

ZAPATA COUNTY, TEXAS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

ZAPATA COUNTY, TEXAS
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FINANCIAL SECTION



Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)

Guadalupe Garcia-Wright, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014, 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, 2014, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 October 6, 2015, on our consideration of the County of Zapata, Texas' internal control over financial reporting and

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

Canales, Garza & Baum, PLLC

Laredo, Texas
October 6, 2015

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, 2014. 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 \$60,284,804 (net assets) at September 30, 2014. Of this amount, \$12,675,724 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The County's total net assets decreased by \$4,186,798.

The County's total combined Proprietary Fund net assets was \$5,460,770 at September 30, 2014.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16,561,834, a decrease of \$4,246,563 in comparison with the prior period. Approximately 33% of this total amount, \$5,517,597, 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 22-42 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 43-53 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 \$60,284,804 at the close of the most recent fiscal year.

A portion of the County's net assets (65%) 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>09/30/2014</u>	<u>09/30/2013</u>
Current and Other Assets	\$ 24,148,435	\$ 27,745,197
Capital Assets	78,502,204	78,571,835
Total Assets	<u>102,650,639</u>	<u>106,317,032</u>
Long-term Liabilities	38,396,880	38,517,920
Other Liabilities	3,968,955	3,327,510
Total Liabilities	<u>42,365,835</u>	<u>41,845,430</u>
Invested in Capital Assets, net of Related Debt	38,992,204	39,105,835
Reserved for Other Purposes	9,036,157	8,287,597
Reserved for Debt Service	(419,281)	4,025
Unrestricted	12,675,724	17,074,144
Total Net Assets	<u>\$ 60,284,804</u>	<u>\$ 64,471,602</u>

Government-wide Financial Activities

Government-wide financial activities decreased the County's net assets by \$4,186,798.

	<u>09/30/2014</u>	<u>09/30/2013</u>
Revenues:		
Program revenues		
Charges for services	\$ 4,211,511	\$ 3,682,823
Operating grants	1,264,896	1,730,706
Capital grants	52,545	668,358
General revenues		
Property taxes	11,259,607	14,137,356
Investment earnings	68,708	77,997
Other financing sources	0	0
Miscellaneous	3,721,795	4,343,525
Total Revenue	<u>20,579,062</u>	<u>24,640,765</u>
Expenses:		
General government	5,438,275	7,660,718
Public safety	5,511,354	5,362,383
Justice system	1,828,079	2,104,909
Health and human services	1,850,713	1,885,094
Infrastructure and environmental serv.	2,615,062	1,990,552
Correction and rehabilitation	2,117,524	2,048,338
Community and economic develop.	757,835	701,437
Interest and fiscal charges	882,636	809,891
Business type activities	3,347,047	3,244,585
Total Expenses	<u>24,348,525</u>	<u>25,807,906</u>
Increase/(Decrease) in net assets	(3,769,463)	(1,167,140)
Beginning net assets	64,471,602	66,329,268
Prior period adjustment	(417,335)	(690,525)
Ending net assets	<u>\$ 60,284,804</u>	<u>\$ 64,471,602</u>

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

	2014	
	Amount	%
Revenues:		
Charges for services	\$ 4,211,511	20.5
Operating grants	1,264,896	6.1
Capital grants	52,545	0.3
Property taxes	11,259,607	54.7
Investment earnings	68,708	0.3
Other financing sources	0	0.0
Miscellaneous	3,721,795	18.1
Total Revenue	<u>\$ 20,579,062</u>	<u>100.00</u>
Expenses:		
General government	\$ 5,438,275	22.4
Public safety	5,511,354	22.7
Justice system	1,828,079	7.5
Health and human services	1,850,713	7.6
Infrastructure and environmental serv.	2,615,062	10.7
Correction and rehabilitation	2,117,524	8.7
Community and economic develop.	757,835	3.1
Interest and fiscal charges	882,636	3.6
Business type activities	3,347,047	13.7
Total Expenses	<u>\$ 24,348,525</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 \$16,561,834, a decrease of \$4,246,563 in comparison with the prior period. Approximately, 33% of this total amount, \$5,517,597, 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	\$ 1,318,567
Judicial	127,564
Law Enforcement	57,995
Highways and Streets	2,335,218
Health and Welfare	108,825
Economic and Urban Development	58,639
Debt Service	(419,281)
Total Restricted	<u>3,587,527</u>
Committed:	
Landfill	677,291
Airport	359,975
Veleno Bridge	699,868
Catastrophic Fund	3,322,846
Oil and Gas	2,040,370
Water Well Drilling	356,360
Total Committed	<u>7,456,710</u>
Total Restricted and Committed Funds	<u>\$ 11,044,237</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 \$5,517,597, while total fund balance reached \$12,974,307. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 80% of that same amount. The fund balance of the County's general fund decreased by \$4,128,950 during the current fiscal year.

General Fund Budgetary Highlights

The County adopts an annual appropriated budget for the governmental funds. The County budgeted \$12,351,345 in total revenues and \$15,260,271 in total expenditures. Actual governmental fund revenues were \$11,733,552 for an unfavorable variance compared to budgeted revenues of \$617,793. Actual governmental fund expenditures and transfers out were \$16,229,080 for an unfavorable variance compared to budgeted expenditures of \$968,809.

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, 2014, amounts to \$78,502,204 (net of accumulated depreciation).

	2014	2013
Land	\$ 2,200,160	\$ 2,200,160
Infrastructure	42,281,756	41,773,407
Buildings and improvements	55,599,532	54,717,468
Construction in progress	1,524,531	1,029,102
Equipment and furniture	10,778,614	10,441,691
Accumulated depreciation	(33,882,390)	(31,589,992)
Total	\$ 78,502,204	\$ 78,571,835

Long-term debt:

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

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Unlimited Tax Road Bonds, Series 2006	\$11,200,000		\$ 655,000	\$10,545,000	\$ 685,000	\$ 9,860,000
Tax Notes, Series 2011	2,555,000			2,555,000	-	2,555,000
Limited Tax Refunding Bonds, Series 2013A	5,740,000		735,000	5,005,000	745,000	4,260,000
Limited Tax Refunding Bonds, Series 2013B	540,000		70,000	470,000	70,000	400,000
Combined Tax & Revenue C/O, Series 2013		1,500,000	80,000	1,420,000	80,000	1,340,000
Compensated Absences	427,801	2,419		430,219	-	430,219
Land Closure & Postclosure Costs	759,860	25,284		785,144	-	785,144
Total	21,222,661	1,527,703	1,540,000	21,210,363	1,580,000	19,630,363

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$13,341,000		\$ 495,000	\$12,846,000	\$ 495,000	\$12,351,000
TX Water Dev. Board CWSRF Series, 2008	6,090,000		325,000	5,765,000	320,000	5,445,000
TX Waterworks and Sewer Revenue Bonds, Series 2014		904,000		904,000	14,000	890,000
Compensated Absences	74,259	6,258		80,517	-	80,517
Total	19,505,259	910,258	820,000	19,595,517	829,000	18,766,517

Grand Total

\$40,727,920	\$2,437,960	\$2,360,000	\$40,805,880	\$2,409,000	\$38,396,880
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The County total debt increased by \$77,960 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, 2015 budget preparation is estimated to be down significantly from fiscal year ended September 30, 2014 due to a decrease in oil and gas exploration.
- The tax rate established for the fiscal year ending September 30, 2015 budget is \$.790000, which is a slight increase over the prior year.
- Inflationary trends in the region are comparable to national indices.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 12,841,699	\$ 4,075,717	\$ 16,917,416
Cash in escrow	-	2,311,246	2,311,246
Receivables, net	3,512,959	483,131	3,996,090
Grant receivable	90,212	-	90,212
Internal balances	4,201,416	(3,367,946)	833,470
Capital assets			
Land	1,554,640	645,520	2,200,160
Construction in Progress	-	1,524,531	1,524,531
Infrastructure	17,834,545	24,447,211	42,281,756
Buildings and improvements	53,901,327	1,641,395	55,542,722
Equipment and furniture	7,832,198	3,003,226	10,835,424
Less: accumulated depreciation	(24,607,798)	(9,274,591)	(33,882,389)
Total capital assets	<u>56,514,912</u>	<u>21,987,292</u>	<u>78,502,204</u>
Total assets	<u><u>77,161,198</u></u>	<u><u>25,489,441</u></u>	<u><u>102,650,639</u></u>
LIABILITIES			
Accounts payable	773,663	129,993	903,656
Accrued expenses	353,137	39,414	392,550
Customer Deposits	-	263,748	263,748
Long-term liabilities			
Due within one year			
Bonds	1,580,000	829,000	2,409,000
Due in more than one year			
Bonds	18,415,000	18,686,000	37,101,000
Compensated Absences	430,219	80,517	510,736
Land Closure & Postclosure Costs	785,144	-	785,144
Total liabilities	<u>22,337,163</u>	<u>20,028,672</u>	<u>42,365,835</u>
NET ASSETS			
Invested in capital assets, net of related debt	36,519,912	2,472,292	38,992,204
Restricted for:			
Debt service	(419,281)		(419,281)
Other purposes	4,006,808	5,029,348	9,036,157
Unrestricted	14,716,596	(2,040,871)	12,675,724
Total net assets	<u><u>\$ 54,824,035</u></u>	<u><u>\$ 5,460,769</u></u>	<u><u>\$ 60,284,804</u></u>

The accompanying notes are an integral part of these financial statements

ZAPATA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 5,438,275	\$ 162,559	\$ 188,130	\$ -	\$ (5,087,585)	\$ -	\$ (5,087,585)
Public safety	5,511,354	9,144	233,157	-	(5,269,053)	-	(5,269,053)
Justice system	1,828,079	55,314	687,701	-	(1,085,064)	-	(1,085,064)
Health and human services	1,850,713	-	84,287	-	(1,766,425)	-	(1,766,425)
Infrastructure and environmental services	2,615,062	832,404	-	52,545	(1,730,113)	-	(1,730,113)
Correction and rehabilitation	2,117,524	-	-	-	(2,117,524)	-	(2,117,524)
Community and economic development	757,835	-	71,620	-	(686,215)	-	(686,215)
Interest on long-term debt	882,636	-	-	-	(882,636)	-	(882,636)
Total governmental activities	<u>21,001,478</u>	<u>1,059,422</u>	<u>1,264,896</u>	<u>52,545</u>	<u>(18,624,616)</u>	<u>-</u>	<u>(18,624,616)</u>
Business-type activities							
Water plant	2,294,137	2,198,207	-	-	-	(95,931)	(95,931)
Sewer plant	921,182	803,541	-	-	-	(117,641)	(117,641)
Airport	79,381	100,342	-	-	-	20,961	20,961
Sheriff commissary	52,347	50,000	-	-	-	(2,347)	(2,347)
Total business-type activities	<u>3,347,047</u>	<u>3,152,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,957)</u>	<u>(194,957)</u>
Total primary government	<u>\$ 24,348,525</u>	<u>\$ 4,211,511</u>	<u>\$ 1,264,896</u>	<u>\$ 52,545</u>	<u>(18,624,616)</u>	<u>(194,957)</u>	<u>(18,819,573)</u>
General revenues:							
Taxes:							
Property taxes					10,926,252	-	10,926,252
Penalty and interest on taxes					333,355	-	333,355
Licenses and Permits					(3,502)	-	(3,502)
Fines and Forfeitures					205,738	-	205,738
Investment earnings					66,722	1,985	68,708
Miscellaneous					3,519,559	-	3,519,559
Total general revenues, special items, and transfers					<u>15,048,125</u>	<u>1,985</u>	<u>15,050,110</u>
Change in net assets					(3,576,491)	(192,972)	(3,769,463)
Net Assets-beginning					58,540,987	5,930,615	64,471,602
Prior Period Adjustment					(140,461)	(276,874)	(417,335)
Net Assets-ending					<u>\$ 54,824,035</u>	<u>\$ 5,460,769</u>	<u>\$ 60,284,804</u>

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

ZAPATA COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Debt Service	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 8,298,685	\$ 55,833	\$ 4,487,181	\$ 12,841,699
Receivables, net	2,811,411	360,250	341,298	3,512,959
Grant Receivable	-	-	90,212	90,212
Due from Other Funds	5,015,973	18,999	1,420,945	6,455,917
Total assets	<u>16,126,069</u>	<u>435,081</u>	<u>6,339,637</u>	<u>22,900,787</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	348,002	-	425,661	773,663
Accrued Expenses	320,406	-	32,731	353,137
Due to Other Funds	79,878	500,809	1,673,814	2,254,501
Deferred Revenues	2,403,476	353,553	200,623	2,957,652
Total liabilities	<u>3,151,762</u>	<u>854,362</u>	<u>2,332,828</u>	<u>6,338,953</u>
Fund balances:				
Restricted:				
General government	-	-	1,318,567	1,318,567
Public safety	-	-	57,995	57,995
Justice system	-	-	127,564	127,564
Health and human services	-	-	108,825	108,825
Infrastructure and environmental services	-	-	2,335,218	2,335,218
Correction and rehabilitation	-	-	-	-
Community and economic development	-	-	58,639	58,639
Debt Service	-	(419,281)	-	(419,281)
Committed:	7,456,710	-	-	7,456,710
Unassigned:	5,517,597	-	-	5,517,597
Total fund balances	<u>12,974,307</u>	<u>(419,281)</u>	<u>4,006,808</u>	<u>16,561,834</u>
Total liabilities and fund balances	<u>\$ 16,126,069</u>	<u>\$ 435,081</u>	<u>\$ 6,339,637</u>	<u>\$ 22,900,787</u>

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

ZAPATA COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2014

Total fund balance - governmental funds balance sheet	\$ 16,561,834
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 2)	56,514,912
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	2,957,652
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 2)	<u>(21,210,363)</u>
Net Assets of governmental activities	<u><u>\$ 54,824,035</u></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, 2014

	General Fund	Debt Service	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property Taxes	\$ 7,825,641	\$ 1,884,586	\$ 863,851	\$ 10,574,078
Penalty and Interest on Taxes	194,845	117,859	20,652	333,355
Licenses and Permits	(3,502)	-	-	(3,502)
Intergovernmental Revenues and Grants	188,130	-	1,129,310	1,317,441
Charges for Services	191,752	-	867,670	1,059,422
Fines and Forfeitures	-	-	205,738	205,738
Interest	51,249	1,335	14,138	66,722
Other	3,285,438	-	234,121	3,519,559
Total revenues	<u>11,733,552</u>	<u>2,003,780</u>	<u>3,335,481</u>	<u>17,072,813</u>
EXPENDITURES				
Current:				
General Administration	5,246,653	4,450	29,322	5,280,425
Public Safety	4,513,787	-	531,275	5,045,062
Justice System	1,152,527	-	675,553	1,828,079
Health and Human Services	1,198,911	-	496,371	1,695,282
Infrastructure and Environmental Services	356,847	-	1,455,778	1,812,625
Corrections and Rehabilitation	2,117,524	-	-	2,117,524
Community and Economic Development	488,851	-	268,985	757,835
Capital Outlay	1,153,980	-	573,357	1,727,337
Debt Service:				
Principal	-	1,540,000	-	1,540,000
Interest	-	882,636	-	882,636
Total expenditures	<u>16,229,080</u>	<u>2,427,086</u>	<u>4,030,640</u>	<u>22,686,806</u>
Excess (deficiency) of revenues over expenditures	<u>(4,495,527)</u>	<u>(423,306)</u>	<u>(695,159)</u>	<u>(5,613,992)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,500,000	1,500,000
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>
Net change in fund balances	(4,495,527)	(423,306)	804,841	(4,113,992)
Fund balances - beginning	<u>17,103,257</u>	<u>4,025</u>	<u>3,701,115</u>	<u>20,808,397</u>
Prior Period Adjustment	366,577	-	(499,147)	(132,571)
Fund balances - ending	<u>\$ 12,974,307</u>	<u>\$ (419,281)</u>	<u>\$ 4,006,808</u>	<u>\$ 16,561,834</u>

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

ZAPATA COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds	\$ (4,113,992)
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 depreciation in the current period. (Note 2)	173,030
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	352,175
Compensated Absences and Land Closure & Postclosure Costs recorded for entity wide financial statements	(27,703)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of ne assets. This is the amount by which repayments exceeded proceeds	40,000
Change in net assets of governmental activities	(3,576,491)

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

ZAPATA COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 273,833	\$ 3,364,675	\$ 420,118	\$ 17,091	\$ 4,075,717
Cash in escrow	-	2,311,246	-	-	2,311,246
Receivables, net	289,879	193,253	-	-	483,131
Total current assets	<u>563,712</u>	<u>5,869,174</u>	<u>420,118</u>	<u>17,091</u>	<u>6,870,094</u>
Non-current assets:					
Capital assets:					
Land	387,312	258,208	-	-	645,520
Construction in progress	-	1,524,531	-	-	1,524,531
Equipment and furniture	1,792,373	1,154,043	56,810	-	3,003,226
Buildings and improvements	984,837	656,558	-	-	1,641,395
Infrastructure	18,383,527	6,063,684	-	-	24,447,211
Less accumulated depreciation	(6,208,052)	(3,028,592)	(37,947)	-	(9,274,591)
Total non-current assets	<u>15,339,997</u>	<u>6,628,432</u>	<u>18,863</u>	<u>-</u>	<u>21,987,292</u>
Total assets	<u><u>15,903,709</u></u>	<u><u>12,497,606</u></u>	<u><u>438,981</u></u>	<u><u>17,091</u></u>	<u><u>28,857,387</u></u>
LIABILITIES					
Current liabilities:					
Accounts Payable	89,721	32,653	7,619	-	129,993
Accrued Expenses	26,239	13,174	-	-	39,414
Customer Deposits	263,748	-	-	-	263,748
Due to Other Funds	403,290	2,539,036	425,620	-	3,367,946
Bonds, notes and loans payable	495,000	334,000	-	-	829,000
Total current liabilities	<u>1,277,998</u>	<u>2,918,863</u>	<u>433,239</u>	<u>-</u>	<u>4,630,100</u>
Non-current liabilities					
Bonds, notes and loans payable	12,351,000	6,335,000	-	-	18,686,000
Compensated Absences	55,249	25,268	-	-	80,517
Total non-current liabilities	<u>12,406,249</u>	<u>6,360,268</u>	<u>-</u>	<u>-</u>	<u>18,766,517</u>
Total liabilities	<u><u>13,684,247</u></u>	<u><u>9,279,131</u></u>	<u><u>433,239</u></u>	<u><u>-</u></u>	<u><u>23,396,617</u></u>
NET ASSETS					
Invested in capital assets, net of related debt	2,493,997	(40,568)	18,863	-	2,472,292
Restricted	-	5,029,348	-	-	5,029,348
Unrestricted	(274,535)	(1,770,306)	(13,121)	17,091	(2,040,871)
Total net assets	<u><u>\$ 2,219,462</u></u>	<u><u>\$ 3,218,474</u></u>	<u><u>\$ 5,742</u></u>	<u><u>\$ 17,091</u></u>	<u><u>\$ 5,460,769</u></u>

The accompanying notes are an integral part of these financial statements

ZAPATA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
REVENUES					
Charges for services:					
Water	\$ 2,198,207	\$ -	\$ -	\$ -	\$ 2,198,207
Sewer	-	803,541	-	-	803,541
Sales of products	-		100,342	50,000	150,342
Total operating revenues	<u>2,198,207</u>	<u>803,541</u>	<u>100,342</u>	<u>50,000</u>	<u>3,152,089</u>
OPERATING EXPENSES					
Personal services	895,209	395,992	-	-	1,291,202
Contractual services	9,997	-	-	-	9,997
Utilities	174,338	104,407	-	-	278,744
Repairs and maintenance	177,105	188,548	28,713	-	394,365
Other supplies and expenses	441,331	95,398	45,571	52,347	634,648
Depreciation	596,157	136,836	5,097	-	738,090
Total Operating expenses	<u>2,294,137</u>	<u>921,182</u>	<u>79,381</u>	<u>52,347</u>	<u>3,347,046</u>
Operating income (loss)	<u>(95,931)</u>	<u>(117,641)</u>	<u>20,961</u>	<u>(2,347)</u>	<u>(194,957)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	241	1,168	576	-	1,985
Total non-operating revenue (expenses)	<u>241</u>	<u>1,168</u>	<u>576</u>	<u>-</u>	<u>1,985</u>
Income (loss) before contributions and transfers	<u>(95,690)</u>	<u>(116,472)</u>	<u>21,538</u>	<u>(2,347)</u>	<u>(192,972)</u>
TRANSFERS IN	-	-	-	-	-
TRANSFERS OUT	-	-	-	-	-
Change in net assets	(95,690)	(116,472)	21,538	(2,347)	(192,972)
Total net assets - beginning	2,315,152	3,611,821	(15,796)	19,438	5,930,615
Prior period adjustment	-	(276,874)	-	-	(276,874)
Total net assets - ending	<u>\$ 2,219,462</u>	<u>\$ 3,218,474</u>	<u>\$ 5,742</u>	<u>\$ 17,091</u>	<u>\$ 5,460,769</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, 2014

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,198,955	\$ 794,094	\$ 100,342	\$ 50,000	\$ 3,143,391
Payments to employees	(891,340)	(392,086)	-	-	(1,283,425)
Payments to vendors, suppliers, and insurance administrators	(784,283)	(395,958)	(69,352)	(52,347)	(1,301,940)
Net cash provided by operating activities	<u>523,333</u>	<u>6,050</u>	<u>30,990</u>	<u>(2,347)</u>	<u>558,026</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(74,516)	850,821	69,469	-	845,773
Net cash provided by non capital financing activities	<u>(74,516)</u>	<u>850,821</u>	<u>69,469</u>	<u>-</u>	<u>845,773</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Receipts from the issuance of capital debt	-	904,000	-	-	904,000
Payments on capital debt	(495,000)	(325,000)	-	-	(820,000)
Net cash provided by capital financing activities	<u>(495,000)</u>	<u>579,000</u>	<u>-</u>	<u>-</u>	<u>84,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	241	1,168	576	-	1,985
Acquisition of capital assets	-	(495,429)	-	-	(495,429)
Net cash provided by investing activities	<u>241</u>	<u>(494,261)</u>	<u>576</u>	<u>-</u>	<u>(493,444)</u>
Net increase (decrease) in cash and cash equivalents	(45,943)	941,610	101,034	(2,347)	994,355
Cash and pooled investments, beginning of year	319,777	4,734,311	319,084	19,438	5,392,610
Cash and pooled investments, end of year	<u>\$ 273,833</u>	<u>\$ 5,675,921</u>	<u>\$ 420,118</u>	<u>\$ 17,091</u>	<u>\$ 6,386,963</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (loss)	(95,931)	(117,640)	20,961	(2,347)	(194,957)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	596,157	136,836	5,097	-	738,090
Change in assets and liabilities:					
Receivables, net	(14,171)	(9,448)	-	-	(23,618)
Accounts and other payables	37,277	(3,698)	4,931	-	38,511
Net cash provided by operating activities	<u>\$ 523,333</u>	<u>\$ 6,050</u>	<u>\$ 30,990</u>	<u>\$ (2,347)</u>	<u>\$ 558,026</u>

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

ZAPATA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 4,595,084
Total current assets	<u>4,595,084</u>
LIABILITIES	
Due to others	<u>4,595,084</u>
Total liabilities	<u>\$ 4,595,084</u>

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 assets 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, 2014

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 assets and changes in net assets and employs accounting principles similar to proprietary funds.

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 Assets 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 assets – 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.

ZAPATA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

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

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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.

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 assets

The Reconciliation of the Governmental funds Balance Sheet to the Statement of Net Assets provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. 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:

	Capital Assets (beg)	Additions	Accumulated Depreciation	Capital Assets (end)
Capital assets				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Furniture and Equipment	7,438,465	393,733	6,504,131	1,328,067
Buildings and Improvements	53,076,073	825,254	10,800,017	43,101,309
Infrastructure	17,326,196	508,350	7,303,648	10,530,897
Total				<u>\$ 56,514,912</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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Long-term liabilities	Total
Unlimited Tax Road Bonds, Series 2006	\$ 10,545,000
Tax Notes, Series 2011	2,555,000
Limited Tax Refunding Bonds, Series 2013A	5,005,000
Limited Tax Refunding Bonds, Series 2013B	470,000
Certificates of Obligation, Series 2013	1,420,000
Compensated Absences	430,219
Land Closure & Postclosure Costs	785,144
	\$21,210,363

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 assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments 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 asset balance and the change in net assets. The details of this adjustment are as follows:

Current year capital outlay	
Furniture and Equipment	\$ 393,733
Buildings and Improvements	825,254
Infrastructure	508,350
Total capital outlay	1,727,337
Depreciation expense	(1,554,306)
	\$ 173,030
Principal payments on bonds	\$ (1,540,000)
Issuances of bonds	1,500,000
	\$ (40,000)

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.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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, 2013, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2013-14 budget.

Note 4 – Detailed Notes on all Funds

A. Deposits and Investments

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

At September 30, 2014, 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 \$22,064,908. The County's cash deposits at September 30, 2014 and during the year ended September 30, 2014 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.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

County Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

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

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

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

Category 3 – Deposits which are not collateralized.

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

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposit. The County's deposits, including certificates of deposits, were fully insured or collateralized as required by the state statutes at September 30, 2014. At year-end, the carrying amount of the County's deposits was \$22,064,908. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance, the remainder was covered by collateral with a value of \$28,100,893. 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.

ZAPATA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
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The County did not have any investments during the year or at September 30, 2014.

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, 2014, 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.

B. Interfund Activity

Interfund balances at September 30, 2014 consisted of the following individual fund balances:

Due to General Fund	\$	5,015,973	
Due to Special Revenues		1,420,945	
Due to Debt Services		18,999	
		<u>6,455,917</u>	Total Governmental Activities
Due from General Fund	\$	79,878	
Due from Special Revenues		1,277,109	
Due to Debt Services		500,809	
Due from Capital Projects		<u>396,704</u>	
		2,254,501	Total Governmental Activities
Due from Proprietary Funds		<u>3,367,946</u>	
	\$	<u>5,622,447</u>	Total Business-type activities
Internal Balances	\$	<u>833,470</u>	

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

C. Receivables

Receivables at September 30, 2014 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 2,670,529	\$ 407,935	\$ 3,078,464
Road and Bridge	222,914	77,563	300,477
Nonmajor Governmental Funds	392,837	69,809	462,646
Water Plant		364,407	364,407
Sewer Plant		242,938	242,938
Total Receivables	<u>\$ 3,286,280</u>	<u>\$ 1,162,652</u>	<u>\$ 4,448,933</u>
Allowance for Uncollectible			(452,843)
Total Receivables, net			<u><u>\$ 3,996,090</u></u>

D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2014 was as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Total capital assets not being depreciated	<u>1,554,640</u>	<u>-</u>	<u>-</u>	<u>1,554,640</u>
Capital assets being depreciated				
Furniture and Equipment	7,438,465	393,733	-	7,832,198
Buildings and Improvements	53,076,073	825,254	-	53,901,327
Infrastructure	17,326,196	508,350	-	17,834,545
Total capital assets being depreciated	<u>77,840,733</u>	<u>1,727,337</u>	<u>-</u>	<u>79,568,070</u>
Less: Accumulated Depreciation				
Depreciable Assets	23,053,491	1,554,306	-	24,607,798
Total Accumulated Depreciation	<u>23,053,491</u>	<u>1,554,306</u>	<u>-</u>	<u>24,607,798</u>
Total Capital Assets Depreciated, net	<u>54,787,242</u>	<u>173,030</u>	<u>-</u>	<u>54,960,272</u>
Governmental Activities Capital Assets, net	<u>\$ 56,341,882</u>	<u>\$ 173,030</u>	<u>\$ -</u>	<u>\$ 56,514,912</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Depreciation expense was charged to governmental functions as follows:

	2014
General Administration	\$ 155,431
Public Safety	466,292
Health and Human Services	155,431
Infrastructure and Environmental Services	777,153
Total Depreciation Expense	\$ 1,554,306

Business-type Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 645,520			\$ 645,520
Construction in Progress	1,029,102	495,429		1,524,531
Total capital assets not being depreciated	1,674,622	495,429	-	2,170,051
Capital assets being depreciated				
Furniture and Equipment	2,946,416			2,946,416
Buildings and Improvements	1,698,205			1,698,205
Infrastructure	24,447,211			24,447,211
Total capital assets being depreciated	29,091,832	-	-	29,091,832
Less: Accumulated Depreciation				
Depreciable Assets	8,536,501	738,091		9,274,592
Total Accumulated Depreciation	8,536,501	738,091	-	9,274,592
Total Capital Assets Depreciated, net	20,555,331	(738,091)	-	19,817,240
Governmental Activities Capital Assets, net	\$ 22,229,953	\$ (242,662)	\$ -	\$ 21,987,292

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

	2014
Water Plant	596,157
Sewer Plant	136,836
Airport	5,097
Sheriff Commissary	-
Total Depreciation Expense	\$ 738,090

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

Unlimited Tax Road Bonds, Series 2006: The bond was issued in the amount of \$15,000,000 at an interest rate ranging from 4.00% to 5.125% 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
2015	\$ 685,000	\$ 456,593
2016	715,000	427,699
2017	745,000	396,674
2018	775,000	364,180
2019	810,000	329,698
2020-2024	4,645,000	1,062,423
2025-2026	2,170,000	109,181
Totals	<u>\$ 10,545,000</u>	<u>\$ 3,146,446</u>

Tax Notes, Series 2011: The bond was issued in the amount of \$2,555,000 at an interest rate of 2.69% per annum with principal amounts due beginning on September 30, 2016 and annually thereafter. Interest is payable annually on September 30.

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

Year Ending September 30,	Principal	Interest
2015	\$ -	\$ 68,730
2016	830,000	68,730
2017	850,000	46,403
2018	875,000	23,538
Totals	<u>\$ 2,555,000</u>	<u>\$ 207,399</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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:

Year Ending September 30,	Principal	Interest
2015	\$ 745,000	\$ 237,738
2016	775,000	202,350
2017	815,000	165,538
2018	850,000	126,825
2019	890,000	86,450
2020	930,000	44,175
Totals	<u>\$ 5,005,000</u>	<u>\$ 863,075</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
2015	\$ 70,000	\$ 22,325
2016	75,000	19,000
2017	75,000	15,438
2018	80,000	11,875
2019	85,000	8,075
2020	85,000	4,038
Totals	<u>\$ 470,000</u>	<u>\$ 80,750</u>

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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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
2015	\$ 80,000	\$ 51,750
2016	80,000	48,750
2017	85,000	45,656
2018	90,000	42,375
2019	90,000	39,000
2020-2024	510,000	140,063
2025-2028	485,000	37,031
Totals	<u>\$ 1,420,000</u>	<u>\$ 404,625</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, 2014. The County is in compliance with all bond covenants on outstanding general obligation bonded debt.

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Business-type Activities:

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

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

Year Ending September 30,	Principal	Interest
2015	\$ 495,000	\$ -
2016	494,000	-
2017	494,000	-
2018	494,000	-
2019	494,000	-
2020-2024	2,470,000	-
2025-2029	2,470,000	-
2030-2034	2,470,000	-
2035-2039	2,470,000	-
2040	495,000	-
Totals	\$ 12,846,000	\$ -

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

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

Year Ending September 30,	Principal	Interest
2015	\$ 320,000	\$ -
2016	320,000	-
2017	320,000	-
2018	320,000	-
2019	320,000	-
2020-2024	1,600,000	-
2025-2029	1,600,000	-
2030-2032	965,000	-
Totals	\$ 5,765,000	\$ -

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

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

Year Ending September 30,	Principal	Interest
2015	\$ 14,000	\$ 21,470
2016	14,000	21,138
2017	14,000	20,805
2018	15,000	20,473
2019	15,000	20,116
2020-2024	81,000	95,071
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
Totals	\$ 904,000	\$ 506,683

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

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

ZAPATA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2014 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
Unlimited Tax Road Bonds, Series 2006	\$ 11,200,000		\$ 655,000	\$ 10,545,000	\$ 685,000	\$ 9,860,000
Tax Notes, Series 2011	2,555,000			2,555,000	-	2,555,000
Limited Tax Refunding Bonds, Series 2013A	5,740,000		735,000	5,005,000	745,000	4,260,000
Limited Tax Refunding Bonds, Series 2013B	540,000		70,000	470,000	70,000	400,000
Combined Tax & Revenue C/O, Series 2013		1,500,000	80,000	1,420,000	80,000	1,340,000
Compensated Absences	427,801	2,419		430,219	-	430,219
Land Closure & Postclosure Costs	759,860	25,284		785,144	-	785,144
Total	21,222,661	1,527,703	1,540,000	21,210,363	1,580,000	19,630,363

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$ 13,341,000		\$ 495,000	\$ 12,846,000	\$ 495,000	\$ 12,351,000
TX Water Dev. Board CWSRF Series, 2008	6,090,000		325,000	5,765,000	320,000	5,445,000
TX Waterworks and Sewer Revenue Bonds, Series 2014		904,000		904,000	14,000	890,000
Compensated Absences	74,259	6,258		80,517	-	80,517
Total	19,505,259	910,258	820,000	19,595,517	829,000	18,766,517

Grand Total

\$ 40,727,920	\$ 2,437,960	\$ 2,360,000	\$ 40,805,880	\$ 2,409,000	\$ 38,396,880
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G. Defined Benefit Pension Plan

Texas County and District Retirement System

Plan Description

Zapata County provides pension benefits for all of its full-time employees through a nontraditional defined benefit plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. 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.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the

ZAPATA COUNTY, TEXAS
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employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 8.75% for calendar year 2012, 9.19% for calendar year 2013 and 9.73% for calendar year 2014. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rates may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27, *Accounting for Pensions and Local Governmental Employees*, parameters based on the actuarial valuations as of December 31, 2014, the basis for determining the contribution rates for calendar year 2014 and 2015. The December 31, 2014 actuarial valuation is the most recent valuation.

	Actuarial Valuation Information		
Actuarial valuation date	12/31/12	12/31/13	12/31/14
Actuarial cost method	entry age	entry age	entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20.0	20.0	12.7
Asset valuation method	SAF: 10-yr smoothed value ESF: fund value	SAF: 5-yr smoothed value ESF: fund value	SAF: 5-yr smoothed value ESF: fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.4%	4.9%	4.9%
Inflation	3.5%	3.0%	3.0%
Cost of living adjustments	0.0%	0.0%	0.0%

ZAPATA COUNTY, TEXAS
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Schedule of Funding Progress for the Retirement Plan
For the Employees of Zapata County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2012	\$ 28,372,584	\$ 30,585,081	\$ 2,212,497	92.77%	\$ 10,284,382	21.51%
12/31/2013	\$ 30,600,815	\$ 32,011,826	\$ 1,411,011	95.59%	\$ 9,291,417	15.19%
12/31/2014	\$ 32,673,973	\$ 33,581,759	\$ 907,786	97.30%	\$ 9,125,238	9.95%

Annual Pension Cost for as of 9/30/2013 was \$873,127.53 and Actual Contribution made was \$873,127.53, percentage of the Annual Pension Cost contributed was 100 percent. Net pension Obligation/ (Asset) is zero as of 9/30/13. Annual Pension Cost for FYE 9/30/2014 was \$871,551.26 and Actual Contribution made was \$871,551.26, percentage of the Annual Pension Cost contributed was 100 percent. Net pension Obligation/ (Asset) is zero as of 9/30/14.

H. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2014 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.

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

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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 \$785.144 are recorded on the statement of net assets to reflected the estimated liability for these costs.

L. Prior Period Adjustments

Prior period adjustments were needed in several funds in order to properly state the correct financial position of the County as indicated below:

<u>General Fund</u>	
Adjustment to correct prior fund balance	\$ (132,571)
Total prior period adjustment General Fund	<u>(132,571)</u>
 <u>Government-Wide Adjustments</u>	
Adjustment to other accounts	(7,890)
Total prior period adjustments Governmental	<u>\$ (140,461)</u>
 <u>Sewer Fund</u>	
Adjustment to correct Sewer Fund cash in escrow	\$ (276,874)
Total prior period adjustments Sewer Fund	<u>\$ (276,874)</u>

REQUIRED SUPPLEMENTAL INFORMATION

ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
REVENUES:				
Taxes:				
Current Property Taxes	\$ 7,872,634	\$ 7,872,634	\$ 7,412,653	\$ (459,981)
Delinquent property taxes	230,000	230,000	412,988	182,988
Penalties and interest on taxes	135,000	135,000	194,845	59,845
Total taxes	<u>8,237,634</u>	<u>8,237,634</u>	<u>8,020,485</u>	<u>(217,149)</u>
Licenses and permits:				
Business and license and permits	2,000	2,000	(3,502)	(5,502)
Total licenses and permits	<u>2,000</u>	<u>2,000</u>	<u>(3,502)</u>	<u>(5,502)</u>
Intergovernmental				
Zapata I.S.D. shared tax office	163,050	163,050	159,182	(3,868)
Water connections	31,000	31,000	28,949	(2,051)
Total intergovernmental	<u>194,050</u>	<u>194,050</u>	<u>188,130</u>	<u>(5,920)</u>
Charges for services:				
Sheriff fees	10,000	10,000	7,041	(2,959)
Bond fees	-	-	2,103	2,103
County clerk fees	60,000	60,000	83,203	23,203
District clerk fees	90,000	90,000	55,314	(34,686)
Other fees	1,500	1,500	44,090	42,590
Total charges for services	<u>161,500</u>	<u>161,500</u>	<u>191,752</u>	<u>30,252</u>
Interest	50,000	50,000	51,249	1,249

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GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Other:				
Rent-Civic Center	6,000	6,000	6,910	910
Pavilion	7,750	7,750	11,552	3,802
Zapata Community Center	20,000	20,000	18,664	(1,336)
Swimming pool	5,000	5,000	5,849	849
Jail	1,800,000	1,800,000	1,306,695	(493,305)
Jail Telephone Commission	80,000	80,000	51,244	(28,756)
Landfill	250,000	250,000	285,862	35,862
Emergency Medical Service	600,000	600,000	539,846	(60,154)
Oil and Gas Royalty	180,000	185,000	172,451	(12,549)
ARM Ordinance	690,000	690,000	675,775	(14,225)
Sale of Assets	5,000	5,000	-	(5,000)
Miscellaneous	45,000	57,411	210,590	153,179
Total Other	<u>3,688,750</u>	<u>3,706,161</u>	<u>3,285,438</u>	<u>(420,723)</u>
TOTAL REVENUES	<u>12,333,934</u>	<u>12,351,345</u>	<u>11,733,552</u>	<u>(617,793)</u>
EXPENDITURES:				
General Government				
County Judge				
Personnel	129,646	129,646	122,099	7,547
Fringe Benefits	53,096	53,096	53,378	(282)
Travel and Education	13,000	13,000	12,175	825
Supplies	6,000	3,000	1,770	1,230
Indigent Defense County Court	15,000	23,000	22,391	609
Other	7,320	6,566	6,855	(289)
Total County Judge	<u>224,062</u>	<u>228,308</u>	<u>218,668</u>	<u>9,640</u>
County Commissioner Precinct 1				
Personnel	100,842	100,842	103,519	(2,677)
Fringe Benefits	44,350	44,350	42,586	1,764
Travel and Education	3,500	3,500	3,284	216
Parks	35,000	35,000	34,634	366
Total County Commissioner Precinct 1	<u>183,692</u>	<u>183,692</u>	<u>184,023</u>	<u>(331)</u>
County Commissioner Precinct 2				
Personnel	88,654	88,654	107,081	(18,427)
Fringe Benefits	41,919	41,919	47,842	(5,923)
Travel and Education	3,500	3,500	199	3,301
Parks	35,000	38,000	19,144	18,856
Other	3,000	-	-	-
Total County Commissioner Precinct 2	<u>172,073</u>	<u>172,073</u>	<u>174,265</u>	<u>(2,192)</u>

ZAPATA COUNTY, TEXAS
GENERAL FUND
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BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Commissioner Precinct 3				
Personnel	77,889	77,889	77,338	551
Fringe Benefits	33,663	33,663	29,703	3,960
Travel and Education	3,500	3,500	1,412	2,088
Parks	35,000	35,000	34,651	349
Total County Commissioner Precinct 3	<u>150,052</u>	<u>150,052</u>	<u>143,104</u>	<u>6,948</u>
County Commissioner Precinct 4				
Personnel	127,779	127,779	130,803	(3,024)
Fringe Benefits	55,832	55,832	48,131	7,701
Travel and Education	3,500	3,500	2,759	741
Supplies	4,000	4,000	1,756	2,244
Parks	35,000	35,000	38,945	(3,945)
Total County Commissioner Precinct 4	<u>226,111</u>	<u>226,111</u>	<u>222,394</u>	<u>3,717</u>
County Auditor				
Personnel	124,116	124,116	125,710	(1,594)
Fringe Benefits	49,196	49,196	47,186	2,010
Travel and Education	8,000	8,000	7,902	98
Supplies	6,000	6,000	3,870	2,130
Other	5,965	5,615	5,505	110
Total Auditor	<u>193,277</u>	<u>192,927</u>	<u>190,172</u>	<u>2,755</u>
Tax Assessor/Collector				
Personnel	177,339	177,339	178,849	(1,510)
Fringe Benefits	77,936	77,936	69,214	8,722
Travel and Education	7,500	8,000	7,507	493
Supplies	28,000	19,575	15,098	4,477
Other	35,500	35,000	35,741	(741)
Total Tax Assessor/Collector	<u>326,275</u>	<u>317,850</u>	<u>306,410</u>	<u>11,440</u>
County Clerk				
Personnel	123,339	123,339	125,768	(2,429)
Fringe Benefits	54,946	54,946	53,900	1,046
Travel and Education	3,500	3,850	3,570	280
Contract Services	40,000	40,000	38,079	1,921
Supplies	8,500	8,150	7,682	468
Election Expense	35,000	33,300	33,249	51
Other	11,100	11,942	12,709	(767)
Total County Clerk	<u>276,385</u>	<u>275,527</u>	<u>274,957</u>	<u>570</u>

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GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Treasurer				
Personnel	182,583	182,583	183,128	(545)
Fringe Benefits	72,875	72,875	69,986	2,889
Travel and Education	5,000	5,000	4,487	513
Supplies	7,000	7,000	6,577	423
Other	4,586	4,586	4,284	302
Total County Treasurer	<u>272,044</u>	<u>272,044</u>	<u>268,462</u>	<u>3,582</u>
Personnel Department				
Personnel	27,669	27,669	28,980	(1,311)
Fringe Benefits	11,630	11,630	11,104	526
Travel and Education	1,500	1,500	1,164	336
Supplies	1,500	1,500	1,176	324
Total Personnel Department	<u>42,299</u>	<u>42,299</u>	<u>42,423</u>	<u>(124)</u>
Custodial and Maintenance Service				
Personnel	119,573	119,573	123,280	(3,707)
Fringe Benefits	66,005	66,005	65,208	797
Contract Services	18,000	18,000	18,000	0
Supplies	23,000	23,000	22,394	606
Other	29,000	29,000	27,919	1,081
Total Custodial and Maintenance Service	<u>255,578</u>	<u>255,578</u>	<u>256,801</u>	<u>(1,223)</u>
Non-Department				
Personnel	71,941	71,941	73,924	(1,983)
Fringe Benefits	22,770	22,770	22,406	364
Travel and Education	2,500	2,500	2,123	377
Contract Services	120,000	197,307	189,310	7,996
Supplies	25,000	25,700	32,990	(7,290)
Retiree Health Insurance	80,000	80,000	50,324	29,676
Telephone	275,000	250,388	260,401	(10,013)
Utilities-General	1,162,000	1,038,760	1,088,831	(50,071)
Insurance-General	350,000	350,000	319,937	30,063
Computer Programs	20,000	20,000	22,950	(2,950)
Jury Fund	25,000	25,000	13,355	11,645
Appraisal District	185,000	251,000	250,857	143
Border Regional MHMR	10,000	10,000	10,000	-
Food Pantry	10,000	10,000	5,732	4,268
Postage	11,500	36,687	29,626	7,062
County Property Repairs	70,000	95,500	95,473	27
Law Books and Periodicals	12,500	12,500	12,270	230
Autopsies	20,000	20,000	18,912	1,088
American Legion Auxiliary	1,500	1,500	1,500	-
Other	31,000	31,040	29,888	1,152
Total Non-Department	<u>2,505,711</u>	<u>2,552,593</u>	<u>2,530,809</u>	<u>21,784</u>

ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Grants and Other Contributions				
Grants Matching	488,931	488,931	434,163	54,768
Total Grants and Other Contributions	<u>488,931</u>	<u>488,931</u>	<u>434,163</u>	<u>54,768</u>
Total General Government	<u>5,316,490</u>	<u>5,357,984</u>	<u>5,246,653</u>	<u>111,331</u>
Public Safety				
Sheriff Department				
Personnel	1,366,465	1,366,465	1,417,350	(50,885)
Fringe Benefits	543,113	543,113	460,113	83,000
Travel and Education	14,000	14,000	14,290	(290)
Supplies	23,500	22,759	19,961	2,798
Fuel & Lubricants	120,000	120,000	141,689	(21,689)
Repairs & Maintenance	55,500	55,500	44,842	10,658
Other	19,000	19,000	23,329	(4,329)
Total Sheriff Department	<u>2,141,578</u>	<u>2,140,837</u>	<u>2,121,574</u>	<u>19,263</u>
CSI Specialist				
Personnel	41,000	41,000	59,664	(18,664)
Fringe Benefits	14,290	14,290	17,399	(3,109)
Travel and Education	2,000	2,000	1,966	34
Supplies	3,200	3,200	3,126	74
Other	10,000	10,000	9,752	248
Total CSI Specialist	<u>70,490</u>	<u>70,490</u>	<u>91,906</u>	<u>(21,416)</u>
Constables				
Personnel	50,844	50,844	53,448	(2,604)
Fringe Benefits	34,968	34,968	20,672	14,296
Travel and Education	4,000	4,000	1,855	2,145
Supplies	9,200	9,200	4,909	4,291
Other	3,200	3,200	1,422	1,778
Total Constables	<u>102,212</u>	<u>102,212</u>	<u>82,306</u>	<u>19,906</u>
Fire Fighting and Ambulance Services				
Personnel	1,224,822	1,224,822	1,280,785	(55,963)
Fringe Benefits	365,276	365,276	436,509	(71,233)
Travel and Education	10,000	10,000	8,978	1,022
Contract Services	40,000	40,000	39,452	548
Supplies	107,000	107,000	146,181	(39,181)
Repairs & Maintenance	33,000	33,000	34,919	(1,919)
Total Fire Fighting and Ambulance Services	<u>1,780,098</u>	<u>1,780,098</u>	<u>1,946,823</u>	<u>(166,725)</u>

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BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Safety and Risk Management				
Personnel	7,441	7,441	7,470	(29)
Fringe Benefits	2,151	2,151	3,050	(899)
Travel and Education	3,000	3,200	3,136	64
Supplies	5,150	5,150	3,635	1,515
Other	4,000	3,800	2,875	925
Total Safety and Risk Management	<u>21,742</u>	<u>21,742</u>	<u>20,165</u>	<u>1,577</u>
Juvenile Probation				
Personnel	114,719	114,719	120,514	(5,795)
Fringe Benefits	86,451	86,451	63,226	23,225
Travel and Education	18,000	32,000	29,618	2,382
Contract Services	30,000	16,000	5,072	10,928
Supplies	14,000	14,000	10,030	3,970
Repairs & Maintenance	4,500	4,500	4,385	115
Other	3,000	3,000	3,235	(235)
Total Juvenile Probation	<u>270,670</u>	<u>270,670</u>	<u>236,081</u>	<u>34,589</u>
Adult Probation				
Fringe Benefits	-	-	258	(258)
Supplies	3,000	3,800	14,228	(10,428)
Other	1,500	700	446	254
Total Adult Probation	<u>4,500</u>	<u>4,500</u>	<u>14,931</u>	<u>(10,431)</u>
Total Public Safety	<u>4,391,290</u>	<u>4,390,549</u>	<u>4,513,787</u>	<u>(123,238)</u>
Justice System				
Justices of the Peace				
Personnel	196,160	196,160	201,225	(5,065)
Fringe Benefits	87,192	87,192	83,789	3,403
Travel and Education	6,000	7,134	5,250	1,884
Supplies	14,000	14,000	12,953	1,047
Other	14,500	14,390	13,387	1,004
Total Justices of the Peace	<u>317,852</u>	<u>318,877</u>	<u>316,604</u>	<u>2,273</u>
County Attorney				
Personnel	223,862	223,862	197,107	26,755
Fringe Benefits	81,109	81,109	82,755	(1,646)
Travel and Education	3,000	3,000	2,760	240
Supplies	5,500	2,469	2,067	402
Vehicle Expense	8,000	8,000	9,611	(1,611)
Other	8,000	10,646	6,862	3,784
Total County Attorney	<u>329,471</u>	<u>329,086</u>	<u>301,163</u>	<u>27,923</u>

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BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
49th District Court				
Personnel	101,665	101,665	103,874	(2,209)
Fringe Benefits	41,607	42,157	40,043	2,114
Travel and Education	5,500	7,500	6,741	759
Contract Services	155,000	159,650	173,205	(13,555)
Supplies	6,450	5,651	4,402	1,249
Other	12,000	5,500	2,869	2,631
Total 49th District Court	<u>322,222</u>	<u>322,123</u>	<u>331,133</u>	<u>(9,010)</u>
District Clerk				
Personnel	108,348	108,348	109,969	(1,621)
Fringe Benefits	45,848	45,848	43,418	2,430
Travel and Education	2,000	2,000	2,000	-
Supplies	11,000	7,970	8,212	(243)
Other	9,100	9,100	9,100	-
Total District Clerk	<u>176,296</u>	<u>173,266</u>	<u>172,700</u>	<u>566</u>
District Attorney				
Personnel	27,865	27,865	27,972	(107)
Fringe Benefits	2,135	2,135	2,954	(819)
Total District Attorney	<u>30,000</u>	<u>30,000</u>	<u>30,927</u>	<u>(927)</u>
Total Justice System	<u>1,175,841</u>	<u>1,173,351</u>	<u>1,152,527</u>	<u>20,825</u>
Health and Human Services				
Indigent Health Care				
Personnel	25,037	25,037	26,250	(1,213)
Fringe Benefits	11,103	11,103	10,913	190
Travel and Education	2,000	4,880	3,679	1,201
Supplies	3,000	12,531	12,539	(8)
Indigent Health Care	662,800	662,800	653,760	9,040
Total Indigent Health Care	<u>703,940</u>	<u>716,351</u>	<u>707,141</u>	<u>9,210</u>
Environmental Health				
Personnel	46,794	46,794	215,716	(168,922)
Fringe Benefits	115,389	115,389	106,256	9,133
Travel and Education	2,000	2,000	1,756	244
Supplies	5,000	5,000	5,000	-
Repairs & Maintenance	20,000	25,000	24,158	842
Other	147,000	142,000	138,885	3,115
Total Environmental Health	<u>336,183</u>	<u>336,183</u>	<u>491,770</u>	<u>(155,587)</u>
Total Health and Human Services	<u>1,040,123</u>	<u>1,052,534</u>	<u>1,198,911</u>	<u>(146,377)</u>

ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Environmental Services				
Recycling				
Personnel	71,004	71,004	73,031	(2,027)
Fringe Benefits	32,992	32,992	32,360	632
Travel and Education	1,000	-	-	-
Supplies	4,000	4,000	4,000	-
Other	4,000	5,000	5,264	(264)
Total Recycling	<u>112,996</u>	<u>112,996</u>	<u>114,656</u>	<u>(1,660)</u>
Code Enforcement				
Personnel	80,054	80,054	80,512	(458)
Fringe Benefits	34,796	34,796	34,086	710
Travel and Education	4,500	4,500	3,322	1,178
Contract Services	5,000	5,000	2,233	2,767
Supplies	3,000	3,000	2,095	905
Other	3,500	3,065	449	2,617
Total Code Enforcement	<u>130,850</u>	<u>130,415</u>	<u>122,696</u>	<u>7,719</u>
Agriculture and Livestock				
Personnel	18,373	18,373	15,300	3,073
Fringe Benefits	3,665	3,665	1,527	2,138
Total Agriculture and Livestock	<u>22,038</u>	<u>22,038</u>	<u>16,827</u>	<u>5,211</u>
Total Environmental Services	<u>265,884</u>	<u>265,449</u>	<u>254,179</u>	<u>11,270</u>
Corrections and Rehabilitation				
County Jail				
Personnel	298,331	298,331	305,011	(6,680)
Fringe Benefits	157,644	157,644	135,788	21,856
Travel and Education	4,000	4,000	3,333	667
Supplies	6,500	6,500	4,442	2,058
Prisoner Expenses	74,900	74,900	65,208	9,692
Repairs & Maintenance	20,000	20,000	19,290	710
Other	17,000	17,000	16,388	612
Total County Jail	<u>578,375</u>	<u>578,375</u>	<u>549,460</u>	<u>28,915</u>
Regional Jail				
Personnel	841,455	841,455	868,548	(27,093)
Fringe Benefits	397,776	397,776	353,647	44,129
Travel and Education	14,500	14,500	13,364	1,136
Supplies	12,500	12,500	9,822	2,678
Prisoner Expenses	254,200	254,200	248,715	5,485
Repairs & Maintenance	41,500	41,500	41,802	(302)
Other	34,000	34,000	32,167	1,833
Total Regional Jail	<u>1,595,931</u>	<u>1,595,931</u>	<u>1,568,064</u>	<u>27,867</u>
Total Corrections and Rehabilitation	<u>2,174,306</u>	<u>2,174,306</u>	<u>2,117,524</u>	<u>56,782</u>

ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Community and Economic Development				
Zapata Civic Center				
Personnel	64,626	64,626	62,495	2,131
Fringe Benefits	33,019	33,019	31,507	1,512
Travel and Education	1,000	-	-	-
Supplies	7,000	6,910	6,910	-
Other	13,000	14,090	13,097	993
Total Zapata Civic Center	<u>118,645</u>	<u>118,645</u>	<u>114,009</u>	<u>4,636</u>
San Ygnacio Civic Center				
Personnel	14,000	14,000	14,436	(436)
Fringe Benefits	1,274	1,274	1,605	(331)
Supplies	2,000	2,000	1,826	174
Other	2,000	2,000	1,992	8
Total San Ygnacio Civic Center	<u>19,274</u>	<u>19,274</u>	<u>19,859</u>	<u>(585)</u>
Falcon Community Center				
Personnel	5,000	5,000	4,752	248
Fringe Benefits	1,112	1,112	2,249	(1,137)
Supplies	500	500	-	500
Total Falcon Community Center	<u>6,612</u>	<u>6,612</u>	<u>7,001</u>	<u>(389)</u>
Transportation				
Personnel	28,080	28,080	31,975	(3,895)
Fringe Benefits	11,711	11,711	12,456	(745)
Fuel	3,855	3,855	4,540	(685)
Travel	-	-	1,320	(1,320)
Repair and Maintenance	3,854	3,854	1,252	2,602
Total Transportation	<u>47,500</u>	<u>47,500</u>	<u>51,543</u>	<u>(4,043)</u>
County Library System				
Personnel	99,008	99,008	98,748	260
Fringe Benefits	50,295	50,295	49,159	1,136
Travel and Education	3,000	2,670	2,669	1
Supplies	14,500	17,546	16,600	946
Books & Periodicals	11,000	11,000	10,123	877
Other	9,500	6,784	6,518	267
Total County Library System	<u>187,303</u>	<u>187,303</u>	<u>183,817</u>	<u>3,486</u>
Romeo Flores Park Swimming Complex				
Personnel	10,000	10,000	10,544	(544)
Fringe Benefits	968	968	1,487	(519)
Supplies	3,500	3,500	3,411	89
Contracted Services	10,000	10,000	8,913	1,087
Other	4,000	4,000	3,330	670
Total Romeo Flores Park Swimming Complex	<u>28,468</u>	<u>28,468</u>	<u>27,684</u>	<u>784</u>

**ZAPATA COUNTY, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Department of Aviation				
Personnel	28,783	28,783	30,098	(1,315)
Fringe Benefits	11,852	11,852	12,048	(196)
Supplies	10,000	10,000	1,617	8,383
Contracted Services	10,000	10,000	2,475	7,525
Repairs & Maintenance	20,000	20,000	8,371	11,629
Total Department of Aviation	<u>80,635</u>	<u>80,635</u>	<u>54,609</u>	<u>26,026</u>
Museum of History				
Supplies	1,500	3,039	16,367	(13,328)
Contracted Services	15,000	13,961	13,961	-
Other	500	-	-	-
Total Museum of History	<u>17,000</u>	<u>17,000</u>	<u>30,328</u>	<u>(13,328)</u>
Total Community and Economic Development	<u>505,437</u>	<u>505,437</u>	<u>488,851</u>	<u>16,586</u>
Capital Outlay				
Oil and Gas Royalties	-	-	-	-
Capital Outlay Department	340,660	340,660	1,256,648	(915,988)
Total Capital Outlay	<u>340,660</u>	<u>340,660</u>	<u>1,256,648</u>	<u>(915,988)</u>
TOTAL EXPENDITURES	<u>15,210,031</u>	<u>15,260,271</u>	<u>16,229,080</u>	<u>(968,809)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,876,097)</u>	<u>(2,908,926)</u>	<u>(4,495,527)</u>	<u>(1,586,602)</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Other financing uses	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,876,097)</u>	<u>(2,908,926)</u>	<u>(4,495,527)</u>	<u>(1,586,602)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>17,469,834</u>	<u>17,469,834</u>	<u>17,469,834</u>	<u>-</u>
Prior Period Adjustment				-
FUND BALANCE AT END OF YEAR	<u>14,593,737</u>	<u>14,560,908</u>	<u>12,974,307</u>	<u>(1,586,602)</u>

ZAPATA COUNTY, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION

Texas County and District Retirement System

Schedule of Funding Progress for the Retirement Plan
For the Employees of Zapata County

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL, as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	18,256,862	17,100,711	-1,156,151	106.76%	8,230,839	-14.05%
12/31/2007	20,271,761	19,120,384	-1,151,377	106.02%	9,140,115	-12.60%
12/31/2008	20,381,709	20,998,562	616,853	97.06%	10,278,200	6.00%
12/31/2009	23,143,235	23,637,278	494,043	97.91%	10,562,164	4.68%
12/31/2010	25,514,376	26,513,153	998,777	96.23%	10,565,794	9.45%
12/31/2011	27,358,658	28,886,411	1,527,753	94.71%	10,252,155	14.90%
12/31/2012	28,372,584	30,585,081	2,212,497	92.77%	10,284,382	21.51%
12/31/2013	30,600,815	32,011,826	1,411,011	95.59%	9,291,417	15.19%
12/31/2014	32,673,973	33,581,759	907,786	97.30%	9,291,417	9.77%

The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

ZAPATA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	SPECIAL REVENUE									
	General Road & Bridge	Special Road and Bridge	Emergency Management Fire Marshall	Lateral Roads	Juvenile Probation	TJJD Prevention Grant	Juvenile Justice Liaison Officer	COL Task Force	Attorney Forfeiture	Nutricion & I & A Program
ASSETS										
Cash and Cash Equivalents	\$ 4,692	\$ 1,879,426	\$ -	\$ 311,064	\$ 53,940	\$ -	\$ -	\$ -	\$ 104,338	\$ 1
Receivables, net	-	278,186	-	247	-	-	-	46,508	-	-
Grant Receivable	-	-	-	-	21,996	-	-	-	-	-
Due from Other Funds	-	147,321	2,467	196	25,943	6,851	-	11,188	-	690,714
Total Assets	<u>4,692</u>	<u>2,304,933</u>	<u>2,467</u>	<u>311,506</u>	<u>101,879</u>	<u>6,851</u>	<u>-</u>	<u>57,696</u>	<u>104,338</u>	<u>690,715</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	-	36,588	1,012	-	3,119	6,851	-	3,039	-	9,752
Accrued Expenses	-	32,731	-	-	-	-	-	-	-	-
Due to Other Funds	-	12,153	1,455	4,465	78,797	-	-	54,657	-	680,963
Deferred Revenues	-	200,623	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>282,095</u>	<u>2,467</u>	<u>4,465</u>	<u>81,916</u>	<u>6,851</u>	<u>-</u>	<u>57,696</u>	<u>-</u>	<u>690,715</u>
Fund Balances:										
Restricted:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Justice system	-	-	-	-	19,963	-	-	-	104,338	-
Health and human services	-	-	-	-	-	-	-	-	-	-
Infrastructure and environmental services	4,692	2,022,837	-	307,041	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>4,692</u>	<u>2,022,837</u>	<u>-</u>	<u>307,041</u>	<u>19,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,338</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,692</u>	<u>\$ 2,304,933</u>	<u>\$ 2,467</u>	<u>\$ 311,506</u>	<u>\$ 101,879</u>	<u>\$ 6,851</u>	<u>\$ -</u>	<u>\$ 57,696</u>	<u>\$ 104,338</u>	<u>\$ 690,715</u>

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

ZAPATA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

SPECIAL REVENUE

	Hotel Motel Tax	Lone Star Library Grant	Records Management	Tobacco Settlement	2010 OPSG	Sheriff Forfeiture	Justice Court Technology	Sheriff Training	Reserve Fund 1991	Courthouse Security
ASSETS										
Cash and Cash Equivalents	\$ 53	\$ 36,259	\$ 252,880	\$ 188,373	\$ -	\$ 217,993	\$ 41,239	\$ 3,286	\$ 26,623	\$ 96,583
Receivables, net	15,764	-	5	-	-	-	-	-	-	226
Grant Receivable					13,559					
Due from Other Funds	15,019	-	-	-	86,156	-	-	-	-	-
Total Assets	<u>30,836</u>	<u>36,259</u>	<u>252,885</u>	<u>188,373</u>	<u>99,715</u>	<u>217,993</u>	<u>41,239</u>	<u>3,286</u>	<u>26,623</u>	<u>96,809</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	-	-	1,605	-	99,715	-	340	-	-	-
Accrued Expenses	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	1,600	6,856	4,785	59,359	-	273,830	37,637	375	-	3,390
Deferred Revenues										
Total Liabilities	<u>1,600</u>	<u>6,856</u>	<u>6,390</u>	<u>59,359</u>	<u>99,715</u>	<u>273,830</u>	<u>37,977</u>	<u>375</u>	<u>-</u>	<u>3,390</u>
Fund Balances:										
Restricted:										
General government			246,495						26,623	93,419
Public safety					-	(55,837)		2,911		
Justice system							3,262			
Health and human services				129,014						
Infrastructure and environmental services										
Community and economic development	29,236	29,403								
Total Fund Balances	<u>29,236</u>	<u>29,403</u>	<u>246,495</u>	<u>129,014</u>	<u>-</u>	<u>(55,837)</u>	<u>3,262</u>	<u>2,911</u>	<u>26,623</u>	<u>93,419</u>
Total Liabilities and Fund Balances	<u>\$ 30,836</u>	<u>\$ 36,259</u>	<u>\$ 252,885</u>	<u>\$ 188,373</u>	<u>\$ 99,715</u>	<u>\$ 217,993</u>	<u>\$ 41,239</u>	<u>\$ 3,286</u>	<u>\$ 26,623</u>	<u>\$ 96,809</u>

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

ZAPATA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	SPECIAL REVENUE					CAPITAL PROJECTS			Total Nonmajor Governmental Funds	
	Sheriffs Office Chapter 59	Grant Mental Health Services	Program Enhancement	Mentoring Work Force	SW TX Border HIDTA	OCDETF SWTX-S	Maintenance Tax Series 2013	Tax Notes Series 2011		Proj Flores TDRA 711325
ASSETS										
Cash and Cash Equivalents	\$ 90,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,157,396	\$ 22,166	\$ -	\$ 4,487,181
Receivables, net	-	-	363	-	-	-	-	-	-	341,298
Grant Receivable	-	-	-	-	49,812	4,845	-	-	-	90,212
Due from Other Funds	-	2,940	198	1,675	-	-	296,825	123,280	10,172	1,420,945
Total Assets	<u>90,869</u>	<u>2,940</u>	<u>561</u>	<u>1,675</u>	<u>49,812</u>	<u>4,845</u>	<u>1,454,221</u>	<u>145,446</u>	<u>10,172</u>	<u>6,339,637</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	-	2,940	-	-	243	-	260,456	-	-	425,661
Accrued Expenses	-	-	-	-	-	-	-	-	-	32,731
Due to Other Funds	-	-	20,750	1,675	29,857	4,505	102,386	284,794	9,524	1,673,814
Deferred Revenues	-	-	-	-	-	-	-	-	-	200,623
Total Liabilities	<u>-</u>	<u>2,940</u>	<u>20,750</u>	<u>1,675</u>	<u>30,100</u>	<u>4,505</u>	<u>362,842</u>	<u>284,794</u>	<u>9,524</u>	<u>2,332,828</u>
Fund Balances:										
Restricted:										
General government	-	-	-	-	-	-	1,091,378	(139,348)	-	1,318,567
Public safety	90,869	-	-	-	19,712	340	-	-	-	57,995
Justice system	-	-	-	-	-	-	-	-	-	127,564
Health and human services	-	-	(20,189)	-	-	-	-	-	-	108,825
Infrastructure and environmental services	-	-	-	-	-	-	-	-	648	2,335,218
Community and economic development	-	-	-	-	-	-	-	-	-	58,639
Total Fund Balances	<u>90,869</u>	<u>-</u>	<u>(20,189)</u>	<u>-</u>	<u>19,712</u>	<u>340</u>	<u>1,091,378</u>	<u>(139,348)</u>	<u>648</u>	<u>4,006,808</u>
Total Liabilities and Fund Balances	<u>\$ 90,869</u>	<u>\$ 2,940</u>	<u>\$ 561</u>	<u>\$ 1,675</u>	<u>\$ 49,812</u>	<u>\$ 4,845</u>	<u>\$ 1,454,221</u>	<u>\$ 145,446</u>	<u>\$ 10,172</u>	<u>\$ 6,339,637</u>

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

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE									
	General Road & Bridge	Special Road and Bridge	Emergency Management Fire Marshall	Lateral Roads	Juvenile Probation	TJJD Prevention Grant	Juvenile Justice Liaison Officer	COL Task Force	Attorney Forfeiture	Nutricion & I & A Program
REVENUES:										
Taxes:										
Property Taxes	\$ -	\$ 650,009	\$ -	\$ 1,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and Interest on Taxes		19,784		867						
Intergovernmental Revenues and Grants			51,294		204,802	63,700	20,678	113,081		
Charges for Services		442,006								390,399
Fines and Forfeitures		202,242								
Interest	7	8,026		1,036	69				54	
Other					632				5,570	
Total Revenues	<u>7</u>	<u>1,322,067</u>	<u>51,294</u>	<u>3,387</u>	<u>205,504</u>	<u>63,700</u>	<u>20,678</u>	<u>113,081</u>	<u>5,624</u>	<u>390,399</u>
EXPENDITURES										
Current:										
General Administration										
Public Safety			51,294			63,700		129,427		
Justice System					205,535		20,678		41,202	
Health and Human Services										390,399
Infrastructure and Environmental Services		1,451,031								
Community and Economic Development										
Capital Outlay										
Total Expenditures	<u>-</u>	<u>1,451,031</u>	<u>51,294</u>	<u>-</u>	<u>205,535</u>	<u>63,700</u>	<u>20,678</u>	<u>129,427</u>	<u>41,202</u>	<u>390,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7</u>	<u>(128,964)</u>	<u>-</u>	<u>3,387</u>	<u>(32)</u>	<u>(0)</u>	<u>-</u>	<u>(16,346)</u>	<u>(35,577)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):										
Operating Transfers In										
Operating Transfers Out										
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7	(128,964)	-	3,387	(32)	(0)	-	(16,346)	(35,577)	-
Fund Balance - Beginning of Year	4,685	2,151,801	-	803,716	26,832	-	-	16,346	139,916	-
					(6,837)					
Prior Period Adjustment				(500,063)						
Fund Balance - End of Year	<u>\$ 4,692</u>	<u>\$ 2,022,837</u>	<u>\$ -</u>	<u>\$ 307,041</u>	<u>\$ 19,963</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,338</u>	<u>\$ -</u>

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

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE									
	Hotel Motel Tax	Lone Star Library Grant	Records Management	Tobacco Settlement	2010 OPSG	Sheriff Forfeiture	Justice Court Technology	Sheriff Training	Reserve Fund 1991	Courthouse Security
REVENUES:										
Taxes:										
Property Taxes	\$ 212,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and Interest on Taxes										
Intergovernmental Revenues and Grants				61,239	398,521					
Charges for Services		7,940	27,326							
Fines and Forfeitures										3,496
Interest	51					296	61		40	142
Other						71,232	780	2,947		
Total Revenues	<u>212,409</u>	<u>7,940</u>	<u>27,326</u>	<u>61,239</u>	<u>398,521</u>	<u>71,528</u>	<u>841</u>	<u>2,947</u>	<u>40</u>	<u>3,638</u>
EXPENDITURES										
Current:										
General Administration			29,322							
Public Safety						168,560		8,791		
Justice System					398,521		6,226			3,390
Health and Human Services				62,735						
Infrastructure and Environmental Services										
Community and Economic Development	191,000	6,365								
Capital Outlay										
Total Expenditures	<u>191,000</u>	<u>6,365</u>	<u>29,322</u>	<u>62,735</u>	<u>398,521</u>	<u>168,560</u>	<u>6,226</u>	<u>8,791</u>	<u>-</u>	<u>3,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,409</u>	<u>1,575</u>	<u>(1,996)</u>	<u>(1,496)</u>	<u>(0)</u>	<u>(97,032)</u>	<u>(5,385)</u>	<u>(5,845)</u>	<u>40</u>	<u>248</u>
OTHER FINANCING SOURCES (USES):										
Operating Transfers In										
Operating Transfers Out										
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	21,409	1,575	(1,996)	(1,496)	(0)	(97,032)	(5,385)	(5,845)	40	248
Fund Balance - Beginning of Year	7,828	27,829	245,162	130,510	-	41,195	8,648	8,755	26,583	93,171
Prior Period Adjustment			3,329							
Fund Balance - End of Year	<u>\$ 29,236</u>	<u>\$ 29,403</u>	<u>\$ 246,495</u>	<u>\$ 129,014</u>	<u>\$ (0)</u>	<u>\$ (55,837)</u>	<u>\$ 3,262</u>	<u>\$ 2,911</u>	<u>\$ 26,623</u>	<u>\$ 93,419</u>

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

ZAPATA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE					CAPITAL PROJECTS			Nonmajor Governmental Funds
	Sheriffs Office	Grant Mental Health Services	Program Enhancement	Mentoring Work Force	SW TX Border HIDTA	OCDETF SWTX-S	Maintenance Tax Series 2013	Tax Notes Series 2011	
REVENUES:									
Taxes:									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 863,851
Penalty and Interest on Taxes									20,652
Intergovernmental Revenues and Grants		23,049		71,620	49,812	18,969		52,545	1,129,310
Charges for Services									867,670
Fines and Forfeitures									205,738
Interest	135					4,221			14,138
Other	131,794						21,166		234,121
Total Revenues	<u>131,930</u>	<u>23,049</u>	<u>-</u>	<u>71,620</u>	<u>49,812</u>	<u>18,969</u>	<u>4,221</u>	<u>21,166</u>	<u>3,335,481</u>
EXPENDITURES									
Current:									
General Administration									29,322
Public Safety	41,060				49,812	18,630			531,275
Justice System									675,553
Health and Human Services		23,049	20,189						496,371
Infrastructure and Environmental Services								4,747	1,455,778
Community and Economic Development				71,620					268,985
Capital Outlay						412,842	160,514		573,357
Total Expenditures	<u>41,060</u>	<u>23,049</u>	<u>20,189</u>	<u>71,620</u>	<u>49,812</u>	<u>18,630</u>	<u>412,842</u>	<u>160,514</u>	<u>4,030,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>90,869</u>	<u>-</u>	<u>(20,189)</u>	<u>-</u>	<u>-</u>	<u>340</u>	<u>(408,622)</u>	<u>(139,348)</u>	<u>47,798</u>
OTHER FINANCING SOURCES (USES):									
Operating Transfers In						1,500,000			1,500,000
Operating Transfers Out									-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	90,869	-	(20,189)	-	-	340	1,091,378	(139,348)	47,798
Fund Balance - Beginning of Year	-	-	-	-	19,712	(4,424)	-	-	(47,150)
Prior Period Adjustment						4,424			(499,147)
Fund Balance - End of Year	<u>\$ 90,869</u>	<u>\$ -</u>	<u>\$ (20,189)</u>	<u>\$ -</u>	<u>\$ 19,712</u>	<u>\$ 340</u>	<u>\$ 1,091,378</u>	<u>\$ (139,348)</u>	<u>\$ 648</u>

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

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, 2014, 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 October 6, 2015.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The identified significant deficiencies are items number 2014-1 and 2014-2 in the accompanying schedule of findings and questioned costs.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finds and questioned costs as items number 2014-1 and 2014-2.

The County of Zapata, Texas' Response to Findings

The County of Zapata, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Zapata, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Conales, Marga & Baum, PLLC

Laredo, Texas
October 6, 2015



Aaron Canales, CPA
Juan José Garza, CPA
J. Clayton Baum, CPA (Ret.)

Guadalupe Garcia-Wright, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal and State Program

We have audited the County of Zapata, Texas' compliance with the types of compliance requirements described in the U.S. Office of Management (OMB) Circular A-133 *Compliance* that could have a direct and material effect on each of the County of Zapata, Texas' major federal programs for the year ended September 30, 2014. The County of Zapata, Texas' major federal program is 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 of Zapata, Texas' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of Zapata, Texas' 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 of Zapata, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Zapata, Texas, 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, 2014.

Report on Internal Control over Compliance

Management of the County of Zapata, Texas, 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 of Zapata, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of Zapata, Texas', 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 or state 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 or state 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2 to be significant deficiencies.

The County of Zapata, Texas' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Zapata, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Canales, Garza & Baum, PLLC

Laredo, Texas
October 6, 2015

Zapata County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL/ STATE EXPENDITURES
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Passed Through South Texas Development Council			
Nutrition Program for the Elderly	10.570	C1, C2, USDA	\$ 30,534
Rural Development			
Community Facilities Loans and Grants - Loan	10.766	Sewer Impr.	27,750
Passed Through Texas Department of Agriculture			
Community Development Block Grants	14.228	711325	4,747
Total U.S. Department of Agriculture			<u>63,031</u>
<u>U.S. Environmental Protection Agency</u>			
Passed Through Texas Water Development Board			
Clean Water State Revolving Fund	66.468	-	467,679
Total U.S. Environmental Protection Agency			<u>467,679</u>
<u>U.S. Department of Justice</u>			
Passed Through City of Laredo, Texas			
Financial Task Force	16.579	-	113,081
Total U.S. Department of Justice			<u>113,081</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
Operation Stonegarden	97.067	-	398,521
Total U.S. Department of Homeland Security			<u>398,521</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,042,312</u></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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, therefore some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

Zapata County, Texas
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2014

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? X yes _____ 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? X yes _____ 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
 Section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	USEPA – Clean Water State Revolving Fund
97.067	USDHS – Operation Stonegarden

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000 - Federal

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

Zapata County, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Section II - Financial Statement Findings

2014-1 Accounting Information needs to be Adequately Maintained on a Constant Basis

Condition: The County's accounting records were closed many months after the year end.

Criteria: The County's financial accounting information needs to be maintained routinely (reconcile bank accounts monthly, reconcile other accounts as needed, etc.) in order to close on a timely basis.

Effect: Not properly maintaining the accounting records on a routine basis leads the County to have a late closing of the fiscal year end and late audited financial statements.

Recommendation: The County needs to properly maintain all its accounting records on a timely/regular basis in order to prevent the late closing of books.

Response: The County has hired an accountant to assist in this task and it is striving to have the information ready in a timely manner. The County is already working on the information of the subsequent audit period.

Section III - Federal Award Findings and Questioned Costs

2014-2 Late Closing of the County's Financial Accounting Information (Compliance)

Condition: The County's accounting records were closed many months after the year end.

Criteria: The County's financial accounting information needs to be maintained routinely (reconcile bank accounts monthly) in order to properly close on a timely basis and be compliant with all regulatory requirements.

Effect: Late submittal of the audited financial statements by the County to the various granting agencies.

Recommendation: The County needs to properly maintain all its accounting records on a timely/regular basis in order to prevent the late closing of books.

Response: The County has hired an accountant to assist in this task and it is striving to have the information ready in a timely manner. The County is already working on the information of the subsequent audit period.

Zapata County, Texas
Summary Schedule of Prior Audit Findings and Questioned Costs
Year Ended September 30, 2014

Summary of Prior Audit Findings

2013-1 No Internal Process to Adequately Maintain the Accounting Information

The County's books were closed many months after the end of the fiscal year due to no internal process to adequately maintain the accounting information. This resulted in the Audit report to be late. The County books should be routinely maintained on a constant basis in order to ensure timely audit reports.

2013-2 Late Closing of Books (Compliance)

The County's books were closed many months after the end of the fiscal year. This resulted in the Single Audit report to be late. The County books should be closed as soon as possible after the end of the fiscal year to ensure timely audit reports.

2012-1 Late Closing of Books

The County's books were closed many months after the end of the fiscal year. This resulted in the Single Audit report to be late. The County books should be closed as soon as possible after the end of the fiscal year to ensure timely audit reports.

2010-1 Late Closing of Books

The County's books were closed many months after the end of the fiscal year. This resulted in the Single Audit report to be late. The County books should be closed as soon as possible after the end of the fiscal year to ensure timely audit reports.