

ZAPATA COUNTY, TEXAS  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2019

ZAPATA COUNTY, TEXAS

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of the County of Zapata, Texas' internal control over financial reporting

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

*Canales, Hargis & Baum, PLLC*

Laredo, Texas  
December 22, 2020

## 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, 2019. Please read it in conjunction with the County's financial statements, which follow this section.

#### Financial Highlights

The assets of Zapata County exceeded its liabilities of the most recent fiscal year by \$71,848,877 (net assets) at September 30, 2019. Of this amount, \$14,174,867 (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 \$832,121.

The County's total combined Proprietary Fund net assets was \$9,544,544 September 30, 2019.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,202,948, an increase of \$734,794 in comparison with the prior period. Approximately 47% of this total amount, \$7,152,426, 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 52-60 of this report.

Fund Balance Classification

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

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

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of Zapata County, assets exceeded liabilities by \$71,848,877 at the close of the most recent fiscal year.

A portion of the County's net assets (\$55,381,699 - 77%) 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>9/30/2019</u>	<u>9/30/2018</u>
Current and Other Assets	\$ 19,167,479	\$ 19,940,185
Capital Assets	91,027,168	90,296,709
Total Assets	<u>110,194,647</u>	<u>110,236,894</u>
Deferred Outflows of Resources	<u>5,434,214</u>	<u>4,579,899</u>
Long-term Liabilities	37,181,100	37,455,184
Other Liabilities	5,717,924	4,646,603
Total Liabilities	<u>42,899,024</u>	<u>42,101,787</u>
Deferred Inflows of Resources	<u>880,960</u>	<u>1,698,250</u>
Invested in Capital Assets, net of Related Debt	55,381,699	54,273,263
Reserved for Other Purposes	1,871,127	2,582,333
Reserved for Debt Service	421,184	271,683
Unrestricted	<u>14,174,867</u>	<u>13,889,477</u>
Total Net Assets	<u><u>\$ 71,848,877</u></u>	<u><u>\$ 71,016,756</u></u>

### Government-wide Financial Activities

Government-wide financial activities increased the County's net assets by \$832,121.

	<u>9/30/2019</u>	<u>9/30/2018</u>
Revenues:		
Program revenues		
Charges for services	\$ 4,684,361	\$ 4,741,104
Operating grants	1,188,698	986,511
Capital grants	1,453,531	512,553
General revenues		
Property taxes	9,678,247	10,016,324
Sales and miscellaneous taxes	1,827,785	2,037,523
Investment earnings	326,373	222,722
Other financing sources	-	135,000
Miscellaneous	<u>5,117,568</u>	<u>5,211,376</u>
Total Revenue	<u><u>24,276,563</u></u>	<u><u>23,863,113</u></u>

	<u>9/30/2019</u>	<u>9/30/2018</u>
Expenses:		
General government	4,999,377	3,284,090
Public safety	5,042,458	4,866,422
Justice system	1,503,831	1,306,942
Health and human services	1,600,941	1,740,282
Infrastructure and environmental serv.	2,592,479	2,349,144
Correction and rehabilitation	2,212,056	2,238,063
Community and economic develop.	530,533	527,323
Interest and fiscal charges	383,099	380,657
Business type activities	4,197,969	4,165,975
Total Expenses	<u>23,062,743</u>	<u>20,858,898</u>
Increase/(Decrease) in net assets	1,213,820	3,004,215
Beginning net assets	71,016,756	68,012,541
Prior Period Adjustment	(381,699)	-
Ending net assets	<u>\$ 71,848,877</u>	<u>\$ 71,016,756</u>

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

	2019	
	<u>Amount</u>	<u>%</u>
Revenues:		
Charges for services	\$ 4,684,361	19.3%
Operating grants	1,188,698	4.9%
Capital grants	1,453,531	6.0%
Property taxes	9,678,247	39.9%
Sales and miscellaneous taxes	1,827,785	7.5%
Investment earnings	326,373	1.3%
Miscellaneous	5,117,568	21.1%
Total Revenue	<u>\$ 24,276,563</u>	<u>100.0%</u>
Expenses:		
General government	\$ 4,999,377	21.7%
Public safety	5,042,458	21.9%
Justice system	1,503,831	6.5%
Health and human services	1,600,941	6.9%
Infrastructure and environmental serv.	2,592,479	11.2%
Correction and rehabilitation	2,212,056	9.6%
Community and economic develop.	530,533	2.3%
Interest and fiscal charges	383,099	1.7%
Business type activities	4,197,969	18.2%
Total Expenses	<u>\$ 23,062,743</u>	<u>100.0%</u>

## Financial Analysis of the County's Funds

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

### *Governmental funds:*

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,202,948, an increase of \$734,794 in comparison with the prior period. Approximately, 47% of this total amount, \$7,152,426 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	\$	237,299
Public Safety		(77,767)
Justice System		121,344
Health and Human Services		44,681
Infrastructure and Environmental Services		975,776
Community and Economic Development		(98,127)
Capital Outlay		591,577
Debt Service		421,184
Total Restricted		<u>2,215,967</u>
Committed:		
Landfill		873,198
Airport		363,390
Veleno Bridge		228,753
Catastrophic Fund		3,500,800
Oil and Gas		868,414
Total Committed		<u>5,834,555</u>
Total Restricted and Committed Funds	\$	<u>8,050,522</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 \$7,152,426, while total fund balance reached \$12,986,981. 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 52% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 94% of that same amount. The fund balance of the County's general fund increased by \$198,994 during the current fiscal year.

## General Fund Budgetary Highlights

The County adopts an annual appropriated budget for the governmental funds. The County General Fund budgeted \$13,144,208 in total revenues and transfers in and \$13,547,580 in total expenditures and transfers out. Actual governmental fund revenues and transfers in were \$14,231,995 for an favorable variance compared to budgeted revenues of \$1,087,787. Actual governmental fund expenditures and transfers out were \$13,779,819 for an unfavorable variance compared to budgeted expenditures of \$232,239.

## 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, 2019, amounts to \$91,027,168 (net of accumulated depreciation).

	2019	2018
Land	\$ 2,319,841	\$ 2,319,841
Infrastructure	55,352,464	54,999,604
Buildings and improvements	57,556,988	57,556,988
Construction in progress	10,819,482	9,870,282
Equipment and furniture	13,496,094	11,397,483
Accumulated depreciation	(48,517,701)	(45,847,489)
Total	<u>\$ 91,027,168</u>	<u>\$ 90,296,709</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
<b>Governmental Activities:</b>						
Limited Tax Refunding Bonds, Series 2013A	\$ 1,820,000	\$ -	\$ 890,000	\$ 930,000	\$ 930,000	\$ -
Limited Tax Refunding Bonds, Series 2013B	170,000	-	85,000	85,000	85,000	-
Combined Tax & Revenue C/O, Series 2013	1,085,000	-	90,000	995,000	95,000	900,000
Unlimited Tax Refunding Bonds Series 2017	7,300,000	-	810,000	6,490,000	840,000	5,650,000
Certificates of Obligation, Series 2019	-	2,200,000	-	2,200,000	175,000	2,025,000
Capital Leases	-	196,402	-	196,402	48,248	148,154
Zapata National Bank (Election Equipment)	172,121	-	29,886	142,235	31,963	110,272
Compensated Absences	506,713	84,902	-	591,615	-	591,615
Land Closure & Postclosure Costs	832,498	19,147	-	851,645	-	851,645
Total	<u>11,886,332</u>	<u>2,500,451</u>	<u>1,904,886</u>	<u>12,481,897</u>	<u>2,205,211</u>	<u>10,276,686</u>
<b>Business-Type Activities:</b>						
TWDB EDAP, Series 2006	10,869,000	-	494,000	10,375,000	494,000	9,881,000
TWDB CWSRF, Series 2008	4,485,000	-	320,000	4,165,000	320,000	3,845,000
TX Waterworks & Sewer Revenue Bonds, Series 2014	847,000	-	15,000	832,000	15,000	817,000
USDA Series 2017 A (Sewer Plant)	4,800,000	-	-	4,800,000	75,000	4,725,000
USDA Series 2017 B (Sewer Plant)	3,928,000	-	-	3,928,000	62,000	3,866,000
San Ygnacio MUD Loan #5093392427	471,485	-	26,553	444,932	444,932	-
San Ygnacio MUD Loan #5093392428	75,840	-	11,940	63,900	63,900	-
Compensated Absences	92,527	-	2,156	90,371	-	90,371
Total	<u>25,568,852</u>	<u>-</u>	<u>869,649</u>	<u>24,699,203</u>	<u>1,474,832</u>	<u>23,224,371</u>
Grand Total	<u>\$ 37,455,184</u>	<u>\$ 2,500,451</u>	<u>\$ 2,774,535</u>	<u>\$ 37,181,100</u>	<u>\$ 3,680,043</u>	<u>\$ 33,501,057</u>

The County total debt decreased by \$274,084 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, 2020 budget preparation decreased approximately 1.2% from fiscal year ended September 30, 2019.
- The tax rate established for the fiscal year ending September 30, 2019 budget is \$.924026, which is a slight increase over the prior year.
- Inflationary trends in the region are comparable to national indices.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,639,354	\$ 5,740,084	\$ 13,379,438
Cash in Escrow	-	76,344	76,344
Receivables (net of allowance)	4,907,577	804,120	5,711,697
Internal Balances	6,893,847	(6,893,847)	-
Capital Assets			
Land	1,554,640	765,201	2,319,841
Construction in Progress		10,819,482	10,819,482
Infrastructure	20,617,572	34,734,892	55,352,464
Building and Improvements	55,287,324	2,269,664	57,556,988
Equipment and Furniture	10,435,612	3,060,482	13,496,094
Less: accumulated depreciation	(32,530,625)	(15,987,076)	(48,517,701)
TOTAL CAPITAL ASSETS	55,364,523	35,662,645	91,027,168
TOTAL ASSETS	74,805,301	35,389,346	110,194,647
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions and OPEB	5,434,214	-	5,434,214
Total Deferred Outflows of Resources	5,434,214	-	5,434,214
<b>LIABILITIES</b>			
Accounts Payable	289,467	516,874	806,341
Accrued Wages Payable	188,733	27,513	216,246
Retainage Payable		293,945	293,945
Net Pension Obligations - OPEB	553,100		553,100
Net Pension Liability	3,541,025		3,541,025
Consumer Meter Deposits		307,267	307,267
Long-term liabilities			
Due within one year			
Bonds	2,205,211	1,474,832	3,680,043
Due in more than one year			
Bonds	8,833,426	23,134,000	31,967,426
Compensated Absences	591,615	90,371	681,986
Land Closure & Postclosure Costs	851,645	-	851,645
Total Liabilities	17,054,222	25,844,802	42,899,024
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	880,960	-	880,960
Total Deferred Inflows of Resources	880,960	-	880,960
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	44,325,886	11,055,813	55,381,699
Restricted:			
Debt Service	421,184		421,184
Other Purposes	1,794,783	76,344	1,871,127
Unrestricted	15,762,480	(1,587,613)	14,174,867
Total Net Assets	\$ 62,304,333	\$ 9,544,544	\$ 71,848,877

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



ZAPATA COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In		Net (Expense) Revenue and Changes In Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary Government</b>						
Governmental Activities:						
General Government	\$ 4,999,377	\$ 110,897	\$ 213,426		\$ (4,675,054)	\$ (4,675,054)
Public Safety	5,042,458	13,930	405,798		(4,622,730)	(4,622,730)
Justice System	1,503,831	106,673	391,007		(1,006,151)	(1,006,151)
Health and Human Services	1,600,941	29,366	178,467		(1,393,108)	(1,393,108)
Infrastructure and Environmental Services	2,592,479	390,307		318,031	(1,884,141)	(1,884,141)
Correction and Rehabilitation	2,212,056				(2,212,056)	(2,212,056)
Community and Economic Development	530,533				(530,533)	(530,533)
Interest and Fiscal Charges	383,099				(383,099)	(383,099)
<b>Total Governmental Activities</b>	<b>18,864,774</b>	<b>651,173</b>	<b>1,188,698</b>	<b>318,031</b>	<b>(16,706,872)</b>	<b>(16,706,872)</b>
<b>Business-Type Activities</b>						
Water Plant	2,791,657	2,682,296			(109,361)	(109,361)
Sewer Plant	1,270,650	1,210,143		1,134,000	1,073,493	1,073,493
Airport	64,396	76,476		1,500	13,580	13,580
Sheriff Commissary	71,266	64,273			(6,993)	(6,993)
<b>Total Business-Type Activities</b>	<b>4,197,969</b>	<b>4,033,188</b>	<b>-</b>	<b>1,135,500</b>	<b>970,719</b>	<b>970,719</b>
<b>Total Primary Government</b>	<b>23,062,743</b>	<b>4,684,361</b>	<b>1,188,698</b>	<b>1,453,531</b>	<b>(16,706,872)</b>	<b>(15,736,153)</b>
<b>General Revenues</b>						
Property Taxes, Levies for General Purposes					9,279,793	9,279,793
Penalty and interest on taxes					398,454	398,454
Sales and Miscellaneous Taxes					1,827,785	1,827,785
Fines and Forfeitures					287,394	287,394
Unrestricted Investment Earnings					307,328	326,373
Miscellaneous					4,830,174	4,830,174
<b>Total General Revenues and Transfers</b>					<b>16,930,928</b>	<b>16,949,973</b>
<b>Change in Net Assets</b>					<b>224,056</b>	<b>1,213,820</b>
<b>Net Assets - Beginning</b>					<b>62,434,409</b>	<b>71,016,756</b>
<b>Prior Period Adjustment</b>					<b>(354,132)</b>	<b>(381,699)</b>
<b>Net Assets - Ending</b>					<b>\$ 62,304,333</b>	<b>\$ 71,848,877</b>

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

ZAPATA COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019

	GENERAL FUND	DEBT SERVICE	CO'S SERIES 2019	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,744,225	\$ 1,309,113	\$ 2,100,769	\$ 1,485,247	\$ 7,639,354
Receivables, net	3,011,198	773,121	-	1,123,258	4,907,577
Due from Other Funds	10,365,152	-	-	413,478	10,778,630
<b>Total Assets</b>	<b>16,120,575</b>	<b>2,082,234</b>	<b>2,100,769</b>	<b>3,021,983</b>	<b>23,325,561</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	239,400	17,500	2,209	30,358	289,467
Accrued Wages Payable	149,308	-	-	39,425	188,733
Due to Other Funds	-	870,429	1,506,983	1,507,371	3,884,783
Deferred Revenues	2,744,886	773,121	-	241,623	3,759,630
<b>Total Liabilities</b>	<b>3,133,594</b>	<b>1,661,050</b>	<b>1,509,192</b>	<b>1,818,777</b>	<b>8,122,613</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
General Government				237,299	237,299
Public Safety				(77,767)	(77,767)
Justice System				121,344	121,344
Health and Human Services				44,681	44,681
Infrastructure and Environmental Services				975,776	975,776
Community and Economic Development				(98,127)	(98,127)
Capital Outlay			591,577		591,577
Debt Service		421,184			421,184
Committed:	5,834,555				5,834,555
Unassigned:	7,152,426				7,152,426
<b>Total Fund Balances</b>	<b>12,986,981</b>	<b>421,184</b>	<b>591,577</b>	<b>1,203,206</b>	<b>15,202,948</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,120,575</b>	<b>\$ 2,082,234</b>	<b>\$ 2,100,769</b>	<b>\$ 3,021,983</b>	<b>\$ 23,325,561</b>

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

ZAPATA COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2019

Total Fund Balances - governmental funds balance sheet	\$ 15,202,948
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds	55,364,523
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectible)	3,759,630
Included in the items related to debt is the recognition of the County's proportionate share of the net pension liability required by GASB 68 in the amount of \$(3,541,025), net pension obligation - OPEB required by GASB 75 in the amount of \$(553,100), a deferred resources outflows related to TCDRS in the amount of \$5,434,214 and a deferred resources inflows related to TCDRS in the amount of \$(880,960)	459,129
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>(12,481,897)</u>
Net assets of governmental activities - statement of net position	<u>\$ 62,304,333</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, 2019

	GENERAL FUND	DEBT SERVICE	CO'S SERIES 2019	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES:</b>					
Taxes:					
Property Taxes	\$ 6,419,604	\$ 2,591,259	\$ -	\$ 713,904	\$ 9,724,767
Sales and Miscellaneous Taxes	1,662,493	-	-	100,535	1,763,028
Penalty and Interest on Taxes	277,274	95,135	-	26,045	398,454
Franchise Taxes	64,757	-	-	-	64,757
Intergovernmental	213,426	-	-	1,293,303	1,506,729
Licenses and Permits	1,107	-	-	390,307	391,414
Charges for Services	186,478	-	-	73,281	259,759
Fees and Fines	-	-	-	287,394	287,394
Interest	222,182	38,819	-	46,327	307,328
Miscellaneous	4,830,109	-	-	65	4,830,174
Total Revenues	<u>13,877,430</u>	<u>2,725,213</u>	<u>-</u>	<u>2,931,161</u>	<u>19,533,804</u>
<b>EXPENDITURES:</b>					
Current:					
General government	4,074,800	-	55,000	53,990	4,183,790
Judicial	1,038,924	-	-	394,320	1,433,244
Public safety	3,990,880	-	-	571,531	4,562,411
Infrastructure and environmental services	97,608	-	-	1,646,540	1,744,148
Corrections and rehabilitation	2,207,876	-	-	-	2,207,876
Health and human services	1,101,472	-	-	337,317	1,438,789
Community and economic development	385,154	-	-	146,412	531,566
Capital outlay	578,478	-	1,553,423	319,570	2,451,471
Debt Service:					
Principal	29,886	1,875,000	-	-	1,904,886
Interest and Fiscal Charges	9,324	373,775	-	-	383,099
Total Expenditures	<u>13,514,402</u>	<u>2,248,775</u>	<u>1,608,423</u>	<u>3,469,680</u>	<u>20,841,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>363,028</u>	<u>476,438</u>	<u>(1,608,423)</u>	<u>(538,519)</u>	<u>(1,307,476)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	158,163	-	-	334,780	492,943
Operating Transfers Out	(265,417)	(225,987)	-	(1,539)	(492,943)
Loan Proceeds	196,402	-	2,200,000	-	2,396,402
Total Other Financing Sources (Uses)	<u>89,148</u>	<u>(225,987)</u>	<u>2,200,000</u>	<u>333,241</u>	<u>2,396,402</u>
Net Change in Fund Balances	452,176	250,451	591,577	(205,278)	1,088,926
Prior Period Adjustment	(253,182)	(100,950)	-	-	(354,132)
Fund Balance - Beginning of Year	<u>12,787,987</u>	<u>271,683</u>	<u>-</u>	<u>1,408,484</u>	<u>14,468,154</u>
Fund Balance - End of Year	<u>\$ 12,986,981</u>	<u>\$ 421,184</u>	<u>\$ 591,577</u>	<u>\$ 1,203,206</u>	<u>\$ 15,202,948</u>

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, 2019

Net changes in fund balances - total governmental funds	\$ 1,088,926
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 exceeded by depreciation expense in the current period.	828,847
Long-term liabilities, including loan proceeds, are not due and payable in the current period and therefore are not reported in the funds.	(2,396,402)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(444,974)
The implementation of GASB 68 and 75 required that certain expenditures be de-expended and recorded as deferred resources outflows.	(653,178)
Repayment of loan principal is an expenditure in the funds but not an expense in the statement of activities	1,904,886
Compensated Absences in the amount of \$(84,902) and Land Closure & Postclosure Costs in the amount of \$(19,147) recorded for entity wide financial statements	<u>(104,049)</u>
Change in net assets of governmental activities - statement of activities	<u><u>\$ 224,056</u></u>

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

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2019

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 5,148,296	\$ 13,741	\$ 462,771	\$ 115,276	\$ 5,740,084
Cash in Escrow	-	76,344	-	-	76,344
Receivables, net	562,884	241,236	-	-	804,120
Total current assets	<u>5,711,180</u>	<u>331,321</u>	<u>462,771</u>	<u>115,276</u>	<u>6,620,548</u>
Non-current assets:					
Capital assets:					
Land	459,121	306,080	-	-	765,201
Construction in progress	-	10,819,482	-	-	10,819,482
Equipment and furniture	1,925,096	1,135,386	-	-	3,060,482
Buildings and improvements	1,556,296	656,558	56,810	-	2,269,664
Infrastructure	22,621,783	12,113,109	-	-	34,734,892
Less: Accumulated Depreciation	<u>(11,374,917)</u>	<u>(4,557,161)</u>	<u>(54,998)</u>	<u>-</u>	<u>(15,987,076)</u>
Total non-current assets	<u>15,187,379</u>	<u>20,473,454</u>	<u>1,812</u>	<u>-</u>	<u>35,662,645</u>
Total assets	<u>20,898,559</u>	<u>20,804,775</u>	<u>464,583</u>	<u>115,276</u>	<u>42,283,193</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	302,471	210,790	3,613	-	516,874
Retainage Payable	-	293,945	-	-	293,945
Accrued Expenses	18,490	9,023	-	-	27,513
Customer Deposits	307,267	-	-	-	307,267
Due to Other Funds	3,877,967	2,575,730	440,150	-	6,893,847
Bonds, notes and loans payable	1,002,832	472,000	-	-	1,474,832
Total current liabilities	<u>5,509,027</u>	<u>3,561,488</u>	<u>443,763</u>	<u>-</u>	<u>9,514,278</u>
Non-current liabilities					
Bonds, notes and loans payable	9,881,000	13,253,000	-	-	23,134,000
Compensated Absences	71,757	18,614	-	-	90,371
Total non-current liabilities	<u>9,952,757</u>	<u>13,271,614</u>	<u>-</u>	<u>-</u>	<u>23,224,371</u>
Total liabilities	<u>15,461,784</u>	<u>16,833,102</u>	<u>443,763</u>	<u>-</u>	<u>32,738,649</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	4,305,547	6,748,454	1,812	-	11,055,813
Restricted	-	76,344	-	-	76,344
Unrestricted	1,131,228	(2,853,125)	19,008	115,276	(1,587,613)
Total net assets	<u>\$ 5,436,775</u>	<u>\$ 3,971,673</u>	<u>\$ 20,820</u>	<u>\$ 115,276</u>	<u>\$ 9,544,544</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, 2019

	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	TOTALS
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 2,682,296	\$ 1,210,143	\$ 11,400	\$ -	\$ 3,903,839
Sales of products	-	-	65,076	64,273	129,349
Total operating revenues	<u>2,682,296</u>	<u>1,210,143</u>	<u>76,476</u>	<u>64,273</u>	<u>4,033,188</u>
<b>OPERATING EXPENSES</b>					
Personal Services	1,106,423	420,625	-	-	1,527,048
Utilities	110,854	102,142	-	-	212,996
Repairs and maintenance	230,160	229,607	38,524	-	498,291
Other supplies and expenses	614,849	82,100	24,905	71,266	793,120
Depreciation	702,668	343,953	967	-	1,047,588
Total Operating expenses	<u>2,764,954</u>	<u>1,178,427</u>	<u>64,396</u>	<u>71,266</u>	<u>4,079,043</u>
Operating income (loss)	<u>(82,658)</u>	<u>31,716</u>	<u>12,080</u>	<u>(6,993)</u>	<u>(45,855)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Income	2,865	2,295	13,885	-	19,045
Intergovernmental Transfers	-	1,134,000	1,500	-	1,135,500
Interest and Fiscal Charges	(26,703)	(92,223)	-	-	(118,926)
Total non-operating revenue (expenses)	<u>(23,838)</u>	<u>1,044,072</u>	<u>15,385</u>	<u>-</u>	<u>1,035,619</u>
Income Before Transfers	(106,496)	1,075,788	27,465	(6,993)	989,764
Transfers In (Out) - Net	-	-	-	-	-
Changes in Net Assets	(106,496)	1,075,788	27,465	(6,993)	989,764
Total Net Assets - Beginning	5,570,838	2,895,885	(6,645)	122,269	8,582,347
Prior Period Adjustment	(27,567)	-	-	-	(27,567)
Total Net Assets - Ending	<u>\$ 5,436,775</u>	<u>\$ 3,971,673</u>	<u>\$ 20,820</u>	<u>\$ 115,276</u>	<u>\$ 9,544,544</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, 2019

	Business-type Activities - Enterprise Funds				TOTALS
	WATER PLANT	SEWER PLANT	AIRPORT	SHERIFF COMMISSARY	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,613,856	\$ 1,198,841	\$ 76,476	\$ 64,273	\$ 3,953,446
Payments to employees	(1,097,378)	(422,847)	-	-	(1,520,225)
Payments to vendors, suppliers, and insurance administrators	1,398,507	(2,673,380)	119,577	(71,266)	(1,226,562)
Net cash provided (used) by operating activities	<u>2,914,985</u>	<u>(1,897,386)</u>	<u>196,053</u>	<u>(6,993)</u>	<u>1,206,659</u>
<b>CASH FLOW FOR NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Intergovernmental Transfers	-	-	-	-	-
Net cash provided (used) by non-capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Receipts from the issuance of capital debt	-	-	-	-	-
Payments on capital debt	(532,493)	(335,000)	-	-	(867,493)
Net cash provided (used) by capital and related financing activities	<u>(532,493)</u>	<u>(335,000)</u>	<u>-</u>	<u>-</u>	<u>(867,493)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	2,865	2,295	13,885	-	19,045
Intergovernmental	-	1,134,000	1,500	-	1,135,500
Interest and fiscal charges	(26,703)	(92,223)	-	-	(118,926)
Acquisition of capital assets	-	(949,200)	-	-	(949,200)
Net cash provided (used) by investing activities	<u>(23,838)</u>	<u>94,872</u>	<u>15,385</u>	<u>-</u>	<u>86,419</u>
Net increase (decrease) in cash and cash equivalents	2,358,654	(2,137,514)	211,438	(6,993)	425,585
Cash and cash equivalents at beginning of year	<u>2,817,209</u>	<u>2,227,599</u>	<u>251,333</u>	<u>122,269</u>	<u>5,418,410</u>
Prior Period Adjustment	(27,567)	-	-	-	(27,567)
Cash and cash equivalents at ending of year	<u>5,148,296</u>	<u>90,085</u>	<u>462,771</u>	<u>115,276</u>	<u>5,816,428</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	(82,658)	31,716	12,080	(6,993)	(45,855)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	702,668	343,953	967	-	1,047,588
Change in assets and liabilities:					
Receivables, net	(52,352)	(11,302)	-	-	(63,654)
Accounts and other payables	2,347,327	(2,261,753)	183,006	-	268,580
Net cash provided by operating activities	<u>\$ 2,914,985</u>	<u>\$ (1,897,386)</u>	<u>\$ 196,053</u>	<u>\$ (6,993)</u>	<u>\$ 1,206,659</u>

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



ZAPATA COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2019

**ASSETS**

Cash and cash equivalents	<u>\$ 3,062,010</u>
<b>TOTAL ASSETS</b>	<u><u>3,062,010</u></u>

**LIABILITIES AND NET POSITION**

**LIABILITIES**

Held in trust	1,905,441
Due to other governments	728,966
Refunds payable and others	<u>427,603</u>
<b>TOTAL LIABILITITES</b>	3,062,010

**NET POSITION**

<u>-</u>
<u><u>\$ 3,062,010</u></u>

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

**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, 2019

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

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

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

**D. Assets, Liabilities and Net Position or Equity**

**Deposits and Investments**

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

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

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

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

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

**Receivables and Payables**

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

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

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

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

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

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

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

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

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

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

**Compensatory Time**

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

**Compensated Absences**

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

**Long-term Obligations**

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

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

**Fund Balance Designations**

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

**Fund Balance Classification**

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

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

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

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

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

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

**Deferred Inflows and Outflows of Resources**

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

	Governmental Activities
Deferred Outflows of Resources	
Deferred Outflows from Pension	\$ 5,408,227
Deferred Outflows from OPEB	25,987
Total Deferred Outflows of Resources	\$ 5,434,214

	Governmental Activities
Deferred Inflows of Resources	
Deferred Inflows from Pension	\$ 809,296
Deferred Inflows from OPEB	71,664
Total Deferred Inflows of Resources	\$ 880,960

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

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

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

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	Capital Assets - Net (beg)	Additions	Depreciation	Capital Assets - Net (end)
Capital assets at end of year				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Furniture and Equipment	999,339	2,098,611	171,303	2,926,647
Buildings and Improvements	40,059,521	-	1,119,585	38,939,936
Infrastructure	11,922,177	352,860	331,736	11,943,301
				\$ 55,364,523

Long-term liabilities	Total
Limited Tax Refunding Bonds, Series 2013A	\$ 930,000
Limited Tax Refunding Bonds, Series 2013B	85,000
Combined Tax & Revenue C/O, Series 2013	995,000
Unlimited Tax Refunding Bonds, Series 2017	6,490,000
Certificates of Obligation, Series 2019	2,200,000
Zapata National Bank	142,235
Capital Leases	196,402
Compensated Absences	591,615
Land Closure & Postclosure Costs	851,645
	\$ 12,481,897

**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	\$ 2,098,611
Infrastructure	352,860
Total capital outlay	2,451,471
Depreciation expense	(1,622,624)
	\$ 828,847



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

**Budgetary Information**

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

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

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

Budgets adopted on an annual basis are consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, non-grant special revenue, and debt service funds. All annual appropriations lapse at fiscal year end. Budgetary integration is not employed for capital projects funds, because they include projects which extend over a period of several years. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds to an extent. All outstanding purchase orders automatically carry over to encumbrance the next budget year unless Commissioner Court individually approves them as an encumbrance to the prior year. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2019, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2019-20 budget.

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**Note 4 – Detailed Notes on all Funds**

A. Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2019, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments and cash in escrow) was \$13,769,601. The County's cash deposits at September 30, 2019 and during the year ended September 30, 2019 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.

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Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposit. The County’s deposits, including certificates of deposits, were fully insured or collateralized as required by the state statutes at September 30, 2019. At year-end, the carrying amount of the County’s deposits was \$17,398,140. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance, the remainder was covered by collateral with a value of \$20,797,479. 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, 2019.

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, 2019, the County had no investments.

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

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

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

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B. Interfund Activity

Interfund balances at September 30, 2019 consisted of the following individual fund balances:

Due to General Fund	\$ 10,365,152	
Due to Special Revenues	413,478	
Due to CO's Series 2019	-	
Due to Debt Services	-	
	<u>\$ 10,778,630</u>	Total Governmental Activities
Due from General Fund	\$ -	
Due from Special Revenues	1,507,371	
Due from Debt Services	870,429	
Due from CO's Series 2019	1,506,983	
	<u>3,884,783</u>	Total Governmental Activities
Due from Proprietary Funds	6,893,847	
	<u>\$ 10,778,630</u>	Total Business-type activities

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

C. Receivables

Receivables at September 30, 2019 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 3,316,185	\$ -	\$ 3,316,185
Debt Service	859,023	-	859,023
Nonmajor Governmental Funds	333,332	816,773	1,150,105
Water Plant	-	736,440	736,440
Sewer Plant	-	315,617	315,617
Total Receivables	<u>\$ 4,508,541</u>	<u>\$ 1,868,830</u>	<u>\$ 6,377,371</u>
Allowance for Uncollectible	(417,737)	(247,937)	(665,674)
Total Receivables, net			<u>\$ 5,711,697</u>

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D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2019 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Total capital assets not being depreciated	<u>1,554,640</u>	<u>-</u>	<u>-</u>	<u>1,554,640</u>
Capital assets being depreciated				
Furniture and Equipment	8,337,002	2,098,611	-	10,435,613
Buildings and Improvements	55,287,324	-	-	55,287,324
Infrastructure	20,264,712	352,860	-	20,617,572
Total capital assets being depreciated	<u>83,889,037</u>	<u>2,451,471</u>	<u>-</u>	<u>86,340,508</u>
Less: Accumulated Depreciation				
Depreciable Assets	30,908,001	1,622,624	-	32,530,625
Total Accumulated Depreciation	<u>30,908,001</u>	<u>1,622,624</u>	<u>-</u>	<u>32,530,625</u>
Total Capital Assets Depreciated, net	<u>52,981,036</u>	<u>828,847</u>	<u>-</u>	<u>53,809,883</u>
Governmental Activities Capital Assets, net	<u>\$ 54,535,676</u>	<u>\$ 828,847</u>	<u>\$ -</u>	<u>\$ 55,364,523</u>

Depreciation expense was charged to governmental functions as follows:

	2019
General Government	162,262
Public safety	486,788
Infrastructure and environmental services	811,312
Health and human services	162,262
Total Depreciation Expense	<u>\$ 1,622,624</u>

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<b>Business-type Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 765,201			\$ 765,201
Construction in Progress	9,870,282	949,200		10,819,482
Total capital assets not being depreciated	10,635,483	949,200	-	11,584,683
Capital assets being depreciated				
Furniture and Equipment	3,060,482			3,060,482
Buildings and Improvements	2,269,664			2,269,664
Infrastructure	34,734,893			34,734,893
Total capital assets being depreciated	40,065,039	-	-	40,065,039
Less: Accumulated Depreciation				
Depreciable Assets	14,939,488	1,047,588		15,987,076
Total Accumulated Depreciation	14,939,488	1,047,588	-	15,987,076
Total Capital Assets Depreciated, net	25,125,550	(1,047,588)	-	24,077,962
Governmental Activities Capital Assets, net	\$ 35,761,033	\$ (98,388)	\$ -	\$ 35,662,645

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

	2019
Water Plant	702,668
Sewer Plant	343,953
Airport	967
Sheriff Commissary	-
Total Depreciation Expense	\$ 1,047,588

E. Long-term debt

Governmental Activities:

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

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

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

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Year Ending September 30,	Principal	Interest
2020	\$ 930,000	\$ 44,175
Totals	<u>\$ 930,000</u>	<u>\$ 44,175</u>

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

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

Year Ending September 30,	Principal	Interest
2020	\$ 85,000	\$ 4,038
Totals	<u>\$ 85,000</u>	<u>\$ 4,038</u>

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

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

Year Ending September 30,	Principal	Interest
2020	95,000	35,531
2021	100,000	31,875
2022	100,000	28,125
2023	105,000	24,281
2024	110,000	20,250
2025-2028	485,000	37,031
Totals	<u>\$ 995,000</u>	<u>\$ 177,094</u>

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

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

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Year Ending September 30,	Principal	Interest
2020	840,000	211,200
2021	860,000	185,700
2022	895,000	154,900
2023	925,000	123,125
2024	955,000	94,925
2025-2026	2,015,000	81,300
Totals	<u>\$ 6,490,000</u>	<u>\$ 851,150</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.

Year Ending September 30,	Principal	Interest
2020	175,000	62,690
2021	120,000	54,824
2022	125,000	51,406
2023	125,000	47,918
2024	130,000	44,361
2025-2029	710,000	164,192
2030-2034	815,000	57,823
Totals	<u>\$ 2,200,000</u>	<u>\$ 483,213</u>

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

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

**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.



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Total Present Value of Future Minimum Lease Payments	\$ 196,402
Plus Amount Representing Interest	19,882
Total Minimum Lease Payments	<u>\$ 216,284</u>
Payments Due within One Year	<u>\$ 48,248</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, 2019. The County is in compliance with all bond covenants on outstanding general obligation bonded debt.

Business-type Activities:

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

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

Year Ending	Principal	Interest
September 30,		
2020	494,000	\$ -
2021	494,000	-
2022	494,000	-
2023	494,000	-
2024	494,000	-
2025-2029	2,470,000	-
2030-2034	2,470,000	-
2035-2039	2,470,000	-
2040	495,000	-
Totals	<u>\$ 10,375,000</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:

ZAPATA COUNTY, TEXAS  
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Year Ending September 30,	Principal	Interest
2020	\$ 320,000	\$ -
2021	320,000	-
2022	320,000	-
2023	320,000	-
2024	320,000	-
2025-2029	1,600,000	-
2030-2032	965,000	-
<b>Totals</b>	<b>\$ 4,165,000</b>	<b>\$ -</b>

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

Year Ending September 30,	Principal	Interest
2020	\$ 15,000	\$ 19,760
2021	16,000	19,404
2022	16,000	19,024
2023	17,000	18,644
2024	17,000	18,240
2025-2029	91,000	84,978
2030-2034	103,000	73,554
2035-2039	116,000	60,753
2040-2044	130,000	46,336
2045-2049	147,000	30,115
2050-2054	164,000	11,875
<b>Totals</b>	<b>\$ 832,000</b>	<b>\$ 402,681</b>

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.

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Year Ending September 30,	Principal	Interest
2020	\$ 75,000	\$ 114,000
2021	80,000	112,219
2022	80,000	110,319
2023	80,000	108,419
2024	85,000	106,519
2025-2029	450,000	501,600
2030-2034	505,000	445,669
2035-2039	570,000	382,613
2040-2044	640,000	311,838
2045-2049	715,000	232,275
2050-2054	805,000	143,213
2055-2058	715,000	42,869
Totals	<u>\$ 4,800,000</u>	<u>\$ 2,611,550</u>

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

Year Ending September 30,	Principal	Interest
2020	\$ 62,000	\$ 93,290
2021	64,000	91,818
2022	65,000	90,298
2023	67,000	88,754
2024	68,000	87,163
2025-2029	367,000	410,709
2030-2034	414,000	364,919
2035-2039	465,000	313,381
2040-2044	522,000	255,526
2045-2049	587,000	190,546
2050-2054	660,000	117,444
2055-2058	587,000	35,245
Totals	<u>\$ 3,928,000</u>	<u>\$ 2,139,091</u>

San Ygnacio MUD Loan #5093392427: A loan was obtained for MUD improvements in the amount of \$97,912. 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 amount of \$525,944. The loan had an original interest rate of 3.60% adjustable on a quarterly basis

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

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

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F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2019 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Limited Tax Refunding Bonds, Series 2013A	\$ 1,820,000	\$ -	\$ 890,000	\$ 930,000	\$ 930,000	\$ -
Limited Tax Refunding Bonds, Series 2013B	170,000	-	85,000	85,000	85,000	-
Combined Tax & Revenue C/O, Series 2013	1,085,000	-	90,000	995,000	95,000	900,000
Unlimited Tax Refunding Bonds, Series 2017	7,300,000	-	810,000	6,490,000	840,000	5,650,000
Certificates of Obligation, Series 2019	-	2,200,000	-	2,200,000	175,000	2,025,000
Zapata National Bank	172,121	-	29,886	142,235	31,963	110,272
Capital Leases	-	196,402	-	196,402	48,248	148,154
Compensated Absences	506,713	84,902	-	591,615	-	591,615
Land Closure & Postclosure Costs	832,498	19,147	-	851,645	-	851,645
Total	\$ 11,886,332	\$ 2,500,451	\$ 1,904,886	\$ 12,481,897	\$ 2,205,211	\$ 10,276,686

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$ 10,869,000	\$ -	\$ 494,000	\$ 10,375,000	\$ 494,000	\$ 9,881,000
TX Water Dev. Board CWSRF Series, 2008	4,485,000	-	320,000	4,165,000	320,000	3,845,000
TX Waterworks and Sewer Revenue Bonds, Series 2014	847,000	-	15,000	832,000	15,000	817,000
USDA Series 2017A (Sewer Plant)	4,800,000	-	-	4,800,000	75,000	4,725,000
USDA Series 2017B (Sewer Plant)	3,928,000	-	-	3,928,000	62,000	3,866,000
San Ygnacio MUD Loan #5093392427	471,485	-	26,553	444,932	444,932	-
San Ygnacio MUD Loan #5093392428	75,840	-	11,940	63,900	63,900	-
Compensated Absences	92,527	-	2,156	90,371	-	90,371
Total	25,568,852	-	869,649	24,699,203	1,474,832	23,224,371

Grand Total	\$ 37,455,184	\$ 2,500,451	\$ 2,774,535	\$ 37,181,100	\$ 3,680,043	\$ 33,501,057
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G. Defined Benefit Pension Plan

Texas County and District Retirement System

Plan Description & Terms

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

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

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

Membership Information

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

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

Funding Policy

The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. The Zapata County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2018 is 9.0%

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Schedule of Employer Contribution

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	731,958	779,488	(47,530)	10,562,164	7.4%
2010	868,508	868,508	-	10,565,794	8.2%
2011	855,030	855,213	(183)	10,252,155	8.3%
2012	899,883	899,967	(84)	10,284,382	8.8%
2013	853,881	853,998	(117)	9,291,417	9.2%
2014	887,889	887,889	-	9,125,238	9.7%
2015	792,295	792,295	-	8,583,873	9.2%
2016	710,859	710,859	-	8,050,425	8.8%
2017	698,417	698,417	-	7,751,511	9.0%
2018	811,291	811,291	-	8,381,030	9.7%

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Actuarial Methods and Assumptions are as follows:

Actuarial Valuation Date	12/31/18
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.8 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Projected Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule.

**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, 2018 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

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Actuarial Valuation and Measurement Date, December 31, 2018

	December 31, 2018
Total Pension Liability	\$ 52,235,247
Plan Fiduciary Net Position	<u>48,694,222</u>
Net Pension Liability / (Asset)	\$ 3,541,025
Fiduciary net position as a % of total pension liability	93.22%

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

**Schedule of Changes in Net Pension Liability**

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

<b>Total pension liability</b>	<u>2018</u>
Service Cost	\$ 1,133,919
Interest on the total pension liability	3,990,506
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Effect of economic/demographic gains or losses	(3,008)
Benefit payments, including refunds of employee contributions	<u>(1,996,650)</u>
Net Change in Total Pension Liability	3,124,767
Total Pension Liability-Beginning	<u>49,110,479</u>
Total Pension Liability- Ending (a)	<u>\$ 52,235,246</u>



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**Plan Fiduciary Net Position**

Contributions- Employer	\$ 811,291
Contributions- Member	586,672
Net Investment Income	(943,549)
Benefit payments, including refunds of employee contributions	(1,996,650)
Administrative expense	(39,111)
Other	(12,785)
Net Change in Plan Fiduciary Net Position	<u>(1,594,132)</u>
Plan Fiduciary Net Position- Beginning	50,288,354
Plan Fiduciary Net Position- Ending (b)	<u>\$ 48,694,222</u>
Net Pension Liability- Ending (a) - (b)	<u>\$ 3,541,024</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability 93.22%

Covered Employee Payroll \$ 8,381,030

Net Pension Liability as a Percentage of Covered Employee Payroll 42.25%

**Pension Expense**

Below is the Schedule of Pension Expense as of 12/31/18:

Pension Expense

	<u>2018</u>
Total Service Cost	\$ 1,133,919
Interest on the Total Pension Liability	3,990,506
Effect of Plan Changes	-
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	-
Projected Earnings on Plan Investments (Reduction of Expense)	-
Administrative Expense	39,111
Member Contributions	(586,672)
Expected Investment return net of investment expenses	(4,047,521)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(471,764)
Recognition of assumption changes or inputs	62,888
Recognition of investment gains and losses	1,418,597
Other	12,785
Total Pension Expense	<u>\$ 1,551,849</u>

ZAPATA COUNTY, TEXAS  
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**Schedule of Deferred Outflow and Inflows of Resources**

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2018 Expense	Balance of Deferred Inflows 12/31/2018	Balance of Deferred Outflows 12/31/2018
<b>Investment (gains) or losses</b>						
	4,991,070	12/31/2018	5.0	\$ 998,214	\$ -	\$ 3,992,856
	(2,932,446)	12/31/2017	5.0	(586,489)	1,759,468	-
	270,483	12/31/2016	5.0	54,097	-	108,193
	4,171,139	12/31/2015	5.0	834,228	-	834,228
	592,735	12/31/2014	5.0	118,547	-	-
<b>Economic/ Demographic (gains) or losses</b>						
	(3,008)	12/31/2018	5.0	(602)	2,406	-
	(588,866)	12/31/2017	5.0	(117,773)	353,320	-
	(424,189)	12/31/2016	5.0	(84,838)	169,675	-
	(1,130,757)	12/31/2015	5.0	(226,151)	226,152	-
	(254,397)	12/31/2014	6.0	42,400	42,399	-
<b>Assumption changes or inputs</b>						
	-	12/31/2018	5.0	-	-	-
	(25,572)	12/31/2017	5.0	(5,114)	15,344	-
	-	12/31/2016	5.0	-	-	-
	340,008	12/31/2015	5.0	68,002	-	68,001
	-	12/31/2014	6.0	-	-	-

Employer contributions made subsequent to measurement date

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

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

Year ended December 31:

2019	\$	891,173
2020		257,495
2021		288,232
2022		997,614
2023		-
Thereafter		-

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**Discount Rate**

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

*Sensitivity of the net pension liability to changes discount rate*

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 59,462,882	\$ 52,235,247	\$ 46,214,560
Fiduciary Net Position	48,694,222	48,694,222	48,694,222
Net pension liability/asset	10,768,660	3,541,025	(2,479,662)

**Other Post-Employment Benefits**

*Plan Description*

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

- a. Zapata County participates in the retiree Group Term Life program for the Texas County District Retirement System (TCDRS), which is a state-wide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  1. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
  2. The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
  3. The OPEB benefit is a fixed \$5,000 lump-sum benefit.
  4. No future increases are assumed in the \$5,000 benefit amount.
  5. Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

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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, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	45	48
Number of active employees:	271	268
Average age of active employees:	44.13	45.02
Average length of service in years for active employees:	12.18	12.38
<b>Inactive Employees Receiving Benefits</b>		
Number of benefit recipients:	123	127

**Changes in Total OPEB Liability**

	<u>Changes in Total OPEB Liability</u>
Balance as of December 31, 2017	\$ 591,467
Changes for the year:	
Service cost	17,717
Interest on total OPEB liability	20,713
Changes of benefit terms	-
Effect of economic/demographic experience	5,028
Effect of assumptions changes or inputs	(67,577)
Benefit payments	(14,248)
Other	-
Balance as of December 31, 2018	<u>\$ 553,100</u>
Pensionable covered payroll	\$ 7,751,511
Net OPEB Liability as % of covered payroll	7.63%

*Sensitivity Analysis*

The following presents the total OPEB Liability of the employer, calculated using the discount rate of 4.10%, as well as what Zapata County Total OPEB Liability would be if it were calculated using the discount rate that is 1% point lower (3.10%) or 1% point higher (5.10%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

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**Sensitivity Analysis**

1% Decrease	Current Discount Rate	1% Increase
3.10%	4.10%	5.10%

Total OPEB Liability \$ 660,316      \$ 553,100      \$ 469,933

**OPEB Expense**

<b>OPEB Expense / (Income)</b>	<u>January 1, 2018 to December 31, 2018</u>
Service cost	\$ 17,717
Interest on total OPEB liability	20,713
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(2,232)
Recognition of assumption changes or inputs	(6,903)
Other	-
OPEB expense / (income)	\$ 29,295

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:	
2019	\$ (9,135)
2020	(9,135)
2021	(9,135)
2022	(9,135)
2023	(9,137)
Thereafter	-

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

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2018 Expense	Balance of Deferred Inflows 12/31/2018	Balance of Deferred Outflows 12/31/2018
Investment (gains) or losses	5,028	12/31/2018	6.0	\$ 838	-	4,190
	(21,490)	12/31/2017	7.0	(3,070)	15,350	-
Assumption changes or inputs	(67,577)	12/31/2018	6.0	(11,263)	56,314	-
	30,517	12/31/2017	7.0	4,360	-	21,797
Employer contributions made subsequent to measurement date	-----Employer Determined-----					

**Discount Rate**

	2017	2018
Discount rate	3.44%	4.10%
Municipal bond rate	3.44%	4.10%

**Other Key Actuarial Assumptions**

	Beginning Date	Ending Date
Valuation date	31-Dec-17	31-Dec-18
Measurement date	31-Dec-17	31-Dec-18
Employer's Fiscal Year	1-Oct-18	30-Sep-19

H. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2019 through the date the financial statements were issued. During this period, there are no subsequent events that require recognition in the financial statements.

I. Contingent Liabilities

Litigation:

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

J. Risk Management

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

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K. Landfill Closure and Postclosure Costs Liability

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

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

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

REQUIRED SUPPLEMENTAL INFORMATION



**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property taxes	\$ 6,344,336	\$ 6,344,336	\$ 5,949,188	\$ (395,148)
Delinquent property taxes	300,000	300,000	470,416	170,416
Penalties and interest on taxes	200,000	200,000	277,274	77,274
Sales tax	1,400,000	1,400,000	1,662,493	262,493
Franchise fees	85,000	85,000	64,757	(20,243)
<b>Total taxes</b>	<u>8,329,336</u>	<u>8,329,336</u>	<u>8,424,128</u>	<u>94,792</u>
<b>Licenses and permits:</b>				
Business and license and permits	1,500	1,500	1,107	(393)
<b>Total licenses and permits</b>	<u>1,500</u>	<u>1,500</u>	<u>1,107</u>	<u>(393)</u>
<b>Intergovernmental</b>				
Zapata I.S.D. shared tax office	153,801	153,801	131,993	(21,808)
Water connections	39,500	39,500	42,104	2,604
Formula Grant	-	-	11,504	11,504
Rifle Resistant Body Armor Grant	-	-	27,825	27,825
<b>Total intergovernmental</b>	<u>193,301</u>	<u>193,301</u>	<u>213,426</u>	<u>20,125</u>
<b>Charges for services:</b>				
Sheriff fees	9,000	9,000	11,920	2,920
Bond fees	-	-	2,010	2,010
County clerk fees	60,000	60,000	63,400	3,400
District clerk fees	75,000	75,000	106,673	31,673
Other fees	150	150	2,475	2,325
<b>Total charges for services</b>	<u>144,150</u>	<u>144,150</u>	<u>186,478</u>	<u>42,328</u>
<b>Interest</b>	70,000	70,000	222,182	152,182
<b>Other:</b>				
Rent-Civic Center	1,500	1,500	2,065	565
Rent-Appraisal District	30,000	30,000	30,000	-
Pavilion	10,000	10,000	7,402	(2,598)
Zapata Community Center	23,000	23,000	16,678	(6,322)
Swimming pool	7,000	7,000	11,117	4,117
Jail	2,000,000	2,000,000	2,496,453	496,453
Jail Telephone Commission	45,000	45,000	54,666	9,666
Landfill	265,000	265,000	248,247	(16,753)
Emergency Medical Service	650,000	650,000	801,788	151,788
Oil and Gas Royalty	100,000	100,000	66,554	(33,446)
ARM Ordinance	1,061,000	1,061,000	971,704	(89,296)
Miscellaneous	213,421	213,421	123,435	(89,986)
<b>Total Other</b>	<u>4,405,921</u>	<u>4,405,921</u>	<u>4,830,109</u>	<u>424,188</u>
<b>TOTAL REVENUES</b>	<u>13,144,208</u>	<u>13,144,208</u>	<u>13,877,430</u>	<u>733,222</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>EXPENDITURES:</b>				
<b>General Government</b>				
County Judge				
Personnel	99,429	99,429	98,928	501
Fringe Benefits	38,499	38,499	41,225	(2,726)
Travel and Education	3,500	3,500	4,760	(1,260)
Supplies	4,500	4,100	3,897	203
Indigent Defense County Court	20,000	20,000	22,303	(2,303)
Other	7,300	7,700	7,577	123
Total County Judge	<u>173,228</u>	<u>173,228</u>	<u>178,690</u>	<u>(5,462)</u>
County Commissioner Precinct 1				
Personnel	21,674	21,674	21,780	(106)
Fringe Benefits	10,749	10,749	10,188	561
Travel and Education	3,000	1,697	1,697	-
Parks	25,000	26,303	22,121	4,182
Total County Commissioner Precinct 1	<u>60,423</u>	<u>60,423</u>	<u>55,786</u>	<u>4,637</u>
County Commissioner Precinct 2				
Personnel	17,680	17,680	17,252	428
Fringe Benefits	10,002	10,002	9,688	314
Travel and Education	3,000	3,000	2,016	984
Parks	25,000	25,000	24,528	472
Total County Commissioner Precinct 2	<u>55,682</u>	<u>55,682</u>	<u>53,484</u>	<u>2,198</u>
County Commissioner Precinct 3				
Personnel	19,760	19,760	14,871	4,889
Fringe Benefits	10,391	10,391	6,947	3,444
Travel and Education	3,000	3,000	2,317	683
Parks	25,000	25,000	24,537	463
Total County Commissioner Precinct 3	<u>58,151</u>	<u>58,151</u>	<u>48,672</u>	<u>9,479</u>
County Commissioner Precinct 4				
Personnel	21,840	21,840	21,947	(107)
Fringe Benefits	10,780	10,780	10,365	415
Travel and Education	3,000	3,000	2,607	393
Supplies	4,000	4,000	2,888	1,112
Parks	25,000	25,000	27,227	(2,227)
Total County Commissioner Precinct 4	<u>64,620</u>	<u>64,620</u>	<u>65,034</u>	<u>(414)</u>
County Auditor				
Personnel	125,883	125,883	126,437	(554)
Fringe Benefits	43,625	43,625	41,452	2,173
Travel and Education	3,000	4,430	4,430	-
Supplies	5,500	4,785	3,734	1,051
Other	4,965	4,250	2,918	1,332
Total Auditor	<u>182,973</u>	<u>182,973</u>	<u>178,971</u>	<u>4,002</u>
Tax Assessor/Collector				
Personnel	166,162	166,162	161,085	5,077
Fringe Benefits	71,064	71,064	52,128	18,936
Travel and Education	5,625	5,625	5,917	(292)
Supplies	25,500	25,500	19,323	6,177
Other	39,250	39,250	32,566	6,684
Total Tax Assessor/Collector	<u>307,601</u>	<u>307,601</u>	<u>271,019</u>	<u>36,582</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Clerk				
Personnel	115,882	115,882	116,606	(724)
Fringe Benefits	48,270	48,270	47,610	660
Travel and Education	5,000	5,000	3,003	1,997
Contract Services	40,000	38,000	32,852	5,148
Supplies	7,500	9,500	9,158	342
Election Expense	35,000	35,000	30,992	4,008
Other	11,000	11,000	10,904	96
Total County Clerk	<u>262,652</u>	<u>262,652</u>	<u>251,125</u>	<u>11,527</u>
County Treasurer				
Personnel	173,830	173,830	174,591	(761)
Fringe Benefits	65,801	65,801	63,262	2,539
Travel and Education	5,000	5,000	4,726	274
Supplies	5,000	5,000	4,992	8
Other	4,586	4,586	4,601	(15)
Total County Treasurer	<u>254,217</u>	<u>254,217</u>	<u>252,172</u>	<u>2,045</u>
Personnel Department				
Personnel	32,012	32,012	32,157	(145)
Fringe Benefits	12,682	12,682	12,242	440
Travel and Education	1,500	1,500	78	1,422
Supplies	1,500	1,500	2,074	(574)
Total Personnel Department	<u>47,694</u>	<u>47,694</u>	<u>46,551</u>	<u>1,143</u>
Custodial and Maintenance Service				
Personnel	111,968	111,968	112,879	(911)
Fringe Benefits	55,413	55,413	52,025	3,388
Contract Services	31,000	31,000	48,672	(17,672)
Supplies	20,000	20,000	21,070	(1,070)
Other	16,000	16,000	14,812	1,188
Total Custodial and Maintenance Service	<u>234,381</u>	<u>234,381</u>	<u>249,458</u>	<u>(15,077)</u>
Non-Department				
Personnel	75,873	75,873	76,117	(244)
Fringe Benefits	15,474	15,474	25,264	(9,790)
Travel and Education	2,500	2,500	557	1,943
Contract Services	140,000	140,000	189,278	(49,278)
Supplies	18,750	18,750	25,833	(7,083)
Retiree Health Insurance	-	-	1,156	(1,156)
Telephone	100,000	100,000	97,488	2,512
Utilities-General	947,000	947,000	960,533	(13,533)
Insurance-General	375,000	375,000	330,594	44,406
Computer Programs	15,000	15,000	28,506	(13,506)
Jury Fund	20,000	20,000	13,774	6,226
Appraisal District	317,795	317,795	295,620	22,175
Border Regional MHMR	5,000	5,000	-	5,000
Food Pantry	10,000	10,000	9,980	20
Boys and Girls Club of Zapata	40,000	40,000	40,000	-
Postage	18,000	18,000	7,608	10,392
County Property Repairs	100,000	100,000	252,279	(152,279)
Law Books and Periodicals	2,500	2,500	2,254	246
Autopsies	15,000	15,000	14,509	491
Other	29,000	29,000	52,488	(23,488)
Total Non-Department	<u>2,246,892</u>	<u>2,246,892</u>	<u>2,423,838</u>	<u>(176,946)</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Grants and Other Contributions				
Grants Matching	50,000	50,000	-	50,000
Total Grants and Other Contributions	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>Total General Government</b>	<u>3,998,514</u>	<u>3,998,514</u>	<u>4,074,800</u>	<u>(76,286)</u>
<b>Public Safety</b>				
Sheriff Department				
Personnel	1,209,802	1,209,802	1,199,619	10,183
Fringe Benefits	491,009	491,009	394,210	96,799
Travel and Education	5,500	5,500	4,865	635
Supplies	16,125	16,125	16,868	(743)
Fuel & Lubricants	85,000	85,000	102,227	(17,227)
Repairs & Maintenance	112,225	112,225	127,747	(15,522)
Rifle Resistant Grant	-	-	27,825	(27,825)
Other	11,000	11,000	8,690	2,310
Total Sheriff Department	<u>1,930,661</u>	<u>1,930,661</u>	<u>1,882,051</u>	<u>48,610</u>
CSI Specialist				
Personnel	62,040	62,040	76,853	(14,813)
Fringe Benefits	18,297	18,297	19,993	(1,696)
Travel and Education	1,000	1,000	988	12
Supplies	3,200	3,200	3,075	125
Other	5,000	5,000	3,942	1,058
Total CSI Specialist	<u>89,537</u>	<u>89,537</u>	<u>104,851</u>	<u>(15,314)</u>
Constables				
Personnel	50,844	50,844	38,279	12,565
Fringe Benefits	36,768	36,137	13,177	22,960
Travel and Education	2,500	2,818	2,378	440
Supplies	9,000	8,156	6,387	1,769
Other	3,400	4,557	6,787	(2,230)
Total Constables	<u>102,512</u>	<u>102,512</u>	<u>67,008</u>	<u>35,504</u>
Fire Fighting and Ambulance Services				
Personnel	1,140,254	1,140,254	1,137,974	2,280
Fringe Benefits	410,619	410,619	352,415	58,204
Travel and Education	7,500	7,500	7,474	26
Contract Services	33,600	33,600	50,146	(16,546)
Supplies	122,000	122,000	83,966	38,034
Other	33,000	33,000	44,305	(11,305)
Total Fire Fighting and Ambulance Services	<u>1,746,973</u>	<u>1,746,973</u>	<u>1,676,280</u>	<u>70,693</u>
Safety and Risk Management				
Personnel	8,481	8,481	8,514	(33)
Fringe Benefits	1,956	1,956	2,973	(1,017)
Travel and Education	2,000	2,000	2,000	-
Supplies	2,000	2,000	1,756	244
Other	4,000	4,000	9,325	(5,325)
Total Safety and Risk Management	<u>18,437</u>	<u>18,437</u>	<u>24,568</u>	<u>(6,131)</u>
Juvenile Probation				
Personnel	120,959	120,959	121,572	(613)
Fringe Benefits	91,567	91,567	57,726	33,841
Travel and Education	18,000	26,500	25,372	1,128
Contract Services	26,000	17,000	7,533	9,467

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Supplies	16,000	16,500	13,794	2,706
Repairs & Maintenance	6,500	6,500	3,180	3,320
Other	3,000	3,000	3,000	-
<b>Total Juvenile Probation</b>	<b>282,026</b>	<b>282,026</b>	<b>232,177</b>	<b>49,849</b>
Adult Probation				
Supplies	4,500	4,500	3,945	555
<b>Total Adult Probation</b>	<b>4,500</b>	<b>4,500</b>	<b>3,945</b>	<b>555</b>
<b>Total Public Safety</b>	<b>4,174,646</b>	<b>4,174,646</b>	<b>3,990,880</b>	<b>183,766</b>
<b>Justice System</b>				
Justices of the Peace				
Personnel	216,696	216,696	220,386	(3,690)
Fringe Benefits	93,363	93,363	89,987	3,376
Travel and Education	11,200	11,905	9,639	2,266
Supplies	16,000	17,650	14,895	2,755
Other	15,000	12,645	15,090	(2,445)
<b>Total Justices of the Peace</b>	<b>352,259</b>	<b>352,259</b>	<b>349,997</b>	<b>2,262</b>
County Attorney				
Personnel	186,944	186,944	182,284	4,660
Fringe Benefits	68,254	68,254	65,090	3,164
Travel and Education	3,000	3,000	1,906	1,094
Supplies	5,500	3,500	2,261	1,239
Vehicle Expense	6,000	3,000	3,745	(745)
Other	8,000	13,000	14,425	(1,425)
<b>Total County Attorney</b>	<b>277,698</b>	<b>277,698</b>	<b>269,711</b>	<b>7,987</b>
49th District Court				
Personnel	89,217	89,217	89,617	(400)
Fringe Benefits	30,254	30,254	29,474	780
Travel and Education	10,500	10,500	7,916	2,584
Contract Services	119,600	119,600	78,221	41,379
Supplies	5,600	5,600	4,366	1,234
Other	5,850	5,850	6,468	(618)
<b>Total 49th District Court</b>	<b>261,021</b>	<b>261,021</b>	<b>216,062</b>	<b>44,959</b>
District Clerk				
Personnel	123,501	123,501	123,979	(478)
Fringe Benefits	49,448	49,448	48,636	812
Travel and Education	3,500	3,500	2,508	992
Supplies	7,750	7,750	7,336	414
Other	9,100	9,100	5,469	3,631
<b>Total District Clerk</b>	<b>193,299</b>	<b>193,299</b>	<b>187,928</b>	<b>5,371</b>
District Attorney				
Personnel	13,934	13,934	13,988	(54)
Fringe Benefits	1,066	1,066	1,238	(172)
<b>Total District Attorney</b>	<b>15,000</b>	<b>15,000</b>	<b>15,226</b>	<b>(226)</b>
<b>Total Justice System</b>	<b>1,099,277</b>	<b>1,099,277</b>	<b>1,038,924</b>	<b>60,353</b>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Health and Human Services</b>				
Indigent Health Care				
Personnel	30,000	30,000	30,139	(139)
Fringe Benefits	12,305	12,305	11,753	552
Travel and Education	2,000	2,000	1,601	399
Supplies	3,000	3,000	780	2,220
Indigent Health Care	540,347	540,347	525,408	14,939
Other	12,600	12,600	11,649	951
Total Indigent Health Care	<u>600,252</u>	<u>600,252</u>	<u>581,330</u>	<u>18,922</u>
Environmental Health				
Personnel	235,046	235,046	231,302	3,744
Fringe Benefits	119,399	119,399	101,630	17,769
Travel and Education	2,000	2,000	2,173	(173)
Supplies	25,000	25,000	25,142	(142)
Other	109,050	109,050	159,895	(50,845)
Total Environmental Health	<u>490,495</u>	<u>490,495</u>	<u>520,142</u>	<u>(29,647)</u>
<b>Total Health and Human Services</b>	<u>1,090,747</u>	<u>1,090,747</u>	<u>1,101,472</u>	<u>(10,725)</u>
<b>Environmental Services</b>				
Recycling				
Personnel	40,959	40,959	40,015	944
Fringe Benefits	21,490	21,490	17,761	3,729
Travel and Education	1,000	1,000	980	20
Supplies	3,000	3,000	6,557	(3,557)
Other	2,000	2,000	1,532	468
Total Recycling	<u>68,449</u>	<u>68,449</u>	<u>66,845</u>	<u>1,604</u>
Agriculture and Livestock				
Personnel	18,373	18,373	18,467	(94)
Fringe Benefits	1,926	1,926	1,693	233
Travel and Education	5,000	7,565	7,801	(236)
Supplies	3,500	2,250	2,317	(67)
Other	1,800	485	485	-
Total Agriculture and Livestock	<u>30,599</u>	<u>30,599</u>	<u>30,763</u>	<u>(164)</u>
<b>Total Environmental Services</b>	<u>99,048</u>	<u>99,048</u>	<u>97,608</u>	<u>1,440</u>
<b>Corrections and Rehabilitation</b>				
County Jail				
Personnel	311,543	311,543	310,226	1,317
Fringe Benefits	149,294	147,794	109,292	38,502
Travel and Education	4,500	4,500	3,372	1,128
Supplies	6,500	5,500	4,594	906
Prisoner Expenses	85,100	80,100	81,505	(1,405)
Repairs & Maintenance	18,000	16,100	16,851	(751)
Other	8,000	8,000	9,174	(1,174)
Total County Jail	<u>582,937</u>	<u>573,537</u>	<u>535,014</u>	<u>38,523</u>
Regional Jail				
Personnel	840,598	840,598	946,346	(105,748)
Fringe Benefits	392,322	392,322	343,295	49,027
Travel and Education	12,500	12,500	12,694	(194)
Supplies	8,000	4,200	4,574	(374)

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Prisoner Expenses	287,200	284,400	279,929	4,471
Repairs & Maintenance	31,500	47,500	59,255	(11,755)
Other	25,000	25,000	26,769	(1,769)
Total Regional Jail	<u>1,597,120</u>	<u>1,606,520</u>	<u>1,672,862</u>	<u>(66,342)</u>
<b>Total Corrections and Rehabilitation</b>	<u>2,180,057</u>	<u>2,180,057</u>	<u>2,207,876</u>	<u>(27,819)</u>
<b>Community and Economic Development</b>				
Zapata Civic Center				
Personnel	71,636	71,636	71,949	(313)
Fringe Benefits	33,881	33,881	32,859	1,022
Contracted Services	14,000	14,000	13,135	865
Supplies	7,000	7,000	15,239	(8,239)
Other	11,000	11,000	10,009	991
Total Zapata Civic Center	<u>137,517</u>	<u>137,517</u>	<u>143,191</u>	<u>(5,674)</u>
San Ygnacio Civic Center				
Personnel	8,000	8,000	14,422	(6,422)
Fringe Benefits	772	772	1,181	(409)
Supplies	1,000	1,000	841	159
Other	1,000	1,000	986	14
Total San Ygnacio Civic Center	<u>10,772</u>	<u>10,772</u>	<u>17,430</u>	<u>(6,658)</u>
Falcon Community Center				
Supplies	500	500	500	-
Total Falcon Community Center	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
County Library System				
Personnel	68,354	68,354	73,741	(5,387)
Fringe Benefits	32,867	32,867	32,024	843
Travel and Education	3,000	-	-	-
Supplies	4,500	5,000	4,958	42
Books & Periodicals	7,500	9,000	7,844	1,156
Other	7,500	8,500	7,612	888
Total County Library System	<u>123,721</u>	<u>123,721</u>	<u>126,179</u>	<u>(2,458)</u>
Romeo Flores Park Swimming Complex				
Personnel	8,000	8,000	13,097	(5,097)
Fringe Benefits	772	772	1,084	(312)
Supplies	8,000	8,000	9,135	(1,135)
Other	5,000	5,000	5,963	(963)
Total Romeo Flores Park Swimming Complex	<u>21,772</u>	<u>21,772</u>	<u>29,279</u>	<u>(7,507)</u>
Department of Aviation				
Personnel	39,183	39,183	44,624	(5,441)
Fringe Benefits	14,203	14,203	14,955	(752)
Contracted Services	7,500	7,500	3,196	4,304
Other	9,500	9,500	5,800	3,700
Total Department of Aviation	<u>70,386</u>	<u>70,386</u>	<u>68,575</u>	<u>1,811</u>
<b>Total Community and Economic Development</b>	<u>364,668</u>	<u>364,668</u>	<u>385,154</u>	<u>(20,486)</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Capital Outlay</b>				
Capital Outlay Department	216,200	216,200	578,478	(362,278)
<b>Total Capital Outlay</b>	<u>216,200</u>	<u>216,200</u>	<u>578,478</u>	<u>(362,278)</u>
<b>Debt Service</b>				
Principal	-	-	29,886	(29,886)
Interest	-	-	9,324	(9,324)
<b>Total Debt Service</b>	<u>-</u>	<u>-</u>	<u>39,210</u>	<u>(39,210)</u>
<b>TOTAL EXPENDITURES</b>	<u>13,223,157</u>	<u>13,223,157</u>	<u>13,514,402</u>	<u>(291,245)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(78,949)</u>	<u>(78,949)</u>	<u>363,028</u>	<u>441,977</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	158,163	158,163
Operating transfers out	(324,423)	(324,423)	(265,417)	59,006
Loan Proceeds	-	-	196,402	196,402
<b>Net other financing sources (uses)</b>	<u>(324,423)</u>	<u>(324,423)</u>	<u>89,148</u>	<u>413,571</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>(403,372)</u>	<u>(403,372)</u>	<u>452,176</u>	<u>855,548</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	12,787,987	12,787,987	12,787,987	-
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>(253,182)</u>	<u>(253,182)</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>12,384,615</u></u>	<u><u>12,384,615</u></u>	<u><u>12,986,981</u></u>	<u><u>602,366</u></u>



ZAPATA COUNTY, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2019

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

	Year Ended December 31				
	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service Cost	\$ 1,133,919	\$ 1,150,842	\$ 1,263,648	\$ 1,351,831	\$ 1,373,043
Interest on the total pension liability	3,990,506	3,809,574	3,570,271	3,418,454	3,194,801
Changes of benefit terms	-	-	-	(227,680)	-
Difference between expected and actual experience	-	-	-	-	-
Change of assumptions	-	(25,572)	-	340,008	-
Effect of economic/demographic gains or losses	(3,008)	(588,866)	(424,189)	(1,130,757)	(254,397)
Benefit payments, including refunds of employee contributions	(1,996,650)	(2,190,235)	(1,790,918)	(1,768,063)	(1,432,411)
Net Change in Total Pension Liability	3,124,767	2,155,743	2,618,812	1,983,793	2,881,036
Total Pension Liability-Beginning	49,110,479	46,954,736	44,335,924	42,352,131	39,471,095
Total Pension Liability- Ending (a)	<u>\$ 52,235,246</u>	<u>\$ 49,110,479</u>	<u>\$ 46,954,736</u>	<u>\$ 44,335,924</u>	<u>\$ 42,352,131</u>
<b>Plan Fiduciary Net Position</b>					
Contributions- Employer	\$ 811,291	\$ 698,417	\$ 710,859	\$ 792,295	\$ 887,889
Contributions- Member	586,672	542,606	563,530	608,512	638,767
Net Investment Income	(943,549)	6,518,884	3,126,760	(648,125)	2,727,093
Benefit payments, including refunds of employee contributions	(1,996,650)	(2,190,235)	(1,790,918)	(1,768,063)	(1,432,411)
Administrative expense	(39,111)	(33,443)	(33,979)	(30,800)	(32,339)
Other	(12,785)	(13,036)	(43,660)	(59,165)	(13,753)
Net Change in Plan Fiduciary Net Position	(1,594,132)	5,523,191	2,532,592	(1,105,347)	2,775,246
Plan Fiduciary Net Position- Beginning	50,288,354	44,765,164	42,232,572	43,337,918	40,562,673
Plan Fiduciary Net Position- Ending (b)	<u>\$ 48,694,222</u>	<u>\$ 50,288,354</u>	<u>\$ 44,765,164</u>	<u>\$ 42,232,572</u>	<u>\$ 43,337,919</u>
Net Pension Liability- Ending (a) - (b)	<u>\$ 3,541,024</u>	<u>\$ (1,177,875)</u>	<u>\$ 2,189,573</u>	<u>\$ 2,103,353</u>	<u>\$ (985,788)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.22%	102.40%	95.34%	95.26%	102.33%
Covered Employee Payroll	\$ 8,381,030	\$ 7,751,511	\$ 8,050,425	\$ 8,583,873	\$ 9,125,238
Net Pension Liability as a Percentage of Covered Employee Payroll	42.25%	-15.20%	27.20%	24.50%	-10.80%

## COMBINING FUND STATEMENTS

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2019

	Special Road and Bridge	Lateral Road	Task Force	Emergency Management/ Fire Marshal	Lower Border Security	Information & Assistance Program	Nutrition Cenex	Child/Adult Care Food & Summer Food	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology	Reserve 1991
<b>ASSETS</b>													
Cash and Cash Equivalents	294,481	346,645						7,206	107,563	10,000	117,465	48,094	14,707
Receivables (net of allowance)	268,097		71,777		32,677	3,603	23,652				291		
Due from Other Funds	326,812	19,005	-	1,551									
<b>Total Assets</b>	<b>889,390</b>	<b>365,650</b>	<b>71,777</b>	<b>1,551</b>	<b>32,677</b>	<b>3,603</b>	<b>23,652</b>	<b>7,206</b>	<b>107,563</b>	<b>10,000</b>	<b>117,756</b>	<b>48,385</b>	<b>14,707</b>
<b>LIABILITIES AND FUND BALANCES</b>													
Accounts Payable	15,572			700		1,413	5,444				4,242	2,987	
Accrued Wages Payable	22,069		2,526	851		1,165	2,673						
Due to Other Funds			69,251		32,677	1,025	15,327		273,830	108,127	2,426	96,026	
Unearned Revenues	241,623												
<b>Total Liabilities</b>	<b>279,264</b>	<b>-</b>	<b>71,777</b>	<b>1,551</b>	<b>32,677</b>	<b>3,603</b>	<b>23,444</b>	<b>-</b>	<b>273,830</b>	<b>108,127</b>	<b>6,668</b>	<b>99,013</b>	<b>-</b>
<b>Fund Balances:</b>													
Restricted:													
General Government													14,707
Public Safety									(166,267)				
Justice System										111,088		(50,628)	
Health & Human Services							208	7,206					
Infrastructure & Environmental Services	610,126	365,650								(98,127)			
Community and Economic Development													
Capital Outlay													
Debt Service													
Unassigned													
<b>Total Fund Balances</b>	<b>610,126</b>	<b>365,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208</b>	<b>7,206</b>	<b>(166,267)</b>	<b>(98,127)</b>	<b>111,088</b>	<b>(50,628)</b>	<b>14,707</b>
<b>Total Liabilities and Fund Balances</b>	<b>889,390</b>	<b>365,650</b>	<b>71,777</b>	<b>1,551</b>	<b>32,677</b>	<b>3,603</b>	<b>23,652</b>	<b>7,206</b>	<b>107,563</b>	<b>10,000</b>	<b>117,756</b>	<b>48,385</b>	<b>14,707</b>

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2019

	Tobacco Settlement	Records Archive	Records Management	Records Management Statute	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training Chapter 59	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDETF	Juvenile Probation	TJJJ Prevention Grant S
<b>ASSETS</b>													
Cash and Cash Equivalents	96,626	87,607	74,597	16,659	2,284	28,619	1,336	41,509	908	37,958	908	15,638	124,302
Receivables (net of allowance)				15									
Due from Other Funds			41,542		272	2,056				22,240			
<b>Total Assets</b>	96,626	87,607	116,139	16,659	2,571	2,056	1,336	41,509	23,148	37,958	23,148	15,638	124,302
<b>LIABILITIES AND FUND BALANCES</b>													
Accounts Payable													
Accrued Wages Payable			384			2,056						3,748	
Due to Other Funds	59,359						375			15,076		90,245	5,683
Unearned Revenues													
<b>Total Liabilities</b>	59,359	-	384	-	-	2,056	375	-	-	15,076	-	93,993	5,683
<b>Fund Balances:</b>													
Restricted:													
General Government		87,607	115,755	16,659	2,571								
Public Safety								961	41,509	22,882	23,148	(78,355)	118,619
Justice System													
Health & Human Services						28,619							
Infrastructure & Environmental Services													
Community and Economic Development													
Capital Outlay													
Debt Service													
Unassigned													
<b>Total Fund Balances</b>	37,267	87,607	115,755	16,659	2,571	-	28,619	961	41,509	22,882	23,148	(78,355)	118,619
<b>Total Liabilities and Fund Balances</b>	96,626	87,607	116,139	16,659	2,571	2,056	28,619	1,336	41,509	37,958	23,148	15,638	124,302

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2019

	Mentoring Work Force 2710001	Regional Diversion Grant R	Operation Stonegarden	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelits 7215085	3rd, 4th & 7th Street Imp. 7216511	CDBG 18-19 7217511	TOTALS
<b>ASSETS</b>										
Cash and Cash Equivalents	11,043									1,485,247
Receivables (net of allowance)			112,654	63,028	4,000	88,717	265,319	112,602	68,850	1,123,258
Due from Other Funds										413,478
<b>Total Assets</b>	11,043	-	112,654	63,028	4,000	88,717	265,319	112,602	68,850	3,021,983
<b>LIABILITIES AND FUND BALANCES</b>										
Accounts Payable										30,358
Accrued Wages Payable			3,953							39,425
Due to Other Funds	11,043	7,999	108,701	63,028	4,000	88,717	265,319	112,602	68,850	1,507,371
Unearned Revenues										241,623
<b>Total Liabilities</b>	11,043	7,999	112,654	63,028	4,000	88,717	265,319	112,602	68,850	1,818,777
<b>Fund Balances:</b>										
Restricted:										
General Government										237,299
Public Safety										(77,767)
Justice System		(7,999)								121,344
Health & Human Services										44,681
Infrastructure & Environmental Services										975,776
Community and Economic Development										(98,127)
Capital Outlay										-
Debt Service										-
Unassigned										-
<b>Total Fund Balances</b>	-	(7,999)	-	-	-	-	-	-	-	1,203,206
<b>Total Liabilities and Fund Balances</b>	11,043	-	112,654	63,028	4,000	88,717	265,319	112,602	68,850	3,021,983

ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Road and Bridge	Lateral Road	Task Force	Emergency Management/ Fire Marshal	Lower Border Security	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Food	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology	Reserve 1991
<b>REVENUES:</b>													
Taxes:													
Property Taxes	713,577	327											
Penalty & Interest on Taxes	25,752	293								100,535			
Hotel/Motel			134,061		77,677		124,402						
Intergovernmental	390,307					23,422	5,944		68,765		6,960	3,815	
Licenses and Permits									1,675	848	2,280	760	256
Charges for Services	184,755												
Fines and Forfeitures	31,195	7,769											
Interest													
Miscellaneous	65												
<b>Total Revenues</b>	<b>1,345,651</b>	<b>8,389</b>	<b>134,061</b>	<b>-</b>	<b>77,677</b>	<b>23,422</b>	<b>130,346</b>	<b>-</b>	<b>70,440</b>	<b>101,383</b>	<b>9,240</b>	<b>4,575</b>	<b>256</b>
<b>EXPENDITURES:</b>													
Current:													
General Government													30
Public Safety			134,061		77,677				73,241		17,769	19,204	
Justice System						84,983	232,518						
Health & Human Services													
Infrastructure & Environmental Services	1,646,540									146,412			
Community & Economic Development													
Capital Outlay													
Debt Service:													
Principal Retirement													
Interest and Fiscal Charges													
<b>Total Expenditures</b>	<b>1,646,540</b>	<b>-</b>	<b>134,061</b>	<b>53,013</b>	<b>77,677</b>	<b>84,983</b>	<b>232,518</b>	<b>-</b>	<b>73,241</b>	<b>146,412</b>	<b>17,769</b>	<b>19,204</b>	<b>30</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,889)	8,389	-	(53,013)	-	(61,561)	(102,172)	-	(2,801)	(45,029)	(8,529)	(14,629)	226
<b>OTHER FINANCING SOURCES (USES):</b>													
Operating Transfers In	67,824												
Operating Transfers Out	(1,539)												
Loan Proceeds													
<b>Total Other Financing Sources (Uses)</b>	<b>66,285</b>	<b>-</b>	<b>-</b>	<b>53,013</b>	<b>-</b>	<b>61,561</b>	<b>102,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(234,604)</b>	<b>8,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208</b>	<b>-</b>	<b>(2,801)</b>	<b>(45,029)</b>	<b>(8,529)</b>	<b>(14,629)</b>	<b>226</b>
Fund Balance - Beginning of Year	844,730	357,261	-	-	-	-	-	7,206	(163,466)	(53,098)	119,617	(35,999)	14,481
Fund Balance - End of Year	610,126	365,650	-	-	-	-	208	7,206	(166,267)	(98,127)	111,088	(50,628)	14,707

ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Tobacco Settlement	Records Archive	Records Management	Records Management Statute	Records Management	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDEFI	Juvenile Probation	TJJD Prevention Grant S
<b>REVENUES:</b>														
Taxes:														
Property Taxes														
Penalty & Interest on Taxes														
Hotel/Motel														
Intergovernmental	54,065						40,878		6,018			18,248	268,993	117,196
Licenses and Permits														
Charges for Services		22,045	16,280	10	5,580			17,195		5,904				
Fines and Forfeitures								319		701	368		156	
Interest														
Miscellaneous														
<b>Total Revenues</b>	<b>54,065</b>	<b>22,045</b>	<b>16,280</b>	<b>10</b>	<b>5,580</b>	<b>40,878</b>	<b>40,878</b>	<b>17,514</b>	<b>6,018</b>	<b>6,605</b>	<b>368</b>	<b>18,248</b>	<b>269,149</b>	<b>117,196</b>
<b>EXPENDITURES:</b>														
Current:														
General Government		70	43,580		10,310									
Public Safety						89,341		24,214	6,449	923	15	7,895	268,425	62,092
Justice System	19,816													
Health & Human Services														
Infrastructure & Environmental Services														
Community & Economic Development														
Capital Outlay														
Debt Service:														
Principal Retirement														
Interest and Fiscal Charges														
<b>Total Expenditures</b>	<b>19,816</b>	<b>70</b>	<b>43,580</b>	<b>-</b>	<b>10,310</b>	<b>89,341</b>	<b>24,214</b>	<b>24,214</b>	<b>6,449</b>	<b>923</b>	<b>15</b>	<b>7,895</b>	<b>268,425</b>	<b>62,092</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,249	21,975	(27,300)	10	(4,730)	(48,463)	(6,700)	(6,700)	(431)	5,682	353	10,353	724	55,104
<b>OTHER FINANCING SOURCES (USES):</b>														
Operating Transfers In														
Operating Transfers Out														
Loan Proceeds														
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>34,249</b>	<b>21,975</b>	<b>(27,300)</b>	<b>10</b>	<b>(4,730)</b>	<b>-</b>	<b>(6,700)</b>	<b>(6,700)</b>	<b>(431)</b>	<b>5,682</b>	<b>353</b>	<b>10,353</b>	<b>724</b>	<b>55,104</b>
Fund Balance - Beginning of Year	3,018	65,632	143,055	16,649	7,301	-	35,319	1,392	35,827	22,529	12,795	(79,079)	63,515	
Fund Balance - End of Year	37,267	87,607	115,755	16,659	2,571	-	28,619	961	41,509	22,882	23,148	(78,355)	118,619	

ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANC  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Mentoring Work Force 2710001	Regional Diversion Grant R	Operation Stonegarden	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelits 7215085	3rd, 4th & 7th Street Imp. 7216511	7217511	CDBG 18-19	TOTALS
<b>REVENUES:</b>											
Taxes:											
Property Taxes											713,904
Penalty & Interest on Taxes											26,045
Hotel/Motel											100,535
Intergovernmental											1,293,303
Licenses and Permits											390,307
Charges for Services		4,818	128,916	13,855			10,630	224,011	61,850	7,685	73,281
Fines and Forfeitures											287,394
Interest											46,327
Miscellaneous											65
<b>Total Revenues</b>	-	4,818	128,916	13,855	-	-	10,630	224,011	61,850	7,685	2,931,161
<b>EXPENDITURES:</b>											
Current:											
General Government											53,990
Public Safety											571,531
Justice System											394,320
Health & Human Services		2,616	128,916								337,317
Infrastructure & Environmental Services											1,646,540
Community & Economic Development											146,412
Capital Outlay											319,570
Debt Service:											-
Principal Retirement											-
Interest and Fiscal Charges											-
<b>Total Expenditures</b>	-	2,616	128,916	15,394	-	-	10,630	224,011	61,850	7,685	3,469,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,202	-	(1,539)	-	-	-	-	-	-	(538,519)
<b>OTHER FINANCING SOURCES (USES):</b>											
Operating Transfers In											334,780
Operating Transfers Out											(1,539)
Loan Proceeds											-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	1,539	-	-	-	-	-	-	333,241
<b>Net Change in Fund Balances</b>	-	2,202	-	-	-	-	-	-	-	-	(205,278)
<b>Fund Balance - Beginning of Year</b>	-	(10,201)	-	-	-	-	-	-	-	-	1,408,484
<b>Fund Balance - End of Year</b>	-	(7,999)	-	-	-	-	-	-	-	-	1,203,206



SINGLE AUDIT SECTION



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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of and for the year ended September 30, 2019, 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 December 22, 2020.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

### **Purpose of this Report**

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

*Canabe, Garza & Baum, PLLC*

Laredo, Texas  
December 22, 2020



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited Zapata County, Texas (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major State Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

## Report on Internal Control over Compliance

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

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

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

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

*Canales, Garza & Baum, PLLC*

Laredo, Texas  
December 22, 2020

**Zapata County, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Rural Development</b>			
Rural Utilities Service			
Community Facilities Loans and Grants - Loan			
Sewer Improvements	10.766		\$ 949,200
<b>Total U.S. Department of Agriculture</b>			<u>949,200</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Passed Through Texas Department of Agriculture</b>			
Community Development Block Grants	14.228	7215085	10,630
Community Development Block Grants	14.228	7216511	224,011
Community Development Block Grants	14.228	7217511	61,850
Community Development Block Grants	14.228	CDBG 18-19	7,685
<b>Total U.S. Department of Housing and Urban Development</b>			<u>304,176</u>
<b><u>U.S. Department of Justice</u></b>			
<b>Passed Through Office of the Governor, Criminal Justice Division</b>			
State Criminal Alien Assistance Program (SCAAP)	16.606		6,208
Lower Border Security	16.738		77,677
<b>Passed Through City of Laredo, Texas</b>			
Financial Task Force	16.579	2019	134,061
<b>Total U.S. Department of Justice</b>			<u>217,946</u>
<b><u>U.S. Department of the Treasury</u></b>			
Equitable Sharing	21.016	2019	29,035
<b>Total U.S. Department of the Treasury</b>			<u>29,035</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Nutrition Program for the Elderly - C1, C2, USDA	93.045	C1, C2, USDA	124,402
<b>Total U.S. Department of Health and Human Services</b>			<u>124,402</u>
<b><u>Executive Office of the President</u></b>			
High Intensity Drug Trafficking Areas Program	95.001	2019	40,878
<b>Total Executive Office of the President</b>			<u>40,878</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Passed Through Texas Department of Public Safety</b>			
Operation Stonegarden	97.067	2019	128,916
<b>Total U.S. Department of Homeland Security</b>			<u>128,916</u>
<b><u>Executive Office of the President</u></b>			
High Intensity Drug Trafficking Areas Program	95.001	2019	40,878
<b>Total Executive Office of the President</b>			<u>40,878</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,835,431</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

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

NOTE B - 10% DE MINIMIS INDIRECT COST RATE

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



Zapata County, Texas  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2019

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

***Financial Statements***

Type of auditors' report issued: Unqualified

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

***Federal Awards***

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**Section II - Financial Statement Findings**

None

**Section III - State Award Findings and Questioned Costs**

None

Zapata County, Texas  
Summary Schedule of Prior Audit Findings and Questioned Costs  
Year Ended September 30, 2019

**Summary of Prior Audit Findings**

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

None.