

ZAPATA COUNTY, TEXAS

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015

ZAPATA COUNTY, TEXAS  
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## FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

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

### **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, 2015, 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, 2015, 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 August 24, 2016, on our consideration of the County of Zapata, Texas' internal control over financial reporting and



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

*Canales, Hargis & Baum, PLLC*

Laredo, Texas  
August 24, 2016

## 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, 2015. 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 \$60,127,630 (net assets) at September 30, 2015. Of this amount, \$12,965,616 (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 \$157,174.

The County's total combined Proprietary Fund net assets was \$5,112,217 at September 30, 2015.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$13,533,258, a decrease of \$3,166,454 in comparison with the prior period. Approximately 45% of this total amount, \$6,023,525, 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 22-44 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 45-55 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 \$60,127,630 at the close of the most recent fiscal year.

A portion of the County's net assets (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>9/30/2015</u>	<u>9/30/2014</u>
Current and Other Assets	\$ 22,623,656	\$ 24,148,435
Capital Assets	<u>81,668,862</u>	<u>78,502,204</u>
Total Assets	<u>104,292,518</u>	<u>102,650,639</u>
Deferred Outflows of Resources	<u>474,188</u>	<u>-</u>
Long-term Liabilities	38,406,348	38,396,880
Other Liabilities	<u>6,020,731</u>	<u>3,968,955</u>
Total Liabilities	<u>44,427,079</u>	<u>42,365,835</u>
Deferred Inflows of Resources	<u>211,997</u>	<u>-</u>
Invested in Capital Assets, net of Related Debt	44,553,862	38,992,204
Reserved for Other Purposes	3,039,678	9,036,157
Reserved for Debt Service	(431,526)	(419,281)
Unrestricted	<u>12,965,616</u>	<u>12,675,724</u>
Total Net Assets	<u>\$ 60,127,630</u>	<u>\$ 60,284,804</u>

### **Government-wide Financial Activities**

Government-wide financial activities decreased the County's net assets by \$157,174.

	<u>9/30/2015</u>	<u>9/30/2014</u>
Revenues:		
Program revenues		
Charges for services	\$ 4,235,487	\$ 4,211,511
Operating grants	925,555	1,264,896
Capital grants	359,781	52,545
General revenues		
Property taxes	12,009,180	11,259,607
Sales and miscellaneous taxes	742,615	-
Investment earnings	47,202	68,708
Other financing sources	-	-
Miscellaneous	<u>4,237,267</u>	<u>3,721,795</u>
Total Revenue	<u>22,557,087</u>	<u>20,579,062</u>

	<u>9/30/2015</u>	<u>9/30/2014</u>
Expenses:		
General government	5,375,538	5,438,275
Public safety	5,828,277	5,511,354
Justice system	1,456,721	1,828,079
Health and human services	1,889,978	1,850,713
Infrastructure and environmental serv.	2,773,360	2,615,062
Correction and rehabilitation	2,286,455	2,117,524
Community and economic develop.	678,925	757,835
Interest and fiscal charges	841,435	882,636
Business type activities	3,258,132	3,347,047
Total Expenses	<u>24,388,821</u>	<u>24,348,525</u>
Increase/(Decrease) in net assets	(1,831,734)	(3,769,463)
Beginning net assets	60,284,804	64,471,602
Adjustment to net position	1,979,467	-
Prior period adjustment	(304,907)	(417,335)
Ending net assets	<u>\$ 60,127,630</u>	<u>\$ 60,284,804</u>

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

	<u>2015</u>	
	<u>Amount</u>	<u>%</u>
Revenues:		
Charges for services	\$ 4,235,487	18.8%
Operating grants	925,555	4.1%
Capital grants	359,781	1.6%
Property taxes	12,009,180	53.2%
Sales and miscellaneous taxes	742,615	3.3%
Investment earnings	47,202	0.2%
Other financing sources	-	0.0%
Miscellaneous	4,237,267	18.8%
Total Revenue	<u>\$ 22,557,087</u>	<u>100.0%</u>
Expenses:		
General government	\$ 5,375,538	22.0%
Public safety	5,828,277	23.9%
Justice system	1,456,721	6.0%
Health and human services	1,889,978	7.7%
Infrastructure and environmental serv.	2,773,360	11.4%
Correction and rehabilitation	2,286,455	9.4%
Community and economic develop.	678,925	2.8%
Interest and fiscal charges	841,435	3.5%
Business type activities	3,258,132	13.4%
Total Expenses	<u>\$ 24,388,821</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 \$13,533,258, a decrease of \$3,166,454 in comparison with the prior period. Approximately, 45% of this total amount, \$6,023,525, 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	\$ 234,193
Public Safety	(175,916)
Justice System	135,289
Health and Human Services	75,615
Infrastructure and Environmental Services	1,599,927
Community and Economic Development	65,570
Capital Outlay	648
Debt Service	<u>(431,526)</u>
Total Restricted	<u>1,503,800</u>
Committed:	
Landfill	679,372
Airport	361,233
Veleno Bridge	639,102
Catastrophic Fund	3,334,459
Oil and Gas	634,162
Water Well Drilling	<u>357,605</u>
Total Committed	<u>6,005,933</u>
Total Restricted and Committed Funds	<u>\$ 7,509,733</u>

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,023,525, while total fund balance reached \$12,029,458. 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 40% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 79% of that same amount. The fund balance of the County's general fund decreased by \$944,849 during the current fiscal year.

## General Fund Budgetary Highlights

The County adopts an annual appropriated budget for the governmental funds. The County budgeted \$12,932,848 in total revenues and transfers in and \$15,569,348 in total expenditures and transfers out. Actual governmental fund revenues and transfers in were \$14,302,748 for a favorable variance compared to budgeted revenues of \$1,369,900. Actual governmental fund expenditures and transfers out were \$15,244,226 for a favorable variance compared to budgeted expenditures of \$325,122.

## 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, 2015, amounts to \$81,668,862 (net of accumulated depreciation).

	2015	2014
Land	\$ 2,200,160	\$ 2,200,160
Infrastructure	42,772,253	42,281,756
Buildings and improvements	56,878,679	55,599,532
Construction in progress	5,210,719	1,524,531
Equipment and furniture	10,803,237	10,778,614
Accumulated depreciation	(36,196,186)	(33,882,390)
Total	<u>\$ 81,668,862</u>	<u>\$ 78,502,203</u>

### Long-term debt:

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

	Beginning			Ending Balance	Due Within One year	Due After One Year
	Balance	Additions	Reductions			
Governmental Activities:						
Unlimited Tax Road Bonds, Series 2006	\$ 10,545,000	\$ -	\$ 685,000	\$ 9,860,000	\$ 715,000	\$ 9,145,000
Tax Notes, Series 2011	2,555,000	-	-	2,555,000	830,000	1,725,000
Limited Tax Refunding Bonds, Series 2013A	5,005,000	-	745,000	4,260,000	775,000	3,485,000
Limited Tax Refunding Bonds, Series 2013B	470,000	-	70,000	400,000	75,000	325,000
Combined Tax & Revenue C/O, Series 2013	1,420,000	-	80,000	1,340,000	80,000	1,260,000
Compensated Absences	430,219	-	4,265	425,954	-	425,954
Land Closure & Postclosure Costs	785,144	10,992	-	796,136	-	796,136
Total	<u>21,210,363</u>	<u>10,992</u>	<u>1,584,265</u>	<u>19,637,090</u>	<u>2,475,000</u>	<u>17,162,090</u>
Business-Type Activities:						
TWDB EDAP, Series 2006	12,846,000	-	495,000	12,351,000	494,000	11,857,000
TWDB CWSRF, Series 2008	5,765,000	-	320,000	5,445,000	320,000	5,125,000
TX Waterworks & Sewer Revenue Bonds, Series 2014	904,000	-	14,000	890,000	14,000	876,000
Compensated Absences	80,517	2,741	-	83,258	-	83,258
Total	<u>19,595,517</u>	<u>2,741</u>	<u>829,000</u>	<u>18,769,258</u>	<u>828,000</u>	<u>17,941,258</u>
Grant Total	<u>\$ 40,805,880</u>	<u>\$ 13,733</u>	<u>\$ 2,413,265</u>	<u>\$ 38,406,348</u>	<u>\$ 3,303,000</u>	<u>\$ 35,103,348</u>

The County total debt decreased by \$2,399,532 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, 2016 budget preparation is estimated to be down significantly from fiscal year ended September 30, 2015 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. 7<sup>th</sup> Avenue, Suite 157, Zapata, Texas, 78076 .



## BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 14,821,583	\$ 1,466,249	\$ 16,287,832
Cash in Escrow	-	1,104,352	1,104,352
Receivables, net	3,693,743	551,942	4,245,685
Internal Balances	1,107,133	(1,107,133)	-
Net Pension Asset	985,787	-	985,787
Capital Assets			
Land	1,554,640	645,520	2,200,160
Construction in Progress	-	5,210,720	5,210,720
Infrastructure	18,325,042	24,447,211	42,772,253
Buildings and Improvements	55,180,474	1,698,205	56,878,679
Furniture and Equipment	7,856,822	2,946,416	10,803,238
Less:Accumulated Depreciation	(26,183,594)	(10,012,593)	(36,196,187)
Total Assets	<u>77,341,629</u>	<u>26,950,889</u>	<u>104,292,519</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	474,188	-	474,188
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 77,815,817</u>	<u>\$ 26,950,889</u>	<u>\$ 104,766,707</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 333,839	\$ 393,041	\$ 726,880
Bank Overdraft	2,235,260	2,224,395	4,459,655
Accrued Expenses	382,218	43,546	425,764
Customer Deposits	-	277,421	277,421
Retainage Payable	-	131,011	131,011
Long-Term Liabilities			
Due within one year			
Due Within One Year	2,475,000	828,000	3,303,000
Due in more than one year			
Bonds	15,940,000	17,858,000	33,798,000
Compensated Absences	425,954	83,258	509,212
Land Closure & Postclosure Costs	796,136	-	796,136
Total Liabilities	<u>22,588,407</u>	<u>21,838,672</u>	<u>44,427,079</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	211,997	-	211,997
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 22,800,404</u>	<u>\$ 21,838,672</u>	<u>\$ 44,639,076</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	38,318,383	6,235,479	44,553,863
Restricted:			
Special Revenue	1,935,326	1,104,352	3,039,678
Debt Service	(431,526)	-	(431,526)
Unrestricted	15,193,230	(2,227,614)	12,965,616
Total net position	<u>\$ 55,015,413</u>	<u>\$ 5,112,217</u>	<u>\$ 60,127,630</u>

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

ZAPATA COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Revenues				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
<b>Primary Government</b>							
Governmental Activities:							
General Government	\$ 5,375,538	\$ 126,154	\$ 241,569	\$ -	\$ (5,007,815)	\$ -	\$ (5,007,815)
Public Safety	5,828,277	185,871	183,214		(5,459,192)		(5,459,192)
Judicial	1,456,721	127,609	287,591		(1,041,521)		(1,041,521)
Health and Human Services	1,889,978	32,829	144,584		(1,712,565)		(1,712,565)
Infrastructure & Environmental Services	2,773,360	412,046	11,732	359,781	(1,989,801)		(1,989,801)
Corrections and Rehabilitation	2,286,455				(2,286,455)		(2,286,455)
Community & Economic Development	678,925	6,557	56,865		(615,503)		(615,503)
Interest and Fiscal Charges	841,435				(841,435)		(841,435)
Total Governmental Activities	<u>21,130,689</u>	<u>891,066</u>	<u>925,555</u>	<u>359,781</u>	<u>(18,954,287)</u>	<u>-</u>	<u>(18,211,806)</u>
<b>Business-type activities</b>							
Water plant	2,188,051	2,226,180				38,129	38,129
Sewer plant	867,775	894,390				26,615	26,615
Airport	98,608	68,851				(29,757)	(29,757)
Sheriff commissary	103,698	155,000				51,302	51,302
Total business-type activities	<u>3,258,132</u>	<u>3,344,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,289</u>	<u>86,289</u>
Total primary government	<u>\$ 24,388,821</u>	<u>\$ 4,235,487</u>	<u>\$ 925,555</u>	<u>359,781</u>	<u>(18,954,287)</u>	<u>86,289</u>	<u>(18,125,517)</u>
General Revenues							
Property Taxes, Levies for General Purposes					11,679,742		11,679,742
Sales and Miscellaneous Taxes					742,615		742,615
Penalties and Interest					329,438		329,438
Fees and Fines					448,469		448,469
Unrestricted Investment Earnings					42,629	4,573	47,202
Miscellaneous					3,788,798		3,788,798
Total General Revenues and Transfers					<u>17,031,691</u>	<u>4,573</u>	<u>17,036,264</u>
Change in Net Assets					(1,922,596)	90,862	(1,831,734)
Net Assets - Beginning					54,824,035	5,460,769	60,284,804
Adjustment to Net Position					1,979,467	-	1,979,467
Prior Period Adjustment					134,507	(439,414)	(304,907)
Net Assets - Ending					<u>\$ 55,015,413</u>	<u>\$ 5,112,217</u>	<u>\$ 60,127,630</u>

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

ZAPATA COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	General Fund	Debt Service	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,378,426	\$ -	\$ 2,443,157	\$ 14,821,583
Receivables, net	2,833,773	425,288	434,682	3,693,743
Due from Other Funds		39,105	1,565,297	1,604,402
<b>Total Assets</b>	<b>\$ 15,212,199</b>	<b>\$ 464,393</b>	<b>\$ 4,443,136</b>	<b>\$ 20,119,728</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 257,783	\$ -	\$ 76,056	\$ 333,839
Bank Overdraft	-	470,631	1,764,629	2,235,260
Accrued Expenses	313,894		68,324	382,218
Due to Other Funds	71,230		426,039	497,269
Deferred Revenues	2,539,834	425,288	172,762	3,137,884
<b>Total Liabilities</b>	<b>3,182,741</b>	<b>895,919</b>	<b>2,507,810</b>	<b>6,586,470</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
General Government			234,193	234,193
Public Safety			(175,916)	(175,916)
Justice System			135,289	135,289
Health & Human Services			75,615	75,615
Infrastructure & Environmental Services			1,599,927	1,599,927
Community and Economic Development			65,570	65,570
Capital Outlay			648	648
Debt Service		(431,526)	-	(431,526)
Committed	6,005,933		-	6,005,933
Unassigned:	6,023,525		-	6,023,525
<b>Total Fund Balances</b>	<b>12,029,458</b>	<b>(431,526)</b>	<b>1,935,326</b>	<b>13,533,258</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,212,199</b>	<b>\$ 464,393</b>	<b>\$ 4,443,136</b>	<b>\$ 20,119,728</b>

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

ZAPATA COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

Total fund balance - governmental funds balance sheet	\$ 13,533,258
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 2A)	56,733,383
Other assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	3,137,884
Included in the items related to debt is the recognition of the County's proportionate share of the net pension asset required by GASB 68 in the amount of \$985,787, a deferred resources outflows related to TCDRS in the amount of \$474,188 and a deferred resources inflows related to TCDRS in the amount of \$(211,997)	1,247,978
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 2A)	<u>(19,637,090)</u>
Net assets of governmental activities	<u><u>\$ 55,015,413</u></u>

The accompanying notes are an integral part of this statement.

ZAPATA COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service	Nonmajor Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 8,963,375	\$ 2,361,583	\$ 174,552	\$ 11,499,510
Penalty and Interest on Taxes	264,813	45,268	19,357	329,438
Sales and Miscellaneous	537,608		205,007	742,615
Intergovernmental Revenues and Grants	241,569		1,043,767	1,285,336
Licenses and Permits	1,650		412,046	413,696
Charges for Services	419,016		58,354	477,370
Fees and Fines			448,469	448,469
Interest	29,870	2,339	10,420	42,629
Miscellaneous	3,788,651		147	3,788,798
<b>Total Revenues</b>	<b>14,246,552</b>	<b>2,409,190</b>	<b>2,372,119</b>	<b>19,027,861</b>
<b>EXPENDITURES</b>				
Current:				
General Government	4,490,434		608	4,491,042
Public Safety	4,618,030		745,068	5,363,098
Judicial	1,115,319		337,902	1,453,221
Health and Human Services	1,223,659		498,132	1,721,791
Infrastructure & Environmental Services	444,586		1,544,656	1,989,242
Corrections and Rehabilitation	2,276,314			2,276,314
Community & Economic Development	418,994		261,540	680,534
Capital Outlay	272,491		1,521,776	1,794,267
Debt Service:				
Principal Retirement		1,580,000		1,580,000
Interest and Fiscal Charges		841,435		841,435
<b>Total Expenditures</b>	<b>14,859,827</b>	<b>2,421,435</b>	<b>4,909,682</b>	<b>22,190,944</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(613,275)	(12,245)	(2,537,563)	(3,163,083)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	56,196		391,946	448,142
Operating Transfers Out	(384,399)		(63,743)	(448,142)
<b>Total Other Financing Sources (Uses)</b>	<b>(328,203)</b>	<b>-</b>	<b>328,203</b>	<b>-</b>
Net Change in Fund Balances	(941,478)	(12,245)	(2,209,360)	(3,163,083)
Fund Balance - Beginning of Year	12,974,307	(419,281)	4,144,686	16,699,712
Prior Period Adjustment	(3,371)		-	(3,371)
<b>Fund Balance - End of Year</b>	<b>\$ 12,029,458</b>	<b>\$ (431,526)</b>	<b>1,935,326</b>	<b>\$ 13,533,258</b>

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



ZAPATA COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net Changes in Fund Balances - total governmental funds	\$ (3,163,083)
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 2B)	218,471
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	180,232
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	1,580,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(731,489)
Compensated Absences in the amount of \$4,265 and Land Closure & Postclosure Costs in the amount of \$ (10,992) recorded for entity wide financial statements	<u>(6,727)</u>
Change in net assets of governmental activities - statement of activities	<u><u>\$ (1,922,596)</u></u>

The accompanying notes are an intergral part of this statement.

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 284,643	\$ 917,267	\$ 195,946	\$ 68,393	1,466,249
Cash in escrow	-	1,104,352	-	-	1,104,352
Receivables, net	331,242	220,700	-	-	551,942
Total current assets	<u>615,885</u>	<u>2,242,319</u>	<u>195,946</u>	<u>68,393</u>	<u>3,122,543</u>
Non-current assets:					
Capital assets:					
Land	387,312	258,208	-	-	645,520
Construction in progress	-	5,210,720	-	-	5,210,720
Infrastructure	18,383,527	6,063,684	-	-	24,447,211
Buildings and improvements	984,837	656,558	56,810	-	1,698,205
Equipment and furniture	1,792,373	1,154,043	-	-	2,946,416
Less accumulated depreciation	(6,748,776)	(3,220,772)	(43,045)	-	(10,012,593)
Total non-current assets	<u>14,799,273</u>	<u>10,122,441</u>	<u>13,765</u>	<u>-</u>	<u>24,935,479</u>
Total assets	<u><u>15,415,158</u></u>	<u><u>12,364,760</u></u>	<u><u>209,711</u></u>	<u><u>68,393</u></u>	<u><u>28,058,022</u></u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	44,299	348,742	-	-	393,041
Bank Overdraft	84,728	2,139,667	-	-	2,224,395
Accrued Expenses	31,096	12,450	-	-	43,546
Retainage Payable	-	131,011	-	-	131,011
Customer Deposits	277,421	-	-	-	277,421
Due to Other Funds	310,747	563,351	233,035	-	1,107,133
Bonds, notes and loans payable	494,000	334,000	-	-	828,000
Total current liabilities	<u>1,242,291</u>	<u>3,529,221</u>	<u>233,035</u>	<u>-</u>	<u>5,004,547</u>
Non-current liabilities					
Bonds, notes and loans payable	11,857,000	6,001,000	-	-	17,858,000
Compensated Absences	58,071	25,187	-	-	83,258
Total non-current liabilities	<u>11,915,071</u>	<u>6,026,187</u>	<u>-</u>	<u>-</u>	<u>17,941,258</u>
Total liabilities	<u><u>13,157,362</u></u>	<u><u>9,555,408</u></u>	<u><u>233,035</u></u>	<u><u>-</u></u>	<u><u>22,945,805</u></u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	2,448,273	3,773,441	13,765	-	6,235,479
Restricted	-	1,104,352	-	-	1,104,352
Unrestricted	(190,477)	(2,068,441)	(37,089)	68,393	(2,227,614)
Total net assets	<u><u>\$ 2,257,796</u></u>	<u><u>\$ 2,809,352</u></u>	<u><u>\$ (23,324)</u></u>	<u><u>\$ 68,393</u></u>	<u><u>\$ 5,112,217</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, 2015

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
<b>REVENUES</b>					
Charges for services:					
Water	\$ 2,226,180	\$ -	\$ -	\$ -	\$ 2,226,180
Sewer	-	894,390	-	-	894,390
Sales of products	-	-	68,851	155,000	223,851
Total operating revenues	<u>2,226,180</u>	<u>894,390</u>	<u>68,851</u>	<u>155,000</u>	<u>3,344,421</u>
<b>OPERATING EXPENSES</b>					
Personal services	867,459	380,786	-	-	1,248,245
Contractual services	10,000	-	76	-	10,076
Utilities	115,676	66,874	-	-	182,550
Repairs and maintenance	172,431	130,185	50,869	-	353,485
Other supplies and expenses	481,761	90,145	42,565	103,698	718,169
Depreciation	540,724	192,180	5,098	-	738,002
Total Operating expenses	<u>2,188,051</u>	<u>860,170</u>	<u>98,608</u>	<u>103,698</u>	<u>3,250,527</u>
Operating income (loss)	<u>38,129</u>	<u>34,220</u>	<u>(29,757)</u>	<u>51,302</u>	<u>93,894</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	205	3,677	691	-	4,573
Interest expense	-	(7,605)	-	-	(7,605)
Total non-operating revenue (expenses)	<u>205</u>	<u>(3,928)</u>	<u>691</u>	<u>-</u>	<u>(3,032)</u>
Income (loss) before contributions and transfers	38,334	30,292	(29,066)	51,302	90,862
<b>TRANSFERS IN</b>	-	-	-	-	-
<b>TRANSFERS OUT</b>	-	-	-	-	-
Change in net assets	38,334	30,292	(29,066)	51,302	90,862
Total net assets - beginning	2,219,462	3,218,474	5,742	17,091	5,460,769
Prior period adjustment	-	(439,414)	-	-	(439,414)
Total net assets - ending	<u>\$ 2,257,796</u>	<u>\$ 2,809,352</u>	<u>\$ (23,324)</u>	<u>\$ 68,393</u>	<u>\$ 5,112,217</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, 2015

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,198,490	\$ 866,943	\$ 68,851	\$ 155,000	\$ 3,289,284
Payments to employees	(859,780)	(381,591)	-	-	(1,241,371)
Payments to vendors, suppliers, and insurance administrators	(833,105)	(115,536)	(293,714)	(103,698)	(1,346,053)
Net cash provided by operating activities	<u>505,605</u>	<u>369,816</u>	<u>(224,863)</u>	<u>51,302</u>	<u>701,860</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>					
Transfers in (out)	-	-	-	-	-
Net cash provided by non capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Payments on capital debt	(495,000)	(341,606)	-	-	(836,606)
Net cash provided by capital financing activities	<u>(495,000)</u>	<u>(341,606)</u>	<u>-</u>	<u>-</u>	<u>(836,606)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings	205	3,677	691	-	4,573
Acquisition of capital assets	-	(3,686,188)	-	-	(3,686,188)
Net cash provided by investing activities	<u>205</u>	<u>(3,682,511)</u>	<u>691</u>	<u>-</u>	<u>(3,681,615)</u>
Net increase (decrease) in cash and cash equivalents	10,810	(3,654,301)	(224,172)	51,302	(3,816,361)
Cash and pooled investments, beginning of year	273,833	5,675,921	420,118	17,091	6,386,963
Cash and pooled investments, end of year	<u>\$ 284,642</u>	<u>\$ 2,021,619</u>	<u>\$ 195,946</u>	<u>\$ 68,393</u>	<u>\$ 2,570,600</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (loss)	38,129	34,220	(29,757)	51,302	93,894
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	540,724	192,180	5,098	-	738,002
Change in assets and liabilities:					
Receivables, net	(41,363)	(27,447)	-	-	(68,810)
Accounts and other payables	(31,885)	170,863	(200,204)	-	(61,226)
Net cash provided by operating activities	<u>\$ 505,605</u>	<u>\$ 369,816</u>	<u>\$ (224,863)</u>	<u>\$ 51,302</u>	<u>\$ 701,860</u>

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

ZAPATA COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2015

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,728,136
Total current assets	2,728,136
 <b>LIABILITIES</b>	
Held in trust	1,903,430
Due to other governments	474,129
Refunds payable and others	350,577
Total liabilities	\$ 2,728,136

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**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, 2015

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, 2015

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.

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

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

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

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

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

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

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

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

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

**Compensatory Time**

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

**Compensated Absences**

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

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net 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.

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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 at end of year				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Furniture and Equipment	7,832,198	24,623	6,772,124	1,084,698
Buildings and Improvements	53,901,327	1,279,147	11,885,077	43,295,397
Infrastructure	17,834,545	490,497	7,526,393	10,798,648
				<u>\$ 56,733,383</u>

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Long-term liabilities	Total
Unlimited Tax Road Bonds, Series 2006	\$ 9,860,000
Tax Notes, Series 2011	2,555,000
Limited Tax Refunding Bonds, Series 2013A	4,260,000
Limited Tax Refunding Bonds, Series 2013B	400,000
Combined Tax & Revenue C/O, Series 2013	1,340,000
Compensated Absences	425,954
Land Closure & Postclosure Costs	796,136
	\$19,637,090

**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	\$ 24,623
Buildings and Improvements	1,279,147
Infrastructure	490,497
Total capital outlay	1,794,267
Depreciation expense	(1,575,796)
	\$ 218,471

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

**Budgetary Information**

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

1. The County Judge is the budget officer and has the responsibility of preparing the County's budgeted expenditures.
2. All County departments and organizations submit their budget requests to the County Judge for the fiscal year commencing the following October 1, by July 1.
3. During July, Commissioners Court conducts informal budget workshops with each department head to discuss their budget requests.
4. On or about July 31, the County Judge prepares a proposed budget to cover all proposed expenditures of the County for the current year. Copies of the proposed budget are filed with the County Clerk. The proposed budget is available for inspection by taxpayers.



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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, 2015, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2015-16 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, 2015, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments and cash in escrow) was \$15,019,439. The County's cash deposits at September 30, 2015 and during the year ended September 30, 2015 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.

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**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, 2015. At year-end, the carrying amount of the County's deposits was \$15,019,439. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance, the remainder was covered by collateral with a value of \$23,425,106. 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.

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The County did not have any investments during the year or at September 30, 2015.

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, 2015, 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, 2015 consisted of the following individual fund balances:

Due to General Fund	\$	71,230	
Due to Special Revenues		426,039	
Due to Debt Services		-	
		<u>497,269</u>	Total Governmental Activities
Due from General Fund	\$	-	
Due from Special Revenues		1,202,014	
Due to Debt Services		39,105	
Due from Capital Projects		<u>363,283</u>	
		1,604,402	Total Governmental Activities
Due from Proprietary Funds		<u>-</u>	
	\$	<u>1,604,402</u>	Total Business-type activities
Internal Balances	\$	<u>(1,107,133)</u>	

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

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C. Receivables

Receivables at September 30, 2015 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 2,833,773		\$ 2,833,773
Debt Service	425,288		425,288
Nonmajor Governmental Funds	230,898	203,784	434,682
Water Plant		331,242	331,242
Sewer Plant		220,700	220,700
Total Receivables	\$ 3,489,959	\$ 755,726	\$ 4,245,685

D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Construction in progress	-	-	-	-
Total capital assets not being depreciated	1,554,640	-	-	1,554,640
Capital assets being depreciated				
Furniture and Equipment	7,832,198	24,623	-	7,856,822
Buildings and Improvements	53,901,327	1,279,147	-	55,180,474
Infrastructure	17,834,545	490,497	-	18,325,042
Total capital assets being depreciated	79,568,070	1,794,267	-	81,362,337
Less: Accumulated Depreciation				
Depreciable Assets	24,607,798	1,575,796	-	26,183,594
Total Accumulated Depreciation	24,607,798	1,575,796	-	26,183,594
Total Capital Assets Depreciated, net	54,960,272	218,471	-	55,178,743
Governmental Activities Capital Assets, net	\$ 56,514,912	\$ 218,471	\$ -	\$ 56,733,383

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Depreciation expense was charged to governmental functions as follows:

	<u>2015</u>
General Government	157,580
Public safety	472,738
Infrastructure and environmental services	787,898
Health and human services	157,580
Total Depreciation Expense	<u>\$ 1,575,796</u>

<b>Business-type Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets no being depreciated				
Land	\$ 645,520			\$ 645,520
Construction in Progress	1,524,531	3,686,188		5,210,720
Total capital assets not being depreciated	<u>2,170,051</u>	<u>3,686,188</u>	-	<u>5,856,240</u>
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	<u>29,091,832</u>	-	-	<u>29,091,832</u>
Less: Accumulated Depreciation				
Depreciable Assets	9,274,592	738,001		10,012,593
Total Accumulated Depreciation	<u>9,274,592</u>	<u>738,001</u>	-	<u>10,012,593</u>
Total Capital Assets Depreciated, net	<u>19,817,240</u>	<u>(738,001)</u>	-	<u>19,079,239</u>
Governmental Activities Capital Assets, net	<u>\$ 21,987,292</u>	<u>\$ 2,948,187</u>	\$ -	<u>\$ 24,935,479</u>

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

	<u>2015</u>
Water Plant	540,724
Sewer Plant	192,180
Airport	5,097
Sheriff Commissary	-
Total Depreciation Expense	<u>\$ 738,001</u>

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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
2016	\$ 715,000	\$ 427,699
2017	745,000	396,674
2018	775,000	364,180
2019	810,000	329,698
2020	850,000	293,178
2021-2025	4,855,000	849,983
2016	1,110,000	28,444
Totals	<u>\$ 9,860,000</u>	<u>\$ 2,689,854</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
2016	\$ 830,000	\$ 68,730
2017	850,000	46,403
2018	875,000	23,538
Totals	<u>\$ 2,555,000</u>	<u>\$ 138,670</u>

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

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

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Year Ending September 30,	Principal	Interest
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>\$ 4,260,000</u>	<u>\$ 625,338</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
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>\$ 400,000</u>	<u>\$ 58,425</u>

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

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

Year Ending September 30,	Principal	Interest
2016	\$ 80,000	\$ 48,750
2017	85,000	45,656
2018	90,000	42,375
2019	90,000	39,000
2020	95,000	35,531
2021-2025	530,000	120,563
2026-2028	370,000	21,000
Totals	<u>\$ 1,340,000</u>	<u>\$ 352,875</u>

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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, 2015. The County is in compliance with all bond covenants on outstanding general obligation bonded debt.

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
2016	\$ 494,000	\$ -
2017	494,000	-
2018	494,000	-
2019	494,000	-
2020	494,000	-
2021-2025	2,470,000	-
2026-2030	2,470,000	-
2031-2035	2,470,000	-
2036-2040	2,471,000	-
Totals	<u>\$ 12,351,000</u>	<u>\$ -</u>

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

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

Year Ending September 30,	Principal	Interest
2016	\$ 320,000	\$ -
2017	320,000	-
2018	320,000	-
2019	320,000	-
2020	320,000	-
2021-2025	1,600,000	-
2026-2030	1,600,000	-
2031-2032	645,000	-
Totals	<u>\$ 5,445,000</u>	<u>\$ -</u>



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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
2016	\$ 14,000	\$ 21,138
2017	14,000	20,805
2018	15,000	20,473
2019	15,000	20,116
2020	15,000	19,760
2021-2025	83,000	93,148
2026-2030	94,000	82,816
2031-2035	105,000	71,108
2036-2040	119,000	57,998
2041-2045	133,000	43,249
2046-2050	150,000	26,624
2051-2054	133,000	7,980
Totals	<u>\$ 890,000</u>	<u>\$ 485,213</u>

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

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2015 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	\$ 10,545,000		\$ 685,000	\$ 9,860,000	\$ 715,000	\$ 9,145,000
Tax Notes, Series 2011	2,555,000			2,555,000	830,000	1,725,000
Limited Tax Refunding Bonds, Series 2013A	5,005,000		745,000	4,260,000	775,000	3,485,000
Limited Tax Refunding Bonds, Series 2013B	470,000		70,000	400,000	75,000	325,000
Combined Tax & Revenue C/O, Series 2013	1,420,000		80,000	1,340,000	80,000	1,260,000
Compensated Absences	430,219		4,265	425,954	-	425,954
Land Closure & Postclosure Costs	785,144	10,992		796,136	-	796,136
<b>Total</b>	<b>21,210,363</b>	<b>10,992</b>	<b>1,584,265</b>	<b>19,637,090</b>	<b>2,475,000</b>	<b>17,162,090</b>

Business-Type Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year	Due After One Year
TX Water Dev. Board EDAP Series, 2006	\$ 12,846,000		\$ 495,000	\$ 12,351,000	\$ 494,000	\$ 11,857,000
TX Water Dev. Board CWSRF Series, 2008	5,765,000		320,000	5,445,000	320,000	5,125,000
TX Waterworks and Sewer Revenue Bonds, Series 2014	904,000		14,000	890,000	14,000	876,000
Compensated Absences	80,517	2,741	-	83,258	-	83,258
<b>Total</b>	<b>19,595,517</b>	<b>2,741</b>	<b>829,000</b>	<b>18,769,258</b>	<b>828,000</b>	<b>17,941,258</b>

<b>Grand Total</b>	<b>\$ 40,805,880</b>	<b>\$ 13,733</b>	<b>\$ 2,413,265</b>	<b>\$ 38,406,348</b>	<b>\$ 3,303,000</b>	<b>\$ 35,103,348</b>
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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 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  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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. The governing board elected to pay a rate of 9.7% 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.

Schedule of Employer Contribution

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	533,358	605,790	(72,432)	8,230,839	7.4%
2007	674,541	674,541	-	9,140,115	7.4%
2008	700,973	758,531	(57,558)	10,278,200	7.4%
2009	731,958	779,488	(47,530)	10,562,164	7.4%
2010	868,508	868,508	-	10,565,794	8.2%
2011	855,030	855,213	(183)	10,252,155	8.3%
2012	899,883	899,967	(84)	10,284,382	8.8%
2013	853,881	853,998	(117)	9,291,417	9.2%
2014	887,889	887,889	-	9,125,238	9.7%

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

Actuarial valuation date	12/31/14
Actuarial cost method	entry age normal
Asset valuation method	Smoothing 5-yr Non-asymptotic Corridor:none
Inflation	3.0%
Projected salary increases	3.5%
Investment return	8.10%
Cost of living adjustments	0.0%
Retirement Age	Later of: 60 years/earlies retirement eligibility

**Net Pension Liability**

Under GASB 68, the County is required to recognize specific pension amounts, which include Net Pension Liability (NPL), deferred outflows and inflows of resources, and pension expense. The Total Pension Liability (TPL) (present value of actuarially determined pension benefits) less the value of the assets available in the plan to pay the pension benefits (Fiduciary Net Position or FNP) results in the NPL; this NPL will appear on the County's Statement of Net Position. The County's NPL was measured as of December 31, 2014 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Valuation and Measurement Date, December 31, 2014

Total Pension Liability	\$ 42,352,131
Plan Fiduciary Net Position	<u>43,337,918</u>
Net Pension Liability / (Asset)	\$ (985,787)

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**Schedule of Changes in Net Pension Liability**

Changes in the County's Net Pension Liability and Related Ratios as of 12/31/14 are presented below:

**Total pension liability**

Service Cost	\$ 1,373,043
Interest on the total pension liability)	3,194,801
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Effect of economic/demographic gains or losses	(254,397)
Benefit payments, including refunds of employee contributions	<u>(1,432,411)</u>
Net Change in Total Pension Liability	2,881,036
Total Pension Liability-Beginning	<u>39,471,095</u>
Total Pension Liability- Ending (a)	<u><u>\$42,352,131</u></u>

**Plan Fiduciary Net Position**

Contributions- Employer	\$ 887,889
Contributions- Member	638,767
Net Investment Income	2,727,093
Benefit payments, including refunds of employee contributions	(1,432,411)
Administrative expense	(32,339)
Other	<u>(13,753)</u>
Net Change in Plan Fiduciary Net Position	2,775,246
Plan Fiduciary Net Position- Beginning	<u>40,562,673</u>
Plan Fiduciary Net Position- Ending (b)	<u>\$43,337,919</u>
Net Pension Liability- Ending (a) - (b)	<u><u>\$ (985,788)</u></u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.33%
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Covered Employee Payroll	\$ 9,125,238
Net Pension Liability as a Percentage of Covered Employee Payroll	-10.80%

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**Pension Expense**

Below is the Schedule of Pension Expense as of 12/31/14:

Total Service Cost	\$1,373,043
Interest on the Total Pension Liability	3,194,801
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	-
Projected Earnings on Plan Investments (Reduction of Expense)	-
Administrative Expense	32,339
Member Contributions	(638,767)
Expected Investment return net of investment expenses	(3,319,828)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(42,399)
Recognition of assumption changes or inputs	-
Recognition of investment gains and losses	118,547
Other	13,753
Total Pension Expense	<u>\$ 731,489</u>

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

	Original Amount	Date Established	Original Recognition Period	Amount		
				Recognized in 12/31/2014 Expense	Balance of Deferred Inflows 12/31/2014	Balance of Deferred Outflows 12/31/2014
Investment (gains) or losses	\$592,735	12/31/2014	5.0	\$ 118,547	\$0	\$474,188
Economic/Demographic (gains) or losses	(254,397)	12/31/2014	5.0	(42,399)	(211,997)	-
Assumption changes or inputs	-	12/31/2014	5.0	-	-	-

**Discount Rate**

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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

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

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$48,437,832	\$ 42,352,131	\$37,397,907
Fiduciary Net Position	43,337,918	43,337,918	43,337,918
Net pension liability/asset	5,099,914	(985,787)	(5,940,011)

H. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2015 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 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.

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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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 \$796,136 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	\$ (3,371)
Total prior period adjustment General Fund	(3,371)
 <u>Government-Wide Adjustments</u>	
Adjustment to other accounts	137,878
Total prior period adjustments Governmental	\$ 134,507
 <u>Sewer Fund</u>	
Adjustment to correct Sewer Fund cash in escrow	\$ (439,414)
Total prior period adjustments Sewer Fund	\$ (439,414)

The County implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27". As a result, the County is reporting a prior period adjustment reflected as an Adjustment to Net Position of \$1,979,467. The prior period adjustment will reflect as an increase to assets and increase of Unrestricted Net Position. The County has a net pension asset.



REQUIRED SUPPLEMENTAL INFORMATION

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current Property Taxes	\$ 8,924,703	\$ 8,924,703	\$ 8,504,794	\$ (419,909)
Delinquent property taxes	230,000	230,000	458,581	228,581
Penalties and interest on taxes	135,000	135,000	264,813	129,813
Sales Taxes	-	-	537,608	537,608
<b>Total taxes</b>	<u>9,289,703</u>	<u>9,289,703</u>	<u>9,765,796</u>	<u>476,093</u>
<b>Licenses and permits:</b>				
Business and license and permits	500	500	1,650	1,150
<b>Total licenses and permits</b>	<u>500</u>	<u>500</u>	<u>1,650</u>	<u>1,150</u>
<b>Intergovernmental</b>				
Zapata I.S.D. shared tax office	165,145	165,145	147,645	(17,500)
Water connections	32,500	32,500	37,145	4,645
Other	-	-	56,779	56,779
<b>Total intergovernmental</b>	<u>197,645</u>	<u>197,645</u>	<u>241,569</u>	<u>43,924</u>
<b>Charges for services:</b>				
Sheriff fees	8,000	8,000	13,099	5,099
Bond fees	-	-	1,337	1,337
County clerk fees	80,000	80,000	81,611	1,611
District clerk fees	90,000	90,000	127,609	37,609
Community Supervision	-	-	171,435	171,435
Other fees	1,500	1,500	23,925	22,425
<b>Total charges for services</b>	<u>179,500</u>	<u>179,500</u>	<u>419,016</u>	<u>239,516</u>
<b>Interest</b>	50,000	50,000	29,870	(20,130)

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Other:</b>				
Rent-Civic Center	7,000	7,000	5,333	(1,667)
Pavilion	8,500	8,500	10,987	2,487
Zapata Community Center	20,000	20,000	18,128	(1,872)
Swimming pool	5,000	5,000	3,070	(1,930)
Jail	1,350,000	1,350,000	1,774,503	424,503
Jail Telephone Commission	49,000	49,000	55,204	6,204
Landfill	265,000	265,000	311,747	46,747
Emergency Medical Service	600,000	600,000	473,440	(126,560)
Oil and Gas Royalty	180,000	180,000	93,953	(86,047)
ARM Ordinance	690,000	690,000	891,938	201,938
Clinic Reimbursement	-	-	5,274	5,274
Miscellaneous	41,000	41,000	145,074	104,074
<b>Total Other</b>	<u>3,215,500</u>	<u>3,215,500</u>	<u>3,788,651</u>	<u>573,151</u>
<b>TOTAL REVENUES</b>	<u>12,932,848</u>	<u>12,932,848</u>	<u>14,246,552</u>	<u>1,313,704</u>
<b>EXPENDITURES:</b>				
<b>General Government</b>				
County Judge				
Personnel	129,646	129,646	125,141	4,505
Fringe Benefits	54,615	54,615	52,766	1,849
Travel and Education	13,000	12,700	12,500	200
Supplies	6,000	6,000	4,220	1,780
Indigent Defense County Court	15,000	15,000	14,733	267
Other	7,320	7,445	6,798	647
Total County Judge	<u>225,581</u>	<u>225,406</u>	<u>216,158</u>	<u>9,248</u>
County Commissioner Precinct 1				
Personnel	100,842	100,842	101,301	(459)
Fringe Benefits	46,047	46,047	43,568	2,479
Travel and Education	3,500	3,500	1,705	1,795
Parks	35,000	35,000	24,432	10,568
Total County Commissioner Precinct 1	<u>185,389</u>	<u>185,389</u>	<u>171,006</u>	<u>14,383</u>
County Commissioner Precinct 2				
Personnel	88,654	88,654	103,951	(15,297)
Fringe Benefits	43,691	43,691	50,397	(6,706)
Travel and Education	3,500	3,500	2,184	1,316
Parks	35,000	35,000	34,476	524
Other	3,000	3,000	2,828	172
Total County Commissioner Precinct 2	<u>173,845</u>	<u>173,845</u>	<u>193,836</u>	<u>(19,991)</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Commissioner Precinct 3				
Personnel	79,449	79,449	78,587	862
Fringe Benefits	35,205	35,205	32,550	2,655
Travel and Education	3,500	3,500	1,462	2,038
Parks	35,000	35,000	33,500	1,500
Total County Commissioner Precinct 3	<u>153,154</u>	<u>153,154</u>	<u>146,099</u>	<u>7,055</u>
County Commissioner Precinct 4				
Personnel	127,779	127,779	117,764	10,015
Fringe Benefits	57,959	57,959	47,467	10,492
Travel and Education	3,500	3,500	3,350	150
Supplies	4,000	4,000	3,277	723
Parks	35,000	35,000	38,325	(3,325)
Total County Commissioner Precinct 4	<u>228,238</u>	<u>228,238</u>	<u>210,183</u>	<u>18,055</u>
County Auditor				
Personnel	124,116	124,116	121,183	2,933
Fringe Benefits	50,815	50,815	46,798	4,017
Travel and Education	8,000	8,000	7,216	784
Supplies	6,000	6,000	5,132	868
Other	5,965	5,819	5,080	739
Total Auditor	<u>194,896</u>	<u>194,750</u>	<u>185,409</u>	<u>9,341</u>
Tax Assessor/Collector				
Personnel	177,339	177,339	167,468	9,871
Fringe Benefits	80,951	80,951	66,077	14,874
Travel and Education	7,500	6,500	5,143	1,357
Supplies	28,000	14,010	10,035	3,975
Other	36,500	36,500	22,201	14,299
Total Tax Assessor/Collector	<u>330,290</u>	<u>315,300</u>	<u>270,924</u>	<u>44,376</u>
County Clerk				
Personnel	123,339	123,339	178,694	(55,355)
Fringe Benefits	57,101	57,101	57,595	(494)
Travel and Education	3,500	4,831	4,831	-
Contract Services	40,000	40,000	37,192	2,808
Supplies	8,500	8,500	8,193	307
Election Expense	35,000	31,169	29,894	1,275
Other	11,100	12,563	11,796	767
Total County Clerk	<u>278,540</u>	<u>277,503</u>	<u>328,195</u>	<u>(50,692)</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
County Treasurer				
Personnel	182,583	182,583	183,366	(783)
Fringe Benefits	75,259	75,259	72,128	3,131
Travel and Education	5,000	7,565	7,186	379
Supplies	7,000	4,435	4,194	241
Other	4,586	4,586	4,201	385
Total County Treasurer	<u>274,428</u>	<u>274,428</u>	<u>271,075</u>	<u>3,353</u>
Personnel Department				
Personnel	27,669	27,669	28,920	(1,251)
Fringe Benefits	12,055	12,055	11,395	660
Travel and Education	1,500	1,500	839	661
Supplies	1,500	1,500	1,500	-
Total Personnel Department	<u>42,724</u>	<u>42,724</u>	<u>42,654</u>	<u>70</u>
Custodial and Maintenance Service				
Personnel	119,573	119,573	120,576	(1,003)
Fringe Benefits	68,849	68,849	67,231	1,618
Contract Services	36,400	36,400	36,400	-
Supplies	23,000	23,000	22,848	152
Other	16,000	16,000	15,400	600
Total Custodial and Maintenance Service	<u>263,822</u>	<u>263,822</u>	<u>262,455</u>	<u>1,367</u>
Non-Department				
Personnel	71,941	71,941	68,757	3,184
Fringe Benefits	23,722	23,722	21,242	2,480
Travel and Education	2,500	2,500	1,320	1,180
Contract Services	140,000	165,000	154,123	10,877
Supplies	25,000	18,500	25,687	(7,187)
Retiree Health Insurance	40,000	40,000	11,254	28,746
Telephone	200,000	214,500	217,319	(2,819)
Utilities-General	997,000	957,500	885,942	71,558
Insurance-General	350,000	350,000	329,651	20,349
Computer Programs	20,000	20,000	20,000	-
Jury Fund	20,000	20,000	2,583	17,417
Appraisal District	260,000	260,000	253,860	6,140
Border Regional MHMR	10,000	10,000	10,000	-
Food Pantry	10,000	10,000	9,677	323
Postage	11,500	32,706	32,706	-
County Property Repairs	70,000	74,700	74,792	(92)
Law Books and Periodicals	12,500	8,300	7,015	1,285
Autopsies	20,000	20,000	15,947	4,053
Other	31,000	32,206	30,266	1,940
Total Non-Department	<u>2,315,163</u>	<u>2,331,575</u>	<u>2,172,141</u>	<u>159,434</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, <u>Budgetary Basis</u>	
	<u>Original</u>	<u>Final</u>		
Grants and Other Contributions				
Grants Matching	50,000	50,000	20,299	29,701
Total Grants and Other Contributions	<u>50,000</u>	<u>50,000</u>	<u>20,299</u>	<u>29,701</u>
<b>Total General Government</b>	<u>4,716,070</u>	<u>4,716,134</u>	<u>4,490,434</u>	<u>225,700</u>
<b>Public Safety</b>				
Sheriff Department				
Personnel	1,362,162	1,362,162	1,374,592	(12,430)
Fringe Benefits	569,633	569,633	540,956	28,677
Travel and Education	12,500	12,500	11,602	898
Supplies	21,500	20,448	18,833	1,615
Fuel & Lubricants	120,000	120,000	116,132	3,868
Repairs & Maintenance	52,500	52,500	49,247	3,253
Other	15,300	15,300	15,182	118
Total Sheriff Department	<u>2,153,595</u>	<u>2,152,543</u>	<u>2,126,544</u>	<u>25,999</u>
CSI Specialist				
Personnel	41,000	41,000	55,607	(14,607)
Fringe Benefits	14,362	14,362	17,005	(2,643)
Travel and Education	2,000	2,000	2,000	-
Supplies	3,200	3,200	3,120	80
Other	10,000	10,000	8,496	1,504
Total CSI Specialist	<u>70,562</u>	<u>70,562</u>	<u>86,228</u>	<u>(15,666)</u>
Constables				
Personnel	50,844	50,844	53,328	(2,484)
Fringe Benefits	36,773	36,773	21,438	15,335
Travel and Education	4,000	4,000	2,882	1,118
Supplies	9,200	9,200	7,087	2,113
Other	3,200	3,200	1,232	1,968
Total Constables	<u>104,017</u>	<u>104,017</u>	<u>85,967</u>	<u>18,050</u>
Fire Fighting and Ambulance Services				
Personnel	1,230,598	1,230,598	1,251,427	(20,829)
Fringe Benefits	464,000	464,000	441,485	22,515
Travel and Education	10,000	10,000	9,220	780
Contract Services	40,000	40,000	34,349	5,651
Supplies	107,000	107,000	99,507	7,493
Other	33,000	33,000	25,586	7,414
Total Fire Fighting and Ambulance Services	<u>1,884,598</u>	<u>1,884,598</u>	<u>1,861,574</u>	<u>23,024</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Safety and Risk Management</b>				
Personnel	7,441	7,441	7,470	(29)
Fringe Benefits	1,705	1,705	2,842	(1,137)
Travel and Education	3,000	3,000	2,056	944
Supplies	5,150	5,150	3,650	1,500
Other	4,000	4,000	3,406	594
<b>Total Safety and Risk Management</b>	<u>21,296</u>	<u>21,296</u>	<u>19,424</u>	<u>1,872</u>
<b>Juvenile Probation</b>				
Personnel	114,719	114,719	120,404	(5,685)
Fringe Benefits	88,517	88,517	87,652	865
Travel and Education	18,000	18,000	19,605	(1,605)
Contract Services	30,000	30,000	10,170	19,830
Supplies	14,000	14,000	12,341	1,659
Repairs & Maintenance	4,500	4,500	4,231	269
Other	3,000	3,000	2,995	5
<b>Total Juvenile Probation</b>	<u>272,736</u>	<u>272,736</u>	<u>257,398</u>	<u>15,338</u>
<b>Adult Probation</b>				
Supplies	4,500	4,500	177,895	(173,395)
Other	3,000	3,000	3,000	-
<b>Total Adult Probation</b>	<u>7,500</u>	<u>7,500</u>	<u>180,895</u>	<u>(173,395)</u>
<b>Total Public Safety</b>	<u>4,514,304</u>	<u>4,513,252</u>	<u>4,618,030</u>	<u>(104,778)</u>
<b>Justice System</b>				
<b>Justices of the Peace</b>				
Personnel	196,160	196,160	200,803	(4,643)
Fringe Benefits	95,285	95,285	87,985	7,300
Travel and Education	6,000	6,000	5,670	330
Supplies	14,000	16,300	15,234	1,066
Other	16,000	13,541	8,893	4,648
<b>Total Justices of the Peace</b>	<u>327,445</u>	<u>327,286</u>	<u>318,585</u>	<u>8,701</u>
<b>County Attorney</b>				
Personnel	223,862	223,862	218,636	5,226
Fringe Benefits	83,508	83,508	81,884	1,624
Travel and Education	3,000	2,836	2,836	-
Supplies	5,500	5,000	4,800	200
Vehicle Expense	8,000	7,600	7,455	145
Other	8,000	9,027	7,782	1,245
<b>Total County Attorney</b>	<u>331,870</u>	<u>331,833</u>	<u>323,393</u>	<u>8,440</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
49th District Court				
Personnel	101,665	101,665	102,658	(993)
Fringe Benefits	41,907	41,907	40,950	957
Travel and Education	7,500	7,500	3,956	3,544
Contract Services	160,000	157,000	111,164	45,836
Supplies	6,450	6,413	4,277	2,136
Other	5,000	8,000	5,900	2,100
Total 49th District Court	<u>322,522</u>	<u>322,485</u>	<u>268,905</u>	<u>53,580</u>
District Clerk				
Personnel	108,348	108,348	109,909	(1,561)
Fringe Benefits	47,498	47,498	45,519	1,979
Travel and Education	2,000	2,140	2,055	85
Supplies	11,000	10,198	9,188	1,010
Other	9,100	6,960	7,163	(203)
Total District Clerk	<u>177,946</u>	<u>175,144</u>	<u>173,834</u>	<u>1,310</u>
District Attorney				
Personnel	27,865	27,865	27,704	161
Fringe Benefits	2,135	2,135	2,898	(763)
Supplies				-
Total District Attorney	<u>30,000</u>	<u>30,000</u>	<u>30,602</u>	<u>(602)</u>
<b>Total Justice System</b>	<u>1,189,783</u>	<u>1,186,748</u>	<u>1,115,319</u>	<u>71,429</u>
<b>Health and Human Services</b>				
Indigent Health Care				
Personnel	25,037	25,037	26,278	(1,241)
Fringe Benefits	11,546	11,546	11,936	(390)
Travel and Education	2,000	2,180	2,180	-
Supplies	3,000	2,820	2,725	95
Indigent Health Care	796,398	796,398	698,616	97,782
Other	12,600	12,600	12,600	-
Total Indigent Health Care	<u>850,581</u>	<u>850,581</u>	<u>754,335</u>	<u>96,246</u>
Environmental Health				
Personnel	220,524	220,524	212,203	8,321
Fringe Benefits	115,223	115,223	102,084	13,139
Travel and Education	2,000	2,000	1,898	102
Supplies	20,000	20,000	19,590	410
Other	151,550	151,550	133,549	18,001
Total Environmental Health	<u>509,297</u>	<u>509,297</u>	<u>469,324</u>	<u>39,973</u>
<b>Total Health and Human Services</b>	<u>1,359,878</u>	<u>1,359,878</u>	<u>1,223,659</u>	<u>136,219</u>



**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Environmental Services</b>				
Recycling				
Personnel	71,004	71,004	55,199	15,805
Fringe Benefits	34,243	34,243	25,602	8,641
Travel and Education	1,000	1,000	550	450
Supplies	4,000	4,000	3,180	820
Other	4,000	4,000	3,647	353
Total Recycling	<u>114,247</u>	<u>114,247</u>	<u>88,178</u>	<u>26,069</u>
Code Enforcement				
Personnel	58,458	58,458	56,508	1,950
Fringe Benefits	25,112	25,112	24,098	1,014
Travel and Education	4,500	4,500	3,422	1,078
Contract Services	5,000	5,000	867	4,133
Supplies	5,500	5,023	2,885	2,138
Other	1,000	1,000	915	85
Total Code Enforcement	<u>99,570</u>	<u>99,093</u>	<u>88,695</u>	<u>10,398</u>
Agriculture and Livestock				
Personnel	21,596	21,596	30,081	(8,485)
Fringe Benefits	10,881	10,881	11,471	(590)
Travel and Education	2,500	2,500	1,465	1,035
Supplies	3,000	3,000	1,219	1,781
Total Agriculture and Livestock	<u>37,977</u>	<u>37,977</u>	<u>44,236</u>	<u>(6,259)</u>
<b>Total Environmental Services</b>	<u>251,794</u>	<u>251,317</u>	<u>221,109</u>	<u>30,208</u>
<b>Corrections and Rehabilitation</b>				
County Jail				
Personnel	296,587	296,587	288,850	7,737
Fringe Benefits	164,420	164,420	145,770	18,650
Travel and Education	4,000	4,000	3,957	43
Supplies	6,500	6,500	6,385	115
Prisoner Expenses	73,900	73,900	74,679	(779)
Repairs & Maintenance	20,000	20,000	20,126	(126)
Other	18,000	18,000	18,037	(37)
Total County Jail	<u>583,407</u>	<u>583,407</u>	<u>557,804</u>	<u>25,603</u>
Regional Jail				
Personnel	836,047	836,047	916,540	(80,493)
Fringe Benefits	413,024	413,024	421,597	(8,573)
Travel and Education	14,500	14,500	12,891	1,609
Supplies	15,000	15,000	17,434	(2,434)
Prisoner Expenses	251,700	251,700	268,426	(16,726)
Repairs & Maintenance	41,500	41,500	41,273	227
Other	36,500	36,500	40,349	(3,849)
Total Regional Jail	<u>1,608,271</u>	<u>1,608,271</u>	<u>1,718,510</u>	<u>(110,239)</u>
<b>Total Corrections and Rehabilitation</b>	<u>2,191,678</u>	<u>2,191,678</u>	<u>2,276,314</u>	<u>(84,636)</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Community and Economic Development</b>				
Zapata Civic Center				
Personnel	47,986	47,986	54,279	(6,293)
Fringe Benefits	23,088	23,088	23,896	(808)
Travel and Education	1,000	-	-	-
Supplies	7,000	11,500	11,097	403
Other	13,000	14,000	13,896	104
Total Zapata Civic Center	<u>92,074</u>	<u>96,574</u>	<u>103,168</u>	<u>(6,594)</u>
San Ygnacio Civic Center				
Personnel	14,000	14,000	11,342	2,658
Fringe Benefits	1,341	1,341	1,064	277
Supplies	2,000	2,000	1,883	117
Other	2,000	2,000	2,000	-
Total San Ygnacio Civic Center	<u>19,341</u>	<u>19,341</u>	<u>16,289</u>	<u>3,052</u>
Falcon Community Center				
Personnel	5,000	5,000	4,925	75
Fringe Benefits	1,117	1,117	2,510	(1,393)
Supplies	500	500	289	211
Total Falcon Community Center	<u>6,617</u>	<u>6,617</u>	<u>7,724</u>	<u>(1,107)</u>
County Library System				
Personnel	99,008	99,008	99,052	(44)
Fringe Benefits	52,668	52,668	50,746	1,922
Travel and Education	3,000	3,000	3,000	-
Supplies	7,500	7,500	6,762	738
Books & Periodicals	17,000	18,100	17,674	426
Other	10,500	9,400	8,449	951
Total County Library System	<u>189,676</u>	<u>189,676</u>	<u>185,683</u>	<u>3,993</u>
Romeo Flores Park Swimming Complex				
Personnel	10,000	10,000	9,068	932
Fringe Benefits	1,035	1,035	894	141
Supplies	3,500	3,500	3,426	74
Contracted Services	7,000	7,000	3,186	3,814
Other	4,000	4,000	3,585	415
Total Romeo Flores Park Swimming Complex	<u>25,535</u>	<u>25,535</u>	<u>20,159</u>	<u>5,376</u>

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Department of Aviation				
Personnel	28,783	28,783	30,038	(1,255)
Fringe Benefits	12,269	12,269	13,204	(935)
Contracted Services	10,000	14,500	12,131	2,369
Repairs & Maintenance	30,000	25,500	13,598	11,902
Total Department of Aviation	<u>81,052</u>	<u>81,052</u>	<u>68,971</u>	<u>12,081</u>
Museum of History				
Supplies	1,500	2,116	2,116	-
Other	15,500	14,884	14,884	-
Total Museum of History	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>-</u>
<b>Total Community and Economic Development</b>	<u>431,295</u>	<u>435,795</u>	<u>418,994</u>	<u>16,801</u>
<b>Capital Outlay</b>				
Repair and Maintenance-Infrastructure	223,249	223,249	223,477	(228)
Capital Outlay Department	208,000	208,000	272,491	(64,491)
<b>Total Capital Outlay</b>	<u>431,249</u>	<u>431,249</u>	<u>495,968</u>	<u>(64,719)</u>
<b>TOTAL EXPENDITURES</b>	<u>15,086,051</u>	<u>15,086,051</u>	<u>14,859,827</u>	<u>226,224</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,153,203)</u>	<u>(2,153,203)</u>	<u>(613,275)</u>	<u>1,539,928</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	56,196	56,196
Operating transfers out	(483,297)	(483,297)	(384,399)	98,898
Other financing uses	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>(483,297)</u>	<u>(483,297)</u>	<u>(328,203)</u>	<u>155,094</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>(2,636,500)</u>	<u>(2,636,500)</u>	<u>(941,478)</u>	<u>1,695,022</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	12,974,307	12,974,307	12,974,307	-
Prior Period Adjustment	-	-	(3,371)	(3,371)
<b>FUND BALANCE AT END OF YEAR</b>	<u>10,337,807</u>	<u>10,337,807</u>	<u>12,029,458</u>	<u>1,691,651</u>

ZAPATA COUNTY, TEXAS  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SEPTEMBER 30, 2015

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

**Total pension liability**

Service Cost	\$ 1,373,043
Interest on the total pension liability)	3,194,801
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Effect of economic/demographic gains or losses	(254,397)
Benefit payments, including refunds of employee contributions	<u>(1,432,411)</u>
Net Change in Total Pension Liability	2,881,036
Total Pension Liability-Beginning	<u>39,471,095</u>
Total Pension Liability- Ending (a)	<u><u>\$ 42,352,131</u></u>

**Plan Fiduciary Net Position**

Contributions- Employer	\$ 887,889
Contributions- Member	638,767
Net Investment Income	2,727,093
Benefit payments, including refunds of employee contributions	(1,432,411)
Administrative expense	(32,339)
Other	<u>(13,753)</u>
Net Change in Plan Fiduciary Net Position	2,775,246
Plan Fiduciary Net Position- Beginning	<u>40,562,673</u>
Plan Fiduciary Net Position- Ending (b)	<u>\$ 43,337,919</u>
Net Pension Liability- Ending (a) - (b)	<u><u>\$ (985,788)</u></u>

Plan Fiduciary Net Position as a Percentage  
of Total Pension Liability 102.33%

Covered Employee Payroll \$ 9,125,238  
Net Pension Liability as a Percentage  
of Covered Employee Payroll -10.80%

## COMBINING FUND STATEMENTS

ZAPATA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2015

	Juvenile Justice Liaison	General Road and Bridge	Special Road and Bridge	Lateral Road	Task Force	Emergency Management/ Fire Marshall	Information & Assistance Program	Nutrition Center	Sheriff Forfeiture	Hotel/ Motel
<b>ASSETS</b>										
Cash and Cash Equivalents			\$ 1,279,039	\$ 326,756					\$ 43,518	\$ 40,035
Receivables, net			230,898		20,441		48	6,194		
Due from Other Funds			31,615		26,927	50,621	201,442	756,591		
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,541,552</b>	<b>\$ 326,756</b>	<b>\$ 47,368</b>	<b>\$ 50,621</b>	<b>\$ 201,490</b>	<b>\$ 762,785</b>	<b>\$ 43,518</b>	<b>\$ 40,035</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts Payable			\$ 48,492				\$ 1,082	\$ 164		
Bank Overdraft					41,973	48,878	198,088	755,956		
Accrued Expenses			42,662		5,395	1,743	2,320	6,665		
Retainage Payable										
Due to Other Funds				4,465					273,830	
Deferred Revenues			172,762							
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>263,916</b>	<b>4,465</b>	<b>47,368</b>	<b>50,621</b>	<b>201,490</b>	<b>762,785</b>	<b>273,830</b>	<b>-</b>
<b>Fund Balances:</b>										
<b>Restricted:</b>										
General Government										
Public Safety									(230,312)	
Justice System										
Health & Human Services										
Infrastructure & Environmental Services			1,277,636	322,291						
Community and Economic Development										40,035
Capital Outlay										
Debt Service										
Committed										
Unassigned:										
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>1,277,636</b>	<b>322,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(230,312)</b>	<b>40,035</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,541,552</b>	<b>\$ 326,756</b>	<b>\$ 47,368</b>	<b>\$ 50,621</b>	<b>\$ 201,490</b>	<b>\$ 762,785</b>	<b>\$ 43,518</b>	<b>\$ 40,035</b>

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

ZAPATA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2015

	Courthouse Security	Justice Court Technology	Reserve 1991	Tobacco Settlement	Records Management	Records Management Statute	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 99,913	\$ 18,700	\$ 26,663	\$ 138,724	\$ 184,278	\$ 16,354	\$ 6,898	\$ 2,481	\$ 85,854	\$ 1,119
Receivables, net	115	116								
Due from Other Funds										
<b>Total Assets</b>	<b>\$ 100,028</b>	<b>\$ 18,816</b>	<b>\$ 26,663</b>	<b>\$ 138,724</b>	<b>\$ 184,278</b>	<b>\$ 16,354</b>	<b>\$ 6,898</b>	<b>\$ 2,481</b>	<b>\$ 85,854</b>	<b>\$ 1,119</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts Payable		\$ 3,793		\$ 3,750						
Bank Overdraft										
Accrued Expenses								2,481		
Retainage Payable										
Due to Other Funds		18,970		59,359						375
Deferred Revenues										
<b>Total Liabilities</b>	<b>-</b>	<b>22,763</b>	<b>-</b>	<b>63,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,481</b>	<b>-</b>	<b>375</b>
<b>Fund Balances:</b>										
<b>Restricted:</b>										
General Government			26,663		184,278	16,354	6,898			
Public Safety										744
Justice System	100,028	(3,947)							85,854	
Health & Human Services				75,615						
Infrastructure & Environmental Services										
Community and Economic Development										
Capital Outlay										
Debt Service										
Committed										
Unassigned:								-		
<b>Total Fund Balances</b>	<b>100,028</b>	<b>(3,947)</b>	<b>26,663</b>	<b>75,615</b>	<b>184,278</b>	<b>16,354</b>	<b>6,898</b>	<b>-</b>	<b>85,854</b>	<b>744</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 100,028</b>	<b>\$ 18,816</b>	<b>\$ 26,663</b>	<b>\$ 138,724</b>	<b>\$ 184,278</b>	<b>\$ 16,354</b>	<b>\$ 6,898</b>	<b>\$ 2,481</b>	<b>\$ 85,854</b>	<b>\$ 1,119</b>

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

ZAPATA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2015

	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDEF	Lone Star Library	Juvenile Probation	TJJD Prevention Grant S	Mental Health Services Grant N	Mentoring Work Force 2710001	Operation Stone Garden
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 10,216	\$ 58,512	\$ 340	\$ 32,391		\$ 6,759			
Receivables, net					362			11,485	
Due from Other Funds									134,818
<b>Total Assets</b>	<b>\$ 10,216</b>	<b>\$ 58,512</b>	<b>\$ 340</b>	<b>\$ 32,391</b>	<b>\$ 362</b>	<b>\$ 6,759</b>	<b>\$ -</b>	<b>\$ 11,485</b>	<b>\$ 134,818</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts Payable			\$ 340		\$ 6,933	\$ 6,759		\$ 455	
Bank Overdraft					17,044			9,570	134,818
Accrued Expenses					7,058				
Retainage Payable									
Due to Other Funds		15,076		6,856	15,973			1,460	
Deferred Revenues									
<b>Total Liabilities</b>	<b>-</b>	<b>15,076</b>	<b>340</b>	<b>6,856</b>	<b>47,008</b>	<b>6,759</b>	<b>-</b>	<b>11,485</b>	<b>134,818</b>
<b>Fund Balances:</b>									
<b>Restricted:</b>									
General Government									
Public Safety	10,216	43,436							
Justice System					(46,646)				
Health & Human Services									
Infrastructure & Environmental Services									
Community and Economic Development				25,535					
Capital Outlay									
Debt Service									
Committed									
Unassigned:									
<b>Total Fund Balances</b>	<b>10,216</b>	<b>43,436</b>	<b>-</b>	<b>25,535</b>	<b>(46,646)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,216</b>	<b>\$ 58,512</b>	<b>\$ 340</b>	<b>\$ 32,391</b>	<b>\$ 362</b>	<b>\$ 6,759</b>	<b>\$ -</b>	<b>\$ 11,485</b>	<b>\$ 134,818</b>

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



ZAPATA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2015

	Capital Projects					Total Nonmajor Governmental Funds
	Maintenance Tax Series	Flores Addition 711325	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 54,435	\$ 10,172				\$ 2,443,157
Receivables, net				124,287	40,736	434,682
Due from Other Funds	363,283					1,565,297
<b>Total Assets</b>	<b>\$ 417,718</b>	<b>\$ 10,172</b>	<b>\$ -</b>	<b>\$ 124,287</b>	<b>\$ 40,736</b>	<b>\$ 4,443,136</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable					\$ 4,288	\$ 76,056
Bank Overdraft	417,718			104,136	36,448	1,764,629
Accrued Expenses						68,324
Retainage Payable						-
Due to Other Funds		9,524		20,151		426,039
Deferred Revenues						172,762
<b>Total Liabilities</b>	<b>417,718</b>	<b>9,524</b>	<b>-</b>	<b>124,287</b>	<b>40,736</b>	<b>2,507,810</b>
Fund Balances:						
Restricted:						
General Government						234,193
Public Safety						(175,916)
Justice System						135,289
Health & Human Services						75,615
Infrastructure & Environmental Services						1,599,927
Community and Economic Development						65,570
Capital Outlay		648				648
Debt Service						-
Committed						-
Unassigned:	-					-
<b>Total Fund Balances</b>	<b>-</b>	<b>648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,935,326</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 417,718</b>	<b>\$ 10,172</b>	<b>\$ -</b>	<b>\$ 124,287</b>	<b>\$ 40,736</b>	<b>\$ 4,443,136</b>

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, 2015

	Juvenile Justice Liaison	General Road and Bridge	Special Road and Bridge	Lateral Road	Task Force	Emergency Management/ Fire Marshall	Information & Assistance Program	Nutrition Center	Sheriff Forfeiture	Hotel/ Motel
<b>REVENUES:</b>										
Taxes:										
Property Taxes			\$ 173,031	\$ 1,521						
Penalty and Interest on Taxes			18,420	937						
Sales and Miscellaneous										205,007
Intergovernmental Revenues and Grants	20,678			11,732	122,784			81,950		
Licenses and Permits			412,046							
Charges for Services							24,825	8,004		
Fees and Fines			186,468						213,987	
Interest		7	7,639	1,060					127	42
Miscellaneous										
Total Revenues	<u>20,678</u>	<u>7</u>	<u>797,604</u>	<u>15,250</u>	<u>122,784</u>	<u>-</u>	<u>24,825</u>	<u>89,954</u>	<u>214,114</u>	<u>205,049</u>
<b>EXPENDITURES</b>										
Current:										
General Government										
Public Safety					122,784	50,621			388,589	
Judicial	20,678									
Health and Human Services							81,736	300,363		
Infrastructure & Environmental Services			1,544,656							
Corrections and Rehabilitation										
Community & Economic Development										194,250
Capital Outlay										
Debt Service:										
Principal Retirement										
Interest and Fiscal Charges										
Total Expenditures	<u>20,678</u>	<u>-</u>	<u>1,544,656</u>	<u>-</u>	<u>122,784</u>	<u>50,621</u>	<u>81,736</u>	<u>300,363</u>	<u>388,589</u>	<u>194,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>7</u>	<u>(747,052)</u>	<u>15,250</u>	<u>-</u>	<u>(50,621)</u>	<u>(56,911)</u>	<u>(210,409)</u>	<u>(174,475)</u>	<u>10,799</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating Transfers In			4,699			50,621	56,911	210,409		
Operating Transfers Out		(4,699)	(2,848)							
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,699)</u>	<u>1,851</u>	<u>-</u>	<u>-</u>	<u>50,621</u>	<u>56,911</u>	<u>210,409</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(4,692)	(745,201)	15,250	-	-	-	-	(174,475)	10,799
Fund Balance - Beginning of Year	-	4,692	2,022,837	307,041					(55,837)	29,236
Prior Period Adjustment										
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,277,636</u>	<u>\$ 322,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230,312)</u>	<u>\$ 40,035</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, 2015

	Courthouse Security	Justice Court Technology	Reserve 1991	Tobacco Settlement	Records Management	Records Management Statute	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training
<b>REVENUES:</b>										
Taxes:										
Property Taxes										
Penalty and Interest on Taxes										
Sales and Miscellaneous										
Intergovernmental Revenues and Grants				62,634						7,398
Licenses and Permits					18,392	125	451			
Charges for Services									17,193	
Fees and Fines	6,688	4,073								
Interest		64	40							
Miscellaneous										
Total Revenues	<u>6,688</u>	<u>4,137</u>	<u>40</u>	<u>62,634</u>	<u>18,392</u>	<u>125</u>	<u>451</u>	<u>-</u>	<u>17,193</u>	<u>7,398</u>
<b>EXPENDITURES</b>										
Current:										
General Government					529		79			
Public Safety								19,712		9,565
Judicial	79	11,346							35,677	
Health and Human Services				116,033						
Infrastructure & Environmental Services										
Corrections and Rehabilitation										
Community & Economic Development										
Capital Outlay										
Debt Service:										
Principal Retirement										
Interest and Fiscal Charges										
Total Expenditures	<u>79</u>	<u>11,346</u>	<u>-</u>	<u>116,033</u>	<u>529</u>	<u>-</u>	<u>79</u>	<u>19,712</u>	<u>35,677</u>	<u>9,565</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,609</u>	<u>(7,209)</u>	<u>40</u>	<u>(53,399)</u>	<u>17,863</u>	<u>125</u>	<u>372</u>	<u>(19,712)</u>	<u>(18,484)</u>	<u>(2,167)</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating Transfers In										
Operating Transfers Out					(56,196)					
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,609	(7,209)	40	(53,399)	(38,333)	125	372	(19,712)	(18,484)	(2,167)
Fund Balance - Beginning of Year	93,419	3,262	26,623	129,014	222,611	16,229	6,526	19,712	104,338	2,911
Prior Period Adjustment		-								
Fund Balance - End of Year	<u>\$ 100,028</u>	<u>\$ (3,947)</u>	<u>\$ 26,663</u>	<u>\$ 75,615</u>	<u>\$ 184,278</u>	<u>\$ 16,354</u>	<u>\$ 6,898</u>	<u>\$ -</u>	<u>\$ 85,854</u>	<u>\$ 744</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, 2015

	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDEF	Lone Star Library	Juvenile Probation	TJJD Prevention Grant S	Mental Health Services Grant N	Mentoring Work Force 2710001	Operation Stone Garden
REVENUES:									
Taxes:									
Property Taxes									
Penalty and Interest on Taxes									
Sales and Miscellaneous									
Intergovernmental Revenues and Grants			20,756		186,923	56,941	23,049	56,865	32,276
Licenses and Permits									
Charges for Services				6,557					
Fees and Fines	20,060								
Interest	52	78							
Miscellaneous					147				
Total Revenues	<u>20,112</u>	<u>78</u>	<u>20,756</u>	<u>6,557</u>	<u>187,070</u>	<u>56,941</u>	<u>23,049</u>	<u>56,865</u>	<u>32,276</u>
EXPENDITURES									
Current:									
General Government									
Public Safety	100,765		20,756						32,276
Judicial					190,132	56,941	23,049		
Health and Human Services									
Infrastructure & Environmental Services									
Corrections and Rehabilitation									
Community & Economic Development				10,425				56,865	
Capital Outlay									
Debt Service:									
Principal Retirement									
Interest and Fiscal Charges									
Total Expenditures	<u>100,765</u>	<u>-</u>	<u>20,756</u>	<u>10,425</u>	<u>190,132</u>	<u>56,941</u>	<u>23,049</u>	<u>56,865</u>	<u>32,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(80,653)</u>	<u>78</u>	<u>-</u>	<u>(3,868)</u>	<u>(3,062)</u>	<u>-</u>	<u>-</u>	<u>-</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>
Net Change in Fund Balances	(80,653)	78	-	(3,868)	(3,062)	-	-	-	-
Fund Balance - Beginning of Year	90,869	43,358		29,403	(43,584)				
Prior Period Adjustment									
Fund Balance - End of Year	<u>\$ 10,216</u>	<u>\$ 43,436</u>	<u>\$ -</u>	<u>\$ 25,535</u>	<u>\$ (46,646)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015

	Capital Projects				Total	
	Maintenance Tax Series	Flores Addition 711325	TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Nonmajor Governmental Funds
REVENUES:						
Taxes:						
Property Taxes					\$ 174,552	
Penalty and Interest on Taxes					19,357	
Sales and Miscellaneous					205,007	
Intergovernmental Revenues and Grants			25,628	293,417	40,736	1,043,767
Licenses and Permits						412,046
Charges for Services						58,354
Fees and Fines						448,469
Interest	1,311					10,420
Miscellaneous						147
Total Revenues	<u>1,311</u>	<u>-</u>	<u>25,628</u>	<u>293,417</u>	<u>40,736</u>	<u>2,372,119</u>
EXPENDITURES						
Current:						
General Government						608
Public Safety						745,068
Judicial						337,902
Health and Human Services						498,132
Infrastructure & Environmental Services						1,544,656
Corrections and Rehabilitation						-
Community & Economic Development						261,540
Capital Outlay	1,159,147		28,476	293,417	40,736	1,521,776
Debt Service:						-
Principal Retirement						-
Interest and Fiscal Charges						-
Total Expenditures	<u>1,159,147</u>	<u>-</u>	<u>28,476</u>	<u>293,417</u>	<u>40,736</u>	<u>4,909,682</u>
Excess (Deficiency) of Revenues						-
Over (Under) Expenditures	<u>(1,157,836)</u>	<u>-</u>	<u>(2,848)</u>	<u>-</u>	<u>-</u>	<u>(2,537,563)</u>
OTHER FINANCING SOURCES (USES):						-
Operating Transfers In	66,458		2,848			391,946
Operating Transfers Out						(63,743)
Total Other Financing Sources (Uses)	<u>66,458</u>	<u>-</u>	<u>2,848</u>	<u>-</u>	<u>-</u>	<u>328,203</u>
Net Change in Fund Balances	(1,091,378)	-	-	-	-	(2,209,360)
Fund Balance - Beginning of Year	1,091,378	648				4,144,686
Prior Period Adjustment						-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,935,326</u>

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

SINGLE AUDIT SECTION



Aaron Candles, 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, 2015, 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 August 24, 2016.

**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 2015-1 and 2015-2 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 2015-1 and 2015-2.

## **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.

*Canales, Hargis & Brown, PLLC*

Laredo, Texas  
August 24, 2016





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

Guadalupe García-Wright, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2015. 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, 2015.

## 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 2015-1 and 2015-2 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  
August 24, 2016

**Zapata County, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2015**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/STATE GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Rural Development</b>			
Rural Utilities Service			
Community Facilities Loans and Grants - Loan			
Sewer Improvements	10.766		\$ 687,693
<b>Passed Through South Texas Development Council</b>			
Nutrition Program for the Elderly	10.570	C1, C2, USDA	<u>81,950</u>
<b>Total U.S. Department of Agriculture</b>			<u>769,643</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Passed Through Texas Department of Agriculture</b>			
Community Development Block Grants	14.228	7214095	40,736
Community Development Block Grants	14.228	713521	<u>293,417</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>334,153</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
<b>Passed Through Water Development Board</b>			
Clean Water State Revolving Fund	66.468	-	<u>2,998,495</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>2,998,495</u>
<b><u>U.S. Department of Justice</u></b>			
<b>Passed Through City of Laredo, Texas</b>			
Financial Task Force	16.579	-	<u>122,784</u>
<b>Total U.S. Department of Justice</b>			<u>122,784</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Passed Through Texas Department of Public Safety</b>			
Operation Stonegarden	97.067	-	<u>32,276</u>
<b>Total U.S. Department of Homeland Security</b>			<u>32,276</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 4,257,351</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, 2015

**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>
10.766	USDA – Community Facilities Loans and Grants
66.468	USEPA – Clean Water State Revolving Fund

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, 2015

**Section II - Financial Statement Findings**

**2015-1 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. Although this finding is a repeat from last year, it took time for the County to get itself organized in order to prevent this finding from re-occurring.

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

**2015-2 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. Although this finding is a repeat from last year, it took time for the County to get itself organized in order to prevent this finding from re-occurring.

Zapata County, Texas  
Summary Schedule of Prior Audit Findings and Questioned Costs  
Year Ended September 30, 2015

**Summary of Prior Audit Findings**

**2014-1 Accounting Information Maintenance**

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.

**2014-2 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.

**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.