	-	8,728,000
Payments on capital debt	(535,220)	(2,266,713)	-	-	(2,801,933)
Net cash provided (used) by capital and related financing activities	<u>(535,220)</u>	<u>6,461,287</u>	<u>-</u>	<u>-</u>	<u>5,926,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	10,806	2,603	8,947	-	22,356
Intergovernmental	-	245,500	-	-	245,500
Interest and fiscal charges	(20,629)	(116,840)	-	-	(137,469)
Acquisition of capital assets	-	(7,907,073)	-	-	(7,907,073)
Net cash provided (used) by investing activities	<u>(9,823)</u>	<u>(7,775,810)</u>	<u>8,947</u>	<u>-</u>	<u>(7,776,686)</u>
Net increase (decrease) in cash and cash equivalents	376,461	1,424,668	11,093	(7,962)	1,804,260
Cash and cash equivalents at beginning of year	2,440,748	802,931	240,240	130,231	3,614,150
Cash and cash equivalents at ending of year	<u>2,817,209</u>	<u>2,227,599</u>	<u>251,333</u>	<u>122,269</u>	<u>5,418,410</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (loss)	164,561	(46,912)	(15,750)	(7,962)	93,937
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	713,184	342,518	967	-	1,056,669
Change in assets and liabilities:					
Receivables, net	(158,707)	(52,059)	-	-	(210,766)
Accounts and other payables	202,466	2,495,644	16,929	-	2,715,039
Net cash provided by operating activities	<u>\$ 921,504</u>	<u>\$ 2,739,191</u>	<u>\$ 2,146</u>	<u>\$ (7,962)</u>	<u>\$ 3,654,879</u>

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

ASSETS	
Cash and cash equivalents	\$ 2,963,635
TOTAL ASSETS	2,963,635
LIABILITIES AND NET POSITION	
LIABILITIES	
Held in trust	1,941,430
Due to other governments	633,078
Refunds payable and others	389,127
TOTAL LIABILITITES	2,963,635
NET POSITION	
	-
	\$ 2,963,635

The accompanying notes are an integral part of these financial statements.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1 - Summary of Significant Accounting Policies

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Zapata County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The accounting methods and procedures adopted by the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Standards Board (FASB). The following represent the most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Zapata County, Texas is governed by an elected five member commissioner's court. The County has no oversight responsibility for any other government entity since no other entities are considered to be controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, and appointment of the respective governing board.

The County provides the following services to its citizens: public safety, judicial and legal services, public transportation, health and human services, culture and recreation facilities, conservation, public facilities, election functions, and general and financial administrative services.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The General fund is reported as a major fund and is reported in a separate column in the fund financial statements.

C. 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 bases of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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. Fees and fines are considered as earned when paid. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is 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 collected within 120 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 are recorded only when payment is due.

Intergovernmental revenues, rents, commissions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County, which includes delinquent property taxes, licenses, fees and fines. For grants, like the government-wide financial statements, the revenue is recognized when all the eligibility requirements have been met.

The County reports the following as major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All other governmental funds are combined and reported as nonmajor.

The **Debt Service Fund** is the County's fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on short and long term debt.

Additionally, the County reports the following fund types:

Special Revenue Fund – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Fund – The Capital Project Funds are used to account for and report financial resources that are restricted for the acquisition of capital assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The **Proprietary Funds** are used to account for the County's ongoing operations that are financed and operated in a manner similar to private business enterprises – where the determination of net income, financial position, and cash flows are necessary or useful for sound financial administration.

Enterprise Fund – The enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by pledge of the net revenues, (b) has third party requirements that the costs, be of providing services including capital costs, be recovered with fees and charges or (c) has pricing policy designed for the fees and charges to recover similar costs. The County may additionally elect to treat other County business similarly.

The **Fiduciary Funds** are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is upon net position and changes in fund balances and employs accounting principles similar to proprietary funds.

Trust Fund – Trust funds account for the assets that are held for the benefit of others or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

of management and the length of time that the resources are held. The County currently does not have any trust funds that meet this definition.

Agency Fund – Agency funds account for the assets that are held for the benefit of others or as an agent for individuals, private organizations, other governmental units, and/or other funds solely in a custodial capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. and its agencies, certificates of deposit, local government pools, repurchase agreements, money market mutual funds and direct obligations of the State of Texas or its agencies.

Investments for the County, when applicable, are reported at fair market value. All investment income is recognized as revenue in the appropriate fund's statement of activity and or statement of revenues, expenditures and changes in fund balance.

The County considers all highly liquid investments with original maturities of less than 90 days to be cash equivalents. Cash and cash equivalents at year-end include demand deposits and repurchase agreements. Statutes give the County the authority to invest the funds in obligations of the United States, direct obligations of the State of Texas, other obligations guaranteed or insured by the State of Texas or the United States, obligations of states, agencies, counties, or cities of any state that have been rated not less than one or its equivalent by a nationally recognized investment firm, certificates of deposit guaranteed, insured or secured by approved obligations, prime domestic bankers' acceptances, commercial paper, fully collateralized repurchase agreements and an SEC-registered, no-load money market mutual fund whose assets consist exclusively of approved obligations.

State statutes and the adopted Investment Policy govern the County's cash and investment policies. The County's policies governing bank deposits require depositories to be FDIC-insured institutions and depositories must fully collateralize all deposits in excess of FDIC insurance limits. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect the County funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The cash in escrow account presented in the statement of net position – proprietary funds represents funds held in escrow for the Texas Water Development Board project. The County does not have check writing authority on this account. The administrator from the Texas Water Development Board can authorize to disburse fund from the escrow account to the County for eligible expenses.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade receivables are directly written-off when circumstances indicate a receivable is no longer collectible usually within one year a receivable was incurred. Trade receivable allowance is determined based on the number of days a receivable is outstanding. The property tax receivable allowance is equal to 10 percent of delinquent outstanding property taxes at fiscal year-end.

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Property taxes are levied prior to September 30 based on taxable value as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. On the governmental fund financial statements outstanding property taxes receivable is reported as deferred revenue.

Accounts receivables include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and unearned revenue (a liability) at the time the contracts are approved and signed. Grant revenues are recognized when eligibility requirements established by the grantor have been met at which time unearned revenue (the liability account) is reduced.

Lending or borrowing between funds is reflected as “due to or due from” (current position) or “advances to/from other funds” (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in “due to or due from” is eliminated on the government-wide statements.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories comprise of expendable supplies and gasoline held for consumption. All inventory items are expensed when used. Reported inventories are offset by a reservation of fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with fund statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the fund financial statements, advances and prepayments are offset by a reservation of fund balance which indicates they do not represent “available spendable resources”.

Capital Assets

Capital assets, which include land, building and improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	20
Equipment	10-15
Automotive	6
Furniture	12
Heavy equipment	15
Computer equipment	7

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GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County

Compensatory Time

Overtime compensation shall be paid in the form of compensatory time off in accordance with the provisions of the Fair Labor Standards Act (FLSA). Covered employees shall receive time off, with pay, at a rate of one and one-half times the amount of overtime worked. The maximum amount of unused compensatory time an employee shall be allowed to accrue is 240 hours. Law enforcement, emergency medical services (EMS), and fire personnel may accrue a maximum of 480 hours. Unused compensatory time is paid to an employee who terminates employment for any reason prior to using all earned compensatory time.

Compensated Absences

The maximum unpaid annual leave that can be accrued is 160 hours. If an employee has worked at least 12 months in a position which accrues vacation at the time the employee resigns, is dismissed, terminated employment due to a reduction in force, elimination in position, retires, or separates from employment for any reason, the employee shall receive pay for all unused vacation up to the maximum allowed under this policy.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt.

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 debt issued is reported as other financing sources. 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 Designations

Certain fund balances or portions thereof have been reserved to indicate amounts that are not appropriated for expenditures or are legally segregated for a specific future purpose. Designation of a portion of the fund balance is established to indicate tentative plans for financial resource utilization in a future period.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) they are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash, or are not expected to be converted to cash within the next year.

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Restricted - This classification includes amounts for which the constraints that have been placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments, or (b) imposed by law through constitutional provisions or by enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by order of the Commissioners Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners Court removes or changes the specified use by taking the same type of action that was employed when the fund were initially committed.

Assigned - This classification includes amounts that are constrained by the Commissioners Court intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned - This classification includes the residual fund balance for the General Fund.

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resource (revenue) until that time. Deferred outflow of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

	Governmental Activities
Deferred Outflows of Resources	
Deferred Outflows from Pension	\$ 2,177,063
Deferred Outflows from OPEB	47,086
Total Deferred Outflows of Resources	\$ 2,224,149

	Governmental Activities
Deferred Inflows of Resources	
Deferred Inflows from Pension	\$ 1,679,830
Deferred Inflows from OPEB	18,420
Total Deferred Inflows of Resources	\$ 1,698,250

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The Reconciliation of the Governmental funds Balance Sheet to the Statement of Net Position provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are, therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the end of the year were as follows:

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	Capital Assets - Net (beg)	Additions	Depreciation	Capital Assets - Net (end)
Capital assets at end of year				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Furniture and Equipment	681,285	480,180	162,126	999,339
Buildings and Improvements	41,066,913	106,850	1,114,242	40,059,521
Infrastructure	11,910,768	326,805	315,396	11,922,177
				<u>\$ 54,535,676</u>

Long-term liabilities	Total
Limited Tax Refunding Bonds, Series 2013A	\$ 1,820,000
Limited Tax Refunding Bonds, Series 2013B	170,000
Combined Tax & Revenue C/O, Series 2013	1,085,000
Unlimited Tax Refunding Bonds, Series 2017	7,300,000
Zapata National Bank	172,121
Compensated Absences	506,713
Land Closure & Postclosure Costs	832,498
	<u>\$ 11,886,332</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

Current year capital outlay	
Furniture and Equipment	\$ 480,180
Buildings and Improvements	106,850
Infrastructure	326,805
Total capital outlay	913,835
Depreciation expense	(1,591,764)
	<u>\$ (677,929)</u>

Note 3 – Stewardship, compliance and accountability

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

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1. The County Judge is the budget officer and has the responsibility of preparing the County's budgeted expenditures.
2. All County departments and organizations submit their budget requests to the County Judge for the fiscal year commencing the following October 1, by July 1.
3. During July, Commissioners Court conducts informal budget workshops with each department head to discuss their budget requests.
4. On or about July 31, the County Judge prepares a proposed budget to cover all proposed expenditures of the County for the current year. Copies of the proposed budget are filed with the County Clerk. The proposed budget is available for inspection by taxpayers.
5. After the filing of the proposed budget, on a date after August 15th, but prior to September 30 of the current year, Commissioners Court conducts a public hearing on the County's proposed budget. Any taxpayer of the County of Zapata had the right to present and participate in the hearing. At the conclusion of the hearing, the proposed budget, as prepared by the County Judge, is acted upon by the Commissioners Court. The Court had the authority to make such changes in the budget, as in its judgment the facts and the law warrant and the interest of the taxpayers demand, provided the amounts budgeted for current expenditures from the various funds for the County do not exceed the balances in these funds as of October 1 plus the anticipated revenue for the current year for which the budget is made, as estimated by the County Judge.
6. Under no circumstances can Commissioners Court authorize expenditures that will exceed appropriations. Commissioners Court must authorize budget amendments transferring funds among different departments within the same fund.

Anytime any revisions are necessary that alter the total appropriations of any fund, Commissioners Court must enter an order setting forth how the budget is to be amended, declaring an emergency, finding that grave public necessity exists to meet unusual and unforeseen conditions which could not, by reasonably diligent thought and attention, have been included in the original budget.

Budgets adopted on an annual basis are consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, non-grant special revenue, and debt service funds. All annual appropriations lapse at fiscal year end. Budgetary integration is not employed for capital projects funds, because they include projects which extend over a period of several years. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances 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 in the governmental funds to an extent. All outstanding purchase orders automatically carry over to encumbrance the next budget year unless Commissioner Court individually approves them as an encumbrance to the prior year. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2018, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2018-19 budget.

Note 4 – Detailed Notes on all Funds

A. Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities

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is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2018, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments and cash in escrow) was \$13,769,601. The County's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the Federal Reserve Bank of Dallas in the County's name under a joint safekeeping agreement with Zapata National Bank of Texas.

County Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the entity to invest in 1) obligation of the U.S. Treasury, certain U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Zapata County, Texas is in substantial compliance with the requirements of the Act and with local policies.

Cash deposits held at financial institutions can be categorized into the following three categories of credit risk:

Category 1 - Deposits which are insured or collateralized with securities held by the entity or by its agents in the entity's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 – Deposits which are not collateralized.

Based on three levels of risk, all of the County's cash deposits are classified as Category 1.

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposit. The County's deposits, including certificates of deposits, were fully insured or collateralized as required by the state statutes at September 30, 2018. At year-end, the carrying amount of the County's deposits was \$13,769,601. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance, the remainder was covered by collateral with a value of \$17,496,134. The collateral is held by the Federal Reserve Bank of Dallas in the County's name under a joint safekeeping agreement with Zapata National Bank of Zapata, Texas.

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State statutes authorize the County to invest in (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) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (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; and (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.

The County did not have any investments during the year or at September 30, 2018.

Additional policies and contractual provisions governing deposits and investments for the County are specified below:

County Policies and Legal and Contractual Provisions Governing Deposits

Credit Risk. In accordance with state law and County's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The County's investments in investment pools were rated AAA. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the County limits investments in investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2018, the County had no investments.

Concentration of Credit Risk. The County does not place a limit on the amount the County may invest in any one issuer. The County does not have a concentration of credit risk.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a custodial credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis. The County does not have an interest rate risk.

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B. Interfund Activity

Interfund balances at September 30, 2018 consisted of the following individual fund balances:

Due to General Fund	\$ 6,441,196	
Due to Special Revenues	166,101	
Due to Capital Projects	-	
Due to Debt Services	39,105	
	<u>\$ 6,646,402</u>	Total Governmental Activities
Due from General Fund	\$ -	
Due from Special Revenues	1,391,825	
Due to Debt Services	-	
Due from Capital Projects	-	
	<u>1,391,825</u>	Total Governmental Activities
Due from Proprietary Funds	5,254,577	
	<u>\$ 6,646,402</u>	Total Business-type activities

Interfund activity in the statement of net position is netted and presented as internal balances.

C. Receivables

Receivables at September 30, 2018 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 3,799,589		\$ 3,799,589
Debt Service	941,621		941,621
Nonmajor Governmental Funds	335,355	820,731	1,156,086
Water Plant		711,973	711,973
Sewer Plant		305,131	305,131
Total Receivables	<u>\$ 5,076,565</u>	<u>\$ 1,837,835</u>	<u>\$ 6,914,400</u>
Allowance for Uncollectible	(467,178)	(276,638)	(743,816)
Total Receivables, net			<u>\$ 6,170,584</u>

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NOTES TO FINANCIAL STATEMENTS
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D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2018 was as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Total capital assets not being depreciated	<u>1,554,640</u>	<u>-</u>	<u>-</u>	<u>1,554,640</u>
Capital assets being depreciated				
Furniture and Equipment	7,856,822	480,180	-	8,337,002
Buildings and Improvements	55,180,474	106,850	-	55,287,324
Infrastructure	19,937,907	326,805	-	20,264,712
Total capital assets being depreciated	<u>82,975,202</u>	<u>913,835</u>	<u>-</u>	<u>83,889,037</u>
Less: Accumulated Depreciation				
Depreciable Assets	29,316,237	1,591,764	-	30,908,001
Total Accumulated Depreciation	<u>29,316,237</u>	<u>1,591,764</u>	<u>-</u>	<u>30,908,001</u>
Total Capital Assets Depreciated, net	<u>53,658,965</u>	<u>(677,929)</u>	<u>-</u>	<u>52,981,036</u>
Governmental Activities Capital Assets, net	<u>\$ 55,213,605</u>	<u>\$ (677,929)</u>	<u>\$ -</u>	<u>\$ 54,535,676</u>

Depreciation expense was charged to governmental functions as follows:

	2018
General Government	159,176
Public safety	477,530
Infrastructure and environmental services	795,882
Health and human services	159,176
Total Depreciation Expense	<u>\$ 1,591,764</u>

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Business-type Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 765,201			\$ 765,201
Construction in Progress	1,999,088	7,871,194		9,870,282
Total capital assets not being depreciated	<u>2,764,289</u>	<u>7,871,194</u>	-	<u>10,635,483</u>
Capital assets being depreciated				
Furniture and Equipment	3,060,482			3,060,482
Buildings and Improvements	2,269,664			2,269,664
Infrastructure	34,699,014	35,879		34,734,893
Total capital assets being depreciated	<u>40,029,160</u>	<u>35,879</u>	-	<u>40,065,039</u>
Less: Accumulated Depreciation				
Depreciable Assets	13,882,819	1,056,669		14,939,488
Total Accumulated Depreciation	<u>13,882,819</u>	<u>1,056,669</u>	-	<u>14,939,488</u>
Total Capital Assets Depreciated, net	<u>26,146,340</u>	<u>(1,020,790)</u>	-	<u>25,125,550</u>
Governmental Activities Capital Assets, net	<u>\$ 28,910,629</u>	<u>\$ 6,850,404</u>	<u>\$ -</u>	<u>\$ 35,761,033</u>

Depreciation expense was charged to business-type activities functions as follows:

	2018
Water Plant	713,184
Sewer Plant	342,518
Airport	967
Sheriff Commissary	-
Total Depreciation Expense	<u>\$ 1,056,669</u>

E. Long-term debt

Governmental Activities:

The government issues general obligation and certificates of obligations to provide funds for the acquisition and construction of major capital facilities. Certificate of Obligation bonds have been issued for governmental activities.

Limited Tax Refunding Bonds, Series 2013A: The bond was issued in the amount of \$5,740,000 at an interest rate of 4.75% per annum with principal amounts payable August 15 and interest payable semi-annually on February 15 and August 15.

Annual debt service requirements to maturity for the loan is as follows:

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Year Ending September 30,	Principal	Interest
2019	\$ 890,000	\$ 86,450
2020	930,000	44,175
Totals	<u>\$ 1,820,000</u>	<u>\$ 130,625</u>

Limited Tax Refunding Bonds, Series 2013B: The bond was issued in the amount of \$540,000 at an interest rate of 4.75% per annum with principal amounts payable August 15 and interest payable semi-annually on February 15 and August 15.

Annual debt service requirements to maturity for the loan is as follows:

Year Ending September 30,	Principal	Interest
2019	\$ 85,000	\$ 8,075
2020	85,000	4,038
Totals	<u>\$ 170,000</u>	<u>\$ 12,113</u>

Combined Tax & Revenue Certificate of Obligation Bonds, Series 2013: The bond was issued in the amount of \$1,500,000 at an interest rate of 3.75% per annum with principal amounts payable February 15 and interest payable semi-annually on February 15 and August 15.

Annual debt service requirements to maturity for the loan is as follows:

Year Ending September 30,	Principal	Interest
2019	\$ 90,000	\$ 39,000
2020	95,000	35,531
2021	100,000	31,875
2022	100,000	28,125
2023	105,000	24,281
2024-2028	595,000	57,281
Totals	<u>\$ 1,085,000</u>	<u>\$ 216,094</u>

Unlimited Tax Refunding Bonds Series 2017: The bond was issued in the amount of \$8,265,000 at an interest rate ranging from 3.00% to 4.00% per annum with principal amounts payable February 15 and interest payable semi-annually on February 15 and August 15.

Annual debt service requirements to maturity for the loan is as follows:

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Year Ending September 30,	Principal	Interest
2019	810,000	235,950
2020	840,000	211,200
2021	860,000	185,700
2022	895,000	154,900
2023	925,000	123,125
2024-2026	2,970,000	176,225
Totals	<u>\$ 7,300,000</u>	<u>\$ 1,087,100</u>

Zapata National Bank Loan: A loan was obtained to purchase election equipment in the amount of \$172,121. The loan had an original interest rate of 4.5% adjustable on a quarterly basis.

All bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County.

All bonds may be prepaid or redeemed prior to their respective scheduled due dates as per provisions in the bond agreements.

There were no authorized and unissued general obligation bonds at September 30, 2018. The County is in compliance with all bond covenants on outstanding general obligation bonded debt.

Business-type Activities:

Texas Water Development Board, Drinking Water State Revolving Funds (DWSRF) Loan Series, 2006: The bond was issued in the amount of \$14,826,000 at an interest rate of 0% per annum with principal amounts due on February 15.

Annual debt service requirements to maturity for the loan is as follows:

Year Ending September 30,	Principal	Interest
2019	\$ 494,000	\$ -
2020	494,000	-
2021	494,000	-
2022	494,000	-
2023	494,000	-
2024-2028	2,470,000	-
2029-2033	2,470,000	-
2034-2038	2,470,000	-
2039-2040	989,000	-
Totals	<u>\$ 10,869,000</u>	<u>\$ -</u>

Texas Water Development Board, CWSRF Loan Series, 2008: The bond was issued in the amount of \$6,415,000 at an interest rate of 0% per annum with principal amounts due on February 15.

Annual debt service requirements to maturity for the loan is as follows:

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Year Ending September 30,	Principal	Interest
2019	\$ 320,000	\$ -
2020	320,000	-
2021	320,000	-
2022	320,000	-
2023	320,000	-
2024-2028	1,600,000	-
2029-2032	1,285,000	-
Totals	<u>\$ 4,485,000</u>	<u>\$ -</u>

USDA Waterworks and Sewer Revenue Bonds Loan, Series, 2014: The bond was issued in the amount of \$904,000 at an interest rate of 2.375% per annum with principal amounts due on August 15.

Year Ending September 30,	Principal	Interest
2019	\$ 15,000	\$ 20,116
2020	15,000	19,760
2021	16,000	19,404
2022	16,000	19,024
2023	17,000	18,644
2024-2028	89,000	87,091
2029-2033	101,000	75,953
2034-2038	113,000	63,436
2039-2043	127,000	49,353
2044-2048	143,000	33,511
2049-2053	161,000	15,699
2054	34,000	808
Totals	<u>\$ 847,000</u>	<u>\$ 422,798</u>

USDA Waterworks and Sewer Revenue Bonds Loan, Series, 2017A: The bond was issued in the amount of \$4,800,000 at an interest rate of 2.375% per annum with principal amounts due on August 15.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Year Ending September 30,	Principal	Interest
2019	\$ 75,000	\$ 114,000
2020	80,000	112,219
2021	80,000	110,319
2022	80,000	108,419
2023	85,000	106,519
2024-2028	450,000	501,600
2029-2033	505,000	445,669
2034-2038	570,000	382,613
2039-2043	640,000	311,838
2044-2048	715,000	232,275
2049-2053	805,000	143,213
2054-2058	715,000	42,869
Totals	<u>\$ 4,800,000</u>	<u>\$ 2,611,550</u>

USDA Waterworks and Sewer Revenue Bonds Loan, Series, 2017B: The bond was issued in the amount of \$2,139,091 at an interest rate of 2.375% per annum with principal amounts due on August 15.

Year Ending September 30,	Principal	Interest
2019	\$ 62,000	\$ 93,290
2020	64,000	91,818
2021	65,000	90,298
2022	67,000	88,754
2023	68,000	87,163
2024-2028	367,000	410,709
2029-2033	414,000	364,919
2034-2038	465,000	313,381
2039-2043	522,000	255,526
2044-2048	587,000	190,546
2049-2053	660,000	117,444
2054-2058	587,000	35,245
Totals	<u>\$ 3,928,000</u>	<u>\$ 2,139,091</u>

All loans constitute direct obligations of the County, payable from the revenues derived from the Water and Sewer collections, within the limits prescribed by law, on all taxable property located within the County.

All loans may be prepaid or redeemed prior to their respective scheduled due dates as per provisions in the bond agreements.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2018 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Unlimited Tax Road Bonds, Series 2006	\$ 8,400,000	\$ -	\$ 8,400,000	\$ -	-	\$ -
Tax Notes, Series 2011	875,000	-	875,000	-	-	-
Limited Tax Refunding Bonds, Series 2013A	2,670,000	-	850,000	1,820,000	890,000	930,000
Limited Tax Refunding Bonds, Series 2013B	250,000	-	80,000	170,000	85,000	85,000
Combined Tax & Revenue C/O, Series 2013	1,175,000	-	90,000	1,085,000	90,000	995,000
Unlimited Tax Refunding Bonds, Series 2017	-	8,265,000	965,000	7,300,000	810,000	6,490,000
Zapata National Bank	-	172,121	-	172,121	29,886	142,235
Compensated Absences	466,829	39,884	-	506,713	-	506,713
Land Closure & Postclosure Costs	817,778	14,720	-	832,498	-	832,498
Total	\$ 14,654,607	\$ 8,491,725	\$ 11,260,000	\$ 11,886,332	\$ 1,904,886	\$ 9,981,446

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$ 11,363,000	\$ -	\$ 494,000	\$ 10,869,000	\$ 494,000	\$ 10,375,000
TX Water Dev. Board CWSRF Series, 2008	4,805,000	-	320,000	4,485,000	320,000	4,165,000
TX Waterworks and Sewer Revenue Bonds, Series 2014	862,000	-	15,000	847,000	15,000	832,000
USDA Series 2017A (Sewer Plant)	-	4,800,000	-	4,800,000	75,000	4,725,000
USDA Series 2017B (Sewer Plant)	-	3,928,000	-	3,928,000	62,000	3,866,000
Colorado Bank New USDA Sewer Project	1,931,713	185,424	2,117,137	-	-	-
San Ygnacio MUD Loan #5093392427	500,707	-	29,222	471,485	471,485	-
San Ygnacio MUD Loan #5093392428	87,838	-	11,998	75,840	75,840	-
Compensated Absences	84,298	8,229	-	92,527	-	92,527
Total	19,634,556	8,921,653	2,987,357	25,568,852	1,513,325	24,055,527
Grand Total	\$ 34,289,163	\$ 17,413,378	\$ 14,247,357	\$ 37,455,184	\$ 3,418,211	\$ 34,036,973

G. Defined Benefit Pension Plan

Texas County and District Retirement System

Plan Description & Terms

Zapata County participates in the Texas County and District Retirement System (TCDRS), which is a statewide, agent multiple employer, public employee retirement system.

- 1) All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited in his or her TCDRS account. By law, employees accounts earn 7% interest on the beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 225%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- 6) Membership information is shown in chart below.

Members	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits:	166
Number of active employees:	271
Average monthly salary	\$ 2,426
Average age	44.13
Average length of service	12.18
<u>Inactive Employees (or their Beneficiaries) Receiving Benefits</u>	
Number of benefit recipients:	145
Average monthly benefit:	\$ 1,078

The Board of Trustees of TCDRS is responsible for the administration of the statewide, agent multiple-employer, public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034 and can also be found at the following link, www.tcdrs.org.

Funding Policy

The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. The Zapata County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2017 is 9.0%

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Schedule of Employer Contribution

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	533,358	605,790	(72,432)	8,230,839	7.4%
2007	674,541	674,541	-	9,140,115	7.4%
2008	700,973	758,531	(57,558)	10,278,200	7.4%
2009	731,958	779,488	(47,530)	10,562,164	7.4%
2010	868,508	868,508	-	10,565,794	8.2%
2011	855,030	855,213	(183)	10,252,155	8.3%
2012	899,883	899,967	(84)	10,284,382	8.8%
2013	853,881	853,998	(117)	9,291,417	9.2%
2014	887,889	887,889	-	9,125,238	9.7%
2015	792,295	792,295	-	8,583,873	9.2%
2016	710,859	710,859	-	8,050,425	8.8%
2017	698,417	698,417	-	7,751,511	9.0%

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Actuarial Methods and Assumptions are as follows:

Actuarial Valuation Date	12/31/17
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.9 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Projected Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the 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.

Net Pension Liability

Under GASB 68, the County is required to recognize specific pension amounts, which include Net Pension Liability (NPL), deferred outflows and inflows of resources, and pension expense. The Total Pension Liability (TPL) (present value of actuarially determined pension benefits) less the value of the assets available in the plan to pay the pension benefits (Fiduciary Net Position or FNP) results in the NPL; this NPL will appear on the County's Statement of Net Position. The County's NPL was measured as of December 31, 2017 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Actuarial Valuation and Measurement Date, December 31, 2017

Total Pension Liability	\$ 49,110,480
Plan Fiduciary Net Position	<u>50,288,355</u>
Net Pension Liability / (Asset)	\$ (1,177,875)

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with 2014) and is presented in the Required Supplementary Information section.

Schedule of Changes in Net Pension Liability

Changes in the County's Net Pension Liability and Related Ratios as of 12/31/17 are presented below:

Total pension liability

Service Cost	\$ 1,150,842
Interest on the total pension liability	3,809,574
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	(25,572)
Effect of economic/demographic gains or losses	(588,866)
Benefit payments, including refunds of employee contributions	<u>(2,190,235)</u>
Net Change in Total Pension Liability	2,155,743
Total Pension Liability-Beginning	<u>46,954,736</u>
Total Pension Liability- Ending (a)	<u>\$ 49,110,479</u>

Plan Fiduciary Net Position

Contributions- Employer	\$ 698,417
Contributions- Member	542,606
Net Investment Income	6,518,884
Benefit payments, including refunds of employee contributions	(2,190,235)
Administrative expense	(33,443)
Other	<u>(13,036)</u>
Net Change in Plan Fiduciary Net Position	5,523,191
Plan Fiduciary Net Position- Beginning	<u>44,765,164</u>
Plan Fiduciary Net Position- Ending (b)	<u>\$ 50,288,354</u>
Net Pension Liability- Ending (a) - (b)	<u>\$ (1,177,875)</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.40%
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Covered Employee Payroll	\$ 8,050,425
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Net Pension Liability as a Percentage of Covered Employee Payroll	-14.63%
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ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Pension Expense

Below is the Schedule of Pension Expense as of 12/31/16:

Total Service Cost	\$ 1,150,842
Interest on the Total Pension Liability	3,809,574
Effect of Plan Changes	-
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	-
Projected Earnings on Plan Investments (Reduction of Expense)	-
Administrative Expense	33,443
Member Contributions	(542,606)
Expected Investment return net of investment expenses	(3,586,438)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(471,162)
Recognition of assumption changes or inputs	62,887
Recognition of investment gains and losses	420,382
Other	13,036
Total Pension Expense	<u>\$ 889,960</u>

Schedule of Deferred Outflow and Inflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2017 Expense	Balance of Deferred Inflows 12/31/2017	Balance of Deferred Outflows 12/31/2017
Investment (gains) or losses						
	(2,932,446)	12/31/2017	5.0	\$ (586,489)	\$ 2,345,957	\$ -
	270,483	12/31/2016	5.0	54,097	-	162,290
	4,171,139	12/31/2015	5.0	834,228	-	1,668,455
	592,735	12/31/2014	5.0	118,547	-	118,547
Economic/ Demographic (gains) or losses						
	(588,866)	12/31/2017	5.0	(117,773)	471,093	-
	(424,189)	12/31/2016	5.0	(84,838)	254,513	-
	(1,130,757)	12/31/2015	5.0	(226,151)	452,303	-
	(254,397)	12/31/2014	5.0	(42,399)	84,799	-
Assumption changes or inputs						
	(25,572)	12/31/2017	5.0	(5,114)	20,458	-
	-	12/31/2016	5.0	-	-	-
	340,008	12/31/2015	5.0	68,002	-	136,003
	-	12/31/2014	6.0	-	-	-

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 expense as follows:

Year ended December 31:	
2018	\$ 12,108
2019	(106,439)
2020	(740,118)
2021	(709,377)
2022	-
Thereafter	-

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contribution will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 55,970,018	\$ 49,110,480	\$ 43,399,689
Fiduciary Net Position	50,288,355	50,288,355	50,288,355
Net pension liability/asset	5,681,663	(1,177,875)	(6,888,666)

Other Post-Employment Benefits

Plan Description

A description of the OPEB plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follow:

- a. Zapata County participates in the retiree Group Term Life program for the Texas County District Retirement System (TCDRS), which is a state-wide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 1. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

2. 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.
 3. The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 4. No future increases are assumed in the \$5,000 benefit amount.
 5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage Jan. 1 each year. 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.

Membership Information

Members	Dec. 31, 2016	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits:	43	45
Number of active employees:	260	271
Average age of active employees:	44.14	44.13
Average length of service in years for active employees:	12.33	12.18
Inactive Employees Receiving Benefits		
Number of benefit recipients:	126	123

Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance as of December 31, 2016	\$ 557,350
Changes for the year:	
Service cost	15,289
Interest on total OPEB liability	21,428
Changes of benefit terms	-
Effect of economic/demographic experience	(21,490)
Effect of assumptions changes or inputs	30,517
Benefit payments	(11,627)
Other	-
Balance as of December 31, 2017	<u>\$ 591,467</u>
Pensionable covered payroll	\$ 7,751,511
Net OPEB Liability as % of covered payroll	7.63%

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Sensitivity Analysis

The following presents the total OPEB Liability of the employer, calculated using the discount rate of 3.44%, as well as what Zapata County Total OPEB Liability would be if it were calculated using the discount rate that is 1% point lower (2.44%) or 1% point higher (4.44%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

Sensitivity Analysis

1% Decrease	Current Single Rate Assumption	1% Increase
2.44%	3.44%	4.44%

Total OPEB Liability \$ 715,000 \$ 591,467 \$ 496,660

OPEB Expense

OPEB Expense / (Income)	<u>January 1, 2017 to December 31, 2017</u>
Service cost	\$ 15,289
Interest on total OPEB liability	21,428
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(3,070)
Recognition of assumption changes or inputs	4,360
Other	-
OPEB expense / (income)	\$ 38,007

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

Year ended December 31:	
2018	\$ 1,290
2019	\$ 1,290
2020	\$ 1,290
2021	\$ 1,290
2022	\$ 1,290
Thereafter	\$ 1,290

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Schedule of Deferred Inflows and Outflows of Resources

	Recognition Period (or amortization years)	Total (Inflow) or Outflow of Resources	2017 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	7.0000	\$ (21,490)	\$ (3,070)	\$ (18,420)
Difference in assumption changes [actuarial (gains) or losses]	7.0000	\$ 30,517	\$ 4,360	\$ 26,157
Contributions made subsequent to measurement date		\$ 20,929	\$ -	\$ 20,929
Total			<u>\$</u>	<u>\$ 28,666</u>

Discount Rate

	2016	2017
Discount rate	3.78%	3.44%
Municipal bond rate	3.78%	3.44%

Other Key Actuarial Assumptions

	Beginning Date	Ending Date
Valuation date	31-Dec-16	31-Dec-17
Measurement date	31-Dec-16	31-Dec-17
Employer's Fiscal Year	1-Oct-17	30-Sep-18

H. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2018 through the date the financial statements were issued. During this period, there are no subsequent events that require recognition in the financial statements.

I. Contingent Liabilities

Litigation:

Various lawsuits are pending against the County involving general liability, civil rights actions and various contractual matters. In the opinion of County management, the potential claims against the County not covered by insurance resulting from such litigation will not materially affect the financial position of the County.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

J. Risk Management

The County's risk management program includes coverage for property, general liability, automobile liability, law enforcement liability, public officials' liability and employee dishonesty bonds. The County carries commercial insurance.

K. Landfill Closure and Postclosure Costs Liability

State and federal laws and regulations require the County to place final covers on its landfill site when it stops accepting waste at these sites. The County will also be required to perform certain maintenance and monitoring functions for thirty years at the landfill site.

The Governmental Accounting Standards Board (GASB) Statement Number 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," addresses the financial statement effect of complying with EPA and state requirements. GASB Statement 18 requires that all closure and postclosure care costs be recognized during the operating life of the landfill. Accordingly, a portion of the total estimated closure and postclosure care costs, based on the ratio of landfill capacity, should be recognized as an expense and/or liability each period the landfill accepts waste.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care costs. The County established a separate account in October 1997 for these purposes. It is anticipated that future inflation costs will be paid in part from interest earnings on this account. However, if additional postclosure care requirements are determined (due changes in technology or applicable laws or regulations, for example) or interest earnings are inadequate, these costs may need to be covered by charges to future landfill users or from future tax revenue. Landfill Closure and Postclosure Costs in the amount of \$832,498 are recorded on the statement of net position to reflected the estimated liability for these costs.

REQUIRED SUPPLEMENTAL INFORMATION

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Current property taxes	\$ 6,373,901	\$ 6,373,901	\$ 5,983,693	\$ (390,208)
Delinquent property taxes	210,000	210,000	494,240	284,240
Penalties and interest on taxes	200,000	200,000	284,401	84,401
Sales tax	1,400,000	1,400,000	1,481,187	81,187
Franchise fees	100,000	100,000	60,557	(39,443)
Total taxes	8,283,901	8,283,901	8,304,078	20,177
Licenses and permits:				
Business and license and permits	1,500	1,500	4,022	2,522
Total licenses and permits	1,500	1,500	4,022	2,522
Intergovernmental				
Zapata I.S.D. shared tax office	149,822	149,822	147,956	(1,866)
Water connections	34,000	34,000	42,955	8,955
Other	-	-	12,701	12,701
Total intergovernmental	183,822	183,822	203,612	19,790
Charges for services:				
Sheriff fees	7,000	7,000	18,345	11,345
Bond fees	-	-	696	696
County clerk fees	75,000	75,000	57,689	(17,311)
District clerk fees	70,000	70,000	88,946	18,946
Other fees	1,000	1,000	1,520	520
Total charges for services	153,000	153,000	167,196	14,196
Interest	16,000	16,000	158,615	142,615
Other:				
Rent-Civic Center	3,500	3,500	1,250	(2,250)
Rent-Appraisal District	30,000	30,000	30,000	-
Pavilion	12,000	12,000	-	(12,000)
Zapata Community Center	23,000	23,000	19,730	(3,270)
Swimming pool	6,500	6,500	8,387	1,887
Jail	1,850,000	1,850,000	2,495,821	645,821
Jail Telephone Commission	40,000	40,000	52,518	12,518
Landfill	260,000	260,000	264,178	4,178
Emergency Medical Service	650,000	650,000	698,514	48,514
Oil and Gas Royalty	100,000	100,000	59,194	(40,806)
ARM Ordinance	1,000,000	1,000,000	1,201,250	201,250
Miscellaneous	256,000	273,261	109,551	(163,710)
Total Other	4,231,000	4,248,261	4,940,393	692,132
TOTAL REVENUES	12,869,223	12,886,484	13,777,916	891,432
EXPENDITURES:				
General Government				
County Judge				
Personnel	99,429	99,429	94,818	4,611

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Fringe Benefits	38,730	38,730	41,489	(2,759)
Travel and Education	3,500	4,400	4,620	(220)
Supplies	4,500	3,300	3,302	(2)
Indigent Defense County Court	20,000	20,000	16,632	3,368
Other	7,300	7,600	7,856	(256)
Total County Judge	<u>173,459</u>	<u>173,459</u>	<u>168,717</u>	<u>4,742</u>
County Commissioner Precinct 1				
Personnel	21,674	21,674	21,674	-
Fringe Benefits	10,676	10,676	10,416	260
Travel and Education	3,000	3,000	2,772	228
Parks	25,000	25,000	27,412	(2,412)
Total County Commissioner Precinct 1	<u>60,350</u>	<u>60,350</u>	<u>62,274</u>	<u>(1,924)</u>
County Commissioner Precinct 2				
Personnel	17,680	17,680	17,764	(84)
Fringe Benefits	9,893	9,893	12,485	(2,592)
Travel and Education	3,000	2,649	2,649	-
Parks	25,000	25,351	23,191	2,160
Other	-	-	-	-
Total County Commissioner Precinct 2	<u>55,573</u>	<u>55,573</u>	<u>56,089</u>	<u>(516)</u>
County Commissioner Precinct 3				
Personnel	19,760	19,760	19,354	406
Fringe Benefits	10,300	10,300	9,726	574
Travel and Education	3,000	3,000	2,017	983
Parks	25,000	25,000	21,509	3,491
Total County Commissioner Precinct 3	<u>58,060</u>	<u>58,060</u>	<u>52,606</u>	<u>5,454</u>
County Commissioner Precinct 4				
Personnel	21,840	21,840	21,840	-
Fringe Benefits	10,708	10,708	10,557	151
Travel and Education	3,000	3,000	2,589	411
Supplies	4,000	4,000	2,210	1,790
Parks	25,000	25,000	24,474	526
Total County Commissioner Precinct 4	<u>64,548</u>	<u>64,548</u>	<u>61,670</u>	<u>2,878</u>
County Auditor				
Personnel	113,884	113,884	114,095	(211)
Fringe Benefits	41,608	41,608	34,453	7,155
Travel and Education	3,000	3,914	3,914	-
Supplies	4,500	4,500	3,561	939

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Other	5,965	5,051	3,368	1,683
Total Auditor	<u>168,957</u>	<u>168,957</u>	<u>159,391</u>	<u>9,566</u>
Tax Assessor/Collector				
Personnel	166,167	166,167	163,097	3,070
Fringe Benefits	71,091	71,091	54,485	16,606
Travel and Education	5,625	5,625	1,258	4,367
Supplies	25,500	26,350	26,218	132
Other	36,500	35,650	26,570	9,080
Total Tax Assessor/Collector	<u>304,883</u>	<u>304,883</u>	<u>271,628</u>	<u>33,255</u>
County Clerk				
Personnel	115,882	115,882	114,112	1,770
Fringe Benefits	48,380	48,380	47,320	1,060
Travel and Education	3,500	5,297	5,637	(340)
Contract Services	40,000	38,203	37,503	700
Supplies	6,400	6,400	6,021	379
Election Expense	35,000	34,500	33,669	831
Other	11,100	11,600	13,250	(1,650)
Total County Clerk	<u>260,262</u>	<u>260,262</u>	<u>257,512</u>	<u>2,750</u>
County Treasurer				
Personnel	173,830	173,830	173,830	-
Fringe Benefits	66,169	66,169	64,449	1,720
Travel and Education	5,000	5,000	4,013	987
Supplies	5,000	5,000	4,014	986
Other	4,586	4,586	3,266	1,320
Total County Treasurer	<u>254,585</u>	<u>254,585</u>	<u>249,572</u>	<u>5,013</u>
Personnel Department				
Personnel	32,012	32,012	33,565	(1,553)
Fringe Benefits	12,703	12,703	12,330	373
Travel and Education	1,500	1,500	1,059	441
Supplies	1,500	1,500	1,244	256
Total Personnel Department	<u>47,715</u>	<u>47,715</u>	<u>48,198</u>	<u>(483)</u>
Custodial and Maintenance Service				
Personnel	94,288	94,288	94,448	(160)
Fringe Benefits	44,991	44,991	43,880	1,111
Contract Services	31,000	31,000	33,673	(2,673)
Supplies	20,000	20,000	20,870	(870)
Other	16,000	16,000	16,354	(354)
Total Custodial and Maintenance Service	<u>206,279</u>	<u>206,279</u>	<u>209,225</u>	<u>(2,946)</u>
Non-Department				
Personnel	69,873	69,873	69,873	-
Fringe Benefits	21,719	21,719	24,033	(2,314)
Travel and Education	2,500	2,500	-	2,500
Contract Services	140,000	157,261	233,546	(76,285)
Supplies	18,750	16,250	7,322	8,928
Retiree Health Insurance	-	-	485	(485)

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Telephone	100,000	101,371	100,519	852
Utilities-General	947,000	945,629	893,115	52,514
Insurance-General	350,000	350,000	357,206	(7,206)
Computer Programs	15,000	15,000	22,227	(7,227)
Jury Fund	20,000	20,000	13,430	6,570
Appraisal District	317,795	317,795	280,326	37,469
Border Regional MHMR	1,000	1,000	1,000	-
Food Pantry	10,000	10,000	10,000	-
Boys and Girls Club of Zapata	40,000	40,000	40,000	-
Postage	18,000	18,000	2,235	15,765
County Property Repairs	80,000	79,026	109,735	(30,709)
Law Books and Periodicals	2,500	2,500	2,267	233
Autopsies	15,000	15,000	22,608	(7,608)
Other	29,000	31,500	25,765	5,735
Total Non-Department	<u>2,198,137</u>	<u>2,214,424</u>	<u>2,215,692</u>	<u>(1,268)</u>
Grants and Other Contributions				
Grants Matching	50,000	50,000	-	50,000
Total Grants and Other Contributions	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total General Government	<u>3,902,808</u>	<u>3,919,095</u>	<u>3,812,574</u>	<u>106,521</u>
Public Safety				
Sheriff Department				
Personnel	1,168,286	1,168,286	1,169,997	(1,711)
Fringe Benefits	471,172	469,172	461,972	7,200
Travel and Education	5,500	5,500	5,230	270
Supplies	16,125	16,125	15,992	133
Fuel & Lubricants	85,000	85,000	59,730	25,270
Repairs & Maintenance	112,225	112,225	112,518	(293)
Other	11,000	11,000	7,538	3,462
Total Sheriff Department	<u>1,869,308</u>	<u>1,867,308</u>	<u>1,832,977</u>	<u>34,331</u>
CSI Specialist				
Personnel	42,040	42,040	74,522	(32,482)
Fringe Benefits	14,670	14,670	20,443	(5,773)
Travel and Education	1,000	1,000	961	39
Supplies	3,200	3,200	3,077	123
Other	5,000	5,000	4,795	205
Total CSI Specialist	<u>65,910</u>	<u>65,910</u>	<u>103,798</u>	<u>(37,888)</u>
Constables				
Personnel	50,844	50,844	47,666	3,178

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Fringe Benefits	36,691	36,391	19,946	16,445
Travel and Education	2,500	2,384	1,834	550
Supplies	8,700	9,505	5,600	3,905
Other	3,200	2,811	1,685	1,126
Total Constables	<u>101,935</u>	<u>101,935</u>	<u>76,731</u>	<u>25,204</u>
Fire Fighting and Ambulance Services				
Personnel	1,117,166	1,117,166	1,114,488	2,678
Fringe Benefits	402,046	402,046	396,384	5,662
Travel and Education	7,500	7,500	7,414	86
Contract Services	33,600	33,600	39,133	(5,533)
Supplies	122,000	125,000	105,679	19,321
Other	33,000	30,974	29,971	1,003
Total Fire Fighting and Ambulance Services	<u>1,715,312</u>	<u>1,716,286</u>	<u>1,693,069</u>	<u>23,217</u>
Safety and Risk Management				
Personnel	8,481	8,481	8,481	-
Fringe Benefits	1,906	1,906	3,101	(1,195)
Travel and Education	2,000	2,000	1,620	380
Supplies	2,000	2,000	1,956	44
Other	4,000	4,000	3,350	650
Total Safety and Risk Management	<u>18,387</u>	<u>18,387</u>	<u>18,508</u>	<u>(121)</u>
Juvenile Probation				
Personnel	120,959	120,959	125,996	(5,037)
Fringe Benefits	88,693	88,693	54,800	33,893
Travel and Education	18,000	18,000	14,876	3,124
Contract Services	28,500	26,700	15,352	11,348
Supplies	14,000	14,000	11,928	2,072
Repairs & Maintenance	4,500	4,500	3,912	588
Other	4,500	6,300	5,271	1,029
Total Juvenile Probation	<u>279,152</u>	<u>279,152</u>	<u>232,135</u>	<u>47,017</u>
Adult Probation				
Supplies	4,500	4,500	2,870	1,630
Total Adult Probation	<u>4,500</u>	<u>4,500</u>	<u>2,870</u>	<u>1,630</u>
Total Public Safety	<u>4,054,504</u>	<u>4,053,478</u>	<u>3,960,088</u>	<u>93,390</u>
Justice System				
Justices of the Peace				
Personnel	216,696	216,696	216,988	(292)
Fringe Benefits	93,715	93,715	90,649	3,066
Travel and Education	8,800	9,190	8,721	469
Supplies	12,000	13,048	11,645	1,403
Other	20,500	19,062	14,204	4,858
Total Justices of the Peace	<u>351,711</u>	<u>351,711</u>	<u>342,207</u>	<u>9,504</u>

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Attorney				
Personnel	186,944	186,944	132,268	54,676
Fringe Benefits	68,740	68,740	62,059	6,681
Travel and Education	3,000	3,000	3,000	-
Supplies	5,000	1,701	1,648	53
Vehicle Expense	6,000	2,489	2,489	-
Other	8,500	15,310	10,933	4,377
Total County Attorney	<u>278,184</u>	<u>278,184</u>	<u>212,397</u>	<u>65,787</u>
49th District Court				
Personnel	89,217	89,217	89,216	1
Fringe Benefits	33,390	33,390	33,496	(106)
Travel and Education	7,500	7,500	6,286	1,214
Contract Services	119,600	116,373	81,525	34,848
Supplies	5,600	3,100	1,810	1,290
Other	5,850	11,577	10,597	980
Total 49th District Court	<u>261,157</u>	<u>261,157</u>	<u>222,930</u>	<u>38,227</u>
District Clerk				
Personnel	121,261	121,261	121,572	(311)
Fringe Benefits	49,435	49,435	48,307	1,128
Travel and Education	2,000	3,350	3,465	(115)
Supplies	9,250	7,900	6,582	1,318
Other	9,100	9,100	9,638	(538)
Total District Clerk	<u>191,046</u>	<u>191,046</u>	<u>189,564</u>	<u>1,482</u>
District Attorney				
Personnel	13,934	13,934	13,934	-
Fringe Benefits	1,066	1,066	1,272	(206)
Total District Attorney	<u>15,000</u>	<u>15,000</u>	<u>15,206</u>	<u>(206)</u>
Total Justice System	<u>1,097,098</u>	<u>1,097,098</u>	<u>982,304</u>	<u>114,794</u>
Health and Human Services				
Indigent Health Care				
Personnel	30,000	30,000	30,000	-
Fringe Benefits	12,308	12,308	11,963	345
Travel and Education	2,000	2,000	1,881	119
Supplies	3,000	3,000	2,691	309
Indigent Health Care	542,712	542,712	527,664	15,048
Other	12,600	12,600	12,708	(108)
Total Indigent Health Care	<u>602,620</u>	<u>602,620</u>	<u>586,907</u>	<u>15,713</u>
Environmental Health				
Personnel	217,366	217,366	216,535	831
Fringe Benefits	108,676	108,676	109,160	(484)
Travel and Education	2,000	2,000	1,918	82

ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Supplies	25,000	30,000	30,924	(924)
Other	126,550	121,550	117,610	3,940
Total Environmental Health	<u>479,592</u>	<u>479,592</u>	<u>476,147</u>	<u>3,445</u>
Total Health and Human Services	<u>1,082,212</u>	<u>1,082,212</u>	<u>1,063,054</u>	<u>19,158</u>
Environmental Services				
Recycling				
Personnel	40,959	40,959	39,246	1,713
Fringe Benefits	21,292	21,292	18,766	2,526
Travel and Education	1,000	1,000	310	690
Supplies	3,000	3,000	1,792	1,208
Other	2,000	2,000	1,963	37
Total Recycling	<u>68,251</u>	<u>68,251</u>	<u>62,077</u>	<u>6,174</u>
Agriculture and Livestock				
Personnel	18,373	18,373	14,133	4,240
Fringe Benefits	1,824	1,824	1,452	372
Travel and Education	3,000	4,160	4,436	(276)
Supplies	3,500	3,500	3,545	(45)
Other	1,800	640	215	425
Total Agriculture and Livestock	<u>28,497</u>	<u>28,497</u>	<u>23,781</u>	<u>4,716</u>
Total Environmental Services	<u>96,748</u>	<u>96,748</u>	<u>85,858</u>	<u>10,890</u>
Corrections and Rehabilitation				
County Jail				
Personnel	311,543	311,543	303,726	7,817
Fringe Benefits	142,193	142,193	117,827	24,366
Travel and Education	4,500	4,500	3,836	664
Supplies	6,500	6,500	6,288	212
Prisoner Expenses	80,100	73,600	74,422	(822)
Repairs & Maintenance	18,000	18,000	20,736	(2,736)
Other	8,000	8,000	8,345	(345)
Total County Jail	<u>570,836</u>	<u>564,336</u>	<u>535,180</u>	<u>29,156</u>
Regional Jail				
Personnel	840,598	840,598	932,270	(91,672)
Fringe Benefits	390,792	390,792	374,315	16,477
Travel and Education	12,500	10,500	10,331	169
Supplies	8,000	5,000	4,896	104
Prisoner Expenses	282,200	264,700	280,302	(15,602)
Repairs & Maintenance	31,500	62,500	62,647	(147)
Other	25,000	25,000	24,146	854
Total Regional Jail	<u>1,590,590</u>	<u>1,599,090</u>	<u>1,688,907</u>	<u>(89,817)</u>
Total Corrections and Rehabilitation	<u>2,161,426</u>	<u>2,163,426</u>	<u>2,224,087</u>	<u>(60,661)</u>

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Community and Economic Development				
Zapata Civic Center				
Personnel	71,636	71,636	71,402	234
Fringe Benefits	33,723	33,723	33,295	428
Contracted Services	14,000	14,017	14,434	(417)
Supplies	7,000	2,601	2,567	34
Other	11,000	15,382	14,172	1,210
Total Zapata Civic Center	137,359	137,359	135,870	1,489
San Ygnacio Civic Center				
Personnel	8,000	8,000	10,089	(2,089)
Fringe Benefits	657	657	1,096	(439)
Supplies	1,000	1,000	646	354
Other	1,000	1,000	825	175
Total San Ygnacio Civic Center	10,657	10,657	12,656	(1,999)
Falcon Community Center				
Supplies	500	500	436	64
Total Falcon Community Center	500	500	436	64
County Library System				
Personnel	68,354	68,354	68,353	1
Fringe Benefits	32,680	32,680	32,453	227
Travel and Education	3,000	-	-	-
Supplies	7,500	10,500	8,919	1,581
Books & Periodicals	6,000	8,000	10,040	(2,040)
Other	6,000	4,000	3,280	720
Total County Library System	123,534	123,534	123,045	489
Romeo Flores Park Swimming Complex				
Personnel	8,000	8,000	11,484	(3,484)
Fringe Benefits	657	657	1,199	(542)
Supplies	8,000	8,000	9,537	(1,537)
Other	5,000	5,000	7,232	(2,232)
Total Romeo Flores Park Swimming Complex	21,657	21,657	29,452	(7,795)
Department of Aviation				
Personnel	29,823	29,823	29,823	-
Fringe Benefits	12,274	12,274	12,585	(311)
Contracted Services	7,500	4,500	4,061	439
Other	9,500	12,500	8,939	3,561
Total Department of Aviation	59,097	59,097	55,408	3,689
Museum of History				
Supplies	-	-	2,517	(2,517)
Contracted Services	-	-	14,600	(14,600)
Total Museum of History	-	-	17,117	(17,117)
Total Community and Economic Development	352,804	352,804	373,984	(21,180)

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Capital Outlay				
Capital Outlay Department	137,918	137,918	653,054	(515,136)
Total Capital Outlay	<u>137,918</u>	<u>137,918</u>	<u>653,054</u>	<u>(515,136)</u>
TOTAL EXPENDITURES	<u>12,885,518</u>	<u>12,902,779</u>	<u>13,155,003</u>	<u>(252,224)</u>
Excess (deficiency) of revenues over expenditures	<u>(16,295)</u>	<u>(16,295)</u>	<u>622,913</u>	<u>639,208</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	291,043	291,043
Operating transfers out	(315,123)	(315,123)	(268,156)	46,967
Loan Proceeds	-	-	172,121	172,121
Net other financing sources (uses)	<u>(315,123)</u>	<u>(315,123)</u>	<u>195,008</u>	<u>510,131</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(331,418)</u>	<u>(331,418)</u>	<u>817,921</u>	<u>1,149,339</u>
FUND BALANCE AT BEGINNING OF YEAR	11,970,066	11,970,066	11,970,066	-
PRIOR PERIOD ADJUSTMENT	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>11,638,648</u>	<u>11,638,648</u>	<u>12,787,987</u>	<u>1,149,339</u>

ZAPATA COUNTY, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2018

SCHEDULE OF CHANGES IN THE COUNTY'S NET
PENSION LIABILITY AND RELATED RATIOS

Total pension liability	Year Ended September 30			
	2017	2016	2015	2014
Service Cost	\$ 1,150,842	\$ 1,263,648	\$ 1,351,831	\$ 1,373,043
Interest on the total pension liability	3,809,574	3,570,271	3,418,454	3,194,801
Changes of benefit terms	-	-	(227,680)	-
Difference between expected and actual experience	-	-	-	-
Change of assumptions	(25,572)	-	340,008	-
Effect of economic/demographic gains or losses	(588,866)	(424,189)	(1,130,757)	(254,397)
Benefit payments, including refunds of employee contributions	(2,190,235)	(1,790,918)	(1,768,063)	(1,432,411)
Net Change in Total Pension Liability	2,155,743	2,618,812	1,983,793	2,881,036
Total Pension Liability-Beginning	46,954,736	44,335,924	42,352,131	39,471,095
Total Pension Liability- Ending (a)	\$ 49,110,479	\$ 46,954,736	\$ 44,335,924	\$ 42,352,131
Plan Fiduciary Net Position				
Contributions- Employer	\$ 698,417	\$ 710,859	\$ 792,295	\$ 887,889
Contributions- Member	542,606	563,530	608,512	638,767
Net Investment Income	6,518,884	3,126,760	(648,125)	2,727,093
Benefit payments, including refunds of employee contributions	(2,190,235)	(1,790,918)	(1,768,063)	(1,432,411)
Administrative expense	(33,443)	(33,979)	(30,800)	(32,339)
Other	(13,036)	(43,660)	(59,165)	(13,753)
Net Change in Plan Fiduciary Net Position	5,523,191	2,532,592	(1,105,347)	2,775,246
Plan Fiduciary Net Position- Beginning	44,765,164	42,232,572	43,337,918	40,562,673
Plan Fiduciary Net Position- Ending (b)	\$ 50,288,354	\$ 44,765,164	\$ 42,232,572	\$ 43,337,919
Net Pension Liability- Ending (a) - (b)	\$ (1,177,875)	\$ 2,189,573	\$ 2,103,353	\$ (985,788)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.40%	95.34%	95.26%	102.33%
Covered Employee Payroll	\$ 8,050,425	\$ 8,050,425	\$ 8,583,873	\$ 9,125,238
Net Pension Liability as a Percentage of Covered Employee Payroll	-14.63%	27.20%	24.50%	-10.80%

COMBINING FUND STATEMENTS

ZAPATA COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	Special Road and Bridge	Lateral Road	Task Force	Emergency Management & Fire Marshal	Information & Assistance Program	Nutrition Cener	Child/Adult Care Food & Summer Foo	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology	Reserve 1991
ASSETS												
Cash and Cash Equivalents	730,043	338,237					7,206	110,364	103	119,564	40,705	14,481
Receivables (net of allowance)	306,485	19	40,856		363	15,550			6,307	428	361	
Due from Other Funds	97,640	19,005	-	1,001	681							
Total Assets	1,134,168	357,261	40,856	1,001	1,044	15,550	7,206	110,364	6,410	119,992	41,066	14,481
LIABILITIES AND FUND BALANCES												
Accounts Payable	12,788		205	292	112	4,654					114	
Accrued Wages Payable	16,816		2,244	709	932	2,116						
Due to Other Funds			38,407			8,780		273,830	59,508	375	76,951	
Unearned Revenues	259,834											
Total Liabilities	289,438	-	40,856	1,001	1,044	15,550	-	273,830	59,508	375	77,065	-
Fund Balances:												
Restricted:												
General Government												14,481
Public Safety								(163,466)				
Justice System										119,617	(35,999)	
Health & Human Services							7,206					
Infrastructure & Environmental Services	844,730	357,261										
Community and Economic Development									(53,098)			
Capital Outlay												
Debt Service												
Unassigned												
Total Fund Balances	844,730	357,261	-	-	-	-	7,206	(163,466)	(53,098)	119,617	(35,999)	14,481
Total Liabilities and Fund Balances	1,134,168	357,261	40,856	1,001	1,044	15,550	7,206	110,364	6,410	119,992	41,066	14,481

ZAPATA COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	Tobacco Settlement	Records Archive	Records Managemen	Records Managemen	Records Managemen	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDETF	Juvenile Probation
ASSETS												
Cash and Cash Equivalents	62,377	64,987	95,258	16,644	7,250		35,319	1,767	35,827	37,605	11,960	14,552
Receivables (net of allowance)		645	645	5	60	49,830					835	
Due from Other Funds			47,502		272							
Total Assets	62,377	65,632	143,405	16,649	7,582	49,830	35,319	1,767	35,827	37,605	12,795	14,552
LIABILITIES AND FUND BALANCES												
Accounts Payable						64						650
Accrued Wages Payable			350		281	1,230						2,627
Due to Other Funds	59,359					48,536		375		15,076		90,354
Unearned Revenues												
Total Liabilities	59,359	-	350	-	281	49,830	-	375	-	15,076	-	93,631
Fund Balances:												
Restricted:												
General Government		65,632	143,055	16,649	7,301							
Public Safety								1,392	35,827	22,529	12,795	
Justice System							35,319					(79,079)
Health & Human Services	3,018											
Infrastructure & Environmental Services												
Community and Economic Development												
Capital Outlay												
Debt Service												
Unassigned												
Total Fund Balances	3,018	65,632	143,055	16,649	7,301	-	35,319	1,392	35,827	22,529	12,795	(79,079)
Total Liabilities and Fund Balances	62,377	65,632	143,405	16,649	7,582	49,830	35,319	1,767	35,827	37,605	12,795	14,552

ZAPATA COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Diversion Grant R	Operation Stonegarder	TEOAF Grant	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelts 7215085	3rd, 4th & 7th Street Imp. 7216511	7217511	TOTALS
ASSETS												
Cash and Cash Equivalents	69,198						16,151					1,829,598
Receivables (net of allowance)		11,043		26,273	67,446	49,173	4,000	88,717	282,689	168,486	7,000	1,127,216
Due from Other Funds												166,101
Total Assets	69,198	11,043	-	26,273	67,446	49,173	20,151	88,717	282,689	168,486	7,000	3,122,915
LIABILITIES AND FUND BALANCES												
Accounts Payable						1,590				13,000		33,469
Accrued Wages Payable				1,998								29,303
Due to Other Funds	5,683	11,043	10,201	24,275	67,446	47,583	20,151	88,717	282,689	155,486	7,000	1,391,825
Unearned Revenues												259,834
Total Liabilities	5,683	11,043	10,201	26,273	67,446	49,173	20,151	88,717	282,689	168,486	7,000	1,714,431
Fund Balances:												
Restricted:												
General Government												247,118
Public Safety												(90,923)
Justice System	63,515		(10,201)									93,172
Health & Human Services												10,224
Infrastructure & Environmental Services												1,201,991
Community and Economic Development												(53,098)
Capital Outlay												-
Debt Service												-
Unassigned												-
Total Fund Balances	63,515	-	(10,201)	-	-	-	-	-	-	-	-	1,408,484
Total Liabilities and Fund Balances	69,198	11,043	-	26,273	67,446	49,173	20,151	88,717	282,689	168,486	7,000	3,122,915

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Road and Bridge	Lateral Road	Task Force	Emergency Management Fire Marshal	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Foo	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology	Reserve 1991
REVENUES:												
Taxes:												
Property Taxes	752,691	468										
Penalty & Interest on Taxes	24,552	454										
Hotel/Motel									98,614			
Intergovernmental		11,735	134,110			74,696	104,791					
Licenses and Permits	377,843											
Charges for Services					21,662	6,351						
Fines and Forfeitures	149,435							74,085		5,879	3,799	
Interest	18,505	5,161						1,120	184	1,278	404	152
Miscellaneous												
Total Revenues	1,323,026	17,818	134,110	-	21,662	81,047	104,791	75,205	98,798	7,157	4,203	152
EXPENDITURES:												
Current:												
General Government												
Public Safety			134,110	51,943				71,282				
Justice System										2,290	10,128	
Health & Human Services					81,509	237,413	103,622					
Infrastructure & Environmental Services	1,440,782											
Community & Economic Development									153,225			
Capital Outlay												
Debt Service:												
Principal Retirement												
Interest and Fiscal Charges												
Total Expenditures	1,440,782	-	134,110	51,943	81,509	237,413	103,622	71,282	153,225	2,290	10,128	-
Excess (Deficiency) of Revenues												
Over (Under) Expenditures	(117,756)	17,818	-	(51,943)	(59,847)	(156,366)	1,169	3,923	(54,427)	4,867	(5,925)	152
OTHER FINANCING SOURCES (USES):												
Operating Transfers In	85,424			51,943	59,847	156,366						
Operating Transfers Out	(5,464)											
Loan Proceeds												
Total Other Financing Sources (Uses)	79,960	-	-	51,943	59,847	156,366	-	-	-	-	-	-
Net Change in Fund Balances	(37,796)	17,818	-	-	-	-	1,169	3,923	(54,427)	4,867	(5,925)	152
Fund Balance - Beginning of Year	882,526	339,443	-	-	-	-	6,037	(167,389)	1,329	114,750	(30,074)	14,329
Fund Balance - End of Year	844,730	357,261	-	-	-	-	7,206	(163,466)	(53,098)	119,617	(35,999)	14,481

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Tobacco Settlement	Records Archive	Records Management	Records Management Statute	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDETF	Juvenile Probation
REVENUES:												
Taxes:												
Property Taxes												
Penalty & Interest on Taxes												
Hotel/Motel												
Intergovernmental	44,730					49,830		5,279			19,662	195,307
Licenses and Permits		20,080	20,125	80	1,302				19,152			
Charges for Services							8,120		313	417		106
Fines and Forfeitures							783					1,894
Interest												
Miscellaneous												
Total Revenues	44,730	20,080	20,125	80	1,302	49,830	8,903	5,279	19,465	417	19,662	197,307
EXPENDITURES:												
Current:												
General Government			46,072	55	4,941							
Public Safety						70,769		4,471	24,751		14,359	
Justice System							24,640					217,920
Health & Human Services	94,440											
Infrastructure & Environmental Services												
Community & Economic Development												
Capital Outlay												
Debt Service:												
Principal Retirement												
Interest and Fiscal Charges												
Total Expenditures	94,440	-	46,072	55	4,941	70,769	24,640	4,471	24,751	-	14,359	217,920
Excess (Deficiency) of Revenues												
Over (Under) Expenditures	(49,710)	20,080	(25,947)	25	(3,639)	(20,939)	(15,737)	808	(5,286)	417	5,303	(20,613)
OTHER FINANCING SOURCES (USES):												
Operating Transfers In												
Operating Transfers Out										(21,515)		
Loan Proceeds												
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	(21,515)	-	-
Net Change in Fund Balances	(49,710)	20,080	(25,947)	25	(3,639)	(20,939)	(15,737)	808	(5,286)	(21,098)	5,303	(20,613)
Fund Balance - Beginning of Year	52,728	45,552	169,002	16,624	10,940	20,939	51,056	584	41,113	43,627	7,492	(58,466)
Fund Balance - End of Year	3,018	65,632	143,055	16,649	7,301	-	35,319	1,392	35,827	22,529	12,795	(79,079)

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Diversion Grant R	Operation Stonegarden	TEOAF Grant	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelts 7215085	3rd, 4th & 7th Street Imp. 7216511	7217511	TOTALS
REVENUES:												
Taxes:												
Property Taxes												753,159
Penalty & Interest on Taxes												25,006
Hotel/Motel												98,614
Intergovernmental	100,454		2,962	51,078		49,173		55,271	143,874	7,000		1,049,952
Licenses and Permits												377,843
Charges for Services												69,600
Fines and Forfeitures												260,470
Interest												28,423
Miscellaneous												1,894
Total Revenues	100,454	-	2,962	51,078	-	49,173	-	-	55,271	143,874	7,000	2,664,961
EXPENDITURES:												
Current:												
General Government												51,068
Public Safety				51,078								422,763
Justice System	65,771		2,680									323,429
Health & Human Services												516,984
Infrastructure & Environmental Services												1,440,782
Community & Economic Development												153,225
Capital Outlay						54,637		55,271	143,874	7,000		260,782
Debt Service:												-
Principal Retirement												-
Interest and Fiscal Charges												-
Total Expenditures	65,771	-	2,680	51,078	-	54,637	-	-	55,271	143,874	7,000	3,169,033
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,683	-	282	-	-	(5,464)	-	-	-	-	-	(504,072)
OTHER FINANCING SOURCES (USES):												
Operating Transfers In						5,464						359,044
Operating Transfers Out												(26,979)
Loan Proceeds												-
Total Other Financing Sources (Uses)	-	-	-	-	-	5,464	-	-	-	-	-	332,065
Net Change in Fund Balances	34,683	-	282	-	-	-	-	-	-	-	-	(172,007)
Fund Balance - Beginning of Year	28,832	-	(10,483)	-	-	-	-	-	-	-	-	1,580,491
Fund Balance - End of Year	63,515	-	(10,201)	-	-	-	-	-	-	-	-	1,408,484

SINGLE AUDIT SECTION



Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)
Guadalupe Garcia-Wright, CPA

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 Honorable County Commissioners
County of Zapata, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Zapata, Texas' basic financial statements, and have issued our report thereon dated July 30, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Zapata, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Canales, Garza & Baum, PLLC

Laredo, Texas
July 30, 2019



Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)
Guadalupe Garcia-Wright, CPA

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
the Honorable County Commissioners
Zapata County, Texas

Report on Compliance for Each Major Federal Program

We have audited Zapata County, Texas (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Canales, Darya & Baum, PLLC

Laredo, Texas
July 30, 2019

Zapata County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Rural Development			
Rural Utilities Service			
Community Facilities Loans and Grants - Loan			
Sewer Improvements	10.766		\$ 7,907,073
Passed Through Texas Department of Agriculture			
Child and Adult Care Food Program	10.558		103,622
Passed Through South Texas Development Council			
Nutrition Program for the Elderly	10.570	C1, C2, USDA	74,696
Total U.S. Department of Agriculture			<u>8,085,391</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Texas Department of Agriculture			
Community Development Block Grants	14.228	7217511	7,000
Community Development Block Grants	14.228	7216511	143,874
Community Development Block Grants	14.228	7215085	55,271
Total U.S. Department of Housing and Urban Development			<u>206,145</u>
<u>U.S. Department of Justice</u>			
Passed Through City of Laredo, Texas			
Financial Task Force	16.579		134,110
Total U.S. Department of Justice			<u>134,110</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
Operation Stonegarden	97.067		51,078
Total U.S. Department of Homeland Security			<u>51,078</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,476,724</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of Zapata County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, therefore some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

NOTE B - 10% DE MINIMIS INDIRECT COST RATE

Zapata County did not elect to use the 10% De Minimis Indirect Cost Rate

Zapata County, Texas
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no Significant
 deficiencies identified that are not
 considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiencies identified that are
 not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
 for major programs: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	USDA – Community Facilities Loans and Grants - Sewer Improvements

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

Section II - Financial Statement Findings

None

Section III - State Award Findings and Questioned Costs

None

Zapata County, Texas
Summary Schedule of Prior Audit Findings and Questioned Costs
Year Ended September 30, 2018

Summary of Prior Audit Findings

Federal Award Findings and Questioned Costs

None.