

ZAPATA COUNTY, TEXAS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024



ZAPATA COUNTY, TEXAS
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FINANCIAL SECTION

Aaron Canales, CPA
Juan José Garza, CPA
† J. Clayton Baum, CPA
Guadalupe Garcia-Wright, CPA



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of September 30, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Zapata, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Texas Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal 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 4, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Zapata, Texas' internal control over financial reporting and compliance.

Canale, Garza & Baum, PLLC

Laredo, Texas
September 4, 2025

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, 2024. 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 \$76,173,307 (net assets) at September 30, 2024. Of this amount, \$9,521,807 (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 \$2,833,871.

The County's total combined Proprietary Fund net assets was \$10,304,644 September 30, 2024.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,350,505, a decrease of \$526,795 in comparison with the prior period. Approximately 50% of this total amount, \$6,198,453, 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 52-54 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 \$76,173,307 at the close of the most recent fiscal year.

A portion of the County's net assets (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>9/30/2024</u>	<u>9/30/2023</u>
Current and Other Assets	\$ 19,472,881	\$ 18,100,198
Capital Assets	<u>87,399,661</u>	<u>88,232,893</u>
Total Assets	<u>106,872,542</u>	<u>106,333,091</u>
Deferred Outflows of Resources	<u>1,783,150</u>	<u>3,681,050</u>
Long-term Liabilities	25,571,800	28,381,225
Other Liabilities	<u>5,935,839</u>	<u>7,816,343</u>
Total Liabilities	<u>31,507,639</u>	<u>36,197,568</u>
Deferred Inflows of Resources	<u>974,746</u>	<u>477,137</u>
Invested in Capital Assets, net of Related Debt	60,499,448	58,516,160
Reserved for Other Purposes	6,204,519	5,768,457
Reserved for Debt Service	(52,467)	140,220
Unrestricted	<u>9,521,807</u>	<u>8,914,599</u>
Total Net Assets	<u>\$ 76,173,307</u>	<u>\$ 73,339,436</u>

Government-wide Financial Activities

Government-wide financial activities increased the County's net assets by \$2,833,871.

	<u>9/30/2024</u>	<u>9/30/2023</u>
Revenues:		
Program revenues		
Charges for services	\$ 6,602,820	\$ 5,388,763
Operating grants	5,120,054	4,703,127
Capital grants	1,829,653	986,710
General revenues		
Property taxes	11,225,131	10,522,789
Sales and miscellaneous taxes	3,067,052	2,933,336
Investment earnings	377,947	185,546
Other financing sources	-	-
Miscellaneous	<u>6,726,429</u>	<u>7,059,534</u>
Total Revenue	<u>34,949,086</u>	<u>31,779,805</u>

	9/30/2024	9/30/2023
Expenses:		
General government	5,869,381	8,837,924
Public safety	8,008,009	7,817,989
Justice system	2,077,886	1,759,452
Health and human services	2,385,166	2,049,565
Infrastructure and environmental serv.	3,152,404	3,025,057
Correction and rehabilitation	2,773,304	2,702,551
Community and economic develop.	522,442	417,945
Interest and fiscal charges	214,484	257,525
Business type activities	7,112,139	6,339,268
Total Expenses	32,115,215	33,207,276
Increase/(Decrease) in net assets	2,833,871	(1,427,471)
Beginning net assets	73,339,436	74,766,907
Ending net assets	\$ 76,173,307	\$ 73,339,436

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

	2024	
	Amount	%
Revenues:		
Charges for services	\$ 6,602,820	18.9%
Operating grants	5,120,054	14.7%
Capital grants	1,829,653	5.2%
Property taxes	11,225,131	32.1%
Sales and miscellaneous taxes	3,067,052	8.8%
Investment earnings	377,947	1.1%
Miscellaneous	6,726,429	19.2%
Total Revenue	\$ 34,949,086	100.0%
Expenses:		
General government	\$ 5,869,381	18.3%
Public safety	8,008,009	24.9%
Justice system	2,077,886	6.5%
Health and human services	2,385,166	7.4%
Infrastructure and environmental serv.	3,152,404	9.8%
Correction and rehabilitation	2,773,304	8.6%
Community and economic develop.	522,442	1.6%
Interest and fiscal charges	214,484	0.7%
Business type activities	7,112,139	22.1%
Total Expenses	\$ 32,115,215	100.0%

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 \$12,350,505, a decrease of \$526,795 in comparison with the prior period. Approximately, 50% of this total amount, \$6,198,453 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	\$ 336,626
Public Safety	(78,843)
Justice System	(175,386)
Health and Human Services	76,017
Infrastructure and Environmental Services	180,204
Community and Economic Development	158,962
Capital Outlay	(361,884)
Debt Service	(52,467)
Total Restricted	<u>83,229</u>
Committed:	
Landfill	1,049,104
Airport	351,627
Veleno Bridge	59,775
Catastrophic Fund	3,692,292
Oil and Gas	916,025
Total Committed	<u>6,068,823</u>
Total Restricted and Committed Funds	<u>\$ 6,152,052</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 \$6,198,453, while total fund balance was \$12,267,276. 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 34% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 67% of that same amount. The fund balance of the County's general fund decreased by \$493,673 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 \$15,935,909 in total revenues and transfers in and \$17,479,828 in total expenditures and transfers out. Actual governmental fund revenues and transfers in were \$17,705,666 for a favorable variance compared to budgeted revenues of \$1,769,757. Actual

governmental fund expenditures and transfers out were \$18,199,339 for an unfavorable variance compared to budgeted expenditures of \$699,511.

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, 2024, amounts to \$87,399,661 (net of accumulated depreciation).

	2024	2023
Land	\$ 2,319,841	\$ 2,319,841
Infrastructure	72,378,999	70,701,861
Buildings and improvements	57,883,186	57,883,186
Construction in progress	-	-
Equipment and furniture	20,251,479	18,824,629
Accumulated depreciation	(65,433,844)	(61,496,624)
Total	<u>\$ 87,399,661</u>	<u>\$ 88,232,893</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:						
Combined Tax & Revenue C/O, Series 2013	595,000	-	110,000	485,000	115,000	370,000
Unlimited Tax Refunding Bonds Series 2017	2,970,000	-	955,000	2,015,000	990,000	1,025,000
Certificates of Obligation, Series 2019	1,655,000	-	130,000	1,525,000	135,000	1,390,000
Certificates of Obligation, Series 2021	3,325,000	-	480,000	2,845,000	490,000	2,355,000
Capital Leases	23,296	-	11,390	11,906	11,906	-
Compensated Absences	623,873	30,139	-	654,012	-	654,012
Land Closure & Postclosure Costs	1,040,358	-	26,917	1,013,441	-	1,013,441
Total	<u>10,232,527</u>	<u>30,139</u>	<u>1,713,307</u>	<u>8,549,359</u>	<u>1,741,906</u>	<u>6,807,453</u>
Business-Type Activities:						
TWDB EDAP, Series 2006	8,399,000	-	494,000	7,905,000	494,000	7,411,000
TWDB CWSRF, Series 2008	2,885,000	-	320,000	2,565,000	320,000	2,245,000
TX Waterworks & Sewer Revenue Bonds, Series 2014	768,000	-	17,000	751,000	17,000	734,000
USDA Series 2017 A (Sewer Plant)	4,400,000	-	85,000	4,315,000	85,000	4,230,000
USDA Series 2017 B (Sewer Plant)	3,602,000	-	70,000	3,532,000	70,000	3,462,000
San Ygnacio MUD Loan #5093392427	306,245	-	31,371	274,874	274,874	-
San Ygnacio MUD Loan #5093392428	7,187	-	7,187	-	-	-
Digital Water Meters Loan	781,004	-	105,571	675,433	109,231	566,202
Compensated Absences	89,655	26,490	-	116,145	-	116,145
Total	<u>21,238,091</u>	<u>26,490</u>	<u>1,130,129</u>	<u>20,134,452</u>	<u>1,370,105</u>	<u>18,764,347</u>
Grand Total	<u>\$31,470,618</u>	<u>\$56,629</u>	<u>\$2,843,436</u>	<u>\$28,683,811</u>	<u>\$3,112,011</u>	<u>\$25,571,800</u>

The County total debt decreased by \$2,786,807 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, 2024 budget preparation increased approximately 7% from fiscal year ended September 30, 2023.
- The tax rate established for the fiscal year ending September 30, 2024 budget is \$.893627, 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. 7th Avenue, Suite 157, Zapata, Texas, 78076.

BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 6,557,658	\$ 2,306,259	\$ 8,863,917
Receivables (net of allowance)	7,896,822	1,180,343	9,077,165
Internal Balances	3,794,808	(3,742,954)	51,854
Net Pension Asset	1,479,945	-	1,479,945
Capital Assets			
Land	1,554,640	765,201	2,319,841
Infrastructure	25,494,588	46,884,411	72,378,999
Building and Improvements	55,613,522	2,269,664	57,883,186
Equipment and Furniture	17,093,352	3,158,127	20,251,479
Less: accumulated depreciation	(43,606,683)	(21,827,161)	(65,433,844)
TOTAL CAPITAL ASSETS	56,149,419	31,250,242	87,399,661
TOTAL ASSETS	75,878,652	30,993,890	106,872,542
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,783,150	-	1,783,150
Total Deferred Outflows of Resources	1,783,150	-	1,783,150
 LIABILITIES			
Accounts Payable	1,092,827	89,752	1,182,579
Accrued Wages Payable	444,639	63,785	508,424
Net Pension Obligations - OPEB	731,568	-	731,568
Consumer Meter Deposits	-	401,257	401,257
Long-term liabilities			
Due within one year			
Bonds	1,741,906	1,370,105	3,112,011
Due in more than one year			
Bonds	5,140,000	18,648,202	23,788,202
Compensated Absences	654,012	116,145	770,157
Land Closure & Postclosure Costs	1,013,441	-	1,013,441
Total Liabilities	10,818,393	20,689,246	31,507,639
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	974,746	-	974,746
Total Deferred Inflows of Resources	974,746	-	974,746
 NET POSITION			
Invested in Capital Assets, Net of Related Debt	49,267,513	11,231,935	60,499,448
Restricted:			
Debt Service	(52,467)	-	(52,467)
Other Purposes	6,204,519	-	6,204,519
Unrestricted	10,449,098	(927,291)	9,521,807
Total Net Position	\$ 65,868,663	\$ 10,304,644	\$ 76,173,307

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

ZAPATA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	Changes In		
					Governmental Activities		Business-type Activities
Primary Government							
Governmental Activities:							
General Government	\$ 5,869,381	\$ 123,787	\$ 644,420	\$ -	\$ (5,101,174)	\$ (5,101,174)	
Public Safety	8,008,009	16,322	3,468,719		(4,522,968)	(4,522,968)	
Justice System	2,077,886	122,795	288,740		(1,666,351)	(1,666,351)	
Health and Human Services	2,385,166	12,419	630,175		(1,742,572)	(1,742,572)	
Infrastructure and Environmental Services	3,152,404	427,379		1,827,153	(897,872)	(897,872)	
Correction and Rehabilitation	2,773,304				(2,773,304)	(2,773,304)	
Community and Economic Development	522,442	19,500	88,000	2,500	(412,442)	(412,442)	
Interest and Fiscal Charges	214,484				(214,484)	(214,484)	
Total Governmental Activities	25,003,076	722,202	5,120,054	1,829,653	(17,331,167)	(17,331,167)	
Business-Type Activities							
Water Plant	4,750,736	3,753,995			(996,741)	(996,741)	
Sewer Plant	2,029,591	1,595,777			(433,814)	(433,814)	
Airport	202,468	460,032			257,564	257,564	
Sheriff Commissary	129,344	70,814			(58,530)	(58,530)	
Total Business-Type Activities	7,112,139	5,880,618	-	-	(1,231,521)	(1,231,521)	
Total Primary Government	32,115,215	6,602,820	5,120,054	1,829,653	(17,331,167)	(18,562,688)	
General Revenues							
Property Taxes, Levies for General Purposes					11,225,131	11,225,131	
Penalty and interest on taxes					408,407	408,407	
Sales and Miscellaneous Taxes					2,658,645	2,658,645	
Fines and Forfeitures					508,681	508,681	
Unrestricted Investment Earnings					372,817	377,947	
Miscellaneous					6,217,748	6,217,748	
Transfers In/(Out)					(1,159,048)	-	
Total General Revenues and Transfers					20,232,381	21,396,559	
Change in Net Position					2,901,214	2,833,871	
Net Position - Beginning					62,967,449	73,339,436	
Net Position - Ending					\$ 65,868,663	\$ 76,173,307	

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

ZAPATA COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	GENERAL FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 1,155,907	\$ 399,177	\$ 5,002,574	\$ 6,557,658
Receivables, net	3,159,962	946,840	3,790,020	7,896,822
Due from Other Funds	11,968,792	-	257,751	12,226,543
Total Assets	<u>16,284,661</u>	<u>1,346,017</u>	<u>9,050,345</u>	<u>26,681,023</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	579,994	-	512,833	1,092,827
Accrued Wages Payable	335,285	-	109,354	444,639
Due to Other Funds	-	451,644	7,980,091	8,431,735
Deferred Revenues	3,102,106	946,840	312,371	4,361,317
Total Liabilities	<u>4,017,385</u>	<u>1,398,484</u>	<u>8,914,649</u>	<u>14,330,518</u>
Fund Balances:				
Restricted:				
General Government			336,626	336,626
Public Safety			(78,843)	(78,843)
Justice System			(175,386)	(175,386)
Health and Human Services			76,017	76,017
Infrastructure and Environmental Services			180,204	180,204
Community and Economic Development			158,962	158,962
Capital Outlay			(361,884)	(361,884)
Debt Service		(52,467)		(52,467)
Committed:	6,068,823			6,068,823
Unassigned:	6,198,453			6,198,453
Total Fund Balances	<u>12,267,276</u>	<u>(52,467)</u>	<u>135,696</u>	<u>12,350,505</u>
Total Liabilities and Fund Balances	<u>\$ 16,284,661</u>	<u>\$ 1,346,017</u>	<u>\$ 9,050,345</u>	<u>\$ 26,681,023</u>

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, 2024

Total Fund Balances - governmental funds balance sheet	\$ 12,350,505
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	56,149,419
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net if allowance for uncollectible)	4,361,317
Included in the items related to debt is the recognition of the County's proportionate share of the net pension asset required by GASB 68 in the amount of \$1,479,945 net pension obligation - OPEB required by GASB 75 in the amount of \$(731,568), a deferred resources outflows related to TCDRS in the amount of \$1,783,150 and a deferred resources inflows related to TCDRS in the amount of \$(974,746)	1,556,781
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>(8,549,359)</u>
Net position of governmental activities - statement of net position	<u>\$ 65,868,663</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, 2024

	GENERAL FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:				
Taxes:				
Property Taxes	\$ 7,008,991	\$ 2,760,734	\$ 928,751	\$ 10,698,476
Sales and Miscellaneous Taxes	2,255,833		112,634	2,368,467
Penalty and Interest on Taxes	283,758	94,051	30,598	408,407
Franchise Taxes	290,178		-	290,178
Intergovernmental	987,788		5,961,919	6,949,707
Licenses and Permits	1,496		427,379	428,875
Charges for Services	228,871		64,456	293,327
Fees and Fines	-		508,681	508,681
Interest	372,449		368	372,817
Miscellaneous	6,201,302		16,446	6,217,748
Total Revenues	<u>17,630,666</u>	<u>2,854,785</u>	<u>8,051,232</u>	<u>28,536,683</u>
EXPENDITURES:				
Current:				
General government	6,056,780		554,154	6,610,934
Judicial	1,390,026		689,430	2,079,456
Public safety	5,342,667		1,829,133	7,171,800
Infrastructure and environmental services	115,857		1,637,469	1,753,326
Corrections and rehabilitation	2,759,625		-	2,759,625
Health and human services	1,239,464		859,547	2,099,011
Community and economic development	494,611		28,450	523,061
Capital outlay	356,485		2,649,858	3,006,343
Debt Service:				
Principal	11,390	1,675,000		1,686,390
Interest and Fiscal Charges	1,060	213,424		214,484
Total Expenditures	<u>17,767,965</u>	<u>1,888,424</u>	<u>8,248,041</u>	<u>27,904,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(137,299)</u>	<u>966,361</u>	<u>(196,809)</u>	<u>632,253</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	75,000	-	431,374	506,374
Operating Transfers Out	(431,374)	(1,159,048)	(75,000)	(1,665,422)
Total Other Financing Sources (Uses)	<u>(356,374)</u>	<u>(1,159,048)</u>	<u>356,374</u>	<u>(1,159,048)</u>
Net Change in Fund Balances	<u>(493,673)</u>	<u>(192,687)</u>	<u>159,565</u>	<u>(526,795)</u>
Fund Balance - Beginning of Year	<u>12,760,949</u>	<u>140,220</u>	<u>(23,869)</u>	<u>12,877,300</u>
Fund Balance - End of Year	<u>\$ 12,267,276</u>	<u>\$ (52,467)</u>	<u>\$ 135,696</u>	<u>\$ 12,350,505</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, 2024

Net changes in fund balances - total governmental funds	\$ (526,795)
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.	175,953
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	526,655
The implementation of GASB 68 and 75 required that certain expenditures be de-expended and recorded as deferred resources outflows.	1,042,233
Repayment of loan principal is an expenditure in the funds but not an expense in the statement of activities	1,686,390
Compensated Absences and Land Closure & Postclosure Costs recorded for entity wide financial statements	<u>(3,222)</u>
Change in net position of governmental activities - statement of activities	<u>\$ 2,901,214</u>

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

ZAPATA COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,648,997	\$ 375,852	\$ 145,156	\$ 136,254	\$ 2,306,259
Receivables, net	924,962	255,381	-	-	1,180,343
Due from Other Funds	-	-	138,278	-	138,278
Total current assets	<u>2,573,959</u>	<u>631,233</u>	<u>283,434</u>	<u>136,254</u>	<u>3,624,880</u>
Non-current assets:					
Capital assets:					
Land	459,121	306,080	-	-	765,201
Equipment and furniture	1,925,096	1,233,031	-	-	3,158,127
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	(14,610,715)	(7,159,636)	(56,810)	-	(21,827,161)
Total non-current assets	<u>13,013,642</u>	<u>18,236,600</u>	<u>-</u>	<u>-</u>	<u>31,250,242</u>
Total assets	<u>15,587,601</u>	<u>18,867,833</u>	<u>283,434</u>	<u>136,254</u>	<u>34,875,122</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	62,105	27,647	-	-	89,752
Accrued Expenses	47,315	16,470	-	-	63,785
Customer Deposits	401,257	-	-	-	401,257
Due to Other Funds	821,635	3,027,908	-	31,689	3,881,232
Bonds, notes and loans payable	878,105	492,000	-	-	1,370,105
Total current liabilities	<u>2,210,417</u>	<u>3,564,025</u>	<u>-</u>	<u>31,689</u>	<u>5,806,131</u>
Non-current liabilities					
Bonds, notes and loans payable	7,977,202	10,671,000	-	-	18,648,202
Compensated Absences	83,649	32,496	-	-	116,145
Total non-current liabilities	<u>8,060,851</u>	<u>10,703,496</u>	<u>-</u>	<u>-</u>	<u>18,764,347</u>
Total liabilities	<u>10,271,268</u>	<u>14,267,521</u>	<u>-</u>	<u>31,689</u>	<u>24,570,478</u>
NET POSITION					
Invested in capital assets, net of related debt	4,158,335	7,073,600	-	-	11,231,935
Restricted	-	-	-	-	-
Unrestricted	1,157,998	(2,473,288)	283,434	104,565	(927,291)
Total net position	<u>\$ 5,316,333</u>	<u>\$ 4,600,312</u>	<u>\$ 283,434</u>	<u>\$ 104,565</u>	<u>\$ 10,304,644</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, 2024

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
OPERATING REVENUES					
Charges for Services	\$ 3,753,995	\$ 1,595,777	\$ 12,956	\$ -	\$ 5,362,728
Sales of products	-	-	447,076	70,814	517,890
Total operating revenues	<u>3,753,995</u>	<u>1,595,777</u>	<u>460,032</u>	<u>70,814</u>	<u>5,880,618</u>
OPERATING EXPENSES					
Personal Services	1,581,524	590,260	-	-	2,171,784
Utilities	89,318	115,005	-	-	204,323
Repairs and maintenance	620,561	392,249	99,844	-	1,112,654
Contractual	1,019,725	-	50,087	-	1,069,812
Other supplies and expenses	822,643	200,087	52,537	129,344	1,204,611
Depreciation	577,699	529,129	-	-	1,106,828
Total Operating Expenses	<u>4,711,470</u>	<u>1,826,730</u>	<u>202,468</u>	<u>129,344</u>	<u>6,870,012</u>
Operating Income (Loss)	<u>(957,475)</u>	<u>(230,953)</u>	<u>257,564</u>	<u>(58,530)</u>	<u>(989,394)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	4,537	31	562	-	5,130
Intergovernmental	-	-	-	-	-
Interest and Fiscal Charges	(39,266)	(202,861)	-	-	(242,127)
Total Non-Operating Revenues (Expense)	<u>(34,729)</u>	<u>(202,830)</u>	<u>562</u>	<u>-</u>	<u>(236,997)</u>
Income Before Transfers	(992,204)	(433,783)	258,126	(58,530)	(1,226,391)
Transfers In (Out) - Net	<u>494,000</u>	<u>665,048</u>	<u>-</u>	<u>-</u>	<u>1,159,048</u>
Changes in Net Assets	(498,204)	231,265	258,126	(58,530)	(67,343)
Total Net Assets - Beginning	5,814,537	4,369,047	25,308	163,095	10,371,987
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets - Ending	<u>\$ 5,316,333</u>	<u>\$ 4,600,312</u>	<u>\$ 283,434</u>	<u>\$ 104,565</u>	<u>\$ 10,304,644</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, 2024

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,808,704	\$ 1,599,809	\$ 460,032	\$ 70,814	\$ 5,939,359
Payments to employees	(1,549,616)	(586,739)	-	-	(2,136,355)
Payments to vendors, suppliers, and insurance administrators	(3,747,741)	(688,688)	(875,006)	(97,655)	(5,409,090)
Net cash provided (used) by operating activities	(1,488,653)	324,382	(414,974)	(26,841)	(1,606,086)
CASH FLOW FOR NON-CAPITAL AND RELATED FINANCING ACTIVITIES					
Intergovernmental Transfers	494,000	665,048	-	-	1,159,048
Net cash provided (used) by non-capital and related financing activities	494,000	665,048	-	-	1,159,048
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments on capital debt	(638,130)	(492,000)	-	-	(1,130,130)
Net cash provided (used) by capital and related financing activities	(638,130)	(492,000)	-	-	(1,130,130)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	4,538	32	562	-	5,132
Interest and fiscal charges	(39,266)	(202,861)	-	-	(242,127)
Acquisition of capital assets	-	(97,645)	-	-	(97,645)
Net cash provided (used) by investing activities	(34,728)	(300,474)	562	-	(334,640)
Net increase (decrease) in cash and cash equivalents	(1,667,511)	196,956	(414,412)	(26,841)	(1,911,808)
Cash and cash equivalents at beginning of year	3,316,508	178,896	559,568	163,095	4,218,067
Cash and cash equivalents at ending of year	1,648,997	375,852	145,156	136,254	2,306,259
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	(957,475)	(230,953)	257,564	(58,530)	(989,394)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	577,699	529,129	-	-	1,106,828
Change in assets and liabilities:					
Receivables, net	(58,045)	4,032	(138,278)	-	(192,291)
Accounts and other payables	(1,050,832)	22,174	(534,260)	31,689	(1,531,229)
Net cash provided by operating activities	\$ (1,488,653)	\$ 324,382	\$ (414,974)	\$ (26,841)	\$ (1,606,086)

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

ZAPATA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

ASSETS

Cash and cash equivalents	\$4,360,782
Due from other funds	<u>31,689</u>
Total current assets	<u><u>\$4,392,471</u></u>

LIABILITIES AND NET POSITION

LIABILITIES

Held in trust	1,493,105
Due to other governments	888,996
Due to other funds	83,543
Refunds payable and others	<u>1,926,827</u>
Total liabilities	4,392,471

NET POSITION

<u>-</u>
<u><u>\$ 4,392,471</u></u>

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024

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, 2024

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 represent 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.

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

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipes (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 appropriate 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.

ZAPATA COUNTY, TEXAS
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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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

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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ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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	Capital Assets - Net			Capital Assets - Net	
	(beg)	Additions	Depreciation	(end)	
Capital assets at end of year					
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640	
Furniture and Equipment	6,114,934	1,329,205	1,188,490	6,255,649	
Buildings and Improvements	34,764,660	-	1,129,446	33,635,214	
Infrastructure	13,539,231	1,677,138	512,454	14,703,915	
				<u>\$ 56,149,418</u>	

Long-term liabilities	Total
Combined Tax & Revenue C/O, Series 2013	485,000
Unlimited Tax Refunding Bonds, Series 2017	2,015,000
Certificates of Obligation, Series 2019	1,525,000
Certificates of Obligation, Series 2021	2,845,000
Capital Leases	11,906
Compensated Absences	654,012
Land Closure & Postclosure Costs	1,013,441
	<u>\$ 8,549,359</u>

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

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

Current year capital outlay	
Furniture and Equipment	\$ 1,329,205
Infrastructure	1,677,138
Total capital outlay	<u>3,006,343</u>
Depreciation expense	(2,830,390)
	<u>\$ 175,953</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2023-24 budget.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024, 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 \$8,863,917. The County's cash deposits at September 30, 2024 and during the year ended September 30, 2024 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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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, 2024. At year-end, the carrying amount of the County's deposits was \$8,863,917. 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, 2024.

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, 2024, 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.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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B. Interfund Activity

Interfund balances at September 30, 2024 consisted of the following individual fund balances:

Due to General Fund	\$	11,968,792	
Due to Other Funds		257,751	
Due to Debt Services		-	
	\$	<u>12,226,543</u>	Total Governmental Activities
Due from General Fund	\$	-	
Due to Other Funds	\$	7,980,091	
Due to Debt Services		451,644	
		<u>8,431,735</u>	Total Governmental Activities
Due from Proprietary Funds		3,794,808	
	\$	<u>12,226,543</u>	

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

C. Receivables

Receivables at September 30, 2024 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 3,446,785	\$ -	\$ 3,446,785
Debt Service	1,052,045	-	1,052,045
Nonmajor Governmental Funds	347,079	3,535,504	3,882,583
Water Plant	-	1,179,678	1,179,678
Sewer Plant	-	508,587	508,587
Total Receivables	\$ 4,845,908	\$ 5,223,770	\$ 10,069,678
Allowance for Uncollectible	(484,591)	(507,923)	(992,513)
Total Receivables, net			<u>\$ 9,077,165</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2024 was as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Total capital assets not being depreciated	1,554,640	-	-	1,554,640
Capital assets being depreciated				
Furniture and Equipment	15,764,147	1,329,205	-	17,093,352
Buildings and Improvements	55,613,522	-	-	55,613,522
Infrastructure	23,817,450	1,677,138	-	25,494,588
Total capital assets being depreciated	95,195,119	3,006,343	-	98,201,462
Less: Accumulated Depreciation				
Depreciable Assets	40,776,293	2,830,390	-	43,606,683
Total Accumulated Depreciation	40,776,293	2,830,390	-	43,606,683
Total Capital Assets Depreciated, net	54,418,826	175,953	-	54,594,779
Governmental Activities Capital Assets, net	\$ 55,973,466	\$ 175,953	\$ -	\$ 56,149,419

Depreciation expense was charged to governmental functions as follows:

	2024
General Government	283,039
Public safety	849,117
Infrastructure and environmental services	1,415,195
Health and human services	283,039
Total Depreciation Expense	<u>\$ 2,830,390</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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Business-type Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 765,201	\$ -	\$ -	\$ 765,201
Total capital assets not being depreciated	765,201	-	-	765,201
Capital assets being depreciated				
Furniture and Equipment	3,117,292	97,645	-	3,214,937
Buildings and Improvements	2,212,854	-	-	2,212,854
Infrastructure	46,884,411	-	-	46,884,411
Total capital assets being depreciated	52,214,557	97,645	-	52,312,202
Less: Accumulated Depreciation				
Depreciable Assets	20,720,333	1,106,828	-	21,827,161
Total Accumulated Depreciation	20,720,333	1,106,828	-	21,827,161
Total Capital Assets Depreciated, net	31,494,224	(1,009,183)	-	30,485,041
Governmental Activities Capital Assets, net	\$ 32,259,425	\$ (1,009,183)	\$ -	\$ 31,250,242

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

	2024
Water Plant	577,699
Sewer Plant	529,129
Total Depreciation Expense	\$ 1,106,828

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:

Year Ending September 30,	Principal	Interest
2025	115,000	16,031
2026	120,000	11,625
2027	125,000	7,031
2028	125,000	2,344
Totals	\$ 485,000	\$ 37,031

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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
2025	990,000	60,800
2026	1,025,000	20,500
Totals	<u>\$ 2,015,000</u>	<u>\$ 81,300</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
2025	135,000	40,664
2026	140,000	36,828
2027	140,000	32,922
2028	145,000	28,946
2029-2033	795,000	80,282
2034	170,000	2,372
Totals	<u>\$ 1,525,000</u>	<u>\$ 222,014</u>

Certificates of Obligation, Series 2021: The bond was issued in the amount of \$4,270,000 at an interest rate of 1.59% 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
2025	490,000	41,340
2026	495,000	33,509
2027	500,000	25,599
2028	515,000	17,530
2029-2033	515,000	46,945
2034-2037	330,000	7,871
Totals	<u>\$ 2,845,000</u>	<u>\$ 172,793</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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 \$0. The loan had an original interest rate of 4.5% adjustable on a quarterly basis.

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	\$ 11,906
Plus Amount Representing Interest	544
Total Minimum Lease Payments	<u>\$ 12,450</u>
Payments Due within One Year	<u>\$ 11,906</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, 2024. 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:

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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Year Ending September 30,	Principal	Interest
2025	494,000	-
2026	494,000	-
2027	494,000	-
2028	494,000	-
2029-2033	2,470,000	-
2034-2038	2,470,000	-
2039-2040	989,000	-
Totals	<u>\$ 7,905,000</u>	<u>\$ -</u>

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

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

Year Ending September 30,	Principal	Interest
2025	320,000	-
2026	320,000	-
2027	320,000	-
2028	320,000	-
2029-2032	1,285,000	-
Totals	<u>\$ 2,565,000</u>	<u>\$ -</u>

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

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

Year Ending September 30,	Principal	Interest
2025	17,000	17,836
2026	18,000	17,433
2027	18,000	17,005
2028	19,000	16,578
2029-2033	101,000	75,953
2034-2038	113,000	63,436
2039-2043	127,000	49,353
2044-2048	143,000	33,511
2049-2053	161,000	15,699
2054	34,000	808
Totals	<u>\$ 751,000</u>	<u>\$ 307,610</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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
2025	85,000	104,500
2026	90,000	102,481
2027	90,000	100,344
2028	90,000	98,206
2029-2033	495,000	457,425
2034-2038	555,000	395,794
2039-2043	625,000	326,681
2044-2048	700,000	248,900
2049-2053	785,000	161,856
2054-2058	800,000	63,888
Totals	<u>\$ 4,315,000</u>	<u>\$ 2,060,075</u>

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

Year Ending September 30,	Principal	Interest
2025	70,000	85,548
2026	72,000	83,885
2027	73,000	82,175
2028	75,000	80,441
2029-2033	405,000	374,538
2034-2038	454,000	324,164
2039-2043	510,000	267,639
2044-2048	573,000	204,155
2049-2053	645,000	132,763
2054-2058	657,000	52,464
Totals	<u>\$ 3,534,000</u>	<u>\$ 1,687,770</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:

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Year Ending September 30,	Principal	Interest
2025	109,231	19,028
2026	112,311	15,948
2027	115,478	12,781
2028	118,735	9,525
2029-2030	219,679	8,910
Totals	<u>\$ 675,433</u>	<u>\$ 66,192</u>

San Ygnacio MUD Loan #5093392427: A loan was obtained for MUD improvements in the original amount of \$97,912 with current balance of \$274,874. 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 \$0. 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.

F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2024 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Combined Tax & Revenue C/O, Series 2013	\$ 595,000		\$ 110,000	\$ 485,000	\$ 115,000	\$ 370,000
Unlimited Tax Refunding Bonds, Series 2017	2,970,000		955,000	2,015,000	990,000	1,025,000
Certificates of Obligation, Series 2019	1,655,000		130,000	1,525,000	135,000	1,390,000
Certificates of Obligation, Series 2021	3,325,000		480,000	2,845,000	490,000	2,355,000
Capital Leases	23,296		11,390	11,906	11,906	-
Compensated Absences	623,873	30,139	-	654,012	-	654,012
Land Closure & Postclosure Costs	1,040,358		26,917	1,013,441	-	1,013,441
Total	<u>\$ 10,232,527</u>	<u>\$ 30,139</u>	<u>\$ 1,713,307</u>	<u>\$ 8,549,359</u>	<u>\$ 1,741,906</u>	<u>\$ 6,807,453</u>

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$ 8,399,000		\$ 494,000	\$ 7,905,000	\$ 494,000	\$ 7,411,000
TX Water Dev. Board CWSRF Series, 2008	2,885,000		320,000	2,565,000	320,000	2,245,000
TX Waterworks and Sewer Revenue Bonds, Series 2014	768,000		17,000	751,000	17,000	734,000
USDA Series 2017A (Sewer Plant)	4,400,000		85,000	4,315,000	85,000	4,230,000
USDA Series 2017B (Sewer Plant)	3,602,000		70,000	3,532,000	70,000	3,462,000
San Ygnacio MUD Loan #5093392427	306,245		31,371	274,874	274,874	-
San Ygnacio MUD Loan #5093392428	7,187		7,187	-	-	-
Digital Water Meters Loan	781,004		105,571	675,433	109,231	566,202
Compensated Absences	89,655	26,490	-	116,145	-	116,145
Total	<u>21,238,091</u>	<u>26,490</u>	<u>1,130,129</u>	<u>20,134,452</u>	<u>1,370,105</u>	<u>18,764,347</u>
Grand Total	<u>\$ 31,470,618</u>	<u>\$ 56,630</u>	<u>\$ 2,843,436</u>	<u>\$ 28,683,812</u>	<u>\$ 3,112,011</u>	<u>\$ 25,571,801</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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.
- 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, 2022	Dec. 31, 2023
Number of inactive employees entitled to but not yet receiving benefits:	214	229
Number of active employees:	276	289
Average monthly salary	\$ 2,817	\$ 3,051
Average age	44.23	44.04
Average length of service	11.19	10.72
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	194	201
Average monthly benefit:	\$ 1,286	\$ 1,302

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.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 2023 is 8.2%

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
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%
2020	929,096	929,096	-	9,347,031	9.9%
2021	921,431	921,431	-	9,205,095	10.0%
2022	1,255,567	1,255,567	-	9,526,304	13.2%
2023	1,234,210	1,234,210	-	10,345,422	11.9%

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ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Actuarial Methods and Assumptions are as follows:

Actuarial Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.3 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions 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. 2020: No Changes in plan provisions were reflected in the Schedule. 2021: No Changes in plan provisions were reflected in the Schedule. 2022: No Changes in plan provisions were reflected in the Schedule. 2023: 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, 2023, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Actuarial Valuation and Measurement Date, December 31, 2023:

Total Pension Liability	\$ 72,024,508
Plan Fiduciary Net Position	73,504,453
Net Pension Liability / (Asset)	<u>\$ (1,479,945)</u>
Fiduciary net position as a % of total pension liability	102.05%
 Pensionable covered payroll	 \$ 10,345,422
Net pension liability as a % of covered payroll	-14.31%

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 December 31, 2023, are presented below:

Total pension liability	<u>2023</u>
Service Cost	\$ 1,424,706
Interest on the total pension liability	5,274,472
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Effect of economic/demographic gains or losses	(918,218)
Benefit payments, including refunds of employee contributions	<u>(3,403,069)</u>
Net Change in Total Pension Liability	2,377,890
Total Pension Liability-Beginning	69,646,617
Total Pension Liability- Ending (a)	<u><u>\$ 72,024,508</u></u>

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ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Plan Fiduciary Net Position

Contributions- Employer	\$ 1,234,210
Contributions- Member	724,180
Net Investment Income	7,418,207
Benefit payments, including refunds of employee contributions	(3,403,069)
Administrative expense	(38,381)
Other	(61,088)
Net Change in Plan Fiduciary Net Position	<u>5,874,058</u>
Plan Fiduciary Net Position- Beginning	67,630,395
Plan Fiduciary Net Position- Ending (b)	<u>\$ 73,504,452</u>
Net Pension Liability- Ending (a) - (b)	<u><u>\$ (1,479,944)</u></u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.05%
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Covered Employee Payroll	\$ 10,345,422
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Net Pension Liability as a Percentage of Covered Employee Payroll	-14.31%
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Pension Expense

Below is the Schedule of Pension Expense as of December 31, 2023:

Pension Expense

	2023
Total Service Cost	<u>\$ 1,424,706</u>
Interest on the Total Pension Liability	5,274,472
Effect of Plan Changes	-
Current Period Benefit Changes	
Employee Contributions (Reduction of Expense)	
Projected Earnings on Plan Investments (Reduction of Expense)	
Administrative Expense	38,381
Member Contributions	(724,180)
Expected Investment return net of investment expenses	(5,082,307)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(268,690)
Recognition of assumption changes or inputs	984,223
Recognition of investment gains and losses	(1,332,261)
Other	61,088
Total Pension Expense	<u><u>\$ 375,433</u></u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Schedule of Deferred Outflow and Inflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2023 Expense	Balance of Deferred Inflows 12/31/2023	Balance of Deferred Outflows 12/31/2023
Investment (gains) or losses						
	\$ (2,335,900)	12/31/2023	5.0	\$ (467,180)	1,868,720	\$ -
	9,691,640	12/31/2022	5.0	1,938,328	0	5,814,984
	(8,655,752)	12/31/2021	5.0	(1,731,150)	3,462,302	-
	(1,274,351)	12/31/2020	5.0	(254,870)	254,871	-
	(4,086,941)	12/31/2019	5.0	(817,389)	-	-
Economic/ Demographic (gains) or losses						
	(918,218)	12/31/2023	4.0	(229,555)	688,663	0
	339,314	12/31/2022	4.0	84,829	-	169,656
	(427,404)	12/31/2021	4.0	(106,851)	106,851	-
	(140,214)	12/31/2020	4.0	(35,052)	-	-
	89,703	12/31/2019	5.0	17,939	-	-
Assumption changes or inputs						
	-	12/31/2023	4.0	-	-	-
	-	12/31/2022	4.0	-	-	-
	136,426	12/31/2021	4.0	34,107	-	34,105
	3,800,470	12/31/2020	4.0	950,116	-	-
	-	12/31/2019	5.0	-	-	-

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:

	Net deferred outflows (inflows) of resources
2024	\$ (732,345)
2025	(404,732)
2026	1,241,595
2027	(467,180)
2028	-
Thereafter	-

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contribution will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes discount rate

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$ 81,922,221	\$ 72,024,508	\$ 63,802,266
Fiduciary Net Position	73,504,453	73,504,453	73,504,453
Net pension liability/asset	8,417,768	(1,479,945)	(9,702,187)

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 TCDRS 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 TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

- 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, 2022	Dec. 31, 2023
Number of inactive employees entitled to but not yet receiving benefits:	50	52
Number of active employees:	276	289
Average age of active employees:	44.23	44.04
Average length of service in years for active employees:	11.19	10.72
Inactive Employees Receiving Benefits		
Number of benefit recipients:	166	167

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balance as of December 31, 2022	\$ 673,143
Changes for the year:	
Service cost	16,042
Interest on total OPEB liability	25,352
Changes of benefit terms	-
Effect of economic/demographic experience	(24,531)
Effect of assumptions changes or inputs	57,080
Benefit payments	(15,518)
Other	-
Balance as of December 31, 2023	<u>\$ 731,568</u>
Pensionable covered payroll	\$10,345,422
Net OPEB Liability as % of covered payroll	7.07%

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Sensitivity Analysis

The following presents the total OPEB Liability of the employer, calculated using the discount rate of 3.26%, as well as what Zapata County Total OPEB Liability would be if it were calculated using the discount rate that is 1% point lower (2.26%) or 1% point higher (4.26%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

Sensitivity Analysis			
	1% Decrease	Current Discount Rate	1% Increase
	2.26%	3.26%	4.26%
Total OPEB Liability \$	881,855	\$ 731,568	\$ 615,389

OPEB Expense

OPEB Expense / (Income)	<u>January 1, 2023 to December 31, 2023</u>
Service cost	\$ 16,042
Interest on total OPEB liability	25,352
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(8,308)
Recognition of assumption changes or inputs	113
Other	-
OPEB expense / (income)	<u>\$ 33,199</u>

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:

2024	\$ 939
2025	(26,518)
2026	(38,756)
2027	5,424
2028	5,429
Thereafter	-

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2023 Expense	Balance of Deferred Inflows 12/31/2023	Balance of Deferred Outflows 12/31/2023
Investment (gains) or losses						
	\$ (24,531)	12/31/2023	6.0	\$ (4,089)	20,442	\$ -
	20,431	12/31/2022	5.0	4,086	-	12,259
	(33,332)	12/31/2021	5.0	(6,666)	13,334	-
	(1,955)	12/31/2020	6.0	(326)	651	-
	5,513	12/31/2019	6.0	919	-	918
	5,028	12/31/2018	6.0	838	-	-
Assumption changes or inputs						
	57,080	12/31/2023	6.0	9,513	-	47,567
	(241,343)	12/31/2022	5.0	(48,269)	144,805	-
	14,873	12/31/2021	6.0	2,975	-	5,948
	97,576	12/31/2020	6.0	16,263	-	32,524
	159,214	12/31/2019	6.0	26,536	-	26,534
	(67,577)	12/31/2018	7.0	(11,262)	-	-

Discount Rate		
	2022	2023
Discount rate	3.72%	3.26%
Municipal bond rate	3.72%	3.26%

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ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Actuarial Methods and Assumptions

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/demographic gain or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset valuation method	Does not apply
Inflation	Does not apply
Salary Increases	See Table 1. Note that salary increase do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	3.26% 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2023.
Cost-of-Living Adjustment	Does not apply

Other Key Actuarial Assumptions

	Beginning Date	Ending Date
Valuation date	December 31, 2022	December 31, 2023
Measurement date	December 31, 2022	December 31, 2023
Employer's Fiscal Year	October 1, 2023	September 30, 2024

H. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2024 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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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.

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 \$1,013,441 are recorded on the statement of net position to reflect 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, 2024

	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
TAXES:				
PROPERTY TAXES	\$ 7,365,084	\$ 7,365,084	\$ 7,008,991	\$ (356,093)
SALES & MISCELLANEOUS TAXES	2,400,000	2,400,000	2,255,833	(144,167)
PENALTY AND INTEREST ON TAXES	175,000	175,000	283,758	108,758
FRANCHISE TAXES	35,000	35,000	290,178	255,178
INTERGOVERNMENTAL REVENUES AND GRANTS	217,000	217,000	987,788	770,788
LICENSES AND PERMITS	1,000	1,000	1,496	496
CHARGES FOR SERVICES	209,325	209,325	228,871	19,546
INTEREST	100,000	100,000	372,449	272,449
MISCELLANEOUS	5,378,500	5,378,500	6,201,302	822,802
TOTAL REVENUES	15,880,909	15,880,909	17,630,666	1,749,757
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	5,198,656	5,243,183	6,056,780	(813,597)
JUDICIAL	1,341,830	1,344,339	1,390,026	(45,687)
PUBLIC SAFETY	5,085,732	5,174,671	5,342,667	(167,996)
INFRASTRUCTURE & ENVIRONMENTAL SERVICES	121,129	121,256	115,857	5,399
CORRECTIONS & REHABILITATION	2,797,319	2,787,503	2,759,625	27,878
HEALTH AND HUMAN SERVICES	1,211,616	1,212,180	1,239,464	(27,284)
COMMUNITY & ECONOMIC DEVELOPMENT	515,952	518,484	494,611	23,873
CAPITAL OUTLAY	246,000	626,728	356,485	270,243
DEBT SERVICE:				
PRINCIPAL	-	-	11,390	(11,390)
INTEREST	-	-	1,060	(1,060)
TOTAL EXPENDITURES	16,518,234	17,028,344	17,767,965	(739,621)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(637,325)	(1,147,435)	(137,299)	1,010,136
OTHER FINANCING SOURCES/USES				
OPERATING TRANSFERS IN	-	55,000	75,000	20,000
OPERATING TRANSFERS OUT	(389,648)	(451,484)	(431,374)	20,110
TOTAL OTHER FINANCING SOURCES/USES	(389,648)	(396,484)	(356,374)	40,110
NET CHANGE IN FUND BALANCES	(1,026,973)	(1,543,919)	(493,673)	1,050,246
FUND BALANCES - BEGINNING	12,760,949	12,760,949	12,760,949	-
FUND BALANCES - ENDING	\$ 11,733,976	\$ 11,217,030	\$ 12,267,276	\$ 1,050,246

ZAPATA COUNTY, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2024

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

	Year Ended December 31							
	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability								
Service Cost	\$ 1,424,706	\$ 1,393,908	\$ 1,332,761	\$ 1,230,360	\$ 1,176,761	\$ 1,133,919	\$ 1,150,842	\$ 1,263,648
Interest on the total pension liability	5,274,472	4,999,351	4,765,295	4,510,185	4,240,141	3,990,506	3,809,574	3,570,271
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	-	-	-
Change of assumptions	-	-	136,426	3,800,470	-	-	(25,572)	-
Effect of economic/demographic gains or losses	(918,218)	339,314	(427,404)	(140,214)	89,703	(3,008)	(588,866)	(424,189)
Benefit payments, including refunds of employee contributions	(3,403,069)	(2,892,987)	(2,687,850)	(2,283,402)	(2,171,447)	(1,996,650)	(2,190,235)	(1,790,918)
Net Change in Total Pension Liability	2,377,890	3,839,586	3,119,228	7,117,399	3,335,158	3,124,767	2,155,743	2,618,812
Total Pension Liability-Beginning	69,646,617	65,807,031	62,687,803	55,570,405	52,235,247	49,110,480	46,954,736	44,335,925
Total Pension Liability- Ending (a)	\$ 72,024,508	\$ 69,646,617	\$ 65,807,031	\$ 62,687,804	\$ 55,570,405	\$ 52,235,247	\$ 49,110,479	\$ 46,954,737

Plan Fiduciary Net Position

Contributions- Employer	\$ 1,234,210	\$ 1,255,567	\$ 921,431	\$ 929,096	\$ 776,563	\$ 811,291	\$ 698,417	\$ 710,859
Contributions- Member	724,180	666,841	644,357	654,292	605,335	586,672	542,606	563,530
Net Investment Income	7,418,207	(4,191,180)	13,236,291	5,767,240	7,997,364	(943,549)	6,518,884	3,126,760
Benefit payments, including refunds of employee contributions	(3,403,069)	(2,892,987)	(2,687,850)	(2,283,402)	(2,171,447)	(1,996,650)	(2,190,235)	(1,790,918)
Administrative expense	(38,381)	(39,633)	(39,444)	(44,523)	(42,552)	(39,111)	(33,443)	(33,979)
Other	(61,088)	(75,721)	(15,032)	(15,180)	(19,253)	(12,785)	(13,036)	(43,660)
Net Change in Plan Fiduciary Net Position	5,874,058	(5,277,113)	12,059,752	5,007,523	7,146,010	(1,594,132)	5,523,191	2,532,592
Plan Fiduciary Net Position- Beginning	67,630,395	72,907,507	60,847,754	55,840,231	48,694,222	50,288,355	44,765,163	42,232,572
Plan Fiduciary Net Position- Ending (b)	\$ 73,504,452	\$ 67,630,394	\$ 72,907,506	\$ 60,847,754	\$ 55,840,232	\$ 48,694,223	\$ 50,288,354	\$ 44,765,164
Net Pension Liability- Ending (a) - (b)	\$ (1,479,944)	\$ 2,016,223	\$ (7,100,475)	\$ 1,840,050	\$ (269,827)	\$ 3,541,024	\$ (1,177,875)	\$ 2,189,573

Plan Fiduciary Net Position as a Percentage
of Total Pension Liability

	102.05%	97.11%	110.79%	97.06%	100.49%	93.22%	102.40%	95.34%
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Covered Employee Payroll

\$ 10,345,422	\$ 9,526,304	\$ 9,205,095	\$ 9,347,031	\$ 8,647,643	\$ 8,381,030	\$ 7,751,511	\$ 8,050,425
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Net Pension Liability as a Percentage
of Covered Employee Payroll

-14.31%	21.16%	-77.14%	19.69%	-3.12%	42.25%	-15.20%	27.20%
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ZAPATA COUNTY, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2024

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

	Year Ended December 31				
	2023	2022	2021	2020	2018
Total pension liability					
Service cost	\$ 16,042	\$ 27,298	\$ 24,627	\$ 22,271	\$ 15,167
Interest (on the total OPEB liability)	25,352	18,249	18,596	20,644	22,965
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience					
Changes of assumptions	57,080	(241,343)	14,873	97,576	159,214
Changes of economic/demographic (gains) or losses	-24,531	20,431	(33,332)	(1,955)	5,513
Benefit payments, including refunds of employee contributions	(15,518)	(20,005)	(17,490)	(16,825)	(16,431)
Net Change in Total Pension Liability	58,425	(195,370)	7,274	121,711	186,428
Total Pension Liability - Beginning	673,143	868,513	861,239	739,528	553,100
Total Pension Liability - Ending	<u>\$ 731,568</u>	<u>\$ 673,143</u>	<u>\$ 868,513</u>	<u>\$ 861,239</u>	<u>\$ 739,528</u>
Covered Employee Payroll	\$10,345,422	\$ 9,526,304	\$ 9,205,095	\$ 9,347,031	\$ 8,647,643
Net OPEB Liability as a Percentage of Covered Employee Payroll	7.07%	7.07%	9.44%	9.21%	8.55%
					6.60%

COMBINING FUND STATEMENTS

ZAPATA COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2024

	Special Road and Bridge	Lateral Road	Families First		Task Force	Emergency Management/ Fire Marshal	Lower Border Security	Information & Assistance Program	Nutrition Gener	Child/Adult		Sheriff Forfeiture	Hotel/ Motel
			Coronavirus Relief Act	Coronavirus Relief Act						Care Food & Summer Food	Forfeiture		
ASSETS													
Cash and Cash Equivalents	1,062,154	47,969										40,443	395,291
Receivables (net of allowance)	312,371				64,642		32,677						
Due from Other Funds		23,553			-	1,475		1,664	7,421	3,586			
Total Assets	1,374,525	71,522	-		64,642	1,475	32,677	1,664	7,421	3,586	40,443		395,291
LIABILITIES AND FUND BALANCES													
Accounts Payable	29,251								1,480				
Accrued Wages Payable	35,949				4,591	1,475		1,664	5,941				
Due to Other Funds	888,272		20,383		169,503		32,677				273,830		236,329
Unearned Revenues	312,371												
Total Liabilities	1,285,843	-	20,383		174,094	1,475	32,677	1,664	7,421	-	273,830		236,329
Fund Balances:													
Restricted:													
General Government			(20,383)		(109,452)						(233,387)		
Public Safety													
Justice System													
Health & Human Services										3,586			
Infrastructure & Environmental Services													
Community and Economic Development													158,962
Capital Outlay	108,682	71,522											
Debt Service													
Unassigned													
Total Fund Balances	108,682	71,522	(20,383)		(109,452)	-	-	-	-	3,586	(233,387)		158,962
Total Liabilities and Fund Balances	1,374,525	71,522	-		64,642	1,475	32,677	1,664	7,421	3,586	40,443		395,291

Courthouse Security	Justice Court Technology	Reserve 1991	Tobacco Settlement	Records Archive	Records Management	Records		SW Texas Border HIDTA	County Attorney Forfeiture
						Records Management	Statute		
23,845	29,724	14,740	290,600	201,863	143,882	16,684			30,917
								42,807	
23,845	29,724	14,740	290,600	201,863	143,882	16,684	-	42,807	30,917

30,917

42,807

30,917

1,333

16,382

1

(16,382)

42,807

30,917

30.917

Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCEDETf	Juvenile Probation	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Division Grant R	Texas Veterans Assistance	Housing for Texas Heroes
193	33,887	21,043	7,570	287,104	140,588		2,615	107,157	175,943
193	33,887	21,043	44,227	287,104	140,588	-	2,615	107,157	175,943

193	33,887	21,043	7,570	287,104	2,615	175,943
						107,157
			36,657	140,588		

193	33.887	21,043	44,227	287,104	140,588	-	2.615	107,157	175,943
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375	19,425	7,474	4,052	2,265
			1,320	1,481
			12,817	172,197
		438,588	101,785	

375	-	19,425	-	446,062	-	12,817	107,157	175,943
375	-	19,425	-	446,062	-	12,817	107,157	175,943

(182)	33.887	1.618	44.227
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(158,958)	140,588	(10,202)
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(182)	33.887	1.618	44.227	(158.958)	140.588	-	(10.202)	-
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193	33.887	21.043	44.227	287.104	140.588	-	2.615	107.157	175.943
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[illegible]58

[illegible]

303,289	7,685	22,000	18,450	11,350	610,700	103,862	242,906
303,289	-	7,685	22,000	18,450	11,350	610,700	242,906

-	-	-	-	-
-	-	(22,000)	-	(310,134)

303,289	-	7,685	-	18,450	11,350	300,566	103,862	242,906
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ZAPATA COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

ASSETS												
Cash and Cash Equivalents	63,000	857,323	61,000	43,850			150,825		17,500	235,395	5,002,574	
Receivables (net of allowance)											3,790,020	
Due from Other Funds											257,751	
Total Assets	63,000	857,323	61,000	43,850	-	-	150,825		17,500	235,395	9,050,345	
LIABILITIES AND FUND BALANCES												
Accounts Payable											512,833	
Accrued Wages Payable											109,354	
Due to Other Funds	63,000	857,323	61,000	43,850	29,750		150,825		17,500	235,395	7,980,091	
Unearned Revenues											312,371	
Total Liabilities	63,000	857,323	61,000	43,850	29,750		150,825		17,500	235,395	8,914,649	
Fund Balances:												
Restricted:												
General Government											336,626	
Public Safety											(78,843)	
Justice System											(175,386)	
Health & Human Services											76,017	
Infrastructure & Environmental Services											180,204	
Community and Economic Development											158,962	
Capital Outlay					(29,750)						(361,884)	
Debt Service											-	
Unassigned											-	
Total Fund Balances	-	-	-	-	(29,750)		-			-	135,696	
Total Liabilities and Fund Balances	63,000	857,323	61,000	43,850	-	-	150,825		17,500	235,395	9,050,345	

ZAPATA COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

REVENUES:											
Taxes:											
Special Road and Bridge	Lateral Road	Families First		Task Force	Emergency Management/ Fire Marshal	Lower Border Security	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Food	Sheriff Forfeiture	Hotel/ Motel
		Coronavirus Relief Act	Coronavirus Relief Act								
	Property Taxes										
	Penalty & Interest on Taxes										
	Hotel/Motel										112,634
	Intergovernmental			112,657			25,541	72,038			
	Licenses and Permits										
	Charges for Services						1,573	10,846			
	Fines and Forfeitures									106,662	
	Interest									48	
	Miscellaneous										
	15,072										
	1,618,385	13,765	-	112,657	-	-	27,114	82,884	-	106,710	112,634
Total Revenues											
EXPENDITURES:											
Current:											
	General Government										
	Public Safety			134,778	112,717					166,633	
	Justice System										
	Health & Human Services						73,191	355,464			
	Infrastructure & Environmental Services										
	Community & Economic Development										28,450
	Capital Outlay										
	1,637,469										
	1,637,469	-	-	134,778	112,717	-	73,191	355,464	-	166,633	28,450
	Excess (Deficiency) of Revenues										
	Over (Under) Expenditures			(22,121)	(112,717)	-	(46,077)	(272,580)	-	(59,923)	84,184
OTHER FINANCING SOURCES (USES):											
	Operating Transfers In										
	Operating Transfers Out										
	112,717						46,077	272,580			
	Total Other Financing Sources (Uses)										
	Net Change in Fund Balances			(22,121)	-	-	(0)	-	-	(59,923)	84,184
	127,766	57,757	(20,383)	(87,331)	-	-	-	-	3,586	(173,464)	74,778
	Fund Balance - Beginning of Year										
	108,682	71,522	(20,383)	(109,452)	-	-	(0)	-	3,586	(233,387)	158,962
	Fund Balance - End of Year										

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

REVENUES:

Taxes:

Property Taxes
 Penalty & Interest on Taxes
 Hotel/Motel

Intergovernmental
 Licenses and Permits
 Charges for Services
 Fines and Forfeitures

Interest

Miscellaneous

Total Revenues

EXPENDITURES:

Current:

General Government
 Public Safety

Justice System

Health & Human Services

Infrastructure & Environmental Services

Community & Economic Development

Capital Outlay

Total Expenditures

Excess (Deficiency) of Revenues

Over (Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In

Operating Transfers Out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balance - Beginning of Year

Fund Balance - End of Year

007,097,200									
Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas ODETF	Juvenile Probation	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Diversion Grant R	Texas Veterans Assistance	Housing for Texas Heroes
11,121				286,239			2,501	155,378	310,405
	160,919	10							
	63								
				1,374					
11,121	160,982	10	-	287,613	-	-	2,501	155,378	310,405
11,055	271,521	60		295,078			2,501	120,487	310,405
66	(110,539)	(50)	-	(7,465)	-	-	-	34,891	-
-	-	-	-	-	-	-	-	-	-
66	(110,539)	(50)	-	(7,465)	-	-	-	34,891	-
(248)	144,426	1,668	44,227	(151,493)	140,588	-	(10,202)	(34,891)	-
(182)	33,887	1,618	44,227	(158,958)	140,588	-	(10,202)	-	-

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	TWDB Colorado Acres	Falcon Meza 7217511	CDBG 18-19	ZAPATA COUNTY	TPWD MIRAFLORES PARK	TPWD LOS EBANOS GOLF COURSE	CO's SERIES 2021	CDBG CARDINAL & CRANE	TXDOT STREET PAVING
REVENUES:									
Taxes:									
Property Taxes									
Penalty & Interest on Taxes									
Hotel/Motel						2,500		90,066	350,679
Intergovernmental		-							
Licenses and Permits									
Charges for Services									
Fines and Forfeitures									
Interest									
Miscellaneous									
Total Revenues	-	-	-	-	-	2,500		90,066	350,679
EXPENDITURES:									
Current:									
General Government						2,500		25,750	
Public Safety									
Justice System									
Health & Human Services									
Infrastructure & Environmental Services									
Community & Economic Development									
Capital Outlay		-						64,316	350,679
Total Expenditures	-	-	-	-	-	2,500		90,066	350,679
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):									
Operating Transfers In									
Operating Transfers Out									
Total Other Financing Sources (Uses)									
Net Change in Fund Balances									
Fund Balance - Beginning of Year	-	-	-	(22,000)	-	-	(310,134)	-	-
Fund Balance - End of Year	-	-	-	(22,000)	-	-			

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

REVENUES:											
Taxes:											
CDBG CFC21-01	AIRPORT FUEL	FEMA EMERGENCY OPERATIONS	TPWD BOAT RAMP	FIREHOUSE ADDITION	CDGG COLONIA FUND CFC21	USDA SHERIFF'S OFFICE	SYT WATER PLANT IMP CFC22-0086	TOTALS			
								928,751			
								30,598			
								112,634			
8,000	794,073	8,000	6,025	-	150,825	17,500	235,395	5,961,919			
								427,379			
								64,456			
								508,681			
								368			
								16,446			
8,000	794,073	8,000	6,025	-	150,825	17,500	235,395	8,051,232			
EXPENDITURES:											
Current:											
8,000		8,000	6,025	29,750		17,500	70,000	554,154			
								1,829,133			
								689,430			
								859,547			
								1,637,469			
	794,073				150,825		165,395	28,450			
								2,649,858			
8,000	794,073	8,000	6,025	29,750	150,825	17,500	235,395	8,248,041			
								-			
-	-	-	-	(29,750)	-	-	-	-			
OTHER FINANCING SOURCES (USES):											
								431,374			
								(75,000)			
								356,374			
								159,565			
-	-	-	-	-	-	-	-	(23,869)			
Fund Balance - Beginning of Year											
Fund Balance - End of Year											
								135,696			

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, 2024, 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 4, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-1 that we consider to be significant deficiencies.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-1.

County of Zapata, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Zapata, Texas' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Zapata, Texas's response was not subjected to the other auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on the response.

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, Sarga & Baum, PLLC

Laredo, Texas
September 4, 2025



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
AND THE TEXAS GRANT MANAGEMENT STANDARDS

To the Honorable County Judge and
the Honorable County Commissioners
Zapata County, Texas

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinions

We have audited Zapata County, Texas's (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and the Texas Grant Management Standards* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2024. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Operation Loan Star

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Operation Loan Star for the year ended September 30, 2024.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2024.

Basis for Qualified and Unmodified Opinions

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of the *Texas Grant Management Standards*. Our responsibilities under those standards, the Uniform Guidance, and the *Texas Grant Management Standards* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter(s) Giving Rise to Qualified Opinion on Operation Loan Star

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Operation Loan Star as described in finding number 2024-1 for Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 and state programs 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 and state programs 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-1 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and the *Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Canabe, Garza & Baum, PLLC

Laredo, Texas
September 4, 2025

Zapata County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	FEDERAL ALN/CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
Nutrition Program for the Elderly - C1, C2, USDA	93.045	C1, C2, USDA	\$ 97,579
Total U.S. Department of Health and Human Services			97,579
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Texas Department of Agriculture			
Community Development Block Grants	14.228	CFC21-01	158,825
Community Development Block Grants	14.228	713521	155,600
Community Development Block Grants	14.228	CFC22-0086	235,395
Community Development Block Grants	14.228	70800001015	349,838
Community Development Block Grants	14.228	CDV21-0307-B21-AY22	90,066
Total U.S. Department of Housing and Urban Development			989,724
<u>U.S. Department of Justice</u>			
Passed Through Office of the Governor, Criminal Justice Division			
Border Security	16.738	2024	55,305
Passed Through City of Laredo, Texas			
Financial Task Force	16.579	2024	112,657
Total U.S. Department of Justice			167,962
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
2022 Operation Stonegarden FYE 2/29/2024	97.067	3672906	7,097
2023 Operation Stonegarden FYE 2/28/2025	97.067	3672907	454,977
Total U.S. Department of Homeland Security			462,074
<u>U.S. Department of the Treasury</u>			
Equitable Sharing	21.016	2024	172,762
Total U.S. Department of the Treasury			172,762
<u>U. S. Department of Transportation</u>			
Passed Through Texas Department of Transportation			
Airport Improvement Program	20.106	2321ZAPATA	412,500
Total Executive Office of the President			412,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,302,601

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, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State of Texas Grant Management Standards, 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, Texas did elect to use the 10% De Minimis Indirect Cost Rate

Zapata County, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2024

STATE GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	GRANT NUMBER	STATE EXPENDITURES
STATE AWARDS		
<u>Texas Juvenile Justice Department</u>		
Rural Development		
Grant A		\$ 286,239
Grant R		2,501
Total Texas Juvenile Justice Department		288,740
<u>Texas Department of Public Safety</u>		
Operation Lone Star		1,706,756
Operation Lone Star Border County		226,984
Total Texas Department of Public Safety		1,933,740
<u>Texas Parks and Wildlife Division</u>		
Boat Ramp	FD TX F316 B 1	6,025
Golf Course Grant	50-000515	90,500
Total Parks and Wildlife Division		96,525
<u>Texas Veterans Commission</u>		
Texas Veterans Assistance		120,487
Housing for Texas Heroes		310,405
Total Veterans Commission		430,892
<u>Texas Comptroller of Public Accounts</u>		
Rural Law Enforcement Salary Assistance Program-Senate Bill 22	CMD 24-7762BG	383,361
Total Texas Comptroller of Public Accounts		383,361
<u>Texas Department of Transportation</u>		
Street Paving Project	CTIF 02 253	350,679
Total Texas Department of Transportation		350,679
TOTAL EXPENDITURES OF STATE AWARDS		\$ 3,483,937

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of Zapata County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State of Texas Grant Management Standards, 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, Texas did elect to use the 10% De Minimis Indirect Cost Rate

Zapata County, Texas
Federal Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

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>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	HUD – Community Development Block Grants

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 - Federal Award Findings and Questioned Costs

None

Zapata County, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

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

State Awards

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

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

Any audit findings disclosed that are required
to be reported in accordance with the
Texas Grant Management Standards? X yes _____ no

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of State Program or Cluster</u>
	TXDPS - Operation Lone Star
	TXDPS - Operation Lone Star Border County

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

Zapata County, Texas
State Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section III - State Award Findings and Questioned Costs

Finding No. 2024-1: Compensation was increased due to grant funds received and lowered after the grant ended.

Type of Finding: Significant Deficiency

Title: Operation Lone Star

Number: N/A

State Award Year: 2024

State Agency: Texas Department of Public Safety

Category of Finding: Allowable Costs/Cost Principles

Questioned Costs: To be determined by the Agency and/or County

Criteria:

The cost principles in TxGMS Chapter 783 and 2 CFR Part 200.430 of the Uniform Guidance, prescribe that compensation for personal services should be reasonable. Reasonable meaning that compensation for employees engaged in work on state awards will be reasonable to the extent that is consistent with that paid for similar work in other activities of the local government.

Condition:

There were 17 employees out of 24 that compensation was increased after receiving the grant and later decreased once the grant ended.

Cause:

Not following grant guidelines.

Effect:

Overpayment of personnel costs.

Repeat Finding from Prior Year:

Yes.

Recommendation:

We recommend that grant guidelines are strictly followed.

Managements Views and Corrective Action Plan:

Zapata County acknowledges that not all grant guidelines were followed. Zapata County will adhere to TxGMS Chapter 783 and 2 CFR Part 200.430 of the Uniform Guidance and will monitor all grant programs closely to ensure all grant guidelines are followed. Additionally, Zapata County will appoint, as Financial Officer for the grants, an individual from the finance departments (Auditor, Treasurer). The corrective action plan has already been implemented.

Zapata County, Texas
Federal Summary Schedule of Prior Audit Findings and Questioned Costs
Year Ended September 30, 2024

Summary of Prior Audit Findings

Federal Award Findings and Questioned Costs

None.

Zapata County, Texas
State Summary Schedule of Prior Audit Findings and Questioned Costs
Year Ended September 30, 2024

Summary of Prior Audit Findings

State Award Findings and Questioned Costs

Audit Finding Number:

Finding No. 2023-1: Compensation was increased due to grant funds received and lowered after the grant ended.

Program Name: Operation Lone Star

State Agency: Texas Department of Public Safety

Year Finding Initially Occurred: 2023

Status: Not corrected

Reason for Recurrence:

The prior year audit was completed after this fiscal year end date.

Actions Taken:

Zapata County acknowledges that not all grant guidelines were followed. Zapata County will adhere to TxGMS Chapter 783 and 2 CFR Part 200.430 of the Uniform Guidance and will monitor all grant programs closely to ensure all grant guidelines are followed. Additionally, Zapata County will appoint, as Financial Officer for the grants, an individual from the finance departments (Auditor, Treasurer).

Actions Remaining: Continue monitoring all State grants guidelines.