

ZAPATA COUNTY, TEXAS

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2020

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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, 2020, 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 September 30, 2021, 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, Garza & Baum, PLLC*

Laredo, Texas  
September 30, 2021

## 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, 2020. 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 \$72,279,881 (net assets) at September 30, 2020. Of this amount, \$14,232,385 (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 \$431,004.

The County's total combined Proprietary Fund net assets was \$10,591,210 September 30, 2020.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,783,587, a decrease of \$2,419,361 in comparison with the prior period. Approximately 51% of this total amount, \$6,457,490, 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 22-51 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 52-62 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 \$72,279,881 at the close of the most recent fiscal year.

A portion of the County's net assets (\$57,457,083 - 79%) 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>9/30/2020</u>	<u>9/30/2019</u>
Current and Other Assets	\$ 16,878,879	\$ 19,167,479
Capital Assets	90,877,187	91,027,168
Total Assets	<u>107,756,066</u>	<u>110,194,647</u>
Deferred Outflows of Resources	3,182,394	54,734,214
Long-term Liabilities	32,164,590	37,181,100
Other Liabilities	4,710,446	5,717,924
Total Liabilities	<u>36,875,036</u>	<u>42,899,024</u>
Deferred Inflows of Resources	1,783,543	880,960
Invested in Capital Assets, net of Related Debt	57,457,083	55,381,699
Reserved for Other Purposes	618,992	1,871,127
Reserved for Debt Service	(28,579)	421,184
Unrestricted	<u>14,232,385</u>	<u>14,174,867</u>
Total Net Assets	<u>\$ 72,279,881</u>	<u>\$ 71,848,877</u>

### Government-wide Financial Activities

Government-wide financial activities increased the County's net assets by \$431,004.

	<u>9/30/2020</u>	<u>9/30/2019</u>
Revenues:		
Program revenues		
Charges for services	\$ 5,566,333	\$ 4,684,361
Operating grants	1,583,351	1,188,698
Capital grants	1,121,138	1,453,531
General revenues		
Property taxes	8,954,898	9,678,247
Sales and miscellaneous taxes	2,836,529	1,827,785
Investment earnings	176,432	326,373
Other financing sources	-	-
Miscellaneous	<u>4,140,707</u>	<u>5,117,568</u>
Total Revenue	<u>24,379,388</u>	<u>24,276,563</u>

	<u>9/30/2020</u>	<u>9/30/2019</u>
Expenses:		
General government	4,171,262	4,999,377
Public safety	5,358,171	5,042,458
Justice system	1,505,717	1,503,831
Health and human services	1,592,200	1,600,941
Infrastructure and environmental serv.	2,774,502	2,592,479
Correction and rehabilitation	2,270,434	2,212,056
Community and economic develop.	524,107	530,533
Interest and fiscal charges	378,024	383,099
Business type activities	5,373,967	4,197,969
Total Expenses	<u>23,948,384</u>	<u>23,062,743</u>
Increase/(Decrease) in net assets	431,004	1,213,820
Beginning net assets	71,848,877	71,016,756
Prior Period Adjustment	-	(381,699)
Ending net assets	<u>\$ 72,279,881</u>	<u>\$ 71,848,877</u>

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

	2020	
	<u>Amount</u>	<u>%</u>
Revenues:		
Charges for services	\$ 5,566,333	22.6%
Operating grants	1,583,351	6.4%
Capital grants	1,121,138	4.6%
Property taxes	8,954,898	36.4%
Sales and miscellaneous taxes	2,836,529	11.5%
Investment earnings	176,432	0.7%
Miscellaneous	4,140,707	16.8%
Total Revenue	<u>\$ 24,379,388</u>	<u>99.2%</u>
Expenses:		
General government	\$ 4,171,262	17.4%
Public safety	5,358,171	22.4%
Justice system	1,505,717	6.3%
Health and human services	1,592,200	6.6%
Infrastructure and environmental serv.	2,774,502	11.6%
Correction and rehabilitation	2,270,434	9.5%
Community and economic develop.	524,107	2.2%
Interest and fiscal charges	378,024	1.6%
Business type activities	5,373,967	22.4%
Total Expenses	<u>\$ 23,948,384</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 \$12,783,587, a decrease of \$2,419,361 in comparison with the prior period. Approximately, 51% of this total amount, \$6,457,490 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	\$ 262,715
Public Safety	(49,743)
Justice System	43,002
Health and Human Services	100,339
Infrastructure and Environmental Services	556,928
Community and Economic Development	(129,637)
Capital Outlay	(136,033)
Debt Service	(28,579)
Total Restricted	<u>618,992</u>
Committed:	
Landfill	885,624
Airport	337,715
Veleno Bridge	57,896
Catastrophic Fund	3,546,212
Oil and Gas	879,658
Total Committed	<u>5,707,105</u>
Total Restricted and Committed Funds	<u>\$ 6,326,097</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 \$6,457,490, while total fund balance was \$12,164,595. 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 45% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 85% of that same amount. The fund balance of the County's general fund decreased by \$822,386 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 \$13,933,996 in total revenues and transfers in and \$14,373,049 in total expenditures and transfers out. Actual governmental fund revenues and transfers in were \$13,445,099 for an unfavorable variance compared to budgeted revenues of \$488,897. Actual

governmental fund expenditures and transfers out were \$14,267,485 for a favorable variance compared to budgeted expenditures of \$105,564.

## 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, 2020, amounts to \$90,877,187 (net of accumulated depreciation).

	2020	2019
Land	\$ 2,319,841	\$ 2,319,841
Infrastructure	68,028,993	55,352,464
Buildings and improvements	57,883,186	57,556,988
Construction in progress	-	10,819,482
Equipment and furniture	14,069,064	13,496,094
Accumulated depreciation	(51,423,897)	(48,517,701)
Total	<u>\$ 90,877,187</u>	<u>\$ 91,027,168</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:						
Limited Tax Refunding Bonds, Series 2013A	\$ 930,000	\$ -	\$ 930,000	\$ -	\$ -	\$ -
Limited Tax Refunding Bonds, Series 2013B	85,000	-	85,000	-	-	-
Combined Tax & Revenue C/O, Series 2013	995,000	-	95,000	900,000	100,000	800,000
Unlimited Tax Refunding Bonds Series 2017	6,490,000	-	840,000	5,650,000	860,000	4,790,000
Certificates of Obligation, Series 2019	2,200,000	-	175,000	2,025,000	120,000	1,905,000
Capital Leases	196,402	54,578	48,248	202,732	60,399	142,333
Zapata National Bank (Election Equipment)	142,235	-	31,963	110,272	35,504	74,768
Compensated Absences	591,615	-	85,334	506,281	-	506,281
Land Closure & Postclosure Costs	851,645	15,330	-	866,975	-	866,975
Total	<u>12,481,897</u>	<u>69,908</u>	<u>2,290,545</u>	<u>10,261,260</u>	<u>1,175,903</u>	<u>9,085,357</u>
	11,886,332					
Business-Type Activities:						
TWDB EDAP, Series 2006	10,375,000	-	494,000	9,881,000	494,000	9,387,000
TWDB CWSRF, Series 2008	4,165,000	-	320,000	3,845,000	320,000	3,525,000
TX Waterworks & Sewer Revenue Bonds, Series 2014	832,000	-	15,000	817,000	16,000	801,000
USDA Series 2017 A (Sewer Plant)	4,800,000	-	83,364	4,716,636	80,000	4,636,636
USDA Series 2017 B (Sewer Plant)	3,928,000	-	67,172	3,860,828	64,000	3,796,828
San Ygnacio MUD Loan #5093392427	444,932	-	29,534	415,398	415,398	-
San Ygnacio MUD Loan #5093392428	63,900	-	13,206	50,694	50,694	-
Digital Water Meters Loan	-	1,082,544	-	1,082,544	97,731	984,813
Compensated Absences	90,371	-	5,415	84,956	-	84,956
Total	<u>24,699,203</u>	<u>1,082,544</u>	<u>1,027,691</u>	<u>24,754,056</u>	<u>1,537,823</u>	<u>23,216,233</u>
Grand Total	<u>\$ 37,181,100</u>	<u>\$ 1,152,452</u>	<u>\$ 3,318,236</u>	<u>\$ 35,015,316</u>	<u>\$ 2,713,726</u>	<u>\$ 32,301,590</u>

The County total debt decreased by \$2,165,784 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, 2021 budget preparation decreased approximately 14.8% from fiscal year ended September 30, 2020.
- The tax rate established for the fiscal year ending September 30, 2020 budget is \$.924026, which is the same as 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. 7<sup>th</sup> Avenue, Suite 157, Zapata, Texas, 78076.

## BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,500,014	\$ 1,951,484	\$ 11,451,498
Receivables (net of allowance)	4,340,701	816,854	5,157,555
Internal Balances	2,849,921	(2,849,921)	-
Capital Assets			
Land	1,554,640	765,201	2,319,841
Infrastructure	21,144,582	46,884,411	68,028,993
Building and Improvements	55,613,522	2,269,664	57,883,186
Equipment and Furniture	11,008,582	3,060,482	14,069,064
Less: accumulated depreciation	(34,394,291)	(17,029,606)	(51,423,897)
TOTAL CAPITAL ASSETS	54,927,035	35,950,152	90,877,187
TOTAL ASSETS	71,887,497	35,868,569	107,756,066
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions and OPEB	3,182,394	-	3,182,394
Total Deferred Outflows of Resources	3,182,394	-	3,182,394
<b>LIABILITIES</b>			
Accounts Payable	288,341	276,096	564,437
Accrued Wages Payable	308,548	76,940	385,488
Net Pension Obligations - OPEB	739,528		739,528
Consumer Meter Deposits		307,267	307,267
Long-term liabilities			
Due within one year			
Bonds	1,175,903	1,537,823	2,713,726
Due in more than one year			
Bonds	7,712,101	22,994,277	30,706,378
Compensated Absences	506,281	84,956	591,237
Land Closure & Postclosure Costs	866,975	-	866,975
Total Liabilities	11,597,677	25,277,359	36,875,036
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions and OPEB	1,783,543	-	1,783,543
Total Deferred Inflows of Resources	1,783,543	-	1,783,543
<b>NET POSITION</b>			
Net Investment in Capital Assets	46,039,031	11,418,052	57,457,083
Restricted:			
Debt Service	(28,579)	-	(28,579)
Other Purposes	618,992	-	618,992
Unrestricted	15,059,227	(826,842)	14,232,385
Total Net Position	\$ 61,688,671	\$ 10,591,210	\$ 72,279,881

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



ZAPATA COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In		Net (Expense) Revenue and Changes In Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government						
Governmental Activities:						
General Government	\$ 4,171,262	\$ 109,532	\$ 479,107	\$ -	\$ (3,582,623)	\$ -
Public Safety	5,358,171	8,329	532,354		(4,817,488)	(4,817,488)
Justice System	1,505,717	65,997	305,192		(1,134,528)	(1,134,528)
Health and Human Services	1,592,200	9,786	266,698		(1,315,716)	(1,315,716)
Infrastructure and Environmental Services	2,774,502	384,163		348,923	(2,041,416)	(2,041,416)
Correction and Rehabilitation	2,270,434				(2,270,434)	(2,270,434)
Community and Economic Development	524,107				(524,107)	(524,107)
Interest and Fiscal Charges	378,024				(378,024)	(378,024)
Total Governmental Activities	18,574,417	577,807	1,583,351	348,923	(16,064,336)	(16,064,336)
Business-Type Activities						
Water Plant	3,677,573	3,632,857			(44,716)	(44,716)
Sewer Plant	1,535,013	1,233,338		734,929	433,254	433,254
Airport	88,455	77,316		37,286	26,147	26,147
Sheriff Commissary	72,926	45,015			(27,911)	(27,911)
Total Business-Type Activities	5,373,967	4,988,526	-	772,215	386,774	386,774
Total Primary Government	23,948,384	5,566,333	1,583,351	1,121,138	(16,064,336)	(15,677,562)
General Revenues						
Property Taxes, Levies for General Purposes					8,954,898	8,954,898
Penalty and interest on taxes					430,003	430,003
Sales and Miscellaneous Taxes					2,406,526	2,406,526
Fines and Forfeitures					264,815	264,815
Unrestricted Investment Earnings					147,801	176,432
Miscellaneous					3,875,892	3,875,892
Total General Revenues and Transfers					15,448,674	16,108,566
Change in Net Position					(615,662)	431,004
Net Position - Beginning					62,304,333	71,848,877
Net Position - Ending					\$ 61,688,671	\$ 72,279,881

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

ZAPATA COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	GENERAL FUND	DEBT SERVICE	CO'S SERIES 2019	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,299,006	\$ 1,240,162	\$ 1,372,895	\$ 2,587,951	\$ 9,500,014
Receivables, net	2,533,988	695,192	-	1,111,521	4,340,701
Due from Other Funds	8,128,797	-	-	152,749	8,281,546
<b>Total Assets</b>	<b>14,961,791</b>	<b>1,935,354</b>	<b>1,372,895</b>	<b>3,852,221</b>	<b>22,122,261</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	249,218	-	-	39,123	288,341
Accrued Wages Payable	155,747	-	-	152,801	308,548
Due to Other Funds	-	1,268,741	1,508,928	2,653,956	5,431,625
Deferred Revenues	2,392,231	695,192	-	222,737	3,310,160
<b>Total Liabilities</b>	<b>2,797,196</b>	<b>1,963,933</b>	<b>1,508,928</b>	<b>3,068,617</b>	<b>9,338,674</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
General Government				262,715	262,715
Public Safety				(49,743)	(49,743)
Justice System				43,002	43,002
Health and Human Services				100,339	100,339
Infrastructure and Environmental Services				556,928	556,928
Community and Economic Development				(129,637)	(129,637)
Capital Outlay			(136,033)	-	(136,033)
Debt Service		(28,579)		-	(28,579)
Committed:	5,707,105				5,707,105
Unassigned:	6,457,490				6,457,490
<b>Total Fund Balances</b>	<b>12,164,595</b>	<b>(28,579)</b>	<b>(136,033)</b>	<b>783,604</b>	<b>12,783,587</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,961,791</b>	<b>\$ 1,935,354</b>	<b>\$ 1,372,895</b>	<b>\$ 3,852,221</b>	<b>\$ 22,122,261</b>

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 POSITION  
 SEPTEMBER 30, 2020

Total Fund Balances - governmental funds balance sheet	\$ 12,783,587
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds	54,927,035
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net if allowance for uncollectible)	3,310,160
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 \$269,826, net pension obligation - OPEB required by GASB 75 in the amount of \$(739,528), a deferred resources outflows related to TCDRS in the amount of \$3,182,394 and a deferred resources inflows related to TCDRS in the amount of \$(1,783,543)	929,149
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>(10,261,260)</u>
Net position of governmental activities - statement of net position	<u>\$ 61,688,671</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, 2020

	GENERAL FUND	DEBT SERVICE	CO'S SERIES 2019	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES:</b>					
Taxes:					
Property Taxes	\$ 6,204,851	\$ 2,531,553	\$ -	\$ 667,964	\$ 9,404,368
Sales and Miscellaneous Taxes	2,263,126	-	-	95,740	2,358,866
Penalty and Interest on Taxes	296,608	110,157	-	23,238	430,003
Franchise Taxes	47,660	-	-	-	47,660
Intergovernmental	466,325	-	-	1,465,949	1,932,274
Licenses and Permits	2,800	-	-	384,163	386,963
Charges for Services	137,048	-	-	53,796	190,844
Fees and Fines	-	-	-	264,815	264,815
Interest	100,161	26,722	-	20,918	147,801
Miscellaneous	3,871,942	-	-	3,950	3,875,892
Total Revenues	<u>13,390,521</u>	<u>2,668,432</u>	<u>-</u>	<u>2,980,533</u>	<u>19,039,486</u>
<b>EXPENDITURES:</b>					
Current:					
General government	4,420,421	-	-	19,577	4,439,998
Judicial	1,165,983	-	-	405,257	1,571,240
Public safety	4,289,265	-	-	523,604	4,812,869
Infrastructure and environmental services	92,336	-	-	1,741,326	1,833,662
Corrections and rehabilitation	2,280,172	-	-	-	2,280,172
Health and human services	1,035,089	-	-	373,468	1,408,557
Community and economic development	398,944	-	-	127,307	526,251
Capital outlay	292,320	-	727,610	406,250	1,426,180
Debt Service:					
Principal	80,211	2,125,000	-	-	2,205,211
Interest and Fiscal Charges	16,090	361,934	-	-	378,024
Total Expenditures	<u>14,070,831</u>	<u>2,486,934</u>	<u>727,610</u>	<u>3,596,789</u>	<u>20,882,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(680,310)</u>	<u>181,498</u>	<u>(727,610)</u>	<u>(616,256)</u>	<u>(1,842,678)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	-	196,654	196,654
Operating Transfers Out	(196,654)	(631,261)	-	-	(827,915)
Loan Proceeds	54,578	-	-	-	54,578
Total Other Financing Sources (Uses)	<u>(142,076)</u>	<u>(631,261)</u>	<u>-</u>	<u>196,654</u>	<u>(576,683)</u>
Net Change in Fund Balances	<u>(822,386)</u>	<u>(449,763)</u>	<u>(727,610)</u>	<u>(419,602)</u>	<u>(2,419,361)</u>
Prior Period Adjustment	-	-	-	-	-
Fund Balance - Beginning of Year	<u>12,986,981</u>	<u>421,184</u>	<u>591,577</u>	<u>1,203,206</u>	<u>15,202,948</u>
Fund Balance - End of Year	<u>\$ 12,164,595</u>	<u>\$ (28,579)</u>	<u>\$ (136,033)</u>	<u>\$ 783,604</u>	<u>\$ 12,783,587</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, 2020

Net changes in fund balances - total governmental funds	\$ (2,419,361)
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.	(437,486)
Long-term liabilities, including loan proceeds, are not due and payable in the current period and therefore are not reported in the funds.	(54,578)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(449,470)
The implementation of GASB 68 and 75 required that certain expenditures be de-expended and recorded as deferred resources outflows.	470,018
Repayment of loan principal is an expenditure in the funds but not an expense in the statement of activities	2,205,211
Compensated Absences in the amount of \$85,334 and Land Closure & Postclosure Costs in the amount of \$(15,330) recorded for entity wide financial statements	<u>70,004</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (615,662)</u>

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

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 1,263,297	\$ 20,835	\$ 579,987	\$ 87,365	\$ 1,951,484
Cash in Escrow	-	-	-	-	-
Receivables, net	571,798	245,056	-	-	816,854
Due from Other Funds	114,270	-	-	-	114,270
Total current assets	<u>1,949,365</u>	<u>265,891</u>	<u>579,987</u>	<u>87,365</u>	<u>2,882,608</u>
Non-current assets:					
Capital assets:					
Land	459,121	306,080	-	-	765,201
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	23,683,844	23,200,567	-	-	46,884,411
Less: Accumulated Depreciation	<u>(12,073,715)</u>	<u>(4,899,927)</u>	<u>(55,964)</u>	<u>-</u>	<u>(17,029,606)</u>
Total non-current assets	<u>15,550,642</u>	<u>20,398,664</u>	<u>846</u>	<u>-</u>	<u>35,950,152</u>
Total assets	<u><u>17,500,007</u></u>	<u><u>20,664,555</u></u>	<u><u>580,833</u></u>	<u><u>87,365</u></u>	<u><u>38,832,760</u></u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	233,358	42,547	191	-	276,096
Accrued Expenses	46,873	30,067	-	-	76,940
Customer Deposits	307,267	-	-	-	307,267
Due to Other Funds	-	2,433,230	530,961	-	2,964,191
Bonds, notes and loans payable	1,057,823	480,000	-	-	1,537,823
Total current liabilities	<u>1,645,321</u>	<u>2,985,844</u>	<u>531,152</u>	<u>-</u>	<u>5,162,317</u>
Non-current liabilities					
Bonds, notes and loans payable	10,371,813	12,622,464	-	-	22,994,277
Compensated Absences	66,469	18,487	-	-	84,956
Total non-current liabilities	<u>10,438,282</u>	<u>12,640,951</u>	<u>-</u>	<u>-</u>	<u>23,079,233</u>
Total liabilities	<u>12,083,603</u>	<u>15,626,795</u>	<u>531,152</u>	<u>-</u>	<u>28,241,550</u>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	4,121,006	7,296,200	846	-	11,418,052
Restricted	-	-	-	-	-
Unrestricted	1,295,398	(2,258,440)	48,835	87,365	(826,842)
Total net position	<u><u>\$ 5,416,404</u></u>	<u><u>\$ 5,037,760</u></u>	<u><u>\$ 49,681</u></u>	<u><u>\$ 87,365</u></u>	<u><u>\$ 10,591,210</u></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, 2020

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 3,632,857	\$ 1,233,338	\$ 15,677	\$ -	\$ 4,881,872
Sales of products	-	-	61,639	45,015	106,654
Total operating revenues	<u>3,632,857</u>	<u>1,233,338</u>	<u>77,316</u>	<u>45,015</u>	<u>4,988,526</u>
<b>OPERATING EXPENSES</b>					
Personal Services	1,242,683	467,047	-	-	1,709,730
Utilities	82,613	115,639	-	-	198,252
Repairs and maintenance	288,723	166,669	33,371	-	488,763
Contractual	770,977	-	-	-	770,977
Other supplies and expenses	571,116	79,407	54,117	72,926	777,566
Depreciation	698,799	342,766	967	-	1,042,532
Total Operating Expenses	<u>3,654,911</u>	<u>1,171,528</u>	<u>88,455</u>	<u>72,926</u>	<u>4,987,820</u>
Operating Income (Loss)	<u>(22,054)</u>	<u>61,810</u>	<u>(11,139)</u>	<u>(27,911)</u>	<u>706</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Income	24,345	1,572	2,714	-	28,631
Intergovernmental	-	734,929	37,286	-	772,215
Transfers In/(Out)	-	631,261	-	-	631,261
Interest and Fiscal Charges	(22,662)	(363,485)	-	-	(386,147)
Total Non-Operating Revenues (Expenses)	<u>1,683</u>	<u>1,004,277</u>	<u>40,000</u>	<u>-</u>	<u>1,045,960</u>
Income Before Transfers	(20,371)	1,066,087	28,861	(27,911)	1,046,666
Transfers In (Out) - Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	(20,371)	1,066,087	28,861	(27,911)	1,046,666
Total Net Assets - Beginning	5,436,775	3,971,673	20,820	115,276	9,544,544
Prior Period Adjustment	-	-	-	-	-
Total Net Assets - Ending	<u>\$ 5,416,404</u>	<u>\$ 5,037,760</u>	<u>\$ 49,681</u>	<u>\$ 87,365</u>	<u>\$ 10,591,210</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, 2020

	Business-type Activities - Enterprise Funds				TOTALS
	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 3,623,943	\$ 1,229,518	\$ 77,316	\$ 45,015	\$ 4,975,792
Payments to employees	(1,219,588)	(446,130)	-	-	(1,665,718)
Payments to vendors, suppliers, and insurance administrators	(5,774,779)	(966,403)	(99)	(72,926)	(6,814,207)
Net cash provided (used) by operating activities	<u>(3,370,424)</u>	<u>(183,015)</u>	<u>77,217</u>	<u>(27,911)</u>	<u>(3,504,133)</u>
<b>CASH FLOW FOR NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Intergovernmental Transfers	-	631,261	-	-	631,261
Net cash provided (used) by non-capital and related financing activities	<u>-</u>	<u>631,261</u>	<u>-</u>	<u>-</u>	<u>631,261</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Receipts from the issuance of capital debt	1,082,544	-	-	-	1,082,544
Payments on capital debt	(536,740)	(622,536)	-	-	(1,159,276)
Net cash provided (used) by capital and related financing activities	<u>545,804</u>	<u>(622,536)</u>	<u>-</u>	<u>-</u>	<u>(76,732)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	24,345	1,572	2,714	-	28,631
Intergovernmental	-	734,929	37,286	-	772,215
Interest and fiscal charges	(22,662)	(363,485)	-	-	(386,147)
Acquisition of capital assets	(1,062,061)	(267,976)	-	-	(1,330,037)
Net cash provided (used) by investing activities	<u>(1,060,378)</u>	<u>105,040</u>	<u>40,000</u>	<u>-</u>	<u>(915,338)</u>
Net increase (decrease) in cash and cash equivalents	(3,884,998)	(69,250)	117,217	(27,911)	(3,864,942)
Cash and cash equivalents at beginning of year	5,148,295	90,085	462,770	115,276	5,816,426
Cash and cash equivalents at ending of year	<u>1,263,297</u>	<u>20,835</u>	<u>579,987</u>	<u>87,365</u>	<u>1,951,484</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	(22,054)	61,810	(11,139)	(27,911)	706
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	698,799	342,766	967	-	1,042,532
Change in assets and liabilities:					
Receivables, net	(123,184)	(3,820)	-	-	(127,004)
Accounts and other payables	(3,923,985)	(583,771)	87,389	-	(4,420,367)
Net cash provided by operating activities	<u>\$ (3,370,424)</u>	<u>\$ (183,015)</u>	<u>\$ 77,217</u>	<u>\$ (27,911)</u>	<u>\$ (3,504,133)</u>



ZAPATA COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2020

**ASSETS**

Cash and cash equivalents	<u>\$ 3,180,087</u>
Total current assets	<u><u>3,180,087</u></u>

**LIABILITIES AND NET POSITION**

**LIABILITIES**

Held in trust	2,021,895
Due to other governments	629,768
Refunds payable and others	<u>528,424</u>
Total liabilities	3,180,087

**NET POSITION**

<u>-</u>
<u><u>\$ 3,180,087</u></u>

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**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, 2020

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, 2020

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:

<b>Assets</b>	<b>Years</b>
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	\$ 3,024,333
Deferred Outflows from OPEB	158,061
Total Deferred Outflows of Resources	\$ 3,182,394

	Governmental Activities
Deferred Inflows of Resources	
Deferred Inflows from Pension	\$ 1,726,212
Deferred Inflows from OPEB	57,331
Total Deferred Inflows of Resources	\$ 1,783,543

**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	2,926,647	572,970	401,151	3,098,466
Buildings and Improvements	38,939,936	326,198	1,113,136	38,152,998
Infrastructure	11,943,301	527,010	349,379	12,120,932
				\$ 54,927,035

Long-term liabilities	Total
Limited Tax Refunding Bonds, Series 2013A	\$ -
Limited Tax Refunding Bonds, Series 2013B	-
Combined Tax & Revenue C/O, Series 2013	900,000
Unlimited Tax Refunding Bonds, Series 2017	5,650,000
Certificates of Obligation, Series 2019	2,025,000
Zapata National Bank	93,987
Capital Leases	219,017
Compensated Absences	506,281
Land Closure & Postclosure Costs	866,975
	\$ 10,261,260

**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	\$ 572,970
Buildings and Improvements	326,198
Infrastructure	527,010
Total capital outlay	1,426,178
Depreciation expense	(1,863,666)
	\$ (437,488)



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**Note 3 – Stewardship, compliance and accountability**

**Budgetary Information**

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

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, 2020, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2020-21 budget.

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

At September 30, 2020, 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 \$15,604,088. The County's cash deposits at September 30, 2020 and during the year ended September 30, 2020 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

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that 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, 2020. At year-end, the carrying amount of the County's deposits was \$15,604,088. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance, the remainder was covered by collateral by the Bank. 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.

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, 2020.

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, 2020, 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, 2020 consisted of the following individual fund balances:

Due to General Fund	\$	8,128,797	
Due to Special Revenues		152,749	
Due to CO's Series 2019		-	
Due to Debt Services		-	
		<u>\$ 8,281,546</u>	Total Governmental Activities
Due from General Fund	\$	-	
Due from Special Revenues		2,653,956	
Due from Debt Services		1,268,741	
Due from CO's Series 2019		<u>1,508,928</u>	
		5,431,625	Total Governmental Activities
Due from Proprietary Funds		<u>2,849,921</u>	
		<u>\$ 8,281,546</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, 2020 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 2,799,791	\$ -	\$ 2,799,791
Debt Service	772,436	-	772,436
Nonmajor Governmental Funds	105,729	1,030,541	1,136,270
Water Plant	-	767,792	767,792
Sewer Plant	-	329,054	329,054
Total Receivables	<u>\$ 3,677,956</u>	<u>\$ 2,127,387</u>	<u>\$ 5,805,342</u>
Allowance for Uncollectible	(367,796)	(279,992)	(647,788)
Total Receivables, net			<u>\$ 5,157,555</u>

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D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2020 was as follows:

<b>Governmental Activities</b>	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	10,435,613	572,970	-	11,008,583
Buildings and Improvements	55,287,324	326,198	-	55,613,522
Infrastructure	20,617,572	527,010	-	21,144,582
Total capital assets being depreciated	<u>86,340,508</u>	<u>1,426,178</u>	<u>-</u>	<u>87,766,686</u>
Less: Accumulated Depreciation				
Depreciable Assets	32,530,625	1,863,666	-	34,394,291
Total Accumulated Depreciation	<u>32,530,625</u>	<u>1,863,666</u>	<u>-</u>	<u>34,394,291</u>
Total Capital Assets Depreciated, net	<u>53,809,883</u>	<u>(437,488)</u>	<u>-</u>	<u>53,372,395</u>
Governmental Activities Capital Assets, net	<u>\$ 55,364,523</u>	<u>\$ (437,488)</u>	<u>\$ -</u>	<u>\$ 54,927,035</u>

Depreciation expense was charged to governmental functions as follows:

	<u>2020</u>
General Government	186,367
Public safety	559,099
Infrastructure and environmental services	931,833
Health and human services	186,367
Total Depreciation Expense	<u>\$ 1,863,666</u>

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<b>Business-type Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 765,201			\$ 765,201
Construction in Progress	10,819,482		(10,819,482)	-
Total capital assets not being depreciated	11,584,683	-	(10,819,482)	765,201
Capital assets being depreciated				
Furniture and Equipment	3,060,482			3,060,482
Buildings and Improvements	2,269,664			2,269,664
Infrastructure	34,734,892	12,149,519		46,884,411
Total capital assets being depreciated	40,065,038	12,149,519	-	52,214,557
Less: Accumulated Depreciation				
Depreciable Assets	15,987,074	1,042,532		17,029,606
Total Accumulated Depreciation	15,987,074	1,042,532	-	17,029,606
Total Capital Assets Depreciated, net	24,077,964	11,106,987	-	35,184,951
Governmental Activities Capital Assets, net	\$ 35,662,647	\$ 11,106,987	\$(10,819,482)	\$ 35,950,152

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

	<u>2020</u>
Water Plant	698,799
Sewer Plant	342,766
Airport	967
Sheriff Commissary	-
Total Depreciation Expense	<u>\$ 1,042,532</u>

E. Long-term debt

Governmental Activities:

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:

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Year Ending September 30,	Principal	Interest
2021	\$ 100,000	\$ 31,875
2022	100,000	28,125
2023	105,000	24,281
2024	110,000	20,250
2025	115,000	16,031
2026-2028	370,000	21,000
Totals	<u>\$ 900,000</u>	<u>\$ 141,563</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:

Year Ending September 30,	Principal	Interest
2021	\$ 860,000	\$ 185,700
2022	895,000	154,900
2023	925,000	123,125
2024	955,000	94,925
2025	990,000	60,800
2026	1,025,000	20,500
Totals	<u>\$ 5,650,000</u>	<u>\$ 639,950</u>

Certificates of Obligation, Series 2019: The bond was issued in the amount of \$2,200,000 at an interest rate of 2.79% 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
2021	\$ 120,000	\$ 54,824
2022	125,000	51,406
2023	125,000	47,918
2024	130,000	44,361
2025	135,000	40,664
2026-2030	730,000	144,104
2031-2034	660,000	37,247
Totals	<u>\$ 2,025,000</u>	<u>\$ 420,523</u>

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Zapata National Bank Loan: A loan was obtained to purchase election equipment in the original amount of \$172,121 with current balance of \$110,272. The loan had an original interest rate of 4.5% adjustable on a quarterly basis. The next payment scheduled to be made within one year is \$35,504.

**Capital Leases**

The County has entered into several lease-purchase agreements for various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

\$196,402 - American National Leasing Company for the purchase of 5 – 2019 PPV Tahoe's with Emergency Equipment. Payments are due in 3 annual installments in varying amounts. The first installment is due April 26, 2020 and the last installment due April 26, 2022. Interest is at 4.49% per annum.

Total Present Value of Future Minimum Lease Payments	\$ 221,452
Plus Amount Representing Interest	18,720
Total Minimum Lease Payments	<u>\$ 202,732</u>
 Payments Due within One Year	 <u>\$ 60,399</u>

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, 2020. 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:



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Year Ending September 30,	Principal	Interest
2021	\$ 494,000	\$ -
2022	494,000	-
2023	494,000	-
2024	494,000	-
2025	494,000	-
2026-2030	2,470,000	-
2031-2035	2,470,000	-
2036-2040	2,471,000	-
<b>Totals</b>	<b>\$ 9,881,000</b>	<b>\$ -</b>

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:

Year Ending September 30,	Principal	Interest
2021	\$ 320,000	\$ -
2022	320,000	-
2023	320,000	-
2024	320,000	-
2025	320,000	-
2026-2030	1,600,000	-
2031-2032	645,000	-
<b>Totals</b>	<b>\$ 3,845,000</b>	<b>\$ -</b>

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.

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

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Year Ending September 30,	Principal	Interest
2021	16,000	19,404
2022	16,000	19,024
2023	17,000	18,644
2024	17,000	18,240
2025	17,000	17,836
2026-2030	94,000	82,816
2031-2035	105,000	71,108
2036-2040	119,000	57,998
2041-2045	133,000	43,249
2046-2050	150,000	26,624
2051-2054	133,000	7,980
Totals	<u>\$ 817,000</u>	<u>\$ 382,921</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.

Year Ending September 30,	Principal	Interest
2021	\$ 80,000	\$ 112,219
2022	80,000	110,319
2023	80,000	108,419
2024	85,000	106,519
2025	85,000	104,500
2026-2030	460,000	490,913
2031-2035	520,000	433,675
2036-2040	580,000	369,075
2041-2045	655,000	296,638
2045-2050	735,000	215,294
2051-2055	825,000	124,094
2056-2058	531,636	25,888
Totals	<u>\$ 4,716,636</u>	<u>\$ 2,497,550</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.

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Year Ending September 30,	Principal	Interest
2021	\$ 64,000	\$ 91,818
2022	65,000	90,298
2023	67,000	88,754
2024	68,000	87,163
2025	70,000	85,548
2026-2030	376,000	401,993
2031-2035	424,000	355,086
2036-2040	476,000	302,338
2041-2045	534,000	243,129
2046-2050	601,000	176,605
2051-2055	676,000	101,769
2056-2058	439,828	21,304
Totals	<u>\$ 3,860,828</u>	<u>\$ 2,045,801</u>

Digital Water Meters Loan: The loan has an origination date of November 18, 2019 with an original balance of \$1,082,544 with an interest rate of 2.82% per annum with principal amounts due on annually on November 18.

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

Year Ending September 30,	Principal	Interest
2021	\$ 97,731	\$ 30,528
2022	100,487	27,772
2023	103,321	24,938
2024	106,235	22,024
2025	109,231	19,028
2026-2029	565,538	47,163
Totals	<u>\$ 1,082,544</u>	<u>\$ 171,454</u>

San Ygnacio MUD Loan #5093392427: A loan was obtained for MUD improvements in the original amount of \$97,912 with current balance of \$50,694. The loan had an original interest rate of 3.60% adjustable on a quarterly basis.

San Ygnacio MUD Loan #5093392428: A loan was obtained for MUD improvements in the original amount of \$525,944 with current balance of \$415,398. The loan had an original interest rate of 3.60% adjustable on a quarterly basis

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.

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F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2020 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Limited Tax Refunding Bonds, Series 2013A	\$ 930,000	\$ -	\$ 930,000	\$ -	\$ -	\$ -
Limited Tax Refunding Bonds, Series 2013B	85,000	-	85,000	-	-	-
Combined Tax & Revenue C/O, Series 2013	995,000	-	95,000	900,000	100,000	800,000
Unlimited Tax Refunding Bonds, Series 2017	6,490,000	-	840,000	5,650,000	860,000	4,790,000
Certificates of Obligation, Series 2019	2,200,000	-	175,000	2,025,000	120,000	1,905,000
Zapata National Bank	142,235	-	31,963	110,272	35,504	74,768
Capital Leases	196,402	54,578	48,248	202,732	60,399	142,333
Compensated Absences	591,615	-	85,334	506,281	-	506,281
Land Closure & Postclosure Costs	851,645	15,330	-	866,975	-	866,975
Total	\$ 12,481,897	\$ 69,908	\$ 2,290,545	\$ 10,261,260	\$ 1,175,903	\$ 9,085,357

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$ 10,375,000	\$ -	\$ 494,000	\$ 9,881,000	\$ 494,000	\$ 9,387,000
TX Water Dev. Board CWSRF Series, 2008	4,165,000	-	320,000	3,845,000	320,000	3,525,000
TX Waterworks and Sewer Revenue Bonds, Series 2014	832,000	-	15,000	817,000	16,000	801,000
USDA Series 2017A (Sewer Plant)	4,800,000	-	83,364	4,716,636	80,000	4,636,636
USDA Series 2017B (Sewer Plant)	3,928,000	-	67,172	3,860,828	64,000	3,796,828
San Ygnacio MUD Loan #5093392427	444,932	-	29,534	415,398	415,398	-
San Ygnacio MUD Loan #5093392428	63,900	-	13,206	50,694	50,694	-
Digital Water Meters Loan	-	1,082,544	-	1,082,544	97,731	984,813
Compensated Absences	90,371	-	5,415	84,956	-	84,956
Total	24,699,203	1,082,544	1,027,691	24,754,056	1,537,823	23,216,233
Grand Total	\$ 37,181,100	\$ 1,152,452	\$ 3,318,236	\$ 35,015,316	\$ 2,713,726	\$ 32,301,590

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.

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- 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.

Membership Information

Members	Dec. 31, 2018	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits:	176	184
Number of active employees:	268	281
Average monthly salary	\$ 2,549	\$ 2,554
Average age	45.02	44.56
Average length of service	12.18	12.10
<hr/>		
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	148	158
Average monthly benefit:	\$ 1,119	\$ 1,136

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](http://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 2019 is 8.2%

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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
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%
2018	811,291	811,291	-	8,381,030	9.7%
2019	776,563	776,563	-	8,647,643	9.0%

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Actuarial Methods and Assumptions are as follows:

Actuarial Valuation Date	12/31/2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.0 years (based on contribution rate calculated in 12/31/2019 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. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the schedule.

**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, 2019 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

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Actuarial Valuation and Measurement Date, December 31, 2019

	December 31, 2019
Total Pension Liability	\$ 55,570,405
Plan Fiduciary Net Position	<u>55,840,231</u>
Net Pension Liability / (Asset)	\$ (269,826)
Fiduciary net position as a % of total pension liability	100.49%

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 12/31/19 are presented below:

<b>Total pension liability</b>	<b>2019</b>
Service Cost	\$ 1,176,761
Interest on the total pension liability	4,240,141
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Effect of economic/demographic gains or losses	89,703
Benefit payments, including refunds of employee contributions	<u>(2,171,447)</u>
Net Change in Total Pension Liability	3,335,158
Total Pension Liability-Beginning	<u>52,235,246</u>
Total Pension Liability- Ending (a)	<u>\$ 55,570,404</u>



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**Plan Fiduciary Net Position**

Contributions- Employer	\$ 776,563
Contributions- Member	605,335
Net Investment Income	7,997,364
Benefit payments, including refunds of employee contributions	(2,171,447)
Administrative expense	(42,552)
Other	(19,253)
Net Change in Plan Fiduciary Net Position	<u>7,146,010</u>
Plan Fiduciary Net Position- Beginning	48,694,222
Plan Fiduciary Net Position- Ending (b)	<u>\$ 55,840,232</u>
Net Pension Liability- Ending (a) - (b)	<u>\$ (269,828)</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability 100.49%

Covered Employee Payroll \$ 8,647,643

Net Pension Liability as a Percentage of Covered Employee Payroll -3.12%

**Pension Expense**

Below is the Schedule of Pension Expense as of 12/31/19:

Pension Expense

	2019
Total Service Cost	<u>\$ 1,176,761</u>
Interest on the Total Pension Liability	4,240,141
Effect of Plan Changes	-
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	-
Projected Earnings on Plan Investments (Reduction of Expense)	-
Administrative Expense	42,552
Member Contributions	(605,335)
Expected Investment return net of investment expenses	(3,910,423)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(453,823)
Recognition of assumption changes or inputs	62,887
Recognition of investment gains and losses	482,662
Other	19,253
Total Pension Expense	<u>\$ 1,054,675</u>

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**Schedule of Deferred Outflow and Inflows of Resources**

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2019 Expense	Balance of Deferred Inflows 12/31/2019	Balance of Deferred Outflows 12/31/2019
<b>Investment (gains) or losses</b>						
	(4,086,941)	12/31/2019	5.0	\$(817,388)	\$ 3,269,553	\$ -
	4,991,070	12/31/2018	5.0	998,214	-	2,994,642
	(2,932,446)	12/31/2017	5.0	(586,489)	1,172,979	-
	270,483	12/31/2016	5.0	54,097	-	54,096
	4,171,139	12/31/2015	5.0	834,228	-	-
	592,735	12/31/2014	5.0	-	-	-
<b>Economic/ Demographic (gains) or losses</b>						
	89,703	12/31/2019	5.0	17,941	-	71,762
	(3,008)	12/31/2018	5.0	(602)	1,804	-
	(588,866)	12/31/2017	5.0	(117,773)	235,547	-
	(424,189)	12/31/2016	5.0	(84,838)	84,837	-
	(1,130,757)	12/31/2015	5.0	(226,152)	-	-
	(254,397)	12/31/2014	6.0	(42,399)	-	-
<b>Assumption changes or inputs</b>						
	-	12/31/2019	5.0	-	-	-
	-	12/31/2018	5.0	-	-	-
	(25,572)	12/31/2017	5.0	(5,114)	10,230	-
	-	12/31/2016	5.0	-	-	-
	340,008	12/31/2015	5.0	68,001	-	-
	-	12/31/2014	6.0	-	-	-

Employer contributions made subsequent to measurement date

-----Employer Determined-----

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:

2020	\$	(541,952)
2021		(511,215)
2022		198,167
2023		(799,450)
2024		-
Thereafter		-

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**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 8.10%, 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 (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 63,163,218	\$ 55,570,405	\$ 49,235,402
Fiduciary Net Position	55,840,231	55,840,231	55,840,231
Net pension liability/asset	7,322,987	(269,826)	(6,604,829)

**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.
  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 TCERS 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

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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, 2018	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits:	48	49
Number of active employees:	268	281
Average age of active employees:	45.02	44.56
Average length of service in years for active employees:	12.38	12.10
<b>Inactive Employees Receiving Benefits</b>		
Number of benefit recipients:	127	137

**Changes in Total OPEB Liability**

	<u>Changes in Total OPEB Liability</u>
Balance as of December 31, 2018	\$ 553,100
Changes for the year:	
Service cost	15,167
Interest on total OPEB liability	22,965
Changes of benefit terms	-
Effect of economic/demographic experience	5,513
Effect of assumptions changes or inputs	159,214
Benefit payments	(16,431)
Other	-
Balance as of December 31, 2019	<u>\$ 739,528</u>
Pensionable covered payroll	\$ 8,647,643
Net OPEB Liability as % of covered payroll	8.55%

*Sensitivity Analysis*

The following presents the total OPEB Liability of the employer, calculated using the discount rate of 2.74%, as well as what Zapata County Total OPEB Liability would be if it were calculated using the discount rate that is 1% point lower (1.74%) or 1% point higher (3.74%) 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.

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**Sensitivity Analysis**

1% Decrease	Current Discount Rate	1% Increase
1.74%	2.74%	3.74%

Total OPEB Liability \$ 900,053      \$ 739,528      \$ 617,138

**OPEB Expense**

<b>OPEB Expense / (Income)</b>	<u>January 1, 2019 to December 31, 2019</u>
Service cost	\$ 15,167
Interest on total OPEB liability	22,965
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(1,313)
Recognition of assumption changes or inputs	19,633
Other	-
OPEB expense / (income)	\$ 56,452

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:	
2020	\$ 18,320
2021	18,320
2022	18,320
2023	18,320
2024	27,452
Thereafter	-

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**Schedule of Deferred Inflows and Outflows of Resources**

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2019 Expense	Balance of Deferred Inflows 12/31/2019	Balance of Deferred Outflows 12/31/2019
Investment (gains) or losses						
	5,513	12/31/2019	6.0	\$ 919	-	4,594
	5,028	12/31/2018	6.0	838	-	3,352
	(21,490)	12/31/2017	7.0	(3,070)	12,280	-
Assumption changes or inputs						
	159,214	12/31/2019	6.0	26,536	-	132,678
	(67,577)	12/31/2018	6.0	(11,263)	45,051	-
	30,517	12/31/2017	7.0	4,360	-	17,437
Employer contributions made subsequent to measurement date	-----Employer Determined-----					

**Discount Rate**

	2018	2019
Discount rate	4.10%	2.74%
Municipal bond rate	4.10%	2.74%

**Other Key Actuarial Assumptions**

	Beginning Date	Ending Date
Valuation date	31-Dec-18	31-Dec-19
Measurement date	31-Dec-18	31-Dec-19
Employer's Fiscal Year	1-Oct-19	30-Sep-20

**H. Subsequent Events**

The County evaluated events and transactions occurring subsequent to September 30, 2020 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.

**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.

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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 \$866,975 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, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property taxes	\$ 6,264,800	\$ 6,264,800	\$ 5,752,451	\$ (512,349)
Delinquent property taxes	375,000	375,000	452,400	77,400
Penalties and interest on taxes	200,000	200,000	296,608	96,608
Sales tax	1,650,000	1,650,000	2,263,126	613,126
Franchise fees	40,000	40,000	47,660	7,660
<b>Total taxes</b>	<u>8,529,800</u>	<u>8,529,800</u>	<u>8,812,245</u>	<u>282,445</u>
<b>Licenses and permits:</b>				
Business and license and permits	975	975	2,800	1,825
<b>Total licenses and permits</b>	<u>975</u>	<u>975</u>	<u>2,800</u>	<u>1,825</u>
<b>Intergovernmental</b>				
Zapata I.S.D. shared tax office	157,917	157,917	93,405	(64,512)
Water connections	37,500	37,500	32,534	(4,966)
HIDTA Revenues	184,804	184,804	-	(184,804)
Formula Grant	-	-	-	-
CARES Act Relief Payments	-	-	340,386	340,386
<b>Total intergovernmental</b>	<u>380,221</u>	<u>380,221</u>	<u>466,325</u>	<u>86,104</u>
<b>Charges for services:</b>				
Sheriff fees	11,000	11,000	6,956	(4,044)
Bond fees	-	-	1,373	1,373
County clerk fees	50,000	50,000	59,775	9,775
District clerk fees	85,000	85,000	65,997	(19,003)
Tax Assessor/Collector	1,000	1,000	2,047	1,047
County clinic fees	-	-	900	900
<b>Total charges for services</b>	<u>147,000</u>	<u>147,000</u>	<u>137,048</u>	<u>(9,952)</u>
<b>Interest</b>	-	-	100,161	100,161
<b>Other:</b>				
Rent-Civic Center	1,500	1,500	1,375	(125)
Rent-Appraisal District	30,000	30,000	30,003	3
Pavilion	15,000	15,000	808	(14,192)
Zapata Community Center	25,000	25,000	6,772	(18,228)
Swimming pool	10,000	10,000	-	(10,000)
Jail	2,150,000	2,150,000	1,648,786	(501,214)
Jail Telephone Commission	55,000	55,000	50,412	(4,588)
Landfill	260,000	260,000	258,917	(1,083)
Emergency Medical Service	700,000	700,000	705,419	5,419
Oil and Gas Royalty	90,000	90,000	47,579	(42,421)
ARM Ordinance	1,500,000	1,500,000	1,067,500	(432,500)
Miscellaneous	39,500	39,500	54,371	14,871
<b>Total Other</b>	<u>4,876,000</u>	<u>4,876,000</u>	<u>3,871,942</u>	<u>(1,004,058)</u>
<b>TOTAL REVENUES</b>	<u>13,933,996</u>	<u>13,933,996</u>	<u>13,390,521</u>	<u>(543,475)</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>EXPENDITURES:</b>				
<b>General Government</b>				
County Judge				
Personnel	101,426	101,426	100,933	493
Fringe Benefits	40,225	40,225	43,471	(3,246)
Travel and Education	3,500	3,500	(817)	4,317
Supplies	4,500	5,500	5,471	29
Indigent Defense County Court	20,000	20,000	15,140	4,860
Other	7,300	6,300	5,780	520
Total County Judge	<u>176,951</u>	<u>176,951</u>	<u>169,978</u>	<u>6,973</u>
County Commissioner Precinct 1				
Personnel	22,672	22,672	19,707	2,965
Fringe Benefits	11,272	11,272	9,767	1,505
Travel and Education	3,000	3,000	401	2,599
Parks	25,000	25,000	35,076	(10,076)
Total County Commissioner Precinct 1	<u>61,944</u>	<u>61,944</u>	<u>64,951</u>	<u>(3,007)</u>
County Commissioner Precinct 2				
Personnel	18,720	18,720	17,568	1,152
Fringe Benefits	10,507	10,507	10,380	127
Travel and Education	3,000	3,000	583	2,417
Parks	25,000	25,000	20,685	4,315
Total County Commissioner Precinct 2	<u>57,227</u>	<u>57,227</u>	<u>49,216</u>	<u>8,011</u>
County Commissioner Precinct 3				
Personnel	20,579	20,579	22,923	(2,344)
Fringe Benefits	10,901	10,901	9,148	1,753
Travel and Education	3,000	3,000	147	2,853
Parks	25,000	25,000	24,604	396
Total County Commissioner Precinct 3	<u>59,480</u>	<u>59,480</u>	<u>56,822</u>	<u>2,658</u>
County Commissioner Precinct 4				
Personnel	22,839	22,839	23,014	(175)
Fringe Benefits	11,283	11,283	11,129	154
Travel and Education	3,000	3,000	366	2,634
Supplies	4,000	4,000	3,294	706
Parks	25,000	25,000	22,093	2,907
Total County Commissioner Precinct 4	<u>66,122</u>	<u>66,122</u>	<u>59,896</u>	<u>6,226</u>
CSI Specialist				
Personnel	65,000	65,000	66,217	(1,217)
Fringe Benefits	19,454	19,454	19,217	237
Travel and Education	2,000	2,000	109	1,891
Supplies	3,200	3,200	2,694	506
Other	10,000	10,000	4,618	5,382
Total CSI Specialist	<u>99,654</u>	<u>99,654</u>	<u>92,855</u>	<u>6,799</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Auditor				
Personnel	129,883	129,883	130,873	(990)
Fringe Benefits	45,771	45,771	44,931	840
Travel and Education	5,000	5,000	1,295	3,705
Supplies	2,500	2,500	1,996	504
Other	5,965	5,965	2,862	3,103
Total Auditor	<u>189,119</u>	<u>189,119</u>	<u>181,957</u>	<u>7,162</u>
Tax Assessor/Collector				
Personnel	171,147	171,147	160,496	10,651
Fringe Benefits	74,366	74,366	49,638	24,728
Travel and Education	5,625	5,625	811	4,814
Supplies	25,500	25,500	19,954	5,546
Other	39,250	39,250	23,813	15,437
Total Tax Assessor/Collector	<u>315,888</u>	<u>315,888</u>	<u>254,712</u>	<u>61,176</u>
County Clerk				
Personnel	137,597	137,597	137,213	384
Fringe Benefits	60,994	60,994	56,176	4,818
Travel and Education	5,000	5,000	956	4,044
Contract Services	40,000	40,000	26,105	13,895
Supplies	7,500	7,500	9,079	(1,579)
Election Expense	35,000	35,000	72,937	(37,937)
Other	11,000	11,000	12,016	(1,016)
Total County Clerk	<u>297,091</u>	<u>297,091</u>	<u>314,482</u>	<u>(17,391)</u>
County Treasurer				
Personnel	177,824	177,824	177,041	783
Fringe Benefits	68,769	68,769	64,923	3,846
Travel and Education	-	5,000	1,860	3,140
Supplies	5,000	5,000	4,288	712
Other	9,586	9,586	2,608	6,978
Total County Treasurer	<u>261,179</u>	<u>266,179</u>	<u>250,720</u>	<u>15,459</u>
Personnel Department				
Personnel	33,012	33,012	34,060	(1,048)
Fringe Benefits	13,270	13,270	13,509	(239)
Travel and Education	1,500	1,500	-	1,500
Supplies	1,500	1,500	598	902
Total Personnel Department	<u>49,282</u>	<u>49,282</u>	<u>48,167</u>	<u>1,115</u>
Custodial and Maintenance Service				
Personnel	116,994	116,994	118,911	(1,917)
Fringe Benefits	58,055	58,055	52,360	5,695
Contract Services	36,995	36,995	36,000	995
Supplies	25,000	25,000	24,654	346
Other	16,000	16,000	16,584	(584)
Total Custodial and Maintenance Service	<u>253,044</u>	<u>253,044</u>	<u>248,509</u>	<u>4,535</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>CARES Act Relief</b>				
Contract Services	-	-	107,324	(107,324)
Supplies	-	-	206,012	(206,012)
Other	-	-	-	-
<b>Total CARES Act Relief</b>	<b>-</b>	<b>-</b>	<b>313,336</b>	<b>(313,336)</b>
<b>Non-Department</b>				
Personnel	97,673	97,673	98,447	(774)
Fringe Benefits	33,598	33,598	31,210	2,388
Travel and Education	2,500	2,500	-	2,500
Contract Services	140,000	140,000	204,481	(64,481)
Supplies	18,750	18,750	16,560	2,190
Retiree Health Insurance	-	-	1,118	(1,118)
Telephone	100,000	100,000	101,679	(1,679)
Utilities-General	947,000	947,000	771,502	175,498
Insurance-General	375,000	375,000	117,878	257,122
Computer Programs	87,000	87,000	92,254	(5,254)
Jury Fund	20,000	20,000	3,216	16,784
Appraisal District	317,795	317,795	310,414	7,381
Border Regional MHMR	5,000	5,000	-	5,000
Food Pantry	10,000	10,000	10,349	(349)
Boys and Girls Club of Zapata	40,000	40,000	40,000	-
Postage	18,000	18,000	8,639	9,361
County Property Repairs	100,000	100,000	249,601	(149,601)
Law Books and Periodicals	2,500	2,500	1,648	852
Autopsies	15,000	15,000	19,072	(4,072)
Storm Damage Expenses	-	-	54,509	(54,509)
Other	24,500	24,500	182,243	(157,743)
<b>Total Non-Department</b>	<b>2,354,316</b>	<b>2,354,316</b>	<b>2,314,820</b>	<b>39,496</b>
<b>Grants and Other Contributions</b>				
Grants Matching	50,000	50,000	-	50,000
<b>Total Grants and Other Contributions</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>
<b>Total General Government</b>	<b>4,291,297</b>	<b>4,296,297</b>	<b>4,420,421</b>	<b>(124,124)</b>
<b>Public Safety</b>				
Sheriff Department				
Personnel	1,275,999	1,275,999	1,270,643	5,356
Fringe Benefits	503,074	503,074	471,854	31,220
Travel and Education	18,200	17,200	15,470	1,730
Supplies	21,375	21,375	25,604	(4,229)
Fuel & Lubricants	85,000	85,000	147,113	(62,113)
Repairs & Maintenance	112,225	112,225	120,397	(8,172)
Other	11,000	11,000	4,417	6,583
<b>Total Sheriff Department</b>	<b>2,026,873</b>	<b>2,025,873</b>	<b>2,055,498</b>	<b>(29,625)</b>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Constables</b>				
Personnel	53,844	53,844	46,492	7,352
Fringe Benefits	38,981	40,594	14,860	25,734
Travel and Education	2,500	2,000	(685)	2,685
Supplies	9,900	9,327	6,555	2,772
Other	3,400	2,860	5,394	(2,534)
<b>Total Constables</b>	<b>108,625</b>	<b>108,625</b>	<b>72,616</b>	<b>36,009</b>
<b>Fire Fighting and Ambulance Services</b>				
Personnel	1,181,209	1,181,209	1,199,026	(17,817)
Fringe Benefits	428,668	428,668	404,218	24,450
Travel and Education	7,500	7,500	2,821	4,679
Contract Services	33,600	33,600	55,503	(21,903)
Supplies	122,000	122,000	195,732	(73,732)
Other	33,000	33,000	33,745	(745)
<b>Total Fire Fighting and Ambulance Services</b>	<b>1,805,977</b>	<b>1,805,977</b>	<b>1,891,045</b>	<b>(85,068)</b>
<b>Safety and Risk Management</b>				
Personnel	8,481	8,481	8,540	(59)
Fringe Benefits	1,882	1,882	3,213	(1,331)
Travel and Education	2,000	2,000	1,277	723
Supplies	2,000	2,000	1,570	430
Other	4,000	1,500	1,750	(250)
<b>Total Safety and Risk Management</b>	<b>18,363</b>	<b>15,863</b>	<b>16,350</b>	<b>(487)</b>
<b>Juvenile Probation</b>				
Personnel	126,959	126,959	123,214	3,745
Fringe Benefits	93,599	93,599	89,343	4,256
Travel and Education	18,000	18,000	8,133	9,867
Contract Services	26,000	26,000	5,329	20,671
Supplies	16,000	16,000	15,785	215
Repairs & Maintenance	6,500	6,500	4,728	1,772
Other	3,000	3,000	2,988	12
<b>Total Juvenile Probation</b>	<b>290,058</b>	<b>290,058</b>	<b>249,520</b>	<b>40,538</b>
<b>Adult Probation</b>				
Supplies	5,000	5,000	4,236	764
<b>Total Adult Probation</b>	<b>5,000</b>	<b>5,000</b>	<b>4,236</b>	<b>764</b>
<b>Total Public Safety</b>	<b>4,254,896</b>	<b>4,251,396</b>	<b>4,289,265</b>	<b>(37,869)</b>
<b>Justice System</b>				
<b>Justices of the Peace</b>				
Personnel	231,896	231,896	234,955	(3,059)
Fringe Benefits	99,750	99,750	99,610	140
Travel and Education	11,200	11,200	10,692	508
Supplies	12,000	13,850	12,784	1,066
Contract Services	24,572	24,572	2,609	21,963
Other	19,000	17,150	7,243	9,907
<b>Total Justices of the Peace</b>	<b>398,418</b>	<b>398,418</b>	<b>367,893</b>	<b>30,525</b>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Attorney				
Personnel	231,455	231,455	275,458	(44,003)
Fringe Benefits	86,024	86,024	84,830	1,194
Travel and Education	3,000	3,000	734	2,266
Supplies	5,000	5,000	1,730	3,270
Vehicle Expense	6,000	6,000	2,027	3,973
Other	8,500	8,500	2,154	6,346
Total County Attorney	<u>339,979</u>	<u>339,979</u>	<u>366,933</u>	<u>(26,954)</u>
49th District Court				
Personnel	91,715	91,715	92,420	(705)
Fringe Benefits	31,499	31,499	31,969	(470)
Travel and Education	10,500	10,500	6,010	4,490
Contract Services	119,600	119,600	50,801	68,799
Supplies	5,600	5,600	1,894	3,706
Other	5,850	5,850	7,404	(1,554)
Total 49th District Court	<u>264,764</u>	<u>264,764</u>	<u>190,498</u>	<u>74,266</u>
District Clerk				
Personnel	142,963	142,963	141,985	978
Fringe Benefits	62,031	62,031	60,322	1,709
Travel and Education	6,350	4,850	1,687	3,163
Supplies	3,500	5,500	4,633	867
Other	18,000	17,500	16,808	692
Total District Clerk	<u>232,844</u>	<u>232,844</u>	<u>225,435</u>	<u>7,409</u>
District Attorney				
Personnel	-	-	14,041	(14,041)
Fringe Benefits	1,066	1,066	1,183	(117)
Total District Attorney	<u>1,066</u>	<u>1,066</u>	<u>15,224</u>	<u>(14,158)</u>
<b>Total Justice System</b>	<u>1,237,071</u>	<u>1,237,071</u>	<u>1,165,983</u>	<u>71,088</u>
<b>Health and Human Services</b>				
Indigent Health Care				
Personnel	31,000	31,000	31,239	(239)
Fringe Benefits	12,881	12,881	12,649	232
Travel and Education	2,000	2,000	1,024	976
Supplies	3,000	3,000	479	2,521
Indigent Health Care	533,984	533,984	516,071	17,913
Other	12,600	12,600	11,649	951
Total Indigent Health Care	<u>595,465</u>	<u>595,465</u>	<u>573,111</u>	<u>22,354</u>
Environmental Health				
Personnel	247,652	247,652	243,213	4,439
Fringe Benefits	125,439	125,439	104,972	20,467
Travel and Education	2,000	2,000	2,040	(40)
Supplies	35,000	35,000	35,757	(757)
Other	74,550	77,050	75,996	1,054
Total Environmental Health	<u>484,641</u>	<u>487,141</u>	<u>461,978</u>	<u>25,163</u>
<b>Total Health and Human Services</b>	<u>1,080,106</u>	<u>1,082,606</u>	<u>1,035,089</u>	<u>47,517</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Environmental Services</b>				
Recycling				
Personnel	42,997	42,997	39,560	3,437
Fringe Benefits	22,497	22,497	17,486	5,011
Travel and Education	1,000	1,000	-	1,000
Supplies	3,000	3,000	4,195	(1,195)
Other	2,000	2,000	1,696	304
Total Recycling	<u>71,494</u>	<u>71,494</u>	<u>62,937</u>	<u>8,557</u>
Agriculture and Livestock				
Personnel	19,373	19,373	19,522	(149)
Fringe Benefits	1,821	1,821	1,792	29
Travel and Education	5,000	5,000	5,496	(496)
Supplies	3,500	3,500	2,209	1,291
Other	1,800	1,800	380	1,420
Total Agriculture and Livestock	<u>31,494</u>	<u>31,494</u>	<u>29,399</u>	<u>2,095</u>
<b>Total Environmental Services</b>	<u>102,988</u>	<u>102,988</u>	<u>92,336</u>	<u>10,652</u>
<b>Corrections and Rehabilitation</b>				
County Jail				
Personnel	324,543	324,543	352,107	(27,564)
Fringe Benefits	156,278	156,278	139,635	16,643
Travel and Education	3,000	3,000	605	2,395
Supplies	5,500	3,500	2,432	1,068
Prisoner Expenses	108,600	105,600	87,147	18,453
Repairs & Maintenance	18,000	18,000	15,685	2,315
Other	8,000	14,000	13,539	461
Total County Jail	<u>623,921</u>	<u>624,921</u>	<u>611,150</u>	<u>13,771</u>
Regional Jail				
Personnel	875,309	875,309	930,283	(54,974)
Fringe Benefits	410,889	410,889	366,641	44,248
Travel and Education	12,000	12,000	10,833	1,167
Supplies	9,500	8,000	5,910	2,090
Prisoner Expenses	312,700	304,200	278,219	25,981
Repairs & Maintenance	31,500	41,500	51,573	(10,073)
Other	25,000	25,000	25,563	(563)
Total Regional Jail	<u>1,676,898</u>	<u>1,676,898</u>	<u>1,669,022</u>	<u>7,876</u>
<b>Total Corrections and Rehabilitation</b>	<u>2,300,819</u>	<u>2,301,819</u>	<u>2,280,172</u>	<u>21,647</u>
<b>Community and Economic Development</b>				
Zapata Civic Center				
Personnel	74,633	74,633	74,832	(199)
Fringe Benefits	35,492	35,492	35,522	(30)
Contracted Services	14,000	14,000	14,688	(688)
Supplies	7,000	7,000	6,286	714
Other	11,000	11,000	11,023	(23)
Total Zapata Civic Center	<u>142,125</u>	<u>142,125</u>	<u>142,351</u>	<u>(226)</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
San Ygnacio Civic Center				
Personnel	8,000	8,000	1,971	6,029
Fringe Benefits	652	652	358	294
Supplies	1,000	1,000	1,108	(108)
Other	1,000	1,000	229	771
Total San Ygnacio Civic Center	<u>10,652</u>	<u>10,652</u>	<u>3,666</u>	<u>6,986</u>
Falcon Community Center				
Supplies	500	500	734	(234)
Total Falcon Community Center	<u>500</u>	<u>500</u>	<u>734</u>	<u>(234)</u>
County Library System				
Personnel	76,050	76,050	79,407	(3,357)
Fringe Benefits	34,925	34,925	35,373	(448)
Travel and Education	3,000	3,000	-	3,000
Supplies	4,500	4,500	3,272	1,228
Books & Periodicals	7,500	7,500	6,025	1,475
Other	8,700	8,700	7,754	946
Total County Library System	<u>134,675</u>	<u>134,675</u>	<u>131,831</u>	<u>2,844</u>
Romeo Flores Park Swimming Complex				
Personnel	12,000	12,000	17,415	(5,415)
Fringe Benefits	978	978	451	527
Supplies	8,000	8,000	13,377	(5,377)
Other	5,000	5,000	4,731	269
Total Romeo Flores Park Swimming Complex	<u>25,978</u>	<u>25,978</u>	<u>35,974</u>	<u>(9,996)</u>
Department of Aviation				
Personnel	52,622	52,622	52,900	(278)
Fringe Benefits	23,948	23,948	20,699	3,249
Contracted Services	7,500	7,500	3,489	4,011
Other	9,500	9,500	7,300	2,200
Total Department of Aviation	<u>93,570</u>	<u>93,570</u>	<u>84,388</u>	<u>9,182</u>
<b>Total Community and Economic Development</b>	<u>407,500</u>	<u>407,500</u>	<u>398,944</u>	<u>8,556</u>
<b>Capital Outlay</b>				
Capital Outlay Department	355,600	355,600	292,320	63,280
<b>Total Capital Outlay</b>	<u>355,600</u>	<u>355,600</u>	<u>292,320</u>	<u>63,280</u>
<b>Debt Service</b>				
Principal	-	-	80,211	(80,211)
Interest	-	-	16,090	(16,090)
<b>Total Debt Service</b>	<u>-</u>	<u>-</u>	<u>96,301</u>	<u>(96,301)</u>
<b>TOTAL EXPENDITURES</b>	<u>14,030,277</u>	<u>14,035,277</u>	<u>14,070,831</u>	<u>(35,554)</u>



**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020**

	2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Excess (deficiency) of revenues over expenditures</b>	(96,281)	(101,281)	(680,310)	(579,029)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	54,578	54,578
Operating transfers out	(337,772)	(337,772)	(196,654)	141,118
Loan Proceeds	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>(337,772)</u>	<u>(337,772)</u>	<u>(142,076)</u>	<u>195,696</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	(434,053)	(439,053)	(822,386)	(383,333)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	12,986,981	12,986,981	12,986,981	-
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>12,552,928</u>	<u>12,547,928</u>	<u>12,164,595</u>	<u>(383,333)</u>

ZAPATA COUNTY, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2020

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

	Year Ended December 31					
	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service Cost	\$ 1,176,761	\$ 1,133,919	\$ 1,150,842	\$ 1,263,648	\$ 1,351,831	\$ 1,373,043
Interest on the total pension liability	4,240,141	3,990,506	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	89,703	(3,008)	(588,866)	(424,189)	(1,130,757)	(254,397)
Benefit payments, including refunds of employee contributions	(2,171,447)	(1,996,650)	(2,190,235)	(1,790,918)	(1,768,063)	(1,432,411)
Net Change in Total Pension Liability	3,335,158	3,124,767	2,155,743	2,618,812	1,983,793	2,881,036
Total Pension Liability-Beginning	52,235,246	49,110,479	46,954,736	44,335,924	42,352,131	39,471,095
Total Pension Liability- Ending (a)	\$ 55,570,404	\$ 52,235,246	\$ 49,110,479	\$ 46,954,736	\$ 44,335,924	\$ 42,352,131
<b>Plan Fiduciary Net Position</b>						
Contributions- Employer	\$ 776,563	\$ 811,291	\$ 698,417	\$ 710,859	\$ 792,295	\$ 887,889
Contributions- Member	605,335	586,672	542,606	563,530	608,512	638,767
Net Investment Income	7,997,364	(943,549)	6,518,884	3,126,760	(648,125)	2,727,093
Benefit payments, including refunds of employee contributions	(2,171,447)	(1,996,650)	(2,190,235)	(1,790,918)	(1,768,063)	(1,432,411)
Administrative expense	(42,552)	(39,111)	(33,443)	(33,979)	(30,800)	(32,339)
Other	(19,253)	(12,785)	(13,036)	(43,660)	(59,165)	(13,753)
Net Change in Plan Fiduciary Net Position	7,146,010	(1,594,132)	5,523,191	2,532,592	(1,105,347)	2,775,246
Plan Fiduciary Net Position- Beginning	48,694,222	50,288,354	44,765,164	42,232,572	43,337,918	40,562,673
Plan Fiduciary Net Position- Ending (b)	\$ 55,840,232	\$ 48,694,222	\$ 50,288,354	\$ 44,765,164	\$ 42,232,572	\$ 43,337,919
Net Pension Liability- Ending (a) - (b)	\$ (269,828)	\$ 3,541,024	\$ (1,177,875)	\$ 2,189,573	\$ 2,103,353	\$ (985,788)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.49%	93.22%	102.40%	95.34%	95.26%	102.33%
Covered Employee Payroll	\$ 8,647,643	\$ 8,381,030	\$ 7,751,511	\$ 8,050,425	\$ 8,583,873	\$ 9,125,238
Net Pension Liability as a Percentage of Covered Employee Payroll	-3.12%	42.25%	-15.20%	27.20%	24.50%	-10.80%

ZAPATA COUNTY, TEXAS  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SEPTEMBER 30, 2020

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

**Total pension liability**

	2019	2018	2017
Service cost	\$ 15,167	\$ 17,717	\$ 15,289
Interest (on the total OPEB liability)	22,965	20,713	21,428
Changes of benefit terms	-	-	-
Difference between expected and actual experience			
Changes of assumptions	159,214	(67,577)	30,517
Changes of economic/demographic (gains) or losses	5,513	5,028	(21,490)
Benefit payments, including refunds of employee contributions	(16,431)	(14,248)	(11,627)
Net Change in Total Pension Liability	186,428	(38,367)	34,117
Total Pension Liability - Beginning	553,100	591,467	557,350
Total Pension Liability - Ending	<u>\$ 739,528</u>	<u>\$ 553,100</u>	<u>\$ 591,467</u>
Covered Employee Payroll	\$ 8,647,643	\$ 8,381,030	\$ 7,751,511
Net OPEB Liability as a Percentage of Covered Employee Payroll	8.55%	6.60%	7.63%

## COMBINING FUND STATEMENTS

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2020

	Special Road and Bridge	Lateral Road	Families First Coronavirus Relief Act	Task Force	Emergency Management Fire Marshal	Lower Border Security	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Foo	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology
<b>ASSETS</b>													
Cash and Cash Equivalents	1,192,640	351,302	35,368				6,853	84,727	8,142	87,323	38,143	69,960	51,054
Receivables (net of allowance)	222,737		12,782	64,642	32,677		2,059						
Due from Other Funds		19,045	-		5,832								
<b>Total Assets</b>	<b>1,415,377</b>	<b>370,347</b>	<b>12,782</b>	<b>100,010</b>	<b>5,832</b>	<b>32,677</b>	<b>8,912</b>	<b>84,727</b>	<b>8,142</b>	<b>87,323</b>	<b>38,143</b>	<b>69,960</b>	<b>51,054</b>
<b>LIABILITIES AND FUND BALANCES</b>													
Accounts Payable	23,927		2,455				1,781	5,120					4,027
Accrued Wages Payable	33,764			6,872	5,832		7,131	7,461				1,539	
Due to Other Funds	948,368		10,327	93,138	32,677			71,938		273,830	167,780	2,426	127,278
Unearned Revenues	222,737												
<b>Total Liabilities</b>	<b>1,228,796</b>	<b>-</b>	<b>12,782</b>	<b>100,010</b>	<b>5,832</b>	<b>32,677</b>	<b>8,912</b>	<b>84,519</b>	<b>-</b>	<b>273,830</b>	<b>167,780</b>	<b>3,965</b>	<b>131,305</b>
<b>Fund Balances:</b>													
<b>Restricted:</b>													
General Government										(186,507)			
Public Safety												65,995	(80,251)
Justice System								208	8,142				
Health & Human Services													
Infrastructure & Environmental Services											(129,637)		
Community and Economic Development													
Capital Outlay													
Debt Service													
Unassigned													
<b>Total Fund Balances</b>	<b>186,581</b>	<b>370,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208</b>	<b>8,142</b>	<b>(186,507)</b>	<b>(129,637)</b>	<b>65,995</b>	<b>(80,251)</b>
<b>Total Liabilities and Fund Balances</b>	<b>1,415,377</b>	<b>370,347</b>	<b>12,782</b>	<b>100,010</b>	<b>5,832</b>	<b>32,677</b>	<b>8,912</b>	<b>84,727</b>	<b>8,142</b>	<b>87,323</b>	<b>38,143</b>	<b>69,960</b>	<b>51,054</b>

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2020

	Reserve 1991	Tobacco Settlement	Records Archive	Records Management	Records Management	Records Management	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDEF	Juvenile Probation
<b>ASSETS</b>														
Cash and Cash Equivalents	14,775	152,101	109,632	78,669	16,644	2,934	35,020	30,847	38,055	5,845	16,496			
Receivables (net of allowance)				41,542	272	48,536								
Due from Other Funds														35,463
<b>Total Assets</b>	<b>14,775</b>	<b>152,101</b>	<b>109,632</b>	<b>120,211</b>	<b>16,644</b>	<b>3,206</b>	<b>35,020</b>	<b>30,847</b>	<b>38,055</b>	<b>41,308</b>	<b>16,496</b>			
<b>LIABILITIES AND FUND BALANCES</b>														
Accounts Payable		753		818									242	
Accrued Wages Payable				935				12,344						40,444
Due to Other Funds		59,359							375		15,076			86,469
Unearned Revenues														
<b>Total Liabilities</b>	<b>-</b>	<b>60,112</b>	<b>-</b>	<b>1,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,344</b>	<b>375</b>	<b>-</b>	<b>15,076</b>	<b>242</b>	<b>41,066</b>	<b>126,913</b>
<b>Fund Balances:</b>														
<b>Restricted:</b>														
General Government	14,775		109,632	118,458	16,644	3,206		36,192	5,680	30,847	22,979	41,066	(110,417)	
Public Safety														
Justice System							35,020							
Health & Human Services		91,989												
Infrastructure & Environmental Services														
Community and Economic Development														
Capital Outlay														
Debt Service														
Unassigned														
<b>Total Fund Balances</b>	<b>14,775</b>	<b>91,989</b>	<b>109,632</b>	<b>118,458</b>	<b>16,644</b>	<b>3,206</b>	<b>35,020</b>	<b>30,847</b>	<b>22,979</b>	<b>41,066</b>	<b>(110,417)</b>	<b>41,066</b>	<b>(110,417)</b>	
<b>Total Liabilities and Fund Balances</b>	<b>14,775</b>	<b>152,101</b>	<b>109,632</b>	<b>120,211</b>	<b>16,644</b>	<b>3,206</b>	<b>35,020</b>	<b>30,847</b>	<b>38,055</b>	<b>41,308</b>	<b>16,496</b>	<b>41,308</b>	<b>16,496</b>	

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2020

	TJJJ Prevention Grant S	Mentoring Work Force 2710001	Regional Division Grant R	Operation Stonegarden	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelts 7215085	3rd, 4th & 7th Street Imp. 7216511	7217511	CDBG 18-19	TOTALS
<b>ASSETS</b>												
Cash and Cash Equivalents	144,314	11,043		9								2,587,951
Receivables (net of allowance)				144,346	4,268	4,000	122,717	265,319	87,575	142,773	7,685	1,111,521
Due from Other Funds												152,749
<b>Total Assets</b>	<b>144,314</b>	<b>11,043</b>	<b>-</b>	<b>144,355</b>	<b>4,268</b>	<b>4,000</b>	<b>122,717</b>	<b>265,319</b>	<b>87,575</b>	<b>142,773</b>	<b>7,685</b>	<b>3,852,221</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Accounts Payable												39,123
Accrued Wages Payable				36,479								152,801
Due to Other Funds	3,726	11,043	7,933	107,876	4,268	4,000	122,717	265,319	87,575	142,773	7,685	2,653,956
Unearned Revenues												222,737
<b>Total Liabilities</b>	<b>3,726</b>	<b>11,043</b>	<b>7,933</b>	<b>144,355</b>	<b>4,268</b>	<b>4,000</b>	<b>122,717</b>	<b>265,319</b>	<b>87,575</b>	<b>142,773</b>	<b>7,685</b>	<b>3,068,617</b>
<b>Fund Balances:</b>												
<b>Restricted:</b>												
General Government												262,715
Public Safety												(49,743)
Justice System												43,002
Health & Human Services	140,588		(7,933)									100,339
Infrastructure & Environmental Services												556,928
Community and Economic Development												(129,637)
Capital Outlay												-
Debt Service												-
Unassigned												-
<b>Total Fund Balances</b>	<b>140,588</b>	<b>-</b>	<b>(7,933)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>783,604</b>
<b>Total Liabilities and Fund Balances</b>	<b>144,314</b>	<b>11,043</b>	<b>-</b>	<b>144,355</b>	<b>4,268</b>	<b>4,000</b>	<b>122,717</b>	<b>265,319</b>	<b>87,575</b>	<b>142,773</b>	<b>7,685</b>	<b>3,852,221</b>

ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Road and Bridge	Lateral Road	Families First Coronavirus Relief Act	Task Force	Emergency Management/ Fire Marshal	Lower Border Security	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Food	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology
REVENUES:													
Taxes:													
Property Taxes	667,885	279											
Penalty & Interest on Taxes	22,987	251											
Hotel/Motel										95,740			
Intergovernmental			12,782	140,718				210,144					
Licenses and Permits	384,163						7,010	1,876					
Charges for Services	228,265									15,047		4,646	2,409
Fines and Forfeitures	14,681	4,167							936	571	57	734	259
Interest													
Miscellaneous													
Total Revenues	1,317,781	4,697	12,782	140,718	-	-	7,010	212,020	936	15,618	95,797	5,380	2,668
EXPENDITURES:													
Current:													
General Government													
Public Safety				140,718	56,830					35,858		50,473	32,291
Justice System													
Health & Human Services							85,397	273,457					
Infrastructure & Environmental Services	1,741,326		12,782								127,307		
Community & Economic Development													
Capital Outlay													
Debt Service:													
Principal Retirement													
Interest and Fiscal Charges													
Total Expenditures	1,741,326	-	12,782	140,718	56,830	-	85,397	273,457	-	35,858	127,307	50,473	32,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(423,545)	4,697	-	-	(56,830)	-	(78,387)	(61,437)	936	(20,240)	(31,510)	(45,093)	(29,623)
OTHER FINANCING SOURCES (USES):													
Operating Transfers In													
Operating Transfers Out					56,830								
Loan Proceeds													
Total Other Financing Sources (Uses)					56,830		78,387	61,437	-	-	-	-	-
Net Change in Fund Balances	(423,545)	4,697	-	-	-	-	-	-	936	(20,240)	(31,510)	(45,093)	(29,623)
Fund Balance - Beginning of Year	610,126	365,650	-	-	-	-	-	208	7,206	(166,267)	(98,127)	111,088	(50,628)
Fund Balance - End of Year	186,581	370,347	-	-	-	-	-	208	8,142	(186,507)	(129,637)	65,995	(80,251)





ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Diversion Grant R	Operation Stonegarden	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelms 7215085	3rd, 4th & 7th Street Imp. 7216511	Falcon Meza 7217511	CDBG 18-19	TOTALS
<b>REVENUES:</b>												
Taxes:												
Property Taxes												667,964
Penalty & Interest on Taxes												23,238
Hotel/Motel												95,740
Intergovernmental	83,712		2,269	226,539					348,923			1,465,949
Licenses and Permits												384,163
Charges for Services												53,796
Fines and Forfeitures												264,815
Interest												20,918
Miscellaneous												3,950
Total Revenues	83,712	-	2,269	226,539	-	-	-	-	-	348,923	-	2,980,533
<b>EXPENDITURES:</b>												
Current:												
General Government												19,577
Public Safety							169,212					523,604
Justice System	61,743		2,203									405,257
Health & Human Services												373,468
Infrastructure & Environmental Services												1,741,326
Community & Economic Development												127,307
Capital Outlay				57,327					348,923			406,250
Debt Service:												-
Principal Retirement												-
Interest and Fiscal Charges												-
Total Expenditures	61,743	-	2,203	226,539	-	-	-	-	-	348,923	-	3,596,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,969	-	66	-	-	-	-	-	-	-	-	(616,256)
<b>OTHER FINANCING SOURCES (USES):</b>												
Operating Transfers In												196,654
Operating Transfers Out												-
Loan Proceeds												-
Total Other Financing Sources (Uses)	21,969	-	66	-	-	-	-	-	-	-	-	196,654
Net Change in Fund Balances	118,619	-	(7,999)	-	-	-	-	-	-	-	-	(419,602)
Fund Balance - Beginning of Year	140,588	-	(7,933)	-	-	-	-	-	-	-	-	1,203,206
Fund Balance - End of Year												783,604

SINGLE AUDIT SECTION



Aaron Canales, CPA  
Juan José Garza, CPA  
† J. Clayton Baum, CPA  
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, 2020, 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 September 30, 2021.

### **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  
September 30, 2021



Aaron Canales, CPA  
Juan José Garza, CPA  
† J. Clayton Baum, CPA  
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, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with 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, 2020.

## 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, Garza & Baum, PLLC*

Laredo, Texas  
September 30, 2021

**Zapata County, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2020**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Rural Development</b>			
Rural Utilities Service			
Community Facilities Loans and Grants - Loan			
Sewer Improvements	10.766		\$ 734,929
<b>Total U.S. Department of Agriculture</b>			<u>734,929</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Nutrition Program for the Elderly - C1, C2, USDA	93.045	C1, C2, USDA	210,144
<b>Total U.S. Department of Health and Human Services</b>			<u>210,144</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Passed Through Texas Department of Agriculture</b>			
Community Development Block Grants	14.228	7217511	348,923
<b>Total U.S. Department of Housing and Urban Development</b>			<u>348,923</u>
<b><u>U.S. Department of Justice</u></b>			
<b>Passed Through City of Laredo, Texas</b>			
Financial Task Force	16.579	2020	140,718
<b>Total U.S. Department of Justice</b>			<u>140,718</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Passed Through Texas Department of Public Safety</b>			
Operation Stonegarden	97.067	2020	226,539
<b>Total U.S. Department of Homeland Security</b>			<u>226,539</u>
<b><u>U.S. Department of the Treasury</u></b>			
Equitable Sharing	21.016	2020	15,047
<b>Passed Through Texas Department of Emergency Management</b>			
Coronavirus Relief Fund	21.019	2020	551,797
<b>Total U.S. Department of the Treasury</b>			<u>566,844</u>
<b><u>Executive Office of the President</u></b>			
High Intensity Drug Trafficking Areas Program	95.001	2020	139,220
<b>Total Executive Office of the President</b>			<u>139,220</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,367,317</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 elect to use the 10% De Minimis Indirect Cost Rate



Zapata County, Texas  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2020

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

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: Unmodified

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
21.019	US Treasury – Coronavirus Relief Fund

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, 2020

**Summary of Prior Audit Findings**

***Federal Award Findings and Questioned Costs***

None.