

ZAPATA COUNTY, TEXAS  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2017

ZAPATA COUNTY, TEXAS  
TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Funds Balances - Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Net Assets – Proprietary Funds.....	18
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	19
Statement of Cash Flows – Proprietary Funds.....	20
Statement of Fiduciary Net Position - Agency Funds.....	21
Notes to Basic Financial Statements.....	22
Required Financial Information	
Statement of Revenues, Expenditures, and Changes in Funds Balances - Budget and Actual - General Fund.....	45
Schedule of Changes in the County’s Net Pension Liability and Related Ratios.....	55
Combining Fund Statements	
Combining Balance Sheet - Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	59
<b>SINGLE AUDIT SECTION</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	62
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.....	64
Schedule of Expenditures of Federal Awards.....	66
Schedule of Findings and Questioned Costs.....	67
Schedule of Prior Year Findings and Questioned Costs.....	68

## FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of and for the year ended September 30, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the County of Zapata, Texas' internal control over financial reporting and

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

*Canales, Garza & Baum, PLLC*

Laredo, Texas  
June 29, 2018

## 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, 2017. 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 \$68,012,541 (net assets) at September 30, 2017. Of this amount, \$13,285,591 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The County's total net assets increased by \$3,583,615.

The County's total combined Proprietary Fund net assets was \$8,358,023 at September 30, 2017.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,711,191, a decrease of \$1,622,706 in comparison with the prior period. Approximately 42% of this total amount, \$6,187,113, 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 \$68,012,541 at the close of the most recent fiscal year.

A portion of the County's net assets (\$51,203,976 - 75%) 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>9/30/2017</u>	<u>9/30/2016</u>
Current and Other Assets	\$ 18,622,993	\$ 19,189,746
Capital Assets	<u>84,124,234</u>	<u>80,487,983</u>
Total Assets	<u>102,747,227</u>	<u>99,677,729</u>
Deferred Outflows of Resources	<u>3,160,169</u>	<u>3,964,559</u>
Long-term Liabilities	34,289,163	35,126,498
Other Liabilities	<u>3,003,100</u>	<u>3,012,661</u>
Total Liabilities	<u>37,292,263</u>	<u>38,139,159</u>
Deferred Inflows of Resources	<u>602,592</u>	<u>1,074,203</u>
Invested in Capital Assets, net of Related Debt	51,203,976	46,689,984
Reserved for Other Purposes	2,362,340	2,834,565
Reserved for Debt Service	1,160,634	2,003,088
Unrestricted	<u>13,285,591</u>	<u>12,901,289</u>
Total Net Assets	<u>\$ 68,012,541</u>	<u>\$ 64,428,926</u>

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

Government-wide financial activities increased the County's net assets by \$3,583,615.

	<u>9/30/2017</u>	<u>9/30/2016</u>
Revenues:		
Program revenues		
Charges for services	\$ 4,376,613	\$ 4,057,523
Operating grants	883,497	902,477
Capital grants	972,999	123,124
General revenues		
Property taxes	9,250,855	11,771,816
Sales and miscellaneous taxes	1,719,055	1,558,321
Investment earnings	80,780	44,628
Other financing sources	-	-
Miscellaneous	<u>7,511,732</u>	<u>8,042,218</u>
Total Revenue	<u>24,795,531</u>	<u>26,500,107</u>

	<u>9/30/2017</u>	<u>9/30/2016</u>
Expenses:		
General government	4,290,109	5,061,746
Public safety	4,721,820	4,958,480
Justice system	1,290,617	1,328,815
Health and human services	1,601,651	1,735,833
Infrastructure and environmental serv.	2,260,892	2,241,530
Correction and rehabilitation	2,084,406	2,287,023
Community and economic develop.	504,400	586,236
Interest and fiscal charges	674,358	771,578
Business type activities	<u>3,783,663</u>	<u>3,202,035</u>
Total Expenses	<u>21,211,916</u>	<u>22,173,276</u>
Increase/(Decrease) in net assets	3,583,615	4,326,831
Beginning net assets	64,428,926	60,127,630
Adjustment to net position	-	-
Prior period adjustment	-	(25,535)
Ending net assets	<u>\$ 68,012,541</u>	<u>\$ 64,428,926</u>

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

	<u>2017</u>	
	<u>Amount</u>	<u>%</u>
Revenues:		
Charges for services	\$ 4,376,613	17.7%
Operating grants	883,497	3.6%
Capital grants	972,999	3.9%
Property taxes	9,250,855	37.3%
Sales and miscellaneous taxes	1,719,055	6.9%
Investment earnings	80,780	0.3%
Other financing sources	-	0.0%
Miscellaneous	<u>7,511,732</u>	<u>30.3%</u>
Total Revenue	<u>\$ 24,795,531</u>	<u>100.0%</u>
Expenses:		
General government	\$ 4,290,109	20.2%
Public safety	4,721,820	22.3%
Justice system	1,290,617	6.1%
Health and human services	1,601,651	7.6%
Infrastructure and environmental serv.	2,260,892	10.7%
Correction and rehabilitation	2,084,406	9.8%
Community and economic develop.	504,400	2.4%
Interest and fiscal charges	674,358	3.2%
Business type activities	<u>3,783,663</u>	<u>17.8%</u>
Total Expenses	<u>\$ 21,211,916</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 \$14,711,191, a decrease of \$1,622,706 in comparison with the prior period. Approximately, 42% of this total amount, \$6,187,113 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	\$ 256,447
Public Safety	(53,634)
Justice System	95,615
Health and Human Services	58,765
Infrastructure and Environmental Services	1,221,969
Community and Economic Development	1,329
Capital Outlay	-
Debt Service	1,160,634
Total Restricted	<u>2,741,125</u>
Committed:	
Landfill	1,046,900
Airport	320,434
Veleno Bridge	254,446
Catastrophic Fund	3,364,750
Oil and Gas	796,423
Water Well Drilling	-
Total Committed	<u>5,782,953</u>
Total Restricted and Committed Funds	<u>\$ 8,524,078</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 \$6,187,113, while total fund balance reached \$11,970,066. 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 50% of total general fund pro-rated expenditures and transfers out, while total fund balance represents 96% of that same amount. The fund balance of the County's general fund decreased by \$630,530 during the current fiscal year.

## General Fund Budgetary Highlights

The County adopts an annual appropriated budget for the governmental funds. The County General Fund budgeted \$12,071,420 in total revenues and transfers in and \$12,367,697 in total expenditures and transfers out. Actual governmental fund revenues and transfers in were \$11,842,751 for an unfavorable variance compared to budgeted revenues of \$228,669. Actual governmental fund expenditures and transfers out were \$12,473,281 for an unfavorable variance compared to budgeted expenditures of \$105,584.

## 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, 2017, amounts to \$84,124,234 (net of accumulated depreciation).

	2017	2016
Land	\$ 2,319,841	\$ 2,200,160
Infrastructure	54,636,920	48,117,270
Buildings and improvements	57,450,138	56,878,679
Construction in progress	1,999,088	954,212
Equipment and furniture	10,917,303	10,849,187
Accumulated depreciation	(43,199,056)	(38,511,525)
Total	<u>\$ 84,124,234</u>	<u>\$ 80,487,983</u>

### Long-term debt:

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

	Beginning			Ending	Due Within	Due After
	Balance	Additions	Reductions	Balance	One year	One Year
Governmental Activities:						
Unlimited Tax Road Bonds, Series 2006	\$ 9,145,000	\$ -	\$ 745,000	\$ 8,400,000	\$ 775,000	\$ 7,625,000
Tax Notes, Series 2011	1,725,000	-	850,000	875,000	875,000	-
Limited Tax Refunding Bonds, Series 2013A	3,485,000	-	815,000	2,670,000	850,000	1,820,000
Limited Tax Refunding Bonds, Series 2013B	325,000	-	75,000	250,000	80,000	170,000
Combined Tax & Revenue C/O, Series 2013	1,260,000	-	85,000	1,175,000	90,000	1,085,000
Compensated Absences	438,467	28,362	-	466,829	-	466,829
Land Closure & Postclosure Costs	807,282	10,496	-	817,778	-	817,778
Total	<u>17,185,749</u>	<u>38,858</u>	<u>2,570,000</u>	<u>14,654,607</u>	<u>2,670,000</u>	<u>11,984,607</u>
Business-Type Activities:						
TWDB EDAP, Series 2006	11,857,000	-	494,000	11,363,000	494,000	10,869,000
TWDB CWSRF, Series 2008	5,125,000	-	320,000	4,805,000	320,000	4,485,000
TX Waterworks & Sewer Revenue Bonds, Series 2014	876,000	-	14,000	862,000	15,000	847,000
Colorado Bank-New USDA Sewer Project	-	1,931,713	-	1,931,713	1,931,713	-
San Ygnacio MUD Loan #5093392427	-	525,944	25,237	500,707	500,707	-
San Ygnacio MUD Loan #5093392428	-	97,913	10,075	87,838	87,838	-
Compensated Absences	82,749	1,549	-	84,298	-	84,298
Total	<u>17,940,749</u>	<u>2,557,119</u>	<u>863,312</u>	<u>19,634,556</u>	<u>3,349,258</u>	<u>16,285,298</u>
Grant Total	<u>\$ 35,126,498</u>	<u>\$ 2,595,977</u>	<u>\$ 3,433,312</u>	<u>\$ 34,289,163</u>	<u>\$ 6,019,258</u>	<u>\$ 28,269,905</u>

The County total debt decreased by \$837,335 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, 2018 budget preparation increased approximately 9% from fiscal year ended September 30, 2017.
- The tax rate established for the fiscal year ending September 30, 2017 budget is \$.924026, which is a slight increase over the prior year.
- Inflationary trends in the region are comparable to national indices.

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

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

## BASIC FINANCIAL STATEMENTS

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,358,325	\$ 2,832,301	\$ 12,190,626
Cash in Escrow	-	781,849	781,849
Receivables (net of allowance)	5,120,818	529,700	5,650,518
Internal Balances	4,542,674	(4,542,674)	-
Capital Assets			
Land	1,554,640	765,201	2,319,841
Construction in Progress		1,999,088	1,999,088
Infrastructure	19,937,907	34,699,013	54,636,920
Building and Improvements	55,180,474	2,269,664	57,450,138
Equipment and Furniture	7,856,821	3,060,482	10,917,303
Less: accumulated depreciation	(29,316,237)	(13,882,819)	(43,199,056)
TOTAL CAPITAL ASSETS	55,213,605	28,910,629	84,124,234
TOTAL ASSETS	74,235,422	28,511,805	102,747,227
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	3,160,169	-	3,160,169
Total Deferred Outflows of Resources	3,160,169	-	3,160,169
<b>LIABILITIES</b>			
Accounts Payable	149,240	101,284	250,524
Accrued Wages Payable	145,061	18,339	163,400
Retainage Payable		109,701	109,701
Net Pension Liability	2,189,573		2,189,573
Consumer Meter Deposits		289,902	289,902
Long-term liabilities			
Due within one year			
Bonds	2,670,000	3,349,258	6,019,258
Due in more than one year			
Bonds	10,700,000	16,201,000	26,901,000
Compensated Absences	466,829	84,298	551,127
Land Closure & Postclosure Costs	817,778	-	817,778
Total Liabilities	17,138,481	20,153,782	37,292,263
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	602,592	-	602,592
Total Deferred Inflows of Resources	602,592	-	602,592
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	41,843,605	9,360,371	51,203,976
Restricted:			
Debt Service	1,160,634		1,160,634
Other Purposes	1,580,491	781,849	2,362,340
Unrestricted	15,069,788	(1,784,197)	13,285,591
Total Net Assets	\$ 59,654,518	\$ 8,358,023	\$ 68,012,541

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



ZAPATA COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In		Net (Expense) Revenue and Changes In Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 4,290,109	\$ 153,470	\$ 212,044	\$ -	\$ (3,924,595)	\$ -	\$ (3,924,595)
Public Safety	4,721,820	8,345	192,894		(4,520,581)		(4,520,581)
Justice System	1,290,617	84,296	262,471		(943,850)		(943,850)
Health and Human Services	1,601,651	33,519	216,088		(1,352,044)		(1,352,044)
Infrastructure and Environmental Services	2,260,892	394,905		972,999	(892,988)		(892,988)
Correction and Rehabilitation	2,084,406				(2,084,406)		(2,084,406)
Community and Economic Development	504,400				(504,400)		(504,400)
Interest and Fiscal Charges	674,358				(674,358)		(674,358)
<b>Total Governmental Activities</b>	<b>17,428,253</b>	<b>674,535</b>	<b>883,497</b>	<b>972,999</b>	<b>(14,897,222)</b>	<b>-</b>	<b>(14,897,222)</b>
<b>Business-Type Activities</b>							
Water Plant	2,527,402	2,463,610				(63,792)	(63,792)
Sewer Plant	1,013,134	1,008,495				(4,639)	(4,639)
Airport	139,726	141,273				1,547	1,547
Sheriff Commissary	103,401	88,700				(14,701)	(14,701)
<b>Total Business-Type Activities</b>	<b>3,783,663</b>	<b>3,702,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,585)</b>	<b>(81,585)</b>
<b>Total Primary Government</b>	<b>\$ 21,211,916</b>	<b>\$ 4,376,613</b>	<b>\$ 883,497</b>	<b>\$ 972,999</b>	<b>(14,897,222)</b>	<b>(81,585)</b>	<b>(14,978,807)</b>
<b>General Revenues</b>							
Property Taxes, Levies for General Purposes					9,250,855		9,250,855
Penalty and interest on taxes					276,126		276,126
Sales and Miscellaneous Taxes					1,442,929		1,442,929
Fines and Forfeitures					269,664		269,664
Unrestricted Investment Earnings					73,407	7,373	80,780
Miscellaneous					4,158,645	-	4,158,645
Intergovernmental Transfers					-	3,083,423	3,083,423
<b>Total General Revenues and Transfers</b>					<b>15,471,626</b>	<b>3,090,796</b>	<b>18,562,422</b>
Change in Net Assets					574,404	3,009,211	3,583,615
Net Assets - Beginning					59,080,114	5,348,812	64,428,926
Net Assets - Ending					<b>\$ 59,654,518</b>	<b>\$ 8,358,023</b>	<b>\$ 68,012,541</b>

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

ZAPATA COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	GENERAL FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,577,723	\$ 1,660,168	\$ 2,120,434	\$ 9,358,325
Receivables, net	3,319,445	767,368	1,034,005	5,120,818
Due from Other Funds	6,334,516	-	13,037	6,347,553
<b>Total Assets</b>	<b>15,231,684</b>	<b>2,427,536</b>	<b>3,167,476</b>	<b>20,826,696</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable	122,877	-	26,363	149,240
Accrued Wages Payable	115,906	-	29,155	145,061
Due to Other Funds	-	512,108	1,292,771	1,804,879
Other Liabilities	-	-	-	-
Deferred Revenues	3,022,835	754,794	238,696	4,016,325
<b>Total Liabilities</b>	<b>3,261,618</b>	<b>1,266,902</b>	<b>1,586,985</b>	<b>6,115,505</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
General Government			256,447	256,447
Public Safety			(53,634)	(53,634)
Justice System			95,615	95,615
Health and Human Services			58,765	58,765
Infrastructure and Environmental Services			1,221,969	1,221,969
Community and Economic Development			1,329	1,329
Debt Service		1,160,634		1,160,634
Committed:	5,782,953			5,782,953
Unassigned:	6,187,113			6,187,113
<b>Total Fund Balances</b>	<b>11,970,066</b>	<b>1,160,634</b>	<b>1,580,491</b>	<b>14,711,191</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,231,684</b>	<b>\$ 2,427,536</b>	<b>\$ 3,167,476</b>	<b>\$ 20,826,696</b>

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

ZAPATA COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2017

Total Fund Balances - governmental funds balance sheet	\$ 14,711,191
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds	55,213,605
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net if allowance for uncollectible)	4,016,325
Included in the items related to debt is the recognition of the County's proportionate share of the net pension liability required by GASB 68 in the amount of \$(2,189,573), a deferred resources outflows related to TCDRS in the amount of \$3,160,169, and a deferred resources outflows related to TCDRS in the amount of \$(602,592)	368,004
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(14,654,607)</u>
Net assets of governmental activities - statement of net assets	<u><u>\$ 59,654,518</u></u>

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

ZAPATA COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GENERAL FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 5,755,566	\$ 2,324,512	\$ 651,510	\$ 8,731,588
Sales and Miscellaneous Taxes	1,299,550	-	143,379	1,442,929
Penalty and Interest on Taxes	198,491	60,549	17,086	276,126
Intergovernmental	212,044	-	1,644,452	1,856,496
Licenses and Permits	1,595	-	394,905	396,500
Charges for Services	171,136	-	106,899	278,035
Fees and Fines	-	-	269,664	269,664
Interest	46,607	16,843	9,957	73,407
Miscellaneous	4,157,762	-	883	4,158,645
Total Revenues	<u>11,842,751</u>	<u>2,401,904</u>	<u>3,238,735</u>	<u>17,483,390</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,651,716	-	60,965	3,712,681
Judicial	978,491	-	304,650	1,283,141
Public safety	3,967,381	-	279,528	4,246,909
Infrastructure and environmental services	93,568	-	1,382,990	1,476,558
Corrections and rehabilitation	2,080,009	-	-	2,080,009
Health and human services	988,777	-	448,711	1,437,488
Community and economic development	332,245	-	171,700	503,945
Capital outlay	120,608	-	1,000,399	1,121,007
Debt Service:				
Principal	-	2,570,000	-	2,570,000
Interest and Fiscal Charges	-	674,358	-	674,358
Total Expenditures	<u>12,212,795</u>	<u>3,244,358</u>	<u>3,648,943</u>	<u>19,106,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(370,044)</u>	<u>(842,454)</u>	<u>(410,208)</u>	<u>(1,622,706)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	-	-	299,621	299,621
Operating Transfers Out	(260,486)	-	(39,135)	(299,621)
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>(260,486)</u>	<u>-</u>	<u>260,486</u>	<u>-</u>
Net Change in Fund Balances	<u>(630,530)</u>	<u>(842,454)</u>	<u>(149,722)</u>	<u>(1,622,706)</u>
Fund Balance - Beginning of Year	<u>12,600,596</u>	<u>2,003,088</u>	<u>1,730,213</u>	<u>16,333,897</u>
Fund Balance - End of Year	<u>\$ 11,970,066</u>	<u>\$ 1,160,634</u>	<u>\$ 1,580,491</u>	<u>\$ 14,711,191</u>

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

ZAPATA COUNTY, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 SEPTEMBER 30, 2017

Net changes in fund balances - total governmental funds	\$ (1,622,706)
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.	(434,300)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	519,267
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resources outflows.	(418,999)
Repayment of loan principal is an expenditure in the funds but not an expense in the statement of activities	2,570,000
Compensated Absences in the amount of \$(28,362) and Land Closure & Postclosure Costs in the amount of \$(10,496) recorded for entity wide financial statements	<u>(38,858)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 574,404</u>

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

ZAPATA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 2,440,748	\$ 21,082	\$ 240,240	\$ 130,231	\$ 2,832,301
Cash in Escrow	-	781,849	-	-	781,849
Receivables, net	351,825	177,875	-	-	529,700
Total current assets	<u>2,792,573</u>	<u>980,806</u>	<u>240,240</u>	<u>130,231</u>	<u>4,143,850</u>
Non-current assets:					
Capital assets:					
Land	459,121	306,080	-	-	765,201
Construction in progress	-	1,999,088	-	-	1,999,088
Equipment and furniture	1,925,096	1,135,386	-	-	3,060,482
Buildings and improvements	1,556,296	656,558	56,810	-	2,269,664
Infrastructure	22,621,783	12,077,230	-	-	34,699,013
Less: Accumulated Depreciation	(9,959,065)	(3,870,690)	(53,064)	-	(13,882,819)
Total non-current assets	<u>16,603,231</u>	<u>12,303,652</u>	<u>3,746</u>	<u>-</u>	<u>28,910,629</u>
Total assets	<u>19,395,804</u>	<u>13,284,458</u>	<u>243,986</u>	<u>130,231</u>	<u>33,054,479</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	45,958	44,433	10,893	-	101,284
Retainage Payable	-	109,701	-	-	109,701
Accrued Expenses	12,850	5,489	-	-	18,339
Customer Deposits	289,902	-	-	-	289,902
Due to Other Funds	1,621,445	2,688,294	232,935	-	4,542,674
Bonds, notes and loans payable	1,082,545	2,266,713	-	-	3,349,258
Total current liabilities	<u>3,052,700</u>	<u>5,114,630</u>	<u>243,828</u>	<u>-</u>	<u>8,411,158</u>
Non-current liabilities					
Bonds, notes and loans payable	10,869,000	5,332,000	-	-	16,201,000
Compensated Absences	58,004	26,294	-	-	84,298
Total non-current liabilities	<u>10,927,004</u>	<u>5,358,294</u>	<u>-</u>	<u>-</u>	<u>16,285,298</u>
Total liabilities	<u>13,979,704</u>	<u>10,472,924</u>	<u>243,828</u>	<u>-</u>	<u>24,696,456</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	4,651,686	4,704,939	3,746	-	9,360,371
Restricted	-	781,849	-	-	781,849
Unrestricted	764,414	(2,675,254)	(3,588)	130,231	(1,784,197)
Total net assets	<u>\$ 5,416,100</u>	<u>\$ 2,811,534</u>	<u>\$ 158</u>	<u>\$ 130,231</u>	<u>\$ 8,358,023</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, 2017

	Business-type Activities - Enterprise Funds				Total
	Water Plant	Sewer Plant	Airport	Sheriff Commissary	
<b>REVENUES</b>					
Charges for Services	\$ 2,463,610	\$ 1,008,495	\$ 10,880	\$ -	\$ 3,482,985
Sales of products	-	-	130,393	88,700	219,093
Total operating revenues	<u>2,463,610</u>	<u>1,008,495</u>	<u>141,273</u>	<u>88,700</u>	<u>3,702,078</u>
<b>OPERATING EXPENSES</b>					
Personal Services	963,662	396,024	-	-	1,359,686
Contractual services	13,913	-	-	-	13,913
Utilities	102,475	69,011	-	-	171,486
Repairs and maintenance	222,570	260,351	92,317	-	575,238
Other supplies and expenses	480,631	72,417	42,487	103,401	698,936
Depreciation	727,713	192,180	4,922	-	924,815
Total Operating expenses	<u>2,510,964</u>	<u>989,983</u>	<u>139,726</u>	<u>103,401</u>	<u>3,744,074</u>
Operating income (loss)	<u>(47,354)</u>	<u>18,512</u>	<u>1,547</u>	<u>(14,701)</u>	<u>(41,996)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Income	3,940	1,107	2,326	-	7,373
Intergovernmental Transfers	3,083,423	-	-	-	3,083,423
Interest and Fiscal Charges	(16,438)	(23,151)	-	-	(39,589)
Total non-operating revenue (expenses)	<u>3,070,925</u>	<u>(22,044)</u>	<u>2,326</u>	<u>-</u>	<u>3,051,207</u>
Income before transfers	3,023,571	(3,532)	3,873	(14,701)	3,009,211
Transfers in (out) - net	-	-	-	-	-
Changes in Net Assets	3,023,571	(3,532)	3,873	(14,701)	3,009,211
Total Net Assets - Beginning	2,392,529	2,815,066	(3,715)	144,932	5,348,812
Total Net Assets - Ending	<u>\$ 5,416,100</u>	<u>\$ 2,811,534</u>	<u>\$ 158</u>	<u>\$ 130,231</u>	<u>\$ 8,358,023</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, 2017

	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	2,416,621	1,029,945	141,273	88,700	3,676,539
Payments to employees	(962,543)	(394,306)	-	-	(1,356,849)
Payments to vendors, suppliers, and insurance administrators	449,463	(865,334)	(541,964)	(103,401)	(1,061,236)
Net cash provided (used) by operating activities	<u>1,903,541</u>	<u>(229,695)</u>	<u>(400,691)</u>	<u>(14,701)</u>	<u>1,258,454</u>
<b>CASH FLOW FOR NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Intergovernmental Transfers	3,083,423	-	-	-	3,083,423
Net cash provided (used) by non-capital and related financing activities	<u>3,083,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,083,423</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Receipts from the issuance of capital debt	623,857	1,931,713	-	-	2,555,570
Payments on capital debt	(545,749)	(357,151)	-	-	(902,900)
Net cash provided (used) by capital and related financing activities	<u>78,108</u>	<u>1,574,562</u>	<u>-</u>	<u>-</u>	<u>1,652,670</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	3,939	1,107	2,325	-	7,371
Acquisition of capital assets	(3,026,445)	(1,968,920)	-	-	(4,995,365)
Net cash provided (used) by investing activities	<u>(3,022,506)</u>	<u>(1,967,813)</u>	<u>2,325</u>	<u>-</u>	<u>(4,987,994)</u>
Net increase (decrease) in cash and cash equivalents	2,042,566	(622,946)	(398,366)	(14,701)	1,006,553
Cash and cash equivalents at beginning of year	398,182	1,425,877	638,606	144,932	2,607,597
Cash and cash equivalents at ending of year	<u>2,440,748</u>	<u>802,931</u>	<u>240,240</u>	<u>130,231</u>	<u>3,614,150</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (loss)	(47,354)	18,512	1,547	(14,701)	(41,996)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	727,713	192,180	4,922	-	924,815
Change in assets and liabilities:					
Receivables, net	(52,687)	21,450	-	-	(31,237)
Accounts and other payables	1,275,869	(461,837)	(407,160)	-	406,872
Net cash provided by operating activities	<u>1,903,541</u>	<u>(229,695)</u>	<u>(400,691)</u>	<u>(14,701)</u>	<u>1,258,454</u>

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



ZAPATA COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2017

<b>ASSETS</b>	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 2,794,279</u>
 TOTAL ASSETS	 <u><u>2,794,279</u></u>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Held in trust	1,951,063
Due to other governments	512,237
Refunds payable and others	<u>330,979</u>
 TOTAL LIABILITITES	 2,794,279
 <b>NET POSITION</b>	 <u><u>-</u></u>
	 <u><u>\$ 2,794,279</u></u>

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**Note 1 - Summary of Significant Accounting Policies**

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Zapata County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The accounting methods and procedures adopted by the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Standards Board (FASB). The following represent the most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

**A. Reporting Entity**

Zapata County, Texas is governed by an elected five member commissioner's court. The County has no oversight responsibility for any other government entity since no other entities are considered to be controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, and appointment of the respective governing board.

The County provides the following services to its citizens: public safety, judicial and legal services, public transportation, health and human services, culture and recreation facilities, conservation, public facilities, election functions, and general and financial administrative services.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The General fund is reported as a major fund and is reported in a separate column in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual bases of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fees and fines are considered as earned when paid. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Intergovernmental revenues, rents, commissions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County, which includes delinquent property taxes, licenses, fees and fines. For grants, like the government-wide financial statements, the revenue is recognized when all the eligibility requirements have been met.

The County reports the following as major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All other governmental funds are combined and reported as nonmajor.

The **Debt Service Fund** is the County's fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on short and long term debt.

Additionally, the County reports the following fund types:

Special Revenue Fund – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Fund – The Capital Project Funds are used to account for and report financial resources that are restricted for the acquisition of capital assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The **Proprietary Funds** are used to account for the County's ongoing operations that are financed and operated in a manner similar to private business enterprises – where the determination of net income, financial position, and cash flows are necessary or useful for sound financial administration.

Enterprise Fund – The enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by pledge of the net revenues, (b) has third party requirements that the costs, be of providing services including capital costs, be recovered with fees and charges or (c) has pricing policy designed for the fees and charges to recover similar costs. The County may additionally elect to treat other County business similarly.

The **Fiduciary Funds** are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is upon net position and changes in fund balances and employs accounting principles similar to proprietary funds.

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

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

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

**Deposits and Investments**

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

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

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

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

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

**Receivables and Payables**

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

ZAPATA COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

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

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

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

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

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

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

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

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

**Compensatory Time**

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

**Compensated Absences**

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

**Long-term Obligations**

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

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

**Fund Balance Designations**

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

**Fund Balance Classification**

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

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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 position**

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

	Capital Assets - Net (beg)	Additions	Depreciation	Capital Assets - Net (end)
Capital assets at end of year				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Furniture and Equipment	865,039	-	183,753	681,285
Buildings and Improvements	42,181,155	-	1,114,242	41,066,913
Infrastructure	11,047,073	1,121,007	257,313	11,910,768
				<u>\$ 55,213,605</u>

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

Long-term liabilities	Total
Unlimited Tax Road Bonds, Series 2006	\$ 8,400,000
Tax Notes, Series 2011	875,000
Limited Tax Refunding Bonds, Series 2013	2,670,000
Limited Tax Refunding Bonds, Series 2013	250,000
Combined Tax & Revenue C/O, Series 201	1,175,000
Compensated Absences	466,829
Land Closure & Postclosure Costs	817,778
	\$ 14,654,607

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

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

Current year capital outlay	
Furniture and Equipment	\$ -
Buildings and Improvements	-
Infrastructure	1,121,007
Total capital outlay	1,121,007
Depreciation expense	(1,555,307)
	\$ (434,300)

**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.



ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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, 2017, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2017-18 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, 2017, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments and cash in escrow) was \$13,552,923. The County's cash deposits at September 30, 2017 and during the year ended September 30, 2017 were entirely covered by FDIC insurance or by pledged collateral held by the Federal Reserve Bank of Dallas in the County's name under a joint safekeeping agreement with Zapata National Bank of Texas.

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**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, 2017. At year-end, the carrying amount of the County's deposits was \$13,552,923. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance, the remainder was covered by collateral with a value of \$18,698,129. The collateral is held by the Federal Reserve Bank of Dallas in the County's name under a joint safekeeping agreement with Zapata National Bank of Zapata, Texas.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; and (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

ZAPATA COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017

The County did not have any investments during the year or at September 30, 2017.

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, 2016, 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, 2017 consisted of the following individual fund balances:

Due to General Fund	\$ 6,334,516	
Due to Special Revenues	13,037	
Due to Capital Projects	-	
Due to Debt Services	-	
	<u>\$ 6,347,553</u>	Total Governmental Activities
Due from General Fund	\$ -	
Due from Special Revenues	654,688	
Due to Debt Services	512,108	
Due from Capital Projects	638,083	
	<u>1,804,879</u>	Total Governmental Activities
Due from Proprietary Funds	4,542,674	
	<u>\$ 6,347,553</u>	Total Business-type activities

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

C. Receivables

Receivables at September 30, 2017 were as follows:

	Property Taxes	Other Receivables	Total Receivables
General Fund	\$ 3,358,705	\$ 296,610	\$ 3,655,316
Debt Service	838,660	12,574	851,234
Nonmajor Governmental Funds	265,218	795,308	1,060,526
Water Plant	-	562,937	562,937
Sewer Plant	-	241,208	241,208
Total Receivables	\$ 4,462,583	\$ 1,908,637	\$ 6,371,220
Allowance for Uncollectible	(446,258)	(274,444)	(720,703)
Total Receivables, net			<u>\$ 5,650,518</u>

D. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2016 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 1,554,640	\$ -	\$ -	\$ 1,554,640
Total capital assets not being depreciated	<u>1,554,640</u>	<u>-</u>	<u>-</u>	<u>1,554,640</u>
Capital assets being depreciated				
Furniture and Equipment	7,856,822		-	7,856,822
Buildings and Improvements	55,180,474			55,180,474
Infrastructure	18,816,900	1,121,007	-	19,937,907
Total capital assets being depreciated	<u>81,854,195</u>	<u>1,121,007</u>	<u>-</u>	<u>82,975,202</u>
Less: Accumulated Depreciation				
Depreciable Assets	27,760,930	1,555,307	-	29,316,237
Total Accumulated Depreciation	<u>27,760,930</u>	<u>1,555,307</u>	<u>-</u>	<u>29,316,237</u>
Total Capital Assets Depreciated, net	<u>54,093,265</u>	<u>(434,300)</u>	<u>-</u>	<u>53,658,965</u>
Governmental Activities Capital Assets, net	<u>\$ 55,647,905</u>	<u>\$ (434,300)</u>	<u>\$ -</u>	<u>\$ 55,213,605</u>

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

Depreciation expense was charged to governmental functions as follows:

	2017
General Government	155,531
Public safety	466,592
Infrastructure and environmental services	777,653
Health and human services	155,531
Total Depreciation Expense	\$ 1,555,307

<b>Business-type Activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 645,520	\$ 119,681		\$ 765,201
Construction in Progress	954,211	1,931,713	(954,211)	1,931,713
Total capital assets not being depreciated	1,599,731	2,051,394	(954,211)	2,696,914
Capital assets being depreciated				
Furniture and Equipment	2,992,366	68,116		3,060,482
Buildings and Improvements	1,698,205	571,459		2,269,664
Infrastructure	29,300,370	5,398,644		34,699,014
Total capital assets being depreciated	33,990,941	6,038,219	-	40,029,160
Less: Accumulated Depreciation				
Depreciable Assets	10,750,594	3,132,225		13,882,819
Total Accumulated Depreciation	10,750,594	3,132,225	-	13,882,819
Total Capital Assets Depreciated, net	23,240,347	2,905,994	-	26,146,341
Governmental Activities Capital Assets, net	\$ 24,840,079	\$ 4,957,388	\$ (954,211)	\$ 28,843,256

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

	2017
Water Plant	727,713
Sewer Plant	192,179
Airport	4,922
Sheriff Commissary	-
Total Depreciation Expense	\$ 924,814

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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
2018	\$ 775,000	\$ 364,180
2019	810,000	329,698
2020	850,000	293,178
2021	885,000	255,008
2022	925,000	214,725
2023-2026	4,155,000	408,694
Totals	<u>\$ 8,400,000</u>	<u>\$ 1,865,481</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, 2012 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
2018	875,000	23,538
Totals	<u>\$ 875,000</u>	<u>\$ 23,538</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.

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

Year Ending September 30,	Principal	Interest
2018	\$ 850,000	\$ 126,825
2019	890,000	86,450
2020	930,000	44,175
Totals	<u>\$ 2,670,000</u>	<u>\$ 257,450</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
2018	\$ 80,000	\$ 11,875
2019	85,000	8,075
2020	85,000	4,038
Totals	<u>\$ 250,000</u>	<u>\$ 23,988</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
2018	\$ 90,000	\$ 42,375
2019	90,000	39,000
2020	95,000	35,531
2021	100,000	31,875
2022	100,000	28,125
2023-2027	575,000	79,219
2028	125,000	2,344
Totals	<u>\$ 1,175,000</u>	<u>\$ 258,469</u>

All bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County.

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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, 2016. The County is in compliance with all bond covenants on outstanding general obligation bonded debt.

Business-type Activities:

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

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

Year Ending September 30,	Principal	Interest
2018	\$ 494,000	\$ -
2019	494,000	-
2020	494,000	-
2021	494,000	-
2022	494,000	-
2023-2027	2,470,000	-
2028-2032	2,470,000	-
2033-2037	2,470,000	-
2038-2040	1,483,000	-
<b>Totals</b>	<b>\$ 11,363,000</b>	<b>\$ -</b>

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

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

Year Ending September 30,	Principal	Interest
2018	\$ 320,000	\$ -
2019	320,000	-
2020	320,000	-
2021	320,000	-
2022	320,000	-
2023-2027	1,600,000	-
2028-2032	1,605,000	-
<b>Totals</b>	<b>\$ 4,805,000</b>	<b>\$ -</b>



ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

Year Ending September 30,	Principal	Interest
2018	\$ 15,000	\$ 20,473
2019	15,000	20,116
2020	15,000	19,760
2021	16,000	19,404
2022	16,000	19,024
2023-2027	87,000	89,158
2028-2032	99,000	78,304
2033-2037	110,000	66,049
2038-2042	124,000	52,298
2043-2047	140,000	36,836
2048-2052	157,000	19,428
2053-2054	68,000	2,423
<b>Totals</b>	<b>\$ 862,000</b>	<b>\$ 443,270</b>

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

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

F. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2017 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	\$ 9,145,000		\$ 745,000	\$ 8,400,000	\$ 775,000	\$ 7,625,000
Tax Notes, Series 2011	1,725,000		850,000	875,000	875,000	-
Limited Tax Refunding Bonds, Series 2013A	3,485,000		815,000	2,670,000	850,000	1,820,000
Limited Tax Refunding Bonds, Series 2013B	325,000		75,000	250,000	80,000	170,000
Combined Tax & Revenue C/O, Series 2013	1,260,000		85,000	1,175,000	90,000	1,085,000
Compensated Absences	438,467	28,362		466,829	-	466,829
Land Closure & Postclosure Costs	807,282	10,496		817,778	-	817,778
<b>Total</b>	<b>17,185,749</b>	<b>38,858</b>	<b>2,570,000</b>	<b>14,654,607</b>	<b>2,670,000</b>	<b>11,984,607</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	\$ 11,857,000		\$ 494,000	\$ 11,363,000	\$ 494,000	\$ 10,869,000
TX Water Dev. Board CWSRF Series, 2008	5,125,000		320,000	4,805,000	320,000	4,485,000
TX Waterworks and Sewer Revenue Bonds, Series 2014	876,000		14,000	862,000	15,000	847,000
Colorado Bank New USDA Sewer Project	-	1,931,713		1,931,713	1,931,713	-
San Ygnacio MUD Loan #5093392427	-	525,944	25,237	500,707	500,707	-
San Ygnacio MUD Loan #5093392428	-	97,913	10,075	87,838	87,838	-
Compensated Absences	82,749	1,549		84,298	-	84,298
<b>Total</b>	<b>17,940,749</b>	<b>2,557,119</b>	<b>863,312</b>	<b>19,634,556</b>	<b>3,349,258</b>	<b>16,285,298</b>

<b>Grand Total</b>	<b>\$35,126,498</b>	<b>\$ 2,595,977</b>	<b>\$3,433,312</b>	<b>\$34,289,163</b>	<b>\$6,019,258</b>	<b>\$28,269,905</b>
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ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

G. Defined Benefit Pension Plan

Texas County and District Retirement System

Plan Description & Terms

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

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

Members	Dec. 31, 2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	146	157
Number of active employees:	277	260
Average monthly salary	\$ 2,416	\$ 2,448
Average age	42.97	44.14
Average length of service	10.00	12.33

Inactive Employees (or their Beneficiaries) Receiving Benefits	Dec. 31, 2015	Dec. 31, 2016
Number of benefit recipients:	125	146
Average monthly benefit:	\$ 1,027	\$ 1,056

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

Funding Policy

The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The plan is funded by monthly contributions from both employee

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

members and the employer based on the covered payroll of employee members. The Zapata County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2016 is 8.8%

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
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%
2015	792,295	792,295	-	8,583,873	9.2%
2016	710,859	710,859	-	8,050,425	8.8%

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

Actuarial Methods and Assumptions are as follows:

Actuarial Valuation Date	12/31/16
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-Line amortization over Expected Working Life
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset valuation method	Smoothing period - 5 years Recognition method - Non-asymptotic Corridor - None
Inflation	3.0%
Projected Salary Increases	Varies by age and service. 0.4% to 5.25%
Investment return	8.10%
Cost of living adjustments	0.0%
Retirement Age	Later of: 60 years or earlier retirement eligibility
Turnover	New employees are assumed to be replaced by terminated employees
Mortality	Use RP-2000 mortality tables

**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, 2016 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, 2016

Total Pension Liability	\$ 46,954,736
Plan Fiduciary Net Position	44,765,163
Net Pension Liability / (Asset)	<u>\$ 2,189,573</u>

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, 2017

**Schedule of Changes in Net Pension Liability**

Changes in the County's Net Pension Liability and Related Ratios as of 12/31/16 are presented below:

Service Cost	\$ 1,263,648
Interest on the total pension liability	3,570,271
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Effect of economic/demographic gains or losses	(424,189)
Benefit payments, including refunds of employee contributions	<u>(1,790,918)</u>
Net Change in Total Pension Liability	2,618,812
Total Pension Liability-Beginning	<u>44,335,924</u>
Total Pension Liability- Ending (a)	<u><u>\$46,954,736</u></u>

**Plan Fiduciary Net Position**

Contributions- Employer	\$ 710,859
Contributions- Member	563,530
Net Investment Income	3,126,760
Benefit payments, including refunds of employee contributions	(1,790,918)
Administrative expense	(33,979)
Other	<u>(43,660)</u>
Net Change in Plan Fiduciary Net Position	2,532,592
Plan Fiduciary Net Position- Beginning	<u>42,232,572</u>
Plan Fiduciary Net Position- Ending (b)	<u>\$44,765,164</u>
Net Pension Liability- Ending (a) - (b)	<u><u>\$ 2,189,573</u></u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.34%
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Covered Employee Payroll	\$ 8,050,425
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Net Pension Liability as a Percentage of Covered Employee Payroll	27.20%
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ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

**Pension Expense**

Below is the Schedule of Pension Expense as of 12/31/16:

Total Service Cost	\$1,263,648
Interest on the Total Pension Liability	3,570,271
Effect of Plan Changes	-
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	-
Projected Earnings on Plan Investments (Reduction of Expense)	-
Administrative Expense	33,979
Member Contributions	(563,530)
Expected Investment return net of investment expenses	(3,397,243)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(353,389)
Recognition of assumption changes or inputs	68,002
Recognition of investment gains and losses	1,006,872
Other	43,660
Total Pension Expense	<u>\$1,672,269</u>

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

	Original Amount	Date Established	Original Recognition Period	Amount		
				Recognized in 12/31/2016 Expense	Balance of Deferred Inflows 12/31/2016	Balance of Deferred Outflows 12/31/2016
Investment (gains) or losses						
	270,483	12/31/2016	5.0	\$ 54,097	\$ -	\$ 216,387
	4,171,139	12/31/2015	5.0	834,228	-	2,502,683
	592,735	12/31/2014	5.0	118,547	-	237,094
Economic/ Demographic (gains) or losses						
	(424,189)	12/31/2016	5.0	(84,838)	339,351	
	(1,130,757)	12/31/2015	5.0	(226,151)	678,454	
	(254,397)	12/31/2014	5.0	(42,399)	127,199	
Assumption changes or inputs						
	-	12/31/2016	5.0			
	340,008	12/31/2015	5.0	68,002	-	204,005
	-	12/31/2014	6.0	-	-	-

Employer contributions made subsequent to measurement date

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

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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

Year ended December 31:		
	2017	\$ 721,485
	2018	721,485
	2019	602,937
	2020	(30,741)
	2021	-
	Thereafter	-

**Discount Rate**

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

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

The following presents the net pension liability of the County, calculated using the discount rate of 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	\$53,550,453	\$ 46,954,736	\$41,540,849
Fiduciary Net Position	44,765,163	44,765,163	44,765,163
Net pension liability/asset	8,785,290	2,189,573	(3,224,314)

H. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2017 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.

ZAPATA COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

J. Risk Management

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

K. Landfill Closure and Postclosure Costs Liability

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

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

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care costs. The County established a separate account in October 1997 for these purposes. It is anticipated that future inflation costs will be paid in part from interest earnings on this account. However, if additional postclosure care requirements are determined (due changes in technology or applicable laws or regulations, for example) or interest earnings are inadequate, these costs may need to be covered by charges to future landfill users or from future tax revenue. Landfill Closure and Postclosure Costs in the amount of \$817,778 are recorded on the statement of net position to reflected the estimated liability for these costs.



REQUIRED SUPPLEMENTAL INFORMATION

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property taxes	5,850,810	5,850,810	5,698,627	(152,183)
Delinquent property taxes	230,000	230,000	56,939	(173,061)
Penalties and interest on taxes	200,000	200,000	198,491	(1,509)
Sales Taxes	1,400,000	1,400,000	1,299,550	(100,450)
<b>Total taxes</b>	<b>7,680,810</b>	<b>7,680,810</b>	<b>7,253,607</b>	<b>(427,203)</b>
<b>Licenses and permits:</b>				
Business and license and permits	700	700	1,595	895
<b>Total licenses and permits</b>	<b>700</b>	<b>700</b>	<b>1,595</b>	<b>895</b>
<b>Intergovernmental</b>				
Zapata I.S.D. shared tax office	153,225	153,225	150,822	(2,403)
Water connections	35,000	35,000	30,879	(4,121)
Other	-	-	30,343	30,343
<b>Total intergovernmental</b>	<b>188,225</b>	<b>188,225</b>	<b>212,044</b>	<b>23,819</b>
<b>Charges for services:</b>				
County clerk fees	74,500	74,500	77,619	3,119
District clerk fees	63,500	63,500	84,296	20,796
Other fees	2,000	2,000	876	(1,124)
<b>Total charges for services</b>	<b>147,200</b>	<b>147,200</b>	<b>171,136</b>	<b>23,936</b>
<b>Interest</b>	<b>25,000</b>	<b>25,000</b>	<b>46,607</b>	<b>21,607</b>
<b>Other:</b>				
Rent-Civic Center	3,500	3,500	2,300	(1,200)
Rent-Appraisal District	30,000	30,000	27,500	(2,500)
Pavilion	10,500	10,500	3,847	(6,653)
Zapata Community Center	23,000	23,000	14,347	(8,653)
Swimming pool	1,700	1,700	13,082	11,382
Jail	2,200,000	2,200,000	1,904,557	(295,443)
Jail Telephone Commission	50,000	50,000	58,738	8,738
Landfill	240,000	240,000	269,718	29,718
Emergency Medical Service	560,000	560,000	724,813	164,813
Oil and Gas Royalty	70,000	70,000	67,075	(2,925)
ARM Ordinance	620,000	620,000	1,032,000	412,000
Miscellaneous	220,785	220,785	39,785	(181,000)
<b>Total Other</b>	<b>4,029,485</b>	<b>4,029,485</b>	<b>4,157,762</b>	<b>128,277</b>
<b>TOTAL REVENUES</b>	<b>12,071,420</b>	<b>12,071,420</b>	<b>11,842,751</b>	<b>(228,669)</b>

**EXPENDITURES:**

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2017**

	2017			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
County Judge				
Personnel	96,600	96,600	98,835	(2,235)
Fringe Benefits	36,974	36,974	40,125	(3,151)
Travel and Education	3,500	3,500	1,396	2,104
Supplies	4,500	4,500	3,466	1,034
Indigent Defense County Court	20,000	20,000	19,779	221
Other	7,300	7,300	3,925	3,375
Total County Judge	<u>168,874</u>	<u>168,874</u>	<u>167,526</u>	<u>1,348</u>
County Commissioner Precinct 1				
Personnel	20,634	20,634	30,836	(10,202)
Fringe Benefits	10,181	10,181	13,371	(3,190)
Travel and Education	3,000	3,000	3,771	(771)
Parks	15,000	15,000	16,810	(1,810)
Total County Commissioner Precinct 1	<u>48,815</u>	<u>48,815</u>	<u>64,788</u>	<u>(15,973)</u>
County Commissioner Precinct 2				
Personnel	16,640	16,640	15,136	1,504
Fringe Benefits	9,815	9,815	3,991	5,824
Travel and Education	3,000	1,555	1,555	-
Parks	15,000	16,445	15,676	769
Other	-	-	-	-
Total County Commissioner Precinct 2	<u>44,455</u>	<u>44,455</u>	<u>36,358</u>	<u>8,097</u>
County Commissioner Precinct 3				
Personnel	18,720	18,720	17,115	1,605
Fringe Benefits	9,815	9,815	8,927	888
Travel and Education	3,000	3,000	1,912	1,088
Parks	15,000	15,000	14,963	37
Total County Commissioner Precinct 3	<u>46,535</u>	<u>46,535</u>	<u>42,917</u>	<u>3,618</u>
County Commissioner Precinct 4				
Personnel	20,800	20,800	20,940	(140)
Fringe Benefits	10,213	10,213	9,750	463
Travel and Education	3,000	3,850	2,650	1,200
Supplies	4,000	3,150	1,103	2,047
Parks	15,000	15,000	12,392	2,608
Total County Commissioner Precinct 4	<u>53,013</u>	<u>53,013</u>	<u>46,835</u>	<u>6,178</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
County Auditor				
Personnel	104,586	104,586	100,326	4,260
Fringe Benefits	38,704	38,704	28,579	10,125
Travel and Education	3,000	3,000	1,902	1,098
Supplies	5,500	5,500	3,398	2,102
Other	4,965	4,965	2,479	2,486
Total Auditor	<u>156,755</u>	<u>156,755</u>	<u>136,684</u>	<u>20,071</u>
Tax Assessor/Collector				
Personnel	165,739	165,739	159,794	5,945
Fringe Benefits	68,901	68,901	59,158	9,743
Travel and Education	5,625	5,625	2,579	3,046
Supplies	25,500	26,500	24,607	1,893
Other	36,500	35,500	22,797	12,703
Total Tax Assessor/Collector	<u>302,265</u>	<u>302,265</u>	<u>268,935</u>	<u>33,330</u>
County Clerk				
Personnel	106,396	106,396	106,578	(182)
Fringe Benefits	45,284	45,284	43,347	1,937
Travel and Education	3,500	3,500	3,380	120
Contract Services	40,000	40,000	32,342	7,658
Supplies	6,400	6,400	6,428	(28)
Election Expense	20,000	19,600	9,427	10,173
Other	11,100	11,500	11,853	(353)
Total County Clerk	<u>232,680</u>	<u>232,680</u>	<u>213,355</u>	<u>19,325</u>
County Treasurer				
Personnel	161,350	161,350	160,448	902
Fringe Benefits	61,824	61,824	58,815	3,009
Travel and Education	3,000	4,820	4,740	80
Supplies	7,000	5,180	4,841	339
Other	4,586	4,586	3,123	1,463
Total County Treasurer	<u>237,760</u>	<u>237,760</u>	<u>231,967</u>	<u>5,793</u>
Personnel Department				
Personnel	27,669	27,669	27,752	(83)
Fringe Benefits	11,527	11,527	11,022	505
Travel and Education	1,500	1,500	1,044	456
Supplies	1,500	1,500	1,464	36
Total Personnel Department	<u>42,196</u>	<u>42,196</u>	<u>41,282</u>	<u>914</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Custodial and Maintenance Service</b>				
Personnel	86,288	86,288	86,785	(497)
Fringe Benefits	42,240	42,240	40,552	1,688
Contract Services	31,000	31,000	33,291	(2,291)
Supplies	20,000	20,000	20,000	-
Other	16,000	16,000	15,544	456
<b>Total Custodial and Maintenance Service</b>	<b>195,528</b>	<b>195,528</b>	<b>196,172</b>	<b>(644)</b>
<b>Non-Department</b>				
Personnel	45,113	45,113	49,248	(4,135)
Fringe Benefits	11,227	11,227	15,204	(3,977)
Travel and Education	2,500	2,500	1,225	1,275
Contract Services	120,000	120,000	141,361	(21,361)
Supplies	18,750	13,550	16,928	(3,378)
Retiree Health Insurance	-	-	1,070	(1,070)
Telephone	100,000	132,440	132,123	317
Utilities-General	947,000	914,560	895,265	19,295
Insurance-General	350,000	350,000	318,825	31,175
Computer Programs	15,000	17,000	46,492	(29,492)
Jury Fund	20,000	20,000	10,478	9,522
Appraisal District	235,000	235,000	247,440	(12,440)
Border Regional MHMR	1,000	1,000	1,000	-
Food Pantry	10,000	10,000	10,000	-
Boys and Girls Club of Zapata	40,000	40,000	40,000	-
Postage	11,500	11,500	13,608	(2,108)
County Property Repairs	50,000	50,000	78,323	(28,323)
Law Books and Periodicals	2,500	2,500	2,318	182
Autopsies	15,000	15,000	18,091	(3,091)
Oil & Gas Expense	-	-	26,221	(26,221)
Other	61,418	64,618	137,494	(72,876)
<b>Total Non-Department</b>	<b>2,056,008</b>	<b>2,056,008</b>	<b>2,202,714</b>	<b>(146,706)</b>
<b>Grants and Other Contributions</b>				
Grants Matching	50,000	50,000	2,183	47,817
<b>Total Grants and Other Contributions</b>	<b>50,000</b>	<b>50,000</b>	<b>2,183</b>	<b>47,817</b>
<b>Total General Government</b>	<b>3,634,884</b>	<b>3,634,884</b>	<b>3,651,716</b>	<b>(16,832)</b>
<b>Public Safety</b>				
Sheriff Department				
Personnel	1,132,926	1,132,926	1,192,670	(59,744)
Fringe Benefits	451,895	449,295	466,503	(17,208)
Travel and Education	5,500	5,000	4,998	2

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Supplies	16,125	16,125	15,001	1,124
Fuel & Lubricants	85,000	83,400	94,591	(11,191)
Repairs & Maintenance	92,225	97,925	95,273	2,652
Other	6,750	9,250	7,803	1,447
Total Sheriff Department	<u>1,790,421</u>	<u>1,793,921</u>	<u>1,876,839</u>	<u>(82,918)</u>
CSI Specialist				
Personnel	41,000	41,000	66,734	(25,734)
Fringe Benefits	14,076	14,076	18,326	(4,250)
Travel and Education	1,000	1,000	1,000	-
Supplies	3,200	3,200	2,794	406
Other	5,000	5,000	4,900	100
Total CSI Specialist	<u>64,276</u>	<u>64,276</u>	<u>93,754</u>	<u>(29,478)</u>
Constables				
Personnel	50,844	50,844	50,844	-
Fringe Benefits	35,054	35,054	17,902	17,152
Travel and Education	2,000	2,000	1,317	683
Supplies	7,200	7,200	3,674	3,526
Other	3,200	3,200	2,547	653
Total Constables	<u>98,298</u>	<u>98,298</u>	<u>76,284</u>	<u>22,014</u>
Fire Fighting and Ambulance Services				
Personnel	1,094,286	1,094,286	1,076,431	17,855
Fringe Benefits	386,282	386,282	380,210	6,072
Travel and Education	7,500	7,500	6,635	865
Contract Services	33,600	33,600	44,098	(10,498)
Supplies	102,000	97,000	95,233	1,767
Other	33,000	38,000	35,354	2,646
Total Fire Fighting and Ambulance Services	<u>1,656,668</u>	<u>1,656,668</u>	<u>1,637,961</u>	<u>18,707</u>
Safety and Risk Management				
Personnel	7,441	7,441	7,461	(20)
Fringe Benefits	1,789	1,789	2,679	(890)
Travel and Education	2,000	2,000	1,756	244
Supplies	2,000	2,000	504	1,496
Other	4,000	4,000	3,766	234
Total Safety and Risk Management	<u>17,230</u>	<u>17,230</u>	<u>16,166</u>	<u>1,064</u>
Juvenile Probation				
Personnel	114,719	114,719	114,849	(130)
Fringe Benefits	85,733	85,733	54,536	31,197
Travel and Education	18,000	22,500	22,055	445
Contract Services	28,500	24,000	63,531	(39,531)

**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Supplies	14,000	14,000	8,435	5,565
Repairs & Maintenance	4,500	4,500	1,493	3,007
Other	4,500	4,500	(1,620)	6,120
Total Juvenile Probation	<u>269,952</u>	<u>269,952</u>	<u>263,279</u>	<u>6,673</u>
Adult Probation				
Supplies	4,500	4,500	3,098	1,402
Other	-	-	-	-
Total Adult Probation	<u>4,500</u>	<u>4,500</u>	<u>3,098</u>	<u>1,402</u>
<b>Total Public Safety</b>	<u>3,901,345</u>	<u>3,904,845</u>	<u>3,967,381</u>	<u>(62,536)</u>
<b>Justice System</b>				
Justices of the Peace				
Personnel	200,536	200,536	201,804	(1,268)
Fringe Benefits	92,216	92,216	87,556	4,660
Travel and Education	4,000	4,000	3,090	910
Supplies	14,000	14,000	12,723	1,277
Other	16,500	16,500	10,051	6,449
Total Justices of the Peace	<u>327,252</u>	<u>327,252</u>	<u>315,224</u>	<u>12,028</u>
County Attorney				
Personnel	180,199	180,199	201,041	(20,842)
Fringe Benefits	65,226	65,226	61,215	4,011
Travel and Education	3,000	3,000	1,181	1,819
Supplies	5,000	3,800	1,749	2,051
Vehicle Expense	6,000	4,951	3,228	1,723
Other	8,500	10,749	4,174	6,575
Total County Attorney	<u>267,925</u>	<u>267,925</u>	<u>272,588</u>	<u>(4,663)</u>
49th District Court				
Personnel	77,227	77,227	77,457	(230)
Fringe Benefits	30,440	30,440	29,442	998
Travel and Education	7,500	7,500	3,442	4,058
Contract Services	119,600	119,600	83,251	36,349
Supplies	6,450	5,263	4,545	718
Other	5,000	6,187	6,763	(576)
Total 49th District Court	<u>246,217</u>	<u>246,217</u>	<u>204,900</u>	<u>41,317</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>District Clerk</b>				
Personnel	108,352	108,352	109,883	(1,531)
Fringe Benefits	45,450	45,450	43,529	1,921
Travel and Education	2,000	2,450	2,354	96
Supplies	9,250	8,800	7,308	1,492
Other	9,100	9,100	7,705	1,395
<b>Total District Clerk</b>	<u>174,152</u>	<u>174,152</u>	<u>170,779</u>	<u>3,373</u>
<b>District Attorney</b>				
Personnel	13,934	13,934	13,934	-
Fringe Benefits	1,066	1,066	1,066	-
<b>Total District Attorney</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>Total Justice System</b>	<u>1,030,546</u>	<u>1,030,546</u>	<u>978,491</u>	<u>52,055</u>
<b>Health and Human Services</b>				
Indigent Health Care				
Personnel	25,037	25,037	25,132	(95)
Fringe Benefits	11,023	11,023	10,413	610
Travel and Education	2,000	2,000	1,314	686
Supplies	3,000	3,000	1,663	1,337
Indigent Health Care	500,865	500,865	487,302	13,563
Other	12,600	12,600	12,708	(108)
<b>Total Indigent Health Care</b>	<u>554,525</u>	<u>554,525</u>	<u>538,532</u>	<u>15,993</u>
Environmental Health				
Personnel	203,845	203,845	202,390	1,455
Fringe Benefits	103,130	103,130	93,839	9,291
Travel and Education	2,000	2,000	2,500	(500)
Supplies	25,000	35,000	35,209	(209)
Other	126,550	116,550	116,307	243
<b>Total Environmental Health</b>	<u>460,525</u>	<u>460,525</u>	<u>450,245</u>	<u>10,280</u>
<b>Total Health and Human Services</b>	<u>1,015,050</u>	<u>1,015,050</u>	<u>988,777</u>	<u>26,273</u>
<b>Environmental Services</b>				
Recycling				
Personnel	49,466	49,466	52,414	(2,948)
Fringe Benefits	22,374	22,374	21,541	833
Travel and Education	1,000	1,000	819	181
Supplies	3,000	3,000	2,241	759



**ZAPATA COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Other	2,000	2,000	1,976	24
Total Recycling	<u>77,840</u>	<u>77,840</u>	<u>78,991</u>	<u>(1,151)</u>
<b>Agriculture and Livestock</b>				
Personnel	18,373	18,373	6,921	11,452
Fringe Benefits	2,019	2,019	886	1,133
Travel and Education	3,000	3,000	2,427	573
Supplies	3,500	3,500	3,598	(98)
Other	1,800	1,800	745	1,055
Total Agriculture and Livestock	<u>28,692</u>	<u>28,692</u>	<u>14,577</u>	<u>14,115</u>
<b>Total Environmental Services</b>	<u>106,532</u>	<u>106,532</u>	<u>93,568</u>	<u>12,964</u>
<b>Corrections and Rehabilitation</b>				
County Jail				
Personnel	296,308	296,308	270,781	25,527
Fringe Benefits	142,121	142,121	106,922	35,199
Travel and Education	4,500	3,300	3,107	193
Supplies	6,500	5,500	5,362	138
Prisoner Expenses	79,100	76,600	76,568	32
Repairs & Maintenance	18,000	18,000	17,796	204
Other	9,000	9,000	8,426	574
Total County Jail	<u>555,529</u>	<u>550,829</u>	<u>488,962</u>	<u>61,867</u>
Regional Jail				
Personnel	807,993	807,993	870,696	(62,703)
Fringe Benefits	380,231	377,731	356,775	20,956
Travel and Education	12,500	10,300	10,419	(119)
Supplies	8,000	4,500	4,435	65
Prisoner Expenses	279,700	285,600	287,608	(2,008)
Repairs & Maintenance	31,500	35,000	34,086	914
Other	27,500	27,500	27,028	472
Total Regional Jail	<u>1,547,424</u>	<u>1,548,624</u>	<u>1,591,047</u>	<u>(42,423)</u>
<b>Total Corrections and Rehabilitation</b>	<u>2,102,953</u>	<u>2,099,453</u>	<u>2,080,009</u>	<u>19,444</u>

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
<b>Community and Economic Development</b>				
<b>Zapata Civic Center</b>				
Personnel	66,327	66,327	66,429	(102)
Fringe Benefits	31,789	31,789	30,502	1,287
Travel and Education	1,000	1,000	-	1,000
Supplies	7,000	7,061	7,472	(411)
Other	10,000	9,939	9,588	351
Total Zapata Civic Center	<u>116,116</u>	<u>116,116</u>	<u>113,991</u>	<u>2,125</u>
<b>San Ygnacio Civic Center</b>				
Personnel	4,000	4,000	8,836	(4,836)
Fringe Benefits	396	396	823	(427)
Supplies	1,000	1,000	1,000	-
Other	1,000	1,000	1,150	(150)
Total San Ygnacio Civic Center	<u>6,396</u>	<u>6,396</u>	<u>11,809</u>	<u>(5,413)</u>
<b>Falcon Community Center</b>				
Personnel	-	-	48	(48)
Fringe Benefits	-	-	16	(16)
Supplies	500	500	274	226
Total Falcon Community Center	<u>500</u>	<u>500</u>	<u>338</u>	<u>162</u>
<b>County Library System</b>				
Personnel	67,320	67,320	69,054	(1,734)
Fringe Benefits	32,128	32,128	31,331	797
Travel and Education	3,000	-	-	-
Supplies	7,500	8,909	8,335	574
Books & Periodicals	6,000	7,591	6,723	868
Other	6,000	6,000	5,477	523
Total County Library System	<u>121,948</u>	<u>121,948</u>	<u>120,920</u>	<u>1,028</u>
<b>Romeo Flores Park Swimming Complex</b>				
Personnel	5,000	5,000	8,268	(3,268)
Fringe Benefits	496	496	768	(272)
Supplies	3,500	3,500	5,152	(1,652)
Contracted Services	7,500	7,500	8,100	(600)
Other	4,000	4,000	7,501	(3,501)
Total Romeo Flores Park Swimming Complex	<u>20,496</u>	<u>20,496</u>	<u>29,789</u>	<u>(9,293)</u>
<b>Department of Aviation</b>				
Personnel	28,783	28,783	28,803	(20)
Fringe Benefits	11,739	11,739	11,778	(39)
Contracted Services	7,500	5,500	4,830	670

**ZAPATA COUNTY, TEXAS  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2017**

	2017			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Other	9,500	11,500	9,987	1,513
Total Department of Aviation	<u>57,522</u>	<u>57,522</u>	<u>55,398</u>	<u>2,124</u>
<b>Total Community and Economic Development</b>	<u>322,978</u>	<u>322,978</u>	<u>332,245</u>	<u>(9,267)</u>
<b>Capital Outlay</b>				
Capital Outlay Department	-	-	120,608	(120,608)
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>120,608</u>	<u>(120,608)</u>
<b>TOTAL EXPENDITURES</b>	<u>12,114,288</u>	<u>12,114,288</u>	<u>12,212,795</u>	<u>(98,507)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(42,868)</u>	<u>(42,868)</u>	<u>(370,044)</u>	<u>(327,176)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(253,409)	(253,409)	(260,486)	(7,077)
<b>Net other financing sources (uses)</b>	<u>(253,409)</u>	<u>(253,409)</u>	<u>(260,486)</u>	<u>(7,077)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>(296,277)</u>	<u>(296,277)</u>	<u>(630,530)</u>	<u>(334,253)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	12,600,596	12,600,596	12,600,596	-
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>12,304,319</u>	<u>12,304,319</u>	<u>11,970,066</u>	<u>(334,253)</u>

ZAPATA COUNTY, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2017

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

<b>Total pension liability</b>	Year Ended September 30		
	2016	2015	2014
Service Cost	\$ 1,263,648	\$ 1,351,831	\$ 1,373,043
Interest on the total pension liability	3,570,271	3,418,454	3,194,801
Changes of benefit terms	-	(227,680)	-
Difference between expected and actual experience	-	-	-
Change of assumptions	-	340,008	-
Effect of economic/demographic gains or losses	(424,189)	(1,130,757)	(254,397)
Benefit payments, including refunds of employee contributions	(1,790,918)	(1,768,063)	(1,432,411)
Net Change in Total Pension Liability	2,618,812	1,983,793	2,881,036
Total Pension Liability-Beginning	44,335,924	42,352,131	39,471,095
Total Pension Liability- Ending (a)	<u>\$ 46,954,736</u>	<u>\$ 44,335,924</u>	<u>\$ 42,352,131</u>
<b>Plan Fiduciary Net Position</b>			
Contributions- Employer	\$ 710,859	\$ 792,295	\$ 887,889
Contributions- Member	563,530	608,512	638,767
Net Investment Income	3,126,760	(648,125)	2,727,093
Benefit payments, including refunds of employee contributions	(1,790,918)	(1,768,063)	(1,432,411)
Administrative expense	(33,979)	(30,800)	(32,339)
Other	(43,660)	(59,165)	(13,753)
Net Change in Plan Fiduciary Net Position	2,532,592	(1,105,347)	2,775,246
Plan Fiduciary Net Position- Beginning	42,232,572	43,337,918	40,562,673
Plan Fiduciary Net Position- Ending (b)	<u>\$ 44,765,164</u>	<u>\$ 42,232,572</u>	<u>\$ 43,337,919</u>
Net Pension Liability- Ending (a) - (b)	<u>\$ 2,189,573</u>	<u>\$ 2,103,353</u>	<u>\$ (985,788)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.34%	95.26%	102.33%
Covered Employee Payroll	\$ 8,050,425	\$ 8,583,873	\$ 9,125,238
Net Pension Liability as a Percentage of Covered Employee Payroll	27.20%	24.50%	-10.80%

## COMBINING FUND STATEMENTS

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2017

	Special Road and Bridge	Lateral Road	Task Force	Emergency Management & Fire Marshal	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Foo	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology	Reserve 1991
<b>ASSETS</b>												
Cash and Cash Equivalents	873,394	332,144				61	9,373	106,441	461	118,124	36,477	14,329
Receivables (net of allowance)	267,290	29	31,394		3,577	8,573	9,709		12,716	16		
Due from Other Funds	4,647	7,270	-	1,120								
<b>Total Assets</b>	<b>1,145,331</b>	<b>339,443</b>	<b>31,394</b>	<b>1,120</b>	<b>3,577</b>	<b>8,634</b>	<b>19,082</b>	<b>106,441</b>	<b>13,177</b>	<b>118,140</b>	<b>36,477</b>	<b>14,329</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Accounts Payable	7,646			450	1,038	837	910				228	
Accrued Wages Payable	16,463		1,920	670	932	2,094	1,932					
Retainage Payable												
Due to Other Funds			29,474		1,607	5,703	10,203	273,830	11,848	3,390	66,323	
Unearned Revenues	238,696											
<b>Total Liabilities</b>	<b>262,805</b>	<b>-</b>	<b>31,394</b>	<b>1,120</b>	<b>3,577</b>	<b>8,634</b>	<b>13,045</b>	<b>273,830</b>	<b>11,848</b>	<b>3,390</b>	<b>66,551</b>	<b>-</b>
<b>Fund Balances:</b>												
<b>Restricted:</b>												
General Government												14,329
Public Safety								(167,389)				
Justice System										114,750	(30,074)	
Health & Human Services							6,037					
Infrastructure & Environmental Services	882,526	339,443										
Community and Economic Development									1,329			
Capital Outlay												
Debt Service												
Unassigned												
<b>Total Fund Balances</b>	<b>882,526</b>	<b>339,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,037</b>	<b>(167,389)</b>	<b>1,329</b>	<b>114,750</b>	<b>(30,074)</b>	<b>14,329</b>
<b>Total Liabilities and Fund Balances</b>	<b>1,145,331</b>	<b>339,443</b>	<b>31,394</b>	<b>1,120</b>	<b>3,577</b>	<b>8,634</b>	<b>19,082</b>	<b>106,441</b>	<b>13,177</b>	<b>118,140</b>	<b>36,477</b>	<b>14,329</b>

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2017

	Tobacco Settlement	Records Archive	Records Management	Records Management Statute	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDETF	Juvenile Probation
<b>ASSETS</b>												
Cash and Cash Equivalents	112,087	45,412	196,481	16,624	10,940	21,899	51,056	959	41,113	58,703	7,780	16,236
Receivables (net of allowance)		140	140									
Due from Other Funds												
<b>Total Assets</b>	<b>112,087</b>	<b>45,552</b>	<b>196,621</b>	<b>16,624</b>	<b>10,940</b>	<b>21,899</b>	<b>51,056</b>	<b>959</b>	<b>41,113</b>	<b>58,703</b>	<b>7,780</b>	<b>16,236</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Accounts Payable												13,522
Accrued Wages Payable			980			960					288	2,916
Retainage Payable												
Due to Other Funds	59,359		26,639					375		15,076		58,264
Unearned Revenues												
<b>Total Liabilities</b>	<b>59,359</b>	<b>-</b>	<b>27,619</b>	<b>-</b>	<b>-</b>	<b>960</b>	<b>-</b>	<b>375</b>	<b>-</b>	<b>15,076</b>	<b>288</b>	<b>74,702</b>
<b>Fund Balances:</b>												
<b>Restricted:</b>												
General Government		45,552	169,002	16,624	10,940							
Public Safety						20,939		584	41,113	43,627	7,492	
Justice System							51,056					(58,466)
Health & Human Services	52,728											
Infrastructure & Environmental Services												
Community and Economic Development												
Capital Outlay												
Debt Service												
Unassigned												
<b>Total Fund Balances</b>	<b>52,728</b>	<b>45,552</b>	<b>169,002</b>	<b>16,624</b>	<b>10,940</b>	<b>20,939</b>	<b>51,056</b>	<b>584</b>	<b>41,113</b>	<b>43,627</b>	<b>7,492</b>	<b>(58,466)</b>
<b>Total Liabilities and Fund Balances</b>	<b>112,087</b>	<b>45,552</b>	<b>196,621</b>	<b>16,624</b>	<b>10,940</b>	<b>21,899</b>	<b>51,056</b>	<b>959</b>	<b>41,113</b>	<b>58,703</b>	<b>7,780</b>	<b>16,236</b>

ZAPATA COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2017

	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Diversion Grant R	TEOAF Grant	Capital Projects					TOTALS
					TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelts 7215085	3rd, 4th & 7th Street Imp. 7216511	
<b>ASSETS</b>										
Cash and Cash Equivalents	34,189					16,151				2,120,434
Receivables (net of allowance)		11,043		67,446	13,945	4,000	407,957	171,418	24,612	1,034,005
Due from Other Funds										13,037
<b>Total Assets</b>	<b>34,189</b>	<b>11,043</b>	<b>-</b>	<b>67,446</b>	<b>13,945</b>	<b>20,151</b>	<b>407,957</b>	<b>171,418</b>	<b>24,612</b>	<b>3,167,476</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Accounts Payable	1,732									26,363
Accrued Wages Payable										29,155
Retainage Payable										-
Due to Other Funds	3,625	11,043	10,483	67,446	13,945	20,151	407,957	171,418	24,612	1,292,771
Unearned Revenues										238,696
<b>Total Liabilities</b>	<b>5,357</b>	<b>11,043</b>	<b>10,483</b>	<b>67,446</b>	<b>13,945</b>	<b>20,151</b>	<b>407,957</b>	<b>171,418</b>	<b>24,612</b>	<b>1,586,985</b>
<b>Fund Balances:</b>										
<b>Restricted:</b>										
General Government										256,447
Public Safety										(53,634)
Justice System	28,832		(10,483)							95,615
Health & Human Services										58,765
Infrastructure & Environmental Services										1,221,969
Community and Economic Development										1,329
Capital Outlay										-
Debt Service										-
Unassigned										-
<b>Total Fund Balances</b>	<b>28,832</b>	<b>-</b>	<b>(10,483)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,580,491</b>
<b>Total Liabilities and Fund Balances</b>	<b>34,189</b>	<b>11,043</b>	<b>-</b>	<b>67,446</b>	<b>13,945</b>	<b>20,151</b>	<b>407,957</b>	<b>171,418</b>	<b>24,612</b>	<b>3,167,476</b>



ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Road and Bridge	Lateral Road	Task Force	Emergency Management Fire Marshal	Information & Assistance Program	Nutrition Center	Child/Adult Care Food & Summer Foo	Sheriff Forfeiture	Hotel/ Motel	Courthouse Security	Justice Court Technology	Reserve 1991
<b>REVENUES:</b>												
Taxes:												
Property Taxes	651,010	500										
Penalty & Interest on Taxes	16,671	415										
Sales Taxes												
Hotel/Motel									143,379			
Intergovernmental		11,735	77,529			57,693	98,513					
Licenses and Permits	394,905											
Charges for Services					20,456	13,063						
Fines and Forfeitures	126,488							80,939		7,852	5,487	
Interest	7,035	1,779						276	63	351	114	44
Miscellaneous												36
Total Revenues	1,196,109	14,429	77,529	-	20,456	70,756	98,513	81,215	143,442	8,203	5,601	80
<b>EXPENDITURES:</b>												
Current:												
General Government												
Public Safety			77,529	50,463				44,327				
Justice System											23,616	
Health & Human Services					77,156	224,079	92,476					
Infrastructure & Environmental Services	1,382,990											
Community & Economic Development									171,700			
Capital Outlay												
Debt Service:												
Principal Retirement												
Interest and Fiscal Charges												
Total Expenditures	1,382,990	-	77,529	50,463	77,156	224,079	92,476	44,327	171,700	-	23,616	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,881)	14,429	-	(50,463)	(56,700)	(153,323)	6,037	36,888	(28,258)	8,203	(18,015)	80
<b>OTHER FINANCING SOURCES (USES):</b>												
Operating Transfers In				50,463	56,700	153,323						
Operating Transfers Out	(39,135)											
Loan Proceeds												
Total Other Financing Sources (Uses)	(39,135)	-	-	50,463	56,700	153,323	-	-	-	-	-	-
Net Change in Fund Balances	(226,016)	14,429	-	-	-	-	6,037	36,888	(28,258)	8,203	(18,015)	80
Fund Balance - Beginning of Year	1,108,542	325,014						(204,277)	29,587	106,547	(12,059)	14,249
Fund Balance - End of Year	882,526	339,443	-	-	-	-	6,037	(167,389)	1,329	114,750	(30,074)	14,329

ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Tobacco Settlement	Records Archive	Records Management	Records Management Statute	Records Management	SW Texas Border HIDTA	County Attorney Forfeiture	Sheriff Training	Sheriff Chapter 59	Juvenile Probation Title IV-E	SW Texas OCDETF	Juvenile Probation
<b>REVENUES:</b>												
Taxes:												
Property Taxes												
Penalty & Interest on Taxes												
Sales Taxes												
Hotel/Motel												
Intergovernmental	59,882					91,349		5,224			18,792	156,305
Licenses and Permits												
Charges for Services		45,610	23,530	115	4,125							
Fines and Forfeitures							17,974		30,924			
Interest							60		77	128		30
Miscellaneous												847
Total Revenues	59,882	45,610	23,530	115	4,125	91,349	18,034	5,224	31,001	128	18,792	157,182
<b>EXPENDITURES:</b>												
Current:												
General Government		58	60,907									
Public Safety						70,410		4,724	17,808		14,267	
Justice System							26,925					166,292
Health & Human Services	55,000											
Infrastructure & Environmental Services												
Community & Economic Development												
Capital Outlay												
Debt Service:												
Principal Retirement												
Interest and Fiscal Charges												
Total Expenditures	55,000	58	60,907	-	-	70,410	26,925	4,724	17,808	-	14,267	166,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,882	45,552	(37,377)	115	4,125	20,939	(8,891)	500	13,193	128	4,525	(9,110)
<b>OTHER FINANCING SOURCES (USES):</b>												
Operating Transfers In												
Operating Transfers Out												
Loan Proceeds												
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	4,882	45,552	(37,377)	115	4,125	20,939	(8,891)	500	13,193	128	4,525	(9,110)
Fund Balance - Beginning of Year	47,846	-	206,379	16,509	6,815	-	59,947	84	27,920	43,499	2,967	(49,356)
Fund Balance - End of Year	52,728	45,552	169,002	16,624	10,940	20,939	51,056	584	41,113	43,627	7,492	(58,466)

ZAPATA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	TJJD Prevention Grant S	Mentoring Work Force 2710001	Regional Diversion Grant R	TEOAF Grant	Capital Projects					TOTALS
					TXDOT CTIF	Alamo Mira Flores 713521	Bluff Project 7214095	Truman Phelts 7215085	3rd, 4th & 7th Street Imp. 7216511	
<b>REVENUES:</b>										
Taxes:										
Property Taxes										651,510
Penalty & Interest on Taxes										17,086
Sales Taxes										-
Hotel/Motel										143,379
Intergovernmental	92,291		13,875		385,700		355,221	195,731	24,612	1,644,452
Licenses and Permits										394,905
Charges for Services										106,899
Fines and Forfeitures										269,664
Interest										9,957
Miscellaneous										883
Total Revenues	92,291	-	13,875	-	385,700	-	355,221	195,731	24,612	3,238,735
<b>EXPENDITURES:</b>										
Current:										
General Government										60,965
Public Safety										279,528
Justice System	63,459		24,358							304,650
Health & Human Services										448,711
Infrastructure & Environmental Services										1,382,990
Community & Economic Development										171,700
Capital Outlay					424,835		355,221	195,731	24,612	1,000,399
Debt Service:										-
Principal Retirement										-
Interest and Fiscal Charges										-
Total Expenditures	63,459	-	24,358	-	424,835	-	355,221	195,731	24,612	3,648,943
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,832	-	(10,483)	-	(39,135)	-	-	-	-	(410,208)
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating Transfers In					39,135					299,621
Operating Transfers Out										(39,135)
Loan Proceeds										-
Total Other Financing Sources (Uses)	-	-	-	-	39,135	-	-	-	-	260,486
Net Change in Fund Balances	28,832	-	(10,483)	-	-	-	-	-	-	(149,722)
Fund Balance - Beginning of Year	-	-	-	-	-	-	-	-	-	1,730,213
Fund Balance - End of Year	28,832	-	(10,483)	-	-	-	-	-	-	1,580,491

SINGLE AUDIT SECTION



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Zapata, Texas, as of and for the year ended September 30, 2017, 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 June 29, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

### **Purpose of this Report**

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

*Canales, Marga & Baum, PLLC*

Laredo, Texas  
June 29, 2018



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

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

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

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

We have audited Zapata County, Texas (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major State Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

## Report on Internal Control over Compliance

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

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

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

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

*Canales, Hargis & Baum, PLLC*

Laredo, Texas  
June 29, 2018



**Zapata County, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2017**

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			
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 2,205,264
<b>Passed Through Texas Department of Agriculture</b>			
Child and Adult Care Food Program	10.558		44,153
Summer Food Service Program	10.559		48,323
<b>Passed Through South Texas Development Council</b>			
Nutrition Program for the Elderly - C1, C2, USDA	10.570	C1, C2, USDA	50,783
<b>Total U.S. Department of Agriculture</b>			<u>2,348,523</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	355,221
Community Development Block Grants	14.228	7216511	24,612
Community Development Block Grants	14.228	7215085	195,731
<b>Total U.S. Department of Housing and Urban Development</b>			<u>575,564</u>
<b><u>U.S. Department of Justice</u></b>			
<b>Passed Through City of Laredo, Texas</b>			
Financial Task Force	16.579		77,529
<b>Total U.S. Department of Justice</b>			<u>77,529</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 3,001,616</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - 10% DE MINIMIS INDIRECT COST RATE**

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

Zapata County, Texas  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2017

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

***Financial Statements***

Type of auditors' report issued: Unqualified

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

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

***Federal Awards***

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	USDA – Water and Waste Disposal Systems for Rural Communities

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

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

**Section II - Financial Statement Findings**

None

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

None

Zapata County, Texas  
Summary Schedule of Prior Audit Findings and Questioned Costs  
Year Ended September 30, 2017

**Summary of Prior Audit Findings**

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

None.