

# Midland County, Texas

Annual Financial Report

For the Fiscal Year Ended September 30, 2018

Prepared by the Department of County Auditor  
Veronica Morales – County Auditor





**Midland County, Texas**  
 Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018  
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# Financial Section

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## Independent Auditor's Report

The Honorable County Judge and  
Commissioners Court of Midland County  
Midland County, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Midland County, Texas, as of and for the fiscal year ended September 30, 2018 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 opinions 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.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities each major fund and the aggregate remaining fund information of Midland County, Texas, as of September 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable County Judge and  
Commissioners Court of Midland County  
Midland County, Texas

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, during the fiscal year ended September 30, 2018, the County implemented Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplemental 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's financial statements as a whole. The combining and individual nonmajor fund financial statements and statistical section and the schedule of expenditures of state awards, as required by the audit requirements of the State of Texas Single Audit Circular under the Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Honorable County Judge and  
Commissioners Court of Midland County  
Midland County, Texas

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019, on our consideration of the County's internal control over financial reporting and 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 the 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 the County's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
May 28, 2019

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## Management's Discussion and Analysis

This discussion and analysis of Midland County, Texas (County) is intended to be an easily readable analysis of the County's financial activities based on currently known facts, decisions or conditions for the fiscal year ended September 30, 2018. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying basic financial statements and notes to the financial statements.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$170,242,375 (net position). Of this amount, \$15,605,949 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the County's fund designation and fiscal policies. The County's total net position increased by \$29,137,703.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$142,395,700. Of this total amount, \$98,944,279 or 69% is unassigned and available for use within the County's designation and fiscal policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$98,944,279 or 83% of the total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**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. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *Statement of Net Position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position contrasted with budgetary decisions should 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 net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position 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 result in cash flows in future fiscal periods, e.g., earned but unused vacation/holiday leave and accounts receivable.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues, governmental activities, from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general administration, judicial, financial administration, elections, public safety and corrections, health and welfare, culture and recreation, conservation and natural resources, highways and roads, and interest on long-term debt.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds 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 the County'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 government'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 the comparison between governmental funds and governmental activities.

The County maintains and reports 96 individual governmental funds of which 89 are special revenue funds, one capital projects fund, two debt service funds, three internal service funds, the Road and Bridge Fund, and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Capital Projects Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund, a component of proprietary funds, is used to report activities that provide supplies and services for other programs and activities – such as the County's risk management fund, health care fund and fleet maintenance fund. Because these services benefit governmental functions, the Internal Service Fund is reported with governmental activities in the government-wide financial statements.

**Notes to the Basic 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.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the general fund and other major fund budgetary schedules and also includes notes to the supplementary information.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$170,242,375 at the close of this fiscal year.

### Statement of Net Position Governmental Activities

	2018	2017
Current and other assets	\$ 164,557,517	\$ 130,119,635
Capital assets, net of accumulated depreciation	<u>151,876,309</u>	<u>145,884,893</u>
Total assets	316,433,826	276,004,528
Total deferred outflows of resources	5,701,185	12,739,328
Current and other liabilities	7,670,723	5,939,376
Noncurrent liabilities	<u>129,366,443</u>	<u>66,767,610</u>
Total liabilities	137,037,166	72,706,986
Total deferred inflows of resources	14,855,470	1,432,179
Net position:		
Net investment in capital assets	136,570,111	129,496,408
Restricted, legislation and grants	17,998,977	17,094,805
Restricted, debt service	67,338	29,321
Unrestricted net position	<u>15,605,949</u>	<u>67,984,157</u>
<b>Total net position</b>	<u><u>\$ 170,242,375</u></u>	<u><u>\$ 214,604,691</u></u>

The County's unrestricted net position, represents those assets which may be used to meet the ongoing obligations to the County's citizens or creditors.

An additional portion of the County's net position, 80% reflects its net investment in capital assets. 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.

At the end of the fiscal year, the County reported positive net position in all categories of net position. The net position increased from the prior fiscal year by \$29,137,703. The following table provides a summary of the County's operations for years ended September 30, 2018 and 2017.

**Statement of Activities**  
**Years Ended September 30, 2018 and 2017**

	2018		2017	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 15,480,458	12.5%	\$ 13,357,868	14.2%
Operating grants and contributions	4,851,414	3.9%	3,813,111	4.0%
General revenues				
Property taxes	37,169,388	30.0%	33,198,763	35.2%
Sales tax	58,706,976	47.4%	38,616,646	41.0%
Bingo tax	92,258	0.1%	85,450	0.1%
Mixed beverage tax	1,028,666	0.8%	849,297	0.9%
Hotel-motel tax	1,610,569	1.3%	906,240	1.0%
Motor vehicle sales and use tax	2,074,277	1.7%	1,616,241	1.7%
Unrestricted investment earnings	1,814,350	1.5%	764,559	0.8%
Loss on sale of capital assets	(275,795)	-0.2%	(196,698)	0.0%
Miscellaneous	1,275,870	1.0%	1,202,180	1.3%
Total revenues	123,828,431	100.0%	94,213,657	100.2%
<b>Expenses</b>				
General administration	17,947,404	19.0%	12,293,502	15.4%
Judicial	22,075,443	23.3%	18,802,089	23.5%
Financial administration	4,289,197	4.5%	3,667,133	4.6%
Elections	663,714	0.7%	620,092	0.8%
Public safety and corrections	33,491,236	35.4%	29,011,325	36.3%
Health and welfare	1,546,433	1.6%	1,217,139	1.5%
Cultural and recreation	6,997,642	7.4%	6,626,791	8.3%
Conservation and natural resources	172,464	0.2%	157,712	0.2%
Highways and roads	6,933,675	7.3%	6,878,016	8.6%
Interest on long-term debt	573,520	0.6%	609,706	0.8%
Total expenses	94,690,728	100.0%	79,883,505	100.0%
Change in net position	29,137,703		14,330,152	
Net position - beginning of year	214,604,691		200,274,539	
Change in accounting principle	(73,500,019)		-	
Net position - beginning of year, as restated	141,104,672		200,274,539	
<b>Net position, end of year</b>	<b>\$ 170,242,375</b>		<b>\$ 214,604,691</b>	

**Governmental Activities.** Net position of the governmental activities increased \$29,137,703 during the year. In General Revenues, sales tax increased by \$20,090,330 or 52% due to an increase in consumer spending in the County. Charges for services increased \$2,122,590 or 16% due to more collections for fines and forfeitures. Property tax revenues increased \$3,970,625 or 12% due to a higher tax rate and appraised values.

Total expenses increased from the prior year by \$14,807,223, or 19% due primarily to highways and roads, public safety and corrections, and judicial expenses. The increases in public safety and corrections, and judicial expenses are largely due to the increase in personnel for public safety and corrections as well as increased judicial fees to pay for court appointed attorneys. The increase for highway and roads is for repair and maintenance.

### **Governmental Funds Financial Analysis**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the County's fiscal management and accountability.

The general government functions are reported in the general, road and bridge, debt service, capital project, and nonmajor 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 annual financing and budgeting requirements. In particular, unreserved fund balance may serve as a useful measure of a government'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 \$142,395,700. The unassigned fund balance, \$98,944,279, is used as a management and budgetary tool and is available for spending at the County's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned to indicate that it has already been earmarked. The majority of the restricted amount is attributable to road improvements and special revenue funds whose restrictions are stipulated by enabling legislation. The assigned amount is attributable to funds set aside for future capital projects and compensated absences.

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 \$98,944,279 as compared to \$62,019,343 in unassigned funds in the prior year. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 143% of total fund expenditures, while total fund balance represents 171% of total fund expenditures.

The road and bridge fund reflects a fund balance of \$11,179,133 which represents a decrease of \$122,817 as compared with the prior year. The decrease is primarily due to spending funds for county roads.

The debt service fund has a total fund balance of \$67,338 as compared to \$29,321 in the prior year. The increase of \$38,017 is due to payment of debt service. All of the fund balance within the debt service fund is restricted for the payment of debt service.

The capital projects fund accounts for receipts and disbursements relating to the acquisition and construction of major capital projects. At the end of the fiscal year, the fund balance is \$5,636,044 a decrease of \$5,185,738. The decrease resulted from spending funds to cover capital expenditures.

## General Fund Budgetary Highlights

A deficit amended budget was approved for fiscal year 2018 in the amount of \$6,896,155 as compared to the original budget which planned for a deficit of \$8,599,004. The deficit was to be appropriated from the unassigned fund balance. However, actual revenues exceeded the final budget by \$39,207,859. Included in this amount are \$3,010,714 in property taxes, \$29,706,976 in sales tax, and \$1,674,646 in charges for services.

The original budgeted expenditures differ from the final budgeted expenditures by a decrease of \$1,708,908 which is attributable to amendments to decrease general and administrative expenditures. The favorable variance of \$4,862,333 between actual and budgeted expenditures is mainly due to the County departments being conservative and holding expenditures to a minimum to support the overall County budget.

## Debt Administration and Capital Assets

**Long-term Debt.** At September 30, 2018, the County had a total long-term debt outstanding in the amount of \$19,590,527. According to the Texas statutes, the County has a debt margin of \$4,505,279,094.

The County's bond rating is "AA+" from Standard & Poor's, "Aa" from Moody's and a AAA rating from Fitch for general obligation debt.

The following represents the activity of the long-term debt of the County for fiscal year 2018:

	Beginning Balance	Additions	Reductions	Ending Balance
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Governmental activities:				
General obligation bonds	\$ 16,620,000	\$ -	\$ 1,085,000	\$ 15,535,000
Unamortized premium on general obligation bonds	1,131,838	-	110,242	1,021,596
Capital lease obligation	2,900	11,780	12,680	2,000
Compensated absences	2,605,498	426,433	-	3,031,931
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total</b>	<u><u>\$ 20,360,236</u></u>	<u><u>\$ 438,213</u></u>	<u><u>\$ 1,207,922</u></u>	<u><u>\$ 19,590,527</u></u>

**Capital Assets.** The capital assets of the County are those assets (land, buildings and improvements, roads, machinery and equipment and construction in progress), which are used in the performance of the County's functions including infrastructure assets. At September 30, 2018, net capital assets of the governmental activities totaled \$151,876,309 reflecting a net increase of \$5,991,416 in asset additions less retirements and adjustments. Depreciation on capital assets is recognized in the Government-wide financial statements. Annual depreciation for buildings and improvements, infrastructure and machinery and equipment totaled \$9,114,100.

Additional information on the County's capital assets and debt can be found in Notes 5 and 10 in the notes to financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

The annual budget is developed to provide efficient, effective and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities.

The final fiscal year 2019 budget was adopted on September 10, 2018, with total general fund expenditures of \$101,950,716, a 34% increase from the fiscal year 2018 budgeted expenditures. The County's combined tax rate is \$0.140000 for fiscal year 2019. The Commissioners' Court adopted a budgeted excess of \$46,666,281 with the deficit to be appropriated from the unassigned fund balance.

## **Request for Information**

This financial report is designed to provide our citizens, taxpayers, and investors with a general 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 any additional financial information, contact the County Auditor at P.O. Box 421, Midland, Texas 79702, 432-688-4860, or visit the County's web site at [www.co.midland.tx.us](http://www.co.midland.tx.us).

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# Basic Financial Statements

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**Midland County, Texas**  
Statement of Net Position  
September 30, 2018

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 860,865
Certificates of deposit	23,608,022
Investments	118,629,445
Receivables (net of allowance for uncollectibles)	7,455,189
Inventory	1,253,509
Other assets	46,957
Due from other governments	12,703,530
Capital assets (net of accumulated depreciation):	
Land	2,734,366
Buildings and improvements	91,845,060
Construction in progress	11,047,938
Infrastructure	34,413,178
Machinery and equipment	11,835,767
Total assets	<u>316,433,826</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from refunding of debt	1,252,398
Deferred outflows related to pension	4,448,787
Total deferred outflows of resources	<u>5,701,185</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	6,943,107
Accrued interest payable	69,305
Due to other governments	499,934
Unearned revenue	158,377
Noncurrent liabilities	
Net pension liability	10,418,368
OPEB liability	99,357,548
Due within one year	4,012,334
Due in more than one year	15,578,193
Total liabilities	<u>137,037,166</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	2,649,567
Deferred inflows related to OPEB	12,205,903
Total deferred inflows of resources	<u>14,855,470</u>
<b>NET POSITION</b>	
Net investment in capital assets	136,570,111
Restricted, legislation and grants	17,998,977
Restricted, debt service	67,338
Unrestricted	15,605,949
<b>TOTAL NET POSITION</b>	<u><u>\$ 170,242,375</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**Midland County, Texas**  
 Statement of Activities  
 For the Fiscal Year Ended September 30, 2018

<u>Functions / Programs</u>	<u>Expenses</u>
<b>Primary Government</b>	
Governmental activities:	
General administration	\$ 17,947,404
Judicial	22,075,443
Financial administration	4,289,197
Elections	663,714
Public safety and corrections	33,491,236
Health and welfare	1,546,433
Culture and recreation	6,997,642
Conservation and natural resources	172,464
Highways and roads	6,933,675
Interest on long-term debt	573,520
Total governmental activities	<u>94,690,728</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u><u>\$ 94,690,728</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Program Revenues		Changes in Net Position	
Charges for Services	Operating Grants and Contributions	Primary Government	Total
\$ 1,033,967	\$ 1,843,320	\$	(15,070,117)
10,052,259	110,848		(11,912,336)
-	-		(4,289,197)
20	65,073		(598,621)
1,925,888	225,994		(31,339,354)
21,650	-		(1,524,783)
18,156	20,490		(6,958,996)
-	-		(172,464)
2,428,518	2,585,689		(1,919,468)
-	-		(573,520)
<u>15,480,458</u>	<u>4,851,414</u>		<u>(74,358,856)</u>
<u>\$ 15,480,458</u>	<u>\$ 4,851,414</u>		<u>(74,358,856)</u>

General revenues:

Property taxes	37,169,388
Sales tax	58,706,976
Bingo tax	92,258
Mixed beverage tax	1,028,666
Hotel-motel tax	1,610,569
Motor vehicle sales and use tax	2,074,277
Unrestricted investment earnings	1,814,350
Loss on sale of capital assets	(275,795)
Miscellaneous	1,275,870
Total general revenues	<u>103,496,559</u>
Change in net position	29,137,703
Net position - beginning of year, as previously reported	214,604,691
Prior period adjustment - change in accounting principle	(73,500,019)
Net position - beginning of year	<u>141,104,672</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 170,242,375</u></u>

**Midland County, Texas**  
 Balance Sheet – Governmental Funds  
 September 30, 2018

	General Fund	Road and Bridge Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 575,018	\$ 796
Certificates of deposit	23,608,022	-
Investments	87,836,090	10,329,701
Property taxes receivable, (net of allowance for uncollectibles)	1,050,010	-
Accounts receivable, (net of allowance for uncollectibles)	5,986,652	75
Due from other funds	866,131	227,353
Due from other governmental agencies	11,445,143	38,455
Inventory	-	1,253,509
Prepaid expenses	17,014	-
<b>TOTAL ASSETS</b>	<b>\$ 131,384,080</b>	<b>\$ 11,849,889</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,959,744	\$ 608,790
Benefits payable	704,014	61,966
Due to other funds	1,531,591	-
Due to other governmental agencies	499,934	-
Unearned revenue	158,377	-
Other liabilities	87,940	-
Total liabilities	5,941,600	670,756
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred tax revenue	954,871	-
Other deferred inflows	5,883,815	-
Total deferred inflows	6,838,686	-
<b>FUND BALANCES</b>		
Nonspendable		
Prepays	17,015	-
Inventories	-	1,253,509
Restricted		
Road improvements	-	9,925,624
Debt service	-	-
Hotel occupancy revenue	1,610,569	-
Legislation	-	-
Federal and state grants	-	-
Committed		
Capital projects	-	-
Employee motivation	-	-
Donations	-	-
Assigned		
Compensated absences	3,031,931	-
Capital projects	15,000,000	-
Unassigned	98,944,279	-
Total fund balances	118,603,794	11,179,133
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 131,384,080</b>	<b>\$ 11,849,889</b>

The Notes to the Financial Statements are an integral part of this statement.

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 230,292	\$ 806,106
-	-	-	23,608,022
1,084,443	6,740,220	4,296,962	110,287,416
54,848	-	-	1,104,858
-	-	226,840	6,213,567
60,271	-	2,279,000	3,432,755
-	-	255,651	11,739,249
-	-	-	1,253,509
-	-	3,281	20,295
<u>\$ 1,199,562</u>	<u>\$ 6,740,220</u>	<u>\$ 7,292,026</u>	<u>\$ 158,465,777</u>
\$ -	\$ 959,777	\$ 120,675	\$ 4,648,986
-	144,399	44,966	955,345
1,081,948	-	216,994	2,830,533
-	-	-	499,934
-	-	-	158,377
-	-	-	87,940
<u>1,081,948</u>	<u>1,104,176</u>	<u>382,635</u>	<u>9,181,115</u>
50,276	-	-	1,005,147
-	-	-	5,883,815
<u>50,276</u>	<u>-</u>	<u>-</u>	<u>6,888,962</u>
-	-	902	17,917
-	-	-	1,253,509
-	-	-	9,925,624
67,338	-	-	67,338
-	-	-	1,610,569
-	-	6,245,945	6,245,945
-	-	216,839	216,839
-	5,636,044	-	5,636,044
-	-	17,123	17,123
-	-	428,582	428,582
-	-	-	3,031,931
-	-	-	15,000,000
-	-	-	98,944,279
<u>67,338</u>	<u>5,636,044</u>	<u>6,909,391</u>	<u>142,395,700</u>
<u>\$ 1,199,562</u>	<u>\$ 6,740,220</u>	<u>\$ 7,292,026</u>	<u>\$ 158,465,777</u>

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## Midland County, Texas

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2018

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (PAGE 21)</b>	<b>\$ 142,395,700</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	151,876,309
Certain assets, such as fines and fees receivable, are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds.	6,888,962
Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	7,671,437
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(19,590,527)
Interest is accrued on bonds payable in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due.	(69,305)
Deferred outflows of resources for pension and long term debt related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	10,640,821
Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	(19,795,106)
OPEB liability not reported in the fund financial statements.	(99,357,548)
Net pension liability is not reported in the fund financial statements.	<u>(10,418,368)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 17)</b>	<b><u><u>\$ 170,242,375</u></u></b>

The Notes to the Financial Statements are an integral part of this statement.

**Midland County, Texas**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
For the Fiscal Year Ended September 30, 2018

	<u>General Fund</u>	<u>Road and Bridge Fund</u>
<b>REVENUES</b>		
Property tax, penalties and interest	\$ 35,360,714	\$ -
Sales tax	58,706,976	-
Hotel-motel tax	1,610,569	-
Fines and forfeitures	2,797,895	-
Licenses and permits	1,028,666	2,428,518
Intergovernmental charges	1,181,704	24,966
Charges for current services	6,952,946	-
Investment income	1,360,915	115,748
Other revenue	1,724,074	302,520
Total revenues	<u>110,724,459</u>	<u>2,871,752</u>
<b>EXPENDITURES</b>		
Current:		
General administration	13,858,345	-
Judicial	17,302,535	-
Financial administration	3,485,636	-
Elections	517,097	-
Public safety and corrections	24,793,208	-
Health and welfare	810,199	-
Culture and recreation	4,317,135	-
Conservation and natural resources	160,638	-
Highways and roads	-	4,555,464
Capital outlay	3,920,070	1,439,105
Debt service	-	-
Total expenditures	<u>69,164,863</u>	<u>5,994,569</u>
Excess (deficiency) of revenues over expenditures	41,559,596	(3,122,817)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	3,000,000
Transfers out	(3,737,871)	-
Total other financing (uses) sources	<u>(3,737,871)</u>	<u>3,000,000</u>
Net change in fund balances	37,821,725	(122,817)
Fund balances - beginning of year	<u>80,782,069</u>	<u>11,301,950</u>
<b>FUND BALANCES, end of year</b>	<u><u>\$ 118,603,794</u></u>	<u><u>\$ 11,179,133</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,694,278	\$ -	\$ -	\$ 37,054,992
-	-	-	58,706,976
-	-	-	1,610,569
-	-	395,844	3,193,739
-	-	-	3,457,184
-	-	2,976,345	4,183,015
-	-	1,581,382	8,534,328
2,259	112,312	73,864	1,665,098
-	-	324,724	2,351,318
<u>1,696,537</u>	<u>112,312</u>	<u>5,352,159</u>	<u>120,757,219</u>
-	-	64,898	13,923,243
-	-	1,385,436	18,687,971
-	-	5,838	3,491,474
-	-	60,296	577,393
-	-	1,564,685	26,357,893
-	-	496,450	1,306,649
-	-	19,158	4,336,293
-	-	-	160,638
-	3,104	-	4,558,568
-	5,294,946	2,166,467	12,820,588
<u>1,658,520</u>	<u>-</u>	<u>-</u>	<u>1,658,520</u>
<u>1,658,520</u>	<u>5,298,050</u>	<u>5,763,228</u>	<u>87,879,230</u>
38,017	(5,185,738)	(411,069)	32,877,989
-	-	737,871	3,737,871
-	-	-	(3,737,871)
<u>-</u>	<u>-</u>	<u>737,871</u>	<u>-</u>
38,017	(5,185,738)	326,802	32,877,989
<u>29,321</u>	<u>10,821,782</u>	<u>6,582,589</u>	<u>109,517,711</u>
<u>\$ 67,338</u>	<u>\$ 5,636,044</u>	<u>\$ 6,909,391</u>	<u>\$ 142,395,700</u>

## Midland County, Texas

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended September 30, 2018

**NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS (PAGE 25)** \$ 32,877,989

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.	6,267,211
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and adjustments) is to decrease net position.	(275,795)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	630,762
Long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,086,705
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(10,642,535)
Internal service funds are used by management to charge the costs of the garage, warehouse and self-insurance funds to individual funds. The net income of activities of internal service funds is reported with governmental activities.	<u>(806,634)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 19)** \$ 29,137,703

**Midland County, Texas**  
 Statement of Net Position  
 Proprietary Funds  
 September 30, 2018

	<b>Governmental            Activities            Internal            Service            Funds</b>
	<u>                    </u>
<b>ASSETS</b>	
Current assets:	
Cash and equivalents	\$ 54,759
Investments	8,342,029
Accounts receivable	136,764
Due from other funds	<u>362,059</u>
Total current assets	8,895,611
Non current assets:	
Other assets	<u>26,662</u>
Total non current assets	<u>26,662</u>
Total assets	8,922,273
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>1,250,836</u>
Total current liabilities	1,250,836
<b>NET POSITION</b>	
Unrestricted	<u>7,671,437</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 7,671,437</u></u>

The Notes to the Financial Statements are an integral part of this statement.

## Midland County, Texas

### Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds For the Fiscal Year Ended September 30, 2018

	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for current services	\$ 9,960,048
Total operating revenues	9,960,048
<b>OPERATING EXPENSES</b>	
Fleet maintenance	643,875
Claims expense	7,638,341
Administration costs	993,687
Premium costs	1,480,524
Professional services	27,430
Capital outlay services	138,347
Total operating expenses	10,922,204
Operating loss	(962,156)
<b>NONOPERATING REVENUES</b>	
Investment income	149,252
Miscellaneous income	6,270
Total nonoperating revenues	155,522
Change in net position	(806,634)
Net position - beginning of year	8,478,071
<b>NET POSITION - END OF YEAR</b>	<b>\$ 7,671,437</b>

The Notes to the Financial Statements are an integral part of this statement.



**Midland County, Texas**  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
September 30, 2018

	<b>Agency Funds</b>
	<hr/>
<b>ASSETS</b>	
Cash and equivalent	\$ 8,139,034
Investments held in trust	6,357,364
Accounts receivable	2,474
Other receivables	533,152
Due from other funds	250,380
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 15,282,404</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 27,668
Due to other funds	1,214,662
Due to other governmental agencies	1,336,280
Other liabilities	985,182
Funds held for others	11,718,612
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 15,282,404</b>
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

# Notes to the Financial Statements

**Midland County, Texas**  
 Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018  
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## Midland County, Texas

### Notes to the Financial Statements

#### Note 1. Summary of Significant Accounting Policies

Midland County, Texas (the County) is a body, corporate and political, created under Article IX, Section 1, of the Constitution of the State of Texas. The County operates under the state of Texas statutes, and provides such services as are authorized by state law to advance the welfare, health, morals, comfort, safety and convenience of the County and its inhabitants. The Commissioners' Court, consisting of four County Commissioners and the County Judge, as elected, is the policy making body of the County.

The financial statements of the County are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

##### A. Reporting Entity

Generally accepted accounting principles require that these financial statements present the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

In addition, Governmental Accounting Standards Board Statement No. 39, states that certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units.

If these certain organizations were excluded, they would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. It is a matter of professional judgment to determine whether the nature and the significance of a potential component unit's relationship with the primary government warrant inclusion in the reporting entity.

## Midland County, Texas

### Notes to the Financial Statements

The component units discussed in this note are included in the County's reporting entity because of the nature and significance of their operational or financial relationships with the County.

- Blended Component Units: There are no blended component units.
- Discrete Component Units: The Midland County Housing Finance Corporation (the Finance Corporation) is a nonprofit corporation created pursuant to the Development Corporation Act of 1979, as amended, to issue bonds and offer below market rates to qualifying individuals. A majority of the Finance Corporation's board is appointed by the County's Commissioners Court, and the Court can impose will. The Finance Corporation has no material assets of financial activity other than conduit debt thus are not included in the County's basic financial statements. The financial information for the discretely presented component unit's conduit debt is included in Note 8 to the financial statements.

#### **B. Government-Wide and Fund Financial Statements**

The basic financial statements of the County are presented at two basic levels, the government-wide level and the fund level. These statements focus on the County as a whole at the government-wide level and on major funds at the fund level. 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 for the financial reporting entity of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide statement of net position reports all financial and capital resources of the County and is presented in an "assets plus deferred outflows minus liabilities and deferred inflows equal net position" format with net position reported in the order of relative liquidity. Also, assets and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the County's functions (General Administration, Judicial, Financial Administration, Elections, Public Safety and Corrections, Health and Welfare, Cultural and Recreation, Conservation and Natural Resources, and Highways and Roads). Direct expenses are clearly identifiable expenses that can be specifically associated with a function or segment. Program revenues are revenues derived directly from the function or segment or from other sources which reduce the net cost of the function to be financed from general government revenues.

Program revenues are: 1) charges to customers who purchase, use, or directly benefit from services provided by a function or segment and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function or segment and, 3) grants and contributions restricted to capital requirements of a function or segment. Items such as taxes, investment earnings and non-specific grants are not included as program revenues but are instead reported as general revenues which normally cover the net cost of a function or segment.

The effect of internal service fund activities in the government-wide statements is eliminated to the extent possible to avoid the effect of "doubling up" internal service fund activity. Internal service funds report activities which provide goods or services to the financial reporting entity on a cost reimbursement basis. Any net profit or loss from these activities is allocated back to the function or segment that benefited from the goods or services provided based upon their proportionate benefit to the extent possible. Any residual assets of internal service funds are reported with governmental activities at the entity-wide level.

## Midland County, Texas

### Notes to the Financial Statements

Fund level financial statements are presented for governmental funds and proprietary funds with a focus on major funds, and fiduciary funds, which are excluded from the government-wide financial statements because they do not represent assets which can be used to support the County's programs.

A major fund is defined by GASB as a fund meeting certain specific asset, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined. Additionally, any fund deemed particularly important by the County may be reported as a major fund. The financial information for each major fund is presented in a separate column, with nonmajor funds aggregated and displayed in a single column, on either the governmental or proprietary fund financial statements. The fund level statements for proprietary funds also contain combined totals for all internal service funds.

#### **Governmental Funds**

The following major funds are used by the County:

*General Fund.* The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

*Road and Bridge Fund.* This fund is used to account for funds restricted for use in improving County highways and lateral streets and roadways.

*Debt Service Fund.* The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Financing is provided by property tax levies.

*Capital Projects Fund.* The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type activities).

Non major funds used by the County include:

*Special Revenue Funds.* The Special Revenue Funds account for revenues derived from earmarked revenue sources that are legally restricted to expenditures for a specific purpose.

#### **Other Fund Types**

Internal Service Funds account for the fleet management services and insurance provided to other departments or agencies of the County or to other governments, on a cost reimbursement basis. Internal service funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an internal service fund's principal ongoing operations. Operating expenses for the internal service funds include the cost of personnel and contractual services and supplies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expense.

Agency Funds are used to report assets which cannot be used to support County activities and are held in an agency capacity by the County for the benefit of others.

#### **C. Measurement Focus and Basis of Accounting**

The government-wide statements and proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Exchange and exchange-like transactions in which the County gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets or liabilities are recognized when the exchange occurs.

## Midland County, Texas

### Notes to the Financial Statements

Nonexchange transactions in which the County gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets or liabilities are recognized in accordance with GASB. The treatment of nonexchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Capital assets are reported at historical cost and depreciated, except for inexhaustible assets such as land, in accordance with the County's depreciation policy.

Governmental fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of property taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property taxes received after the 60 day period are not considered available and, therefore, recorded as a deferred inflow of resources in the Governmental Funds Balance Sheet totaling \$954,871 in the General Fund and \$50,276 in the Debt Service Fund. Similarly, a portion of fines and fees are not expected to be are not considered measurable and available and have been recorded as a deferred inflow in the amount of \$5,883,815. Grant revenues are considered to be available if they are to be received within one year. Expenditures are generally recorded when a liability is incurred. However, expenditures related to general long-term debt, compensated absences, and claims and judgments are recorded only when payment is due. Property taxes, fines, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental fund level revenues which have been accrued based upon the susceptible to accrual concept are:

- General Fund – ad valorem taxes, interest and federal and state grant proceeds, except where such grants are expenditure driven and other requirements related to the grant have not been met
- Special Revenue Funds – federal and state grant proceeds and interest, except where such grants are expenditure driven and other requirements related to the grant have not been met
- Debt Service Fund – ad valorem taxes and interest
- Capital Projects Fund – interest

Proprietary fund activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. This measurement focus includes all assets and liabilities on the balance sheet. Operating statements using this focus present a net total position view of increases (revenues) and decreases (expenses) in the fund.

Proprietary fund operating statements distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses generally are the result of providing or delivering goods or services in association with the fund's principal ongoing operations.

Transactions resulting in nonoperating revenues and expenses are normally created by such items as cash flows from capital and related financing activities, noncapital financing activities, investing activities, and include most nonexchange and exchange-like revenues.

**Midland County, Texas**  
Notes to the Financial Statements

**D. Cash and Investments**

The County pools cash resources of some funds to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has a claim thereon, and interest earned on the investment of these monies is allocated based upon relative equity at month end. The County considers highly liquid debt instruments which have an original maturity of less than three months to be cash equivalents.

The County's investments approximate fair value, except for external pools. Fair value is based on quoted market prices as of the valuation date. Management's intent is to hold all investments to maturity and thereby recover the full value of the various investments made. The gain/loss resulting from valuation will be reported within the "Investment Income" account on the Statement of Revenues, Expenditures and Changes in Fund Balance.

**E. Receivables, Payables and Interfund Transactions**

Short-term loans between funds are reported as interfund receivables in the fund making the loan and as interfund payables in the fund receiving the loan. Arms-length transactions between funds for goods and services are reported as revenues in the selling fund and as expenses/expenditures in the acquiring fund. Any unpaid amounts are appropriately recorded as interfund receivables/payables. Amounts from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers.

**F. Inventories**

Inventories are stated at the lower cost or market using the first-in, first-out method. Donated inventory is stated at fair market value at the time of donation. Inventories for all funds consist of expendable supplies held for consumption, and are recorded as expenditures or expenses, as appropriate, when consumed rather than when purchased.

**G. Capital Assets**

Capital Assets are defined as a purchase, construction or other acquisition of any equipment, facilities or other similar assets, the cost, of which, is in excess of \$5,000 and has a useful life of more than one year. These assets include property, plant, equipment, infrastructure, and all other tangible and intangible assets purchased or acquired. Purchased or constructed assets are carried at historical cost or estimated historical cost. Infrastructure assets, which include streets and associated drainage, sidewalks, bridges, drainage systems, water and sewer systems, lighting systems and other similar type assets, have been recorded at historical or estimated historical cost. Donated assets are recorded at estimated fair market value at the time of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital has not been significant and, therefore, not capitalized.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 - 30 Years	Machinery and equipment	3 - 20 Years
Improvements	20 - 30 Years	Infrastructure	20 Years

## Midland County, Texas

### Notes to the Financial Statements

#### H. Federal and State Grants and Entitlements

Grants, entitlements and shared revenues may be accounted for within any of the fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that type provided that applicable legal restrictions can be appropriately satisfied. Such revenues are accounted for within the Special Revenue Funds.

Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds are accounted for in the applicable Capital Projects Fund.

#### I. Accrued Employee Benefits Payable

All regular full-time employees are eligible to accrue paid vacation leave by a prescribed formula based on the number of years of service. The maximum amount of vacation leave which may be carried forward by an employee from one year to the next is equal to the amount of leave accrued in the prior twelve month period. Upon leaving employment of the County, the employee is eligible to be paid for accrued unused vacation leave.

Eligible employees also accrue sick leave at an average rate of eight hours per month. Sick leave accumulates up to a maximum of 120 days and upon termination may be eligible for payment based upon a formula that is based on the number of years of service.

All employees of the County who are entitled to accrue sick leave and have completed twelve months of continuous service with the County are eligible to use and to be compensated for personal leave from a sick leave pool for catastrophic illnesses or injuries by the employee or a member of the employees' immediate family. Employees may use pool leave after exhausting all personal sick, vacation, and compensatory leave. An employee may receive up to 90 days or one-third of the balance of the hours in the sick leave pool, whichever is less. The sick leave pool consists of hours of sick leave contributed by County employees. Employees are not required to contribute sick leave to the pool and are not required to reimburse the pool for pool leave used.

Compensatory time is also accrued for eligible employees up to a maximum of 240 hours, and 480 hours for public safety employees. The employee is eligible to be paid for accrued compensatory time upon termination of employment.

#### J. Long-Term Obligations

General Obligation Bonds which have been issued to fund purchases and capital projects of the general government that are to be repaid from tax revenues of the County are reported in the government-wide statement of net position.

The government-wide level statements defer bond premiums and discounts and amortize these items over the life of the issue using the effective interest rate method. In the fund level statements, governmental fund types recognize these items in the current period. Bond issue costs are recognized as an expenditure/expense in both the fund level and government-wide level statements.

## Midland County, Texas

### Notes to the Financial Statements

#### K. Fund Balance

The County classifies governmental fund balances as nonspendable and spendable. Classifications under the spendable category are restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The County classifies governmental fund balances as follows:

##### 1. *Nonspendable Fund Balance*

Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. Examples include inventories and prepaid items.

##### 2. *Spendable Fund Balance*

###### a. *Restricted Fund Balance*

Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.

###### b. *Committed Fund Balance*

Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The Commissioners' Court must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

###### c. *Assigned Fund Balance*

Includes amounts intended to be used by the County for specific purposes. The County's intent can be expressed by an official or body to which the governing body delegates that authority. The County has delegated to the County Auditor the ability to determine and define the amounts of those components of fund balance that are classified as assigned.

###### d. *Unassigned Fund Balance*

Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the County has implicitly assigned the funds for the purposes of those particular funds.

When an expenditure is made for a purpose in which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

#### L. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## Midland County, Texas

### Notes to the Financial Statements

#### **M. Revenue Recognition – Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time unless the half payment option is elected, in which case one-half of the assessed tax is due November 30<sup>th</sup> and the balance is due on the following June 30<sup>th</sup>. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

For fund financial statements, property tax revenues are recognized when they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This is no longer than sixty days after year-end.

An allowance equal to 4% of the outstanding taxes at September 30, 2018 has been reported on the County's property taxes. The tax is levied based on the estimated market values as determined by the Midland County Appraisal District.

#### **N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most sensitive estimates affecting the County's financial statements is management's estimates over allowance for doubtful collections of receivables, liability for health care claims, and useful lives of capital assets for depreciation expense. Management also made estimates using actuarial assumptions underlying the calculations for net pension liability and other post-employment benefits obligations.

#### **O. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, the County specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's Total Pension Liability is obtained from TCDRS through a report prepared for the District by TCDRS consulting actuary, Milliman, in compliance with GASB 68.

#### **P. Other Post Employment Benefits**

The County's OPEB plan has been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purpose of measuring the OPEB liability, deferred out flows, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

**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 governmental fund balance sheet includes as reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation is recording of capital assets in the amount of \$151,876,309 used in governmental activities that are recorded in the fund level financial statements.

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$19,590,527 difference are as follows:

Bonds and capital leases payable	\$ 15,537,000
Bond premium liability	1,021,596
Compensated absences	<u>3,031,931</u>
<b>Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at net position - governmental activities.</b>	<b><u>\$ 19,590,527</u></b>

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred funds.” The details of this \$6,888,962 difference are as follows:

Deferred property taxes receivable	1,005,147
Deferred court fines receivable	<u>5,883,815</u>
<b>Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at net position - governmental activities.</b>	<b><u>\$ 6,888,962</u></b>

**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 governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation *between net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “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.” The details of this \$6,267,211 difference are as follows:

Capital additions	\$ 15,381,311
Depreciation expense	<u>(9,114,100)</u>
<b>Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities.</b>	<b><u>\$ 6,267,211</u></b>

**Midland County, Texas**  
Notes to the Financial Statements

Another element of that reconciliation states that, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and adjustments) is to decrease net position." The total amount of \$275,795 is related to loss on disposition of assets of.

Another element of that reconciliation states that the, issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$1,087,705 difference are as follows:

Issuance of capital lease	\$ (11,780)
Principal repayments	1,097,680
Amortization of bond premium	110,242
Amortization relating to refunding of debt	(113,854)
Change in accrued interest	4,417
	<hr/>
<b>Net adjustment to increase <i>net changes in fund balances - total</i></b>	
<b>governmental funds to arrive at changes in net position of</b>	
<b>governmental activities.</b>	<b>\$ 1,086,705</b>
	<hr/> <hr/>

Another element of that reconciliation states that "some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$10,642,535 difference are as follows:

Change in pension liability	\$ 4,172,476
Change in deferred inflows from pension liability	(6,157,023)
Change in deferred outflows from pension liability	(1,984,652)
Change in OPEB liability	5,959,000
Change in deferred inflows from OPEB liability	(12,205,903)
Net change in compensated absences	(426,433)
	<hr/>
<b>Net adjustment to increase <i>net changes in fund balances - total</i></b>	
<b>governmental funds to arrive at changes in net position of</b>	
<b>governmental activities.</b>	<b>\$ (10,642,535)</b>
	<hr/> <hr/>

Another element of that reconciliation states that "revenues in the statement of activities that did not provide current financial resources and therefore are not reported as revenues in governmental funds." The details of this \$630,762 difference are as follows:

Net change in property tax deferred revenue	\$ 114,396
Net change in fines and fees deferred revenue	516,366
	<hr/>
<b>Net adjustment to increase <i>net changes in fund balances - total</i></b>	
<b>governmental funds to arrive at changes in net position of</b>	
<b>governmental activities.</b>	<b>\$ 630,762</b>
	<hr/> <hr/>

## Midland County, Texas

### Notes to the Financial Statements

#### Note 3. Cash and Investments

##### A. Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The County's deposits were fully insured or collateralized as required by the state statutes at September 30, 2018. At year-end, the total carrying amount of the County's deposits was \$8,999,899 in cash and cash equivalents which includes cash and equivalents within the County's fiduciary funds. The total carrying amount of the County's certificate of deposits with two financial institutions was \$23,608,022. Total bank balance and certificate of deposits was \$35,824,428. The Federal Depository Insurance Corporation (FDIC) covered \$19,000,000 and \$16,824,428 was covered by collateral held by the pledging from a financial institution's agent for the County in the County's name.

##### B. Investments

State statutes and county policies authorize the County's investments. The County is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of this state or its agencies and instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States with ten years or less stated final maturity (cannot be an inverse floater, a principal only or interest only), 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 rating, no-load, SEC registered mutual funds with a weighted average stated maturity of less than two years that are invested in allowable securities, obligations or Texas and its agencies, fully collateralized repurchase agreements and reverse repurchase agreements, prime domestic commercial paper, prime domestic banker's acceptances, insured or collateralized certificates of deposit, government pools and no-load SEC registered money market funds consisting of any of these securities listed.

The table below identifies the investment types that are authorized by the County's investment policies.

Authorized Investments	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities, Agencies, and Instrumentality's	3 years	100%	None
Certificate of Deposit	3 years	35%	None
Repurchase Agreement	3 years	15%	None
Local Government Investment Pools	3 years	100%	None
Money Market Mutual Funds	3 years	25%	None

## Midland County, Texas

### Notes to the Financial Statements

The County did hold investments that are not SEC-registered. The investments not SEC-registered are:

TEXPOOL. The State Comptroller of Public Accounts oversees TexPool (the Texas Local Government Investment Pool), but Lemman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. TexPool operates in a manner consistent with the SEC's 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexStar. TexStar is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. TexStar is a local government investment pool created under the Interlocal Cooperation Act and is rated AAAM by Standard and Poor's. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Fund Investment Act.

Charles Schwab. Charles Schwab Corporation is a provider of financial services which includes securities brokerage, banking, money management and financial advisory services to individual investors, independent investment advisors, and corporate and retirement plan sponsors and participants. Charles Schwab maintains a high-quality investment portfolio with no subprime securities or collateralized debt obligations. Charles Schwab maintains A ratings from Standard & Poor's and Fitch, and A2 rating from Moody's. Charles Schwab is traded publicly on the New York Stock Exchange.

Texas CLASS. Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAM' by Standard and Poor's Ratings Services. The 'AAAM' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Texas Class, TexPool, and TexStar are measured at amortized cost and are exempt for fair value reporting.

U.S. Government Agency Securities in Level 2 of fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

**Midland County, Texas**  
Notes to the Financial Statements

U.S. Treasury Bonds and Certificate of Deposits classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The County has recurring fair value measurements as presented in the table below. The County's investment balances and weighted average maturity of such investments (excluding the investments held in trust) are as follows:

	Fair Value Measurements			Percent of Total Investment	Weighted Average Maturity (Days)	Credit Risk and Rating Agency
	Fair Value	Level 1 Inputs	Level 2 Inputs			
Investments measured at amortized cost investment pools						
TexPool	\$ 4,653,828	n/a	n/a	3%	2	AAAm - S&P
TexStar	25,045,578	n/a	n/a	18%	17	AAAm - S&P
Texas CLASS	34,253,936	n/a	n/a	24%	25	AAAm - S&P
TexPool-Prime	18,280,411	n/a	n/a	13%	7	AAAm - S&P
Investment by fair value level						
U.S. Treasury Notes	15,854,272	15,854,272	-	11%	46	AA+/Aaa - S&P
U.S. Agency Bond	20,277,031	-	20,277,031	14%	18	AA+/Aaa - S&P
Certificate of Deposits	23,872,371	23,872,371	-	17%	16	AA+/Aaa - S&P
<b>Total</b>	<b>\$ 142,237,427</b>	<b>\$ 39,726,643</b>	<b>\$ 20,277,031</b>	<b>100%</b>		
Portfolio Weighted Average if Maturity					<u>131</u>	

Weighted average maturity of the portfolio by investment type reflected in the table is stated in days. For investment pools, the recent weighted average maturity is presented based on the statewide investment pool. Interest bearing bank deposits is not included in the portfolio's weighted average maturity presented.

**C. Interest Rate Risk**

In compliance with the County's investment policy, as of September 30, 2018, the County minimized the interest rate risk, related to the decline in market value of securities due to rising interest rates in the portfolio by: 1) limiting the effective duration of security types not to exceed three years with the exception of securities purchases related to reserve funds, 2) structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, 3) monitoring credit rating of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act, and 4) investing operating funds primarily in shorter-term securities and government investment pools.

The following table details the maturity schedule of the County's investments as of September 30, 2018.

Maturity Schedule	Par Value	Fair Value	% of Portfolio
Less than 1 Month	\$ 12,146,433	\$ 12,401,817	0%
1 to 6 Months	103,923,537	103,994,099	73%
6 to 9 Months	4,952,658	4,958,410	7%
9 to 12 Months	4,540,000	4,496,476	2%
12 to 18 Months	4,249,000	4,200,779	6%
More than 18 Months	12,214,000	12,185,846	12%
<b>Total</b>	<b>\$ 142,025,628</b>	<b>\$ 142,237,427</b>	<b>100%</b>

**Midland County, Texas**  
Notes to the Financial Statements

**D. Credit Risk**

In compliance with the County's investment policy, as of September 30, 2018, the County minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in US Treasury Notes and Bills that were rated AAA and Aaa by Standard & Poor's, Fitch and Moody's, respectively, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

**Note 4. Receivables**

Receivables as of September 30, 2018 for the County's individual major funds, non-major funds in the aggregate and internal service funds, including applicable allowances for uncollectible amounts, are as follows:

	General	Road and Bridge	Debt Service	Non Major Funds	Internal Service Funds	Total
Receivables:						
Property taxes	\$ 1,093,761	\$ -	\$ 57,133	\$ -	\$ -	\$ 1,150,894
Accounts receivable	43,762,059	75	-	226,840	136,764	44,125,738
Gross receivables	44,855,820	75	57,133	226,840	136,764	45,276,632
Less: allowance for uncollectibles	(37,819,158)	-	(2,285)	-	-	(37,821,443)
<b>Net total receivables</b>	<b>\$ 7,036,662</b>	<b>\$ 75</b>	<b>\$ 54,848</b>	<b>\$ 226,840</b>	<b>\$ 136,764</b>	<b>\$ 7,455,189</b>

**Note 5. Capital Assets**

Capital asset acquisition and disposal of the reporting entity was restricted to activities of the primary government only. Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,734,366	\$ -	\$ -	\$ 2,734,366
Construction in progress	5,510,789	9,023,488	(3,486,339)	11,047,938
Total capital assets, not being depreciated	8,245,155	9,023,488	(3,486,339)	13,782,304
Capital assets, being depreciated:				
Buildings and improvements	125,971,619	3,247,722	-	129,219,341
Infrastructure	62,282,543	2,736,039	-	65,018,582
Machinery and equipment	30,411,754	3,860,401	(1,525,923)	32,746,232
Total capital assets being depreciated	218,665,916	9,844,162	(1,525,923)	226,984,155
Less accumulated depreciation for:				
Buildings and improvements	(33,332,226)	(4,042,055)	-	(37,374,281)
Infrastructure	(28,548,195)	(2,057,209)	-	(30,605,404)
Machinery and equipment	(19,145,757)	(3,014,836)	1,250,128	(20,910,465)
Total accumulated depreciation	(81,026,178)	(9,114,100)	1,250,128	(88,890,150)
Total capital assets, being depreciated, net	137,639,738	730,062	(275,795)	138,094,005
<b>Governmental activities capital assets, net</b>	<b>\$ 145,884,893</b>	<b>\$ 9,753,550</b>	<b>\$ (3,762,134)</b>	<b>\$ 151,876,309</b>

**Midland County, Texas**  
Notes to the Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General administration	\$ 1,991,467
Judicial	411,676
Financial administration	26,178
Public safety and corrections	2,088,074
Health and welfare	22,063
Cultural and recreation	2,245,490
Highways and roads	2,319,432
Conservation and natural resources	<u>9,720</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 9,114,100</u></b>

**Note 6. Employee Retirement Benefits**

**A. Plan Description**

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan (the Plan) in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. 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 P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer (the County), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more.

Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

**B. Benefits Provided**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer financed monetary credits to a monthly annuity using the UP-1984 Table with an age setback of five years or ten years for retirees or beneficiaries, respectively, at an interest rate of 7.00%.

**Midland County, Texas**  
Notes to the Financial Statements

Employees covered by benefits as of December 31, 2017:

Retirees or beneficiaries currently receiving benefits	334
Inactive employees entitle to but not yet receiving benefits	644
Active employees	633
<b>Total</b>	<b>1611</b>

**C. Contributions**

The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the minimum contribution rate of the County is actuarially determined annually, however the County may elect to contribute at a rate higher than the actuarially determined rate, or make additional lump sum contributions on an ad hoc basis to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. The County's actuarially determined rates were 9.73% for the months of the accounting year in 2017, and 11.83% for the months of the accounting year in 2018. The County contributed at a rate of 13.50% for all months included in the fiscal year ended September 30, 2018.

The deposit rate payable by the employee members for calendar year 2017 and 2018 is 7.00%, as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**D. Net Pension Liability**

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 Years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increase	1.60%
Investment Rate of Return	8.00%
Payroll Growth	3.25%

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for Males or Females, as appropriate, with a two-year set-forward for males and a four-year setback for females, based on projection scale AA. Mortality rates service retirees, beneficiaries and non-depositing members were based on the RP-2000 Combined Mortality Table, with a projection scale of AA with a one year age set-forward for males and no age adjustment for females. Mortality rates for disabled retirees RP-2000 Disabled Mortality Table for Males or Females, as appropriate, with no age adjustment for males and a two year set-forward females, based on projection scale AA.

## Midland County, Texas

### Notes to the Financial Statements

Family composition for current retirees' beneficiary information is supplied by TCDRS. For the purpose of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

#### Long-Term Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
US Equities	11.50%	4.55%
Private Equity	16.00%	7.55%
Global Equities	1.50%	4.85%
International Equities-Developed	11.00%	4.55%
International Equities-Emerging	8.00%	5.55%
Investment-Grade Bonds	3.00%	0.75%
Strategic Credit	8.00%	4.12%
Direct Lending	10.00%	8.06%
Distressed Debt	2.00%	6.30%
REIT Equities	2.00%	4.05%
Master Limited Partnerships	3.00%	6.00%
Private Real Estate Partnerships	6.00%	6.25%
Hedge Funds	18.00%	4.10%
<b>Total</b>	<b>100.0%</b>	

**Midland County, Texas**  
Notes to the Financial Statements

**Discount Rate**

The discount rate used to measure the total pension liability was 8.10%, which is consistent with the prior year discount rate. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The best estimates of geometric real rates of return for each major asset class included in the TCDRS' target asset allocation as of January 2018 are summarized below:

**Changes in the Net Pension Liability**

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2016	\$ 141,777,100	\$ 127,186,256	\$ 14,590,844
Changes for the year:			
Service cost	3,983,311	-	3,983,311
Interest on total pension liability (1)	11,510,020	-	11,510,020
Effect of plan changes (2)	4,889,608	-	4,889,608
Effect of economic/demographic gains or losses	(243,854)	-	(243,854)
Effect of assumptions changes or inputs	614,666	-	614,666
Refund of contributions	(620,965)	(620,965)	-
Benefit payments	(6,847,227)	(6,847,227)	-
Administrative expenses	-	(96,193)	96,193
Member contributions	-	2,270,620	(2,270,620)
Net investment income	-	18,548,980	(18,548,980)
Employer contributions	-	4,216,870	(4,216,870)
Other (3)	-	(14,050)	14,050
<b>Balances as of December 31, 2017</b>	<b>\$ 155,062,659</b>	<b>\$ 144,644,291</b>	<b>\$ 10,418,368</b>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Reflects plan changes adopted effective in 2018.

(3) Relates to allocation of system-wide items.

**Discount Rate Sensitivity Analysis**

The following presents the net pension liability of the County as of December 31, 2017, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.10%) or 1% higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 175,107,382	\$ 155,062,659	\$ 138,225,789
Fiduciary net pension	144,644,291	144,644,291	144,644,291
<b>Net pension liability / (asset)</b>	<b>\$ 30,463,091</b>	<b>\$ 10,418,368</b>	<b>\$ (6,418,502)</b>

**Midland County, Texas**  
Notes to the Financial Statements

**E. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2018, the County recognized pension expense of \$8,643,038 related to the December 31, 2017 valuation. At September 30, 2018, the County reported deferred inflows and outflows of resources related to the Plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 957,031	\$ -
Changes of assumptions	-	819,575
Net difference between projected and actual investment earnings	1,692,536	-
Contributions subsequent to the measurement date	-	3,629,212
<b>Total</b>	<b>\$ 2,649,567</b>	<b>\$ 4,448,787</b>

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of \$3,629,212 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the County's financial statements September 30, 2019). Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense Amount
2018	\$ 817,233
2019	413,816
2020	(1,402,998)
2021	(1,658,044)
<b>Total</b>	<b>\$ (1,829,993)</b>

**Note 7. Other Post-Employment Benefits**

**A. Plan Description**

In addition to providing pension benefits (described in Note 6), the County provides certain post-employment health care benefits (OPEB). County employees qualify for OPEB if they are considered retired or disabled. Retired employees who have 30 years or service, are at least age 60 with 8 years of service, or their age and service years sum to 75. Disabled employees have at least 8 years' service and incurred a work related injury or are disabled with 30 years of service. Employees who qualify may elect OPEB for their spouses and dependents under age 26. Spouses and dependents may elect to continue under the County's plan if retiree dies. The County assumes \$619 of the monthly premium and the individuals under the plan assume the remaining premium.

**Midland County, Texas**  
Notes to the Financial Statements

**B. Funding Policy**

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to the Commissioners' Court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners' Court on a year-to-year basis.

During the year, the County contributed approximately \$1,355,582 to the health care fund for post-retirement health care as well as \$41,731 for a medical supplement; County contributions for both totaled \$1,397,313.

Employees covered by benefits as of December 31, 2017:

Retirees or beneficiaries currently receiving benefits	479
Inactive employees entitle to but not yet receiving benefits	-
Active employees	<u>137</u>
<b>Total</b>	<u><u>616</u></u>

**C. Contributions**

The County has elected the annually determined contribution. The plan is funded by monthly contributions from both employee members and the employer based on an actuarially determined contribution. The annual actuarially determined contribution is a recommended minimum contribution to fully fund postemployment healthcare benefits of both active and inactive participants of the County, however the County may elect to contribute more than the actuarially determined contribution, or make additional lump sum contributions on an ad hoc basis to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. The County's actuarially determined contribution was \$1,563,350 for the year ended September 30, 2018.

**D. Net OPEB Liability**

The County's net OPEB liability was measured as of October 1, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total OPEB Liability in the October 1, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	October 1, 2016
Measurement Date	September 30, 2018
Benefits Valued	Medical, prescription drug, and dental benefits.
Discount Rate	4.24%
Payroll Growth Rate	3.50%
Healthcare Trend Rates	4.20%
Medical/RX	8.33%
Dental	4.50%

**Midland County, Texas**  
Notes to the Financial Statements

All mortality, withdrawal, and retirement rates are based on the rates used by the December 31, 2016 TCDRS valuation. Medical, prescription drug, and dental per capita claims and administration costs were developed based on County claims experience for the County's employees and retirees from October 1, 2013 through September 30, 2016 and were adjusted for healthcare cost trend, age-sex differentials between employees and retirees integration of Medicare at ages 65 and after and effects of the Patient Protection and Affordable Care Act. Healthcare cost trend rates are used to project health insurance claims and administration costs and retiree contributions into the future. If healthcare inflation were to continue at its current rate, eventually 100% of the Gross National Product (GNP) would be allocated for healthcare services. Since this is unrealistic, healthcare cost trend rates are assumed to decrease in future years.

**Changes in Net OPEB Liability**

Changes in OPEB Liability / (Asset)	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of October 1, 2017	\$ 105,316,548	\$ -	\$ 105,316,548
Changes for the year:			
Service cost	5,687,029	-	5,687,029
Interest	4,001,055	-	4,001,055
Changes of assumptions	(14,083,734)	-	(14,083,734)
Benefit payments	(1,563,350)	(1,563,350)	-
Contributions - employer	-	1,563,350	(1,563,350)
<b>Balances as of September 30, 2018</b>	<b>\$ 99,357,548</b>	<b>\$ -</b>	<b>\$ 99,357,548</b>

**Discount Rate Sensitivity Analysis**

The following presents the total OPEB liability of the County, as well as, what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Total OPEB liability	\$ 81,153,513	\$ 99,357,548	\$ 123,944,208
<b>Net OPEB liability</b>	<b>\$ 81,153,513</b>	<b>\$ 99,357,548</b>	<b>\$ 123,944,208</b>

The following presents the total OPEB liability of the County, as well as, what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Trend Rates	Current Trend Rates	1% Increase in Healthcare Trend Rates
Total OPEB liability	\$ 127,987,063	\$ 99,357,548	\$ 78,708,998
<b>Net OPEB liability</b>	<b>\$ 127,987,063</b>	<b>\$ 99,357,548</b>	<b>\$ 78,708,998</b>

**Midland County, Texas**  
Notes to the Financial Statements

**F. OPEB Expense and and Deferred Inflows of Resources related to OPEB**

For the year ended September 30, 2018, the County recognized pension expense of \$6,246,903 related to the October 1, 2019 valuation. At September 30, 2018, the County reported deferred inflows and outflows of resources related to the Plan from the following sources:

	Deferred Inflows of Resources
Changes of assumptions	\$ 12,205,903

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	Pension Expense Amount
2019	\$ (1,877,831)
2020	(1,877,831)
2021	(1,877,831)
2022	(1,877,831)
2023	(1,877,831)
Thereafter	(2,816,748)
<b>Total</b>	<b>\$ (12,205,903)</b>

**Note 8. Discrete Component Unit**

As discussed in Note 1A, the Midland Housing Finance Corporation (Finance Corporation) is a component unit of the County. At September 30, 2018, the bonds were either called in full or are considered conduit debt, therefore there is no liability to the Finance Corporation or the County.

**Note 9. Interfund Transactions**

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary-type funds financial statements generally reflect such transactions as transfers. The internal service funds record charges for service to County departments as operating revenue.

All County funds record these payments to the internal service funds as operating expenses. The proprietary funds record operating subsidies as other income whereas the fund paying the subsidy records it as either an expenditure or transfer.

**Midland County, Texas**  
Notes to the Financial Statements

Individual fund interfund receivable and payable balances at September 30, 2018 arising from these transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 866,131	\$ 1,531,591
Road and Bridge Fund	227,353	-
Special Revenue Funds		
Law Library Fund	17,585	6,069
County Clerk Records Management Fund	32,831	-
Records Preservation Fund	788	-
District Clerk Records Management Fund	164,539	-
Courthouse Security Fund	8,006	-
County Clerk Record Archives	32,096	-
County Clerk Vital Stat Preservation Fund	1,065	-
Voter Registration Chapter 19 Fund	-	5,357
Dealer Inventory Fund	1,103	22,223
Justice Court Building Security Fund	337	-
Juvenile Delinquency Prevention	195	-
Juvenile Case Management Fund	23,742	-
County Attorney State Supplement	26,941	-
Truancy Prevention Fund	44,978	-
Pretrial Intervention Program Fund	435,698	-
Election Contracts	76,243	-
Court Records Preservation	250,900	-
Scofflaw Implementation Fee	15,719	-
Child Abuse Prevention	9,639	-
Appellate Justice System Fund	315	-
Guardianship Fund	110,224	-
Rabies Control	66,231	-
District Court Records Technology Fund	201,893	-
County and District Court Technology Fund	59,600	-
Justice Court Technology Fund	320,763	-
Donations SO Mounted Patrol	35,052	-
Donations Horseshoe	38,908	-
Donations Sheriff's Office	127,352	-

**Midland County, Texas**  
Notes to the Financial Statements

	Interfund	
	Receivable	Payable
Donations Constable 4	130	-
L.E.O.S.E. Funds	8,202	-
District Attorney Drug Forfeiture	43,438	-
7th Administration Judicial Region	-	10,546
Other Victims' Assistance Fund	-	4,150
Crime Victim Services Fund	-	8,166
Juvenile Probation Grants	190	76,596
Donation Library	67,451	-
Homeshoe Promotion	50,696	-
Rifle resistant body armor	-	71,000
Truancy Court	6,150	-
C.E.T.R.Z	-	12,887
Debt Service Fund	60,271	1,081,948
Total governmental funds	3,432,755	2,830,533
Internal Service Fund	362,059	-
Total internal service fund	362,059	-
Agency Funds		
District Clerk	-	3,565
County Clerk	887	48,266
Sheriff	-	60,827
Justice of the Peace Precinct #1	-	24,805
Justice of the Peace Precinct #2	-	20,731
Justice of the Peace Precinct #3	-	18,200
Justice of the Peace Precinct #4	-	13,558
Tax Collector Assessor	249,493	835,242
CSCD - Basic Supervision	-	141,556
CSCD - Midland Outpatient Treatment Center	-	19,736
CSCD - Cognitive Behavior	-	3,893
Sex Offender Caseload	-	9,041
DWI Repeat Offender Caseload	-	15,241
Total agency funds	250,380	1,214,661
<b>Total</b>	<b>\$ 4,045,194</b>	<b>\$ 4,045,194</b>

**Midland County, Texas**  
Notes to the Financial Statements

Interfund transfers for the fiscal year ended September 30, 2018 are as follows:

	Interfund	
	Transfers In	Transfers Out
General fund	\$ -	\$ 3,737,871
Road and bridge fund	3,000,000	-
Nonmajor governmental funds:		
Law Library	20,000	
Mental health deputies	314,559	-
C.E.R.TZ	403,312	-
<b>Total</b>	<b>\$ 3,737,871</b>	<b>\$ 3,737,871</b>

**Note 10. Long-Term Debt**

**A. Governmental Activities**

The following is a summary of debt transactions for governmental activities of the County for the year ended September 30, 2018:

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
General Obligation Bonds-Series 2016	\$ 14,555,000	\$ -	\$ 75,000	\$ 14,480,000	\$ 75,000
General Obligation Bonds-Series 2009	2,065,000	-	1,010,000	1,055,000	1,055,000
Unamortized premium on General Obligation Bonds Series 2009	1,131,838	-	110,242	1,021,596	-
Capital lease obligation	2,900	11,780	12,680	2,000	2,000
Compensated absences	2,605,498	426,433	-	3,031,931	2,880,334
<b>Totals</b>	<b>\$ 20,360,236</b>	<b>\$ 438,213</b>	<b>\$ 1,207,922</b>	<b>\$ 19,590,527</b>	<b>\$ 4,012,334</b>

**B. Bonds**

Certificates of Obligation and General Obligation Bonds at September 30, 2018 consist of the following:

\$21,995,000 General Obligation Bonds, Series 2009, annual installments beginning 2011 through 2019, interest at 3.00% to 5.25%.	\$ 1,055,000
\$14,625,000 General Obligation Refunding Bonds, Series 2016, annual installments beginning 2016 through 2029, interest at 2.00% to 3.50%.	14,480,000
<b>Total bonds outstanding</b>	<b>\$ 15,535,000</b>

**Midland County, Texas**  
Notes to the Financial Statements

Principal payments are due annually for Certificates of Obligation and Refunding Bonds on February 15 and interest payments are due semiannually on February 15 and August 15. The annual requirements to amortize all bonded debt outstanding as of September 30, 2018 is as follows:

General Obligation Bonds Year Ending September 30,	Principal	Interest	Total
2019	\$ 1,130,000	\$ 553,319	\$ 1,683,319
2020	1,185,000	473,106	1,658,106
2021	1,235,000	424,706	1,659,706
2022	1,280,000	374,406	1,654,406
2023	1,335,000	322,106	1,657,106
2024-2028	7,685,000	808,543	8,493,543
2029-2030	1,685,000	22,116	1,707,116
<b>Total</b>	<b>\$ 15,535,000</b>	<b>\$ 2,978,302</b>	<b>\$ 18,513,302</b>

The County issued the Series 2009 General Obligation Bonds for the purpose of constructing, improving, renovating and equipping existing County Jail facilities and the payment of costs of issuance related thereto.

There are a number of limitations and restrictions contained in the bond and note indentures. The County is in compliance with all significant limitations and restrictions.

**Note 11. Deferred Compensation Plan**

The County offers its officials and employees three deferred compensation plans established in accordance with Internal Revenue Code Section 457. Federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the County's plan are administered by a private corporation under contract with the County. The private administrator amended the plan as of January 1, 1997, to comply with the new federal law. Consequently, the plan's assets and liabilities are not included in the County's financial statements.

**Note 12. Health Care**

For several years the County has maintained a Medical/Dental Self-Insurance Fund. The purpose of this fund is to pay medical and dental claims for the County officials, employees, retirees and their covered dependents and to minimize the cost of medical and dental insurance for the employees and the County. Medical claims exceeding \$175,000 per covered individual are covered through a private insurance carrier. The County accrues liabilities for claims which are foreseeable and probable.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in each of the internal service funds as accounts payable.

**Midland County, Texas**  
Notes to the Financial Statements

Changes in the balances of claims liabilities during the past two years are as follows:

Unpaid claims, September 30, 2017	\$ 839,929
Insured claims (including IBNRs)	5,879,703
Claim payments	<u>(5,964,728)</u>
Unpaid claims, September 2018	754,904
Insured claims (including IBNRs)	7,613,028
Claim payments	<u>(7,348,282)</u>
<b>Unpaid claims, September 30, 2018</b>	<b><u>\$ 1,019,650</u></b>

Unpaid claims are reported in accounts payables.

**Note 13. Operating Leases**

The County's future minimum rental commitments for various equipment, accounted for as operating leases at September 30, 2018 are as follows:

<u>Operating Leases</u>	
Year Ending September 30,	
2019	\$ 142,027
2020	104,547
2021	61,322
2022	<u>7,272</u>
<b>Total future minimum rental commitments</b>	<b><u>\$ 315,168</u></b>

Rental expense related to leased equipment totaled approximately \$136,257 for the fiscal year ended September 30, 2018.

**Note 14. Contingencies**

**A. Federal / State Assisted Programs – Compliance Audits**

The County participates in numerous state and federally assisted programs, on both a direct and state pass-through basis. In connection with these grants, the County is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by grantors and their representatives, including audits under the "single audit" concept and compliance examinations which build upon such audits.

In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the County expects the resulting liability not to have a material adverse effect to its financial position.

**B. Litigation**

The County is party to several legal actions arising in the ordinary course of its business. In the opinion of the County's management, upon advice of the County Attorney, and the County's outside legal counsel, the County has adequate legal defense and/or insurance coverage regarding most of these actions and does not believe that they will materially affect the County's financial position. The potential losses of these lawsuits that are determinable at this time have been accrued.

## Midland County, Texas

### Notes to the Financial Statements

#### Note 15. Change in Accounting Principle

In accordance with GASB 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As part of this implementation, the County was required to record their net other post-employment benefits liability. The County has retroactively implemented this change, which resulted in a restatement of net position as of September 30, 2017, the effect of which was a decrease of \$73,500,019 from \$214,604,691 to \$141,104,672.

#### Note 16. New Pronouncements

Statement No. 83 *Certain Asset Retirement Obligations* – The objective of this Statement is to establish uniform criteria for government to recognize and measure certain AROs, including obligations that may not have been previously reported. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018

Statement No. 84 *Fiduciary Activities* – The objective of this Statement is to enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this Statement will be effective for reporting periods beginning after December 15, 2018.

Statement No. 87 *Leases* – The objectives of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease account based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 31, 2020.

Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2018

Statement No. 90 *Majority Equity Interests* – The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in all legally separate organization and improve the relevant of financial statement information for certain component units. The requirements of this Statement will be effective for reporting periods beginning after December 15, 2018. The County's management is reviewing the implementation process of these standards by gathering required information.

## **Required Supplementary Information**

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# Midland County, Texas

## Texas County District Retirement System Schedule of Changes in the Employer's Net Pension Liability and Related Ratios For the Employees of Midland County For the Fiscal Year Ended September 30, 2018

	Year Ended December 31,			
	2014*	2015	2016	2017
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 3,534,733	\$ 3,778,801	\$ 4,109,757	\$ 3,983,311
Interest (on the total pension liability)	9,896,745	6,379,917	10,803,047	11,510,020
Effect on plan changes	-	(730,658)	-	4,889,608
Effect of economic/demographic (gains) or losses	(406,390)	(1,063,811)	(1,016,375)	614,667
Effect of assumptions changes or inputs	-	1,434,304	-	(243,854)
Benefit payments/refunds of contributions	(5,437,548)	(5,802,281)	(6,818,064)	(7,468,193)
Net change in total pension liability	7,587,540	3,996,272	7,078,365	13,285,559
Total pension liability - beginning	123,114,923	130,702,463	134,698,735	141,777,100
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<b>\$ 130,702,463</b>	<b>\$ 134,698,735</b>	<b>\$ 141,777,100</b>	<b>\$ 155,062,659</b>
<b>PLAN FIDUCIARY NET PENSION</b>				
Contributions - Employer	\$ 3,752,055	\$ 4,010,993	\$ 4,128,546	\$ 4,216,870
Contributions - Employee	2,020,340	2,159,763	2,223,064	2,270,620
Investment income net of investment expenses	7,596,673	(588,745)	8,804,585	18,548,981
Benefit payments/refunds of contributions	(5,437,547)	(5,802,281)	(6,818,063)	(7,468,193)
Administrative expense	(89,152)	(85,841)	(95,823)	(96,193)
Other	(411,369)	(31,542)	(100,900)	(14,050)
Net change in plan fiduciary net position	7,431,000	(337,653)	8,141,409	17,458,035
Plan fiduciary net position - beginning	111,951,500	119,382,500	119,044,847	127,186,256
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<b>\$ 119,382,500</b>	<b>\$ 119,044,847</b>	<b>\$ 127,186,256</b>	<b>\$ 144,644,291</b>
<b>NET PENSION LIABILITY - ENDING (a) - (b)</b>	<b>\$ 11,319,963</b>	<b>\$ 15,653,888</b>	<b>\$ 14,590,844</b>	<b>\$ 10,418,368</b>
Plan fiduciary net position as a percentage of total pension liability	91.34%	88.38%	89.71%	93.28%
Covered payroll	\$ 28,861,998	\$ 30,853,764	\$ 31,758,063	\$ 32,437,430
Net pension liability as a percentage of covered payroll	39.22%	50.74%	45.94%	32.12%

\*Numbers changed from prior year due to amended actuarial report.

### Notes to Schedule:

As of December 31 - Measurement date

Only four years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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**Midland County, Texas**  
Texas County District Retirement System  
Schedule of Employer Contributions  
For the Fiscal Year Ended September 30, 2018

	Year Ended December 31,				
	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 2,880,840	\$ 3,232,544	\$ 3,236,560	\$ 3,153,576	\$ 3,156,162
Contributions in relation to the actuarially determined contribution	3,766,720	3,752,055	4,010,993	4,128,546	4,216,870
<b>CONTRIBUTION EXCESS</b>	<u>\$ (885,880)</u>	<u>\$ (519,511)</u>	<u>\$ (774,433)</u>	<u>\$ (974,970)</u>	<u>\$ (1,060,708)</u>
Covered payroll	\$ 26,333,090	\$ 28,681,998	\$ 30,853,764	\$ 31,758,063	\$ 32,437,430
Contributions as a percentage of covered payroll	14.30%	13.08%	13.00%	13.00%	13.00%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8.9 years (based on contribution rate calculated in 12/31/17 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.00%
Retirement age	Members who are eligible for services retirement are assumed to commence receiving benefit payments based on age. The average age of service retirement of recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality, and other assumptions were reflected 2017: New mortality assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

Only five years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

## Midland County, Texas

### Schedule of Changes in County's Total OPEB

### Liability and Related Ratios

For the Fiscal Year Ended September 30, 2018

	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 5,687,029
Interest	4,001,055
Changes of assumptions	(14,083,734)
Benefit payments	(1,563,350)
	<hr/>
Net change in total OPEB liability	(5,959,000)
Total OPEB liability - beginning	105,316,548
	<hr/>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 99,357,548</b>
	<hr/> <hr/>
<b>NET OPEB LIABILITY - ENDING</b>	<b>\$ 99,357,548</b>
	<hr/> <hr/>
Plan fiduciary net position as a percentage of total pension liability	0.00%
Covered payroll	\$ 25,900,000
Contributions as a percentage of covered payroll	6.04%

#### Notes to Schedule:

As of September 30 - Measurement date

The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, September 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compile, the County will present information for those years for which information is available.

# Midland County, Texas

Schedule of the County's Contributions for OPEB  
For the Fiscal Year Ended September 30, 2018

	<b>Year Ended December 31, 2017</b>
	<hr/>
Actuarially determined contribution	\$ 1,563,350
Contributions in relation to the actuarially determined contribution	<hr/> 1,563,350 <hr/>
<b>CONTRIBUTION EXCESS (DEFICIENCY)</b>	<b>\$ -</b> <hr/> <hr/>
Covered payroll	\$ 25,900,000
Contributions as a percentage of covered payroll	6.04%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of  
October 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Average working lifetime
Remaining amortization period	5 years
Healthcare cost trend rates	
Medical/RX	8.33%
Dental	4.50%
Payroll growth rate	3.50%
Mortality	RP-2000 combined mortality table set forward 2 years for males, set back 4 years for females with projection scale AA, and 100% of MP- 2014 ultimate scale thereafter.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compile, the County will present information for those years for which information is available.

# Midland County, Texas

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual For the Fiscal Year Ended September 30, 2018

	<b>Original Budget</b>
<b>REVENUES</b>	
Property tax, penalties and interest	\$ 32,350,000
Sales tax	29,000,000
Hotel-motel tax	600,000
Fines and forfeitures	3,001,000
Licenses and permits	650,000
Intergovernmental charges	621,500
Charges for current services	4,390,800
Investment income	250,000
Other revenue	653,800
Total revenues	<u>71,517,100</u>
<b>EXPENDITURES</b>	
Current:	
General administration	17,868,109
Judicial	18,672,075
Financial administration	3,588,890
Elections	605,698
Public safety and corrections	24,364,930
Health and welfare	1,070,255
Culture and recreation	4,390,456
Conservation and natural resources	255,247
Capital outlay	4,920,444
Total expenditures	<u>75,736,104</u>
Excess of revenues (deficiency) over expenditures	(4,219,004)
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from sale of assets and capital lease	1,000
Transfers out	(4,381,000)
Total other financing sources (uses)	<u>(4,380,000)</u>
Net change in fund balance	(8,599,004)
Fund balance - beginning of year	<u>80,782,069</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 72,183,065</u></u>

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 32,350,000	\$ 35,360,714	\$ 3,010,714
29,000,000	58,706,976	29,706,976
600,000	1,610,569	1,010,569
2,114,000	2,797,895	683,895
650,000	1,028,666	378,666
621,500	1,181,704	560,204
5,278,300	6,952,946	1,674,646
250,000	1,360,915	1,110,915
652,800	1,724,074	1,071,274
<u>71,516,600</u>	<u>110,724,459</u>	<u>39,207,859</u>
15,590,149	13,858,345	1,731,804
18,794,152	17,302,535	1,491,617
3,591,721	3,485,636	106,085
606,176	517,097	89,079
24,793,208	24,793,208	-
1,075,488	810,199	265,289
4,496,664	4,317,135	179,529
249,719	160,638	89,081
4,829,919	3,920,070	909,849
<u>74,027,196</u>	<u>69,164,863</u>	<u>4,862,333</u>
(2,510,596)	41,559,596	44,070,192
-	-	-
<u>(4,385,559)</u>	<u>(3,737,871)</u>	<u>647,688</u>
<u>(4,385,559)</u>	<u>(3,737,871)</u>	<u>647,688</u>
(6,896,155)	37,821,725	44,717,880
<u>80,782,069</u>	<u>80,782,069</u>	<u>-</u>
<u>\$ 73,885,914</u>	<u>\$ 118,603,794</u>	<u>\$ 44,717,880</u>

## Midland County, Texas

### Road and Bridge Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual For the Fiscal Year Ended September 30, 2018

	<b>Original Budget</b>
<b>REVENUES</b>	
Licenses	\$ 2,254,000
Intergovernmental charges	25,000
Investment income	5,000
Other revenues	20,000
Total revenues	2,304,000
<b>EXPENDITURES</b>	
Highways and roads	5,285,339
Road maintenance and materials	-
Capital outlay	6,638,712
Total expenditures	11,924,051
Deficiency of revenues over expenditures	(9,620,051)
<b>OTHER FINANCING SOURCES</b>	
Transfers in	(3,000,000)
Total other financing sources	(3,000,000)
Net change in fund balance	(12,620,051)
Fund balance - beginning of year	11,301,950
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (1,318,101)</b>

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 2,254,000	\$ 2,428,518	\$ 174,518
25,000	24,966	(34)
5,000	115,748	110,748
20,000	302,520	282,520
2,304,000	2,871,752	567,752
4,261,924	3,485,770	776,154
1,263,028	1,069,694	193,334
4,638,352	1,439,105	3,199,247
10,163,304	5,994,569	4,168,735
(7,859,304)	(3,122,817)	4,736,487
(3,000,000)	3,000,000	6,000,000
(3,000,000)	3,000,000	6,000,000
(10,859,304)	(122,817)	10,736,487
11,301,950	11,301,950	-
<u>\$ 442,646</u>	<u>\$ 11,179,133</u>	<u>\$ 10,736,487</u>

## Midland County, Texas

Notes to Required Supplementary Information  
Schedules of Revenues, Expenditures and Changes  
in Fund Balance – Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended September 30, 2018

### A. Budgetary Information

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

1. Prior to the beginning of each fiscal year, the County Judge submits to the Commissioners' Court a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget for the next fiscal year is legally enacted by the Commissioners' Court through the passage of a court order.
4. The Commissioners' Court has the authority to transfer balances or portions thereof, from one expenditure account to another within a single office, department or agency of the County. During the year, several supplementary appropriations were necessary. These changes are reflected in the budget amounts presented.
5. The level at which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for each fund in total.
6. Annual budgets are legally adopted for all governmental funds. These budgets are adopted on a generally accepted accounting principle (GAAP) basis.
7. At the close of each fiscal year, all appropriations lapse.

# Supplementary Information

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## Major Funds

Debt Service Fund and Capital Projects Fund  
Schedules of Revenues, Expenditures and Changes  
in Fund Balance Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended September 30, 2018

## Nonmajor Governmental Funds

### Special Revenue Funds

The Special Revenue Funds account for revenues derived from earmarked revenue sources that are legally restricted to expenditures for a specific purpose. The following are the County's Special Revenue Funds:

District Attorney Hot Check	Donations Constable 4 Bulletproof Vest
Truancy Court	Homeshoe Promotions
Law Library	Donations Horseshoe
County Clerk Records Management	Donations Sheriff's Office
Records Preservation	Donations Constable 4
District Clerk Records Management	Donations Emergency Management
Juvenile Probation Fees	L.E.O.S.E. Funds
Courthouse Security	District Attorney Victims of Crime
County Clerk Records Archive	District Attorney Drug Forfeiture
County Clerk Vital Statistics	Sheriff Abell Hanger
Voter Registration Chapter 19	Sheriff Local Drug Forfeiture
Employee Activity	Sheriff Federal Forfeiture
Dealer Inventory	Indigent Defense Improvement Grant
Justice Court Building Security	7 <sup>th</sup> Administration Judicial Region
Juvenile Case Management	High Intensity Drug Trafficking Area Grant
County Attorney State Supplement	Other Victims Assistance Grant
Truancy Prevention Fund	Mental Health Deputies
Juvenile Delinquency Prevention	Texas Vine Grant
Pre-Trial Intervention Program	Crime Victim Services Grant
Election Contracts	Donation SO Bulletproof Vest
Unclaimed Juvenile Restitution	Donation CIU Volunteer Support
Court Records Preservation	Donation Teen Leadership Account
Scofflaw Implementation Fee	Donation Constable
Child Abuse Prevention	Donation Fire Marshall
Appellate Justice System	Title IV-E Federal Foster Care
Guardianship	Juvenile Probation State Grants
Abandoned Motor Vehicles	Donation Cemetery Care
Rabies Control	Donation Library
District Court Records Technology	Donation Juvenile
County and District Court Technology	Donation Dare Program
Justice Court Technology	Rifle Resistant Body Armor
Donations SO Mounted Patrol	County Transportation Infrastructure Grant (CERTZ)

## Midland County, Texas

### Debt Service Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual For the Fiscal Year Ended September 30, 2018

	<b>Original Budget</b>
<b>REVENUES</b>	
Property tax, penalties and interest	\$ 1,687,000
Investment income	3,000
Total revenues	1,690,000
<b>EXPENDITURES</b>	
Debt service:	
Principal	1,085,000
Interests and fiscal charges	605,000
Total expenditures	1,690,000
Excess (deficiency) of revenues over expenditures	-
Net change in fund balance	-
Fund balance - beginning of year	29,321
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 29,321</b>

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 1,687,000	\$ 1,694,278	\$ 7,278
(1,000)	2,259	3,259
1,686,000	1,696,537	10,537
1,085,000	1,085,000	-
605,000	573,520	31,480
1,690,000	1,658,520	31,480
(4,000)	38,017	42,017
(4,000)	38,017	42,017
29,321	29,321	-
<u>\$ 25,321</u>	<u>\$ 67,338</u>	<u>\$ 42,017</u>

## Midland County, Texas

### Capital Projects Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance – Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended September 30, 2018

	<b>Original Budget</b>
<b>REVENUES</b>	
Investment income	\$ -
Other revenues	-
Total revenues	-
<b>EXPENDITURES</b>	
Capital outlay	10,391,485
Total expenditures	10,391,485
Deficiency of revenues over expenditures	(10,391,485)
Net change in fund balance	(10,391,485)
Fund balance - beginning of year	10,821,782
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 430,297</b>

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ 112,312	\$ 112,312
-	-	-
-	112,312	112,312
8,586,844	5,294,946	3,291,898
8,592,968	5,298,050	3,294,918
(8,592,968)	(5,185,738)	3,407,230
(8,592,968)	(5,185,738)	3,407,230
10,821,782	10,821,782	-
\$ 2,228,814	\$ 5,636,044	\$ 3,407,230

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 September 30, 2018

	<b>District Attorney Hot Check</b>	<b>Law Library</b>	<b>County Clerk Records Management</b>
<b>ASSETS</b>			
Cash	\$ 462	\$ 50	\$ -
Investments	190,901	106,900	1,590,087
Accounts receivable	-	49	-
Due from other funds	-	2,170	32,831
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 191,363</b>	<b>\$ 109,169</b>	<b>\$ 1,622,918</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 500	\$ 9,385	\$ 4,414
Benefits payable	555	1,319	1,906
Due to other funds	-	6,069	-
Total liabilities	1,055	16,773	6,320
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	190,308	92,396	1,616,598
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
Total fund balances	190,308	92,396	1,616,598
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 191,363</b>	<b>\$ 109,169</b>	<b>\$ 1,622,918</b>

<u>Records Preservation</u>	<u>District Clerk Records Management</u>	<u>Juvenile Probation Fees</u>	<u>Courthouse Security</u>	<u>County Clerk Records Archive</u>	<u>County Clerk Vital Statistics</u>
\$ 4,217	\$ -	\$ -	\$ -	\$ -	\$ -
367,252	-	20,990	19,148	979,223	118,310
-	-	1,432	-	219,458	-
788	164,539	-	8,006	32,096	1,065
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 372,257</u>	<u>\$ 164,539</u>	<u>\$ 22,422</u>	<u>\$ 27,154</u>	<u>\$ 1,230,777</u>	<u>\$ 119,375</u>
\$ -	\$ -	\$ -	\$ 1,203	\$ -	\$ 15
-	-	-	1,740	1,458	16
-	-	-	-	-	-
-	-	-	2,943	1,458	31
-	-	-	-	-	-
372,257	164,539	22,422	24,211	1,229,319	119,344
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>372,257</u>	<u>164,539</u>	<u>22,422</u>	<u>24,211</u>	<u>1,229,319</u>	<u>119,344</u>
<u>\$ 372,257</u>	<u>\$ 164,539</u>	<u>\$ 22,422</u>	<u>\$ 27,154</u>	<u>\$ 1,230,777</u>	<u>\$ 119,375</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	<b>Voter Registration Chapter 19</b>	<b>Employee Activity</b>	<b>Dealer Inventory</b>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	15,205	52,246
Accounts receivable	-	1,918	-
Due from other funds	-	-	1,103
Due from other governmental agencies	5,389	-	-
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,389</b>	<b>\$ 17,123</b>	<b>\$ 53,349</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 32	\$ -	\$ 86
Benefits payable	-	-	107
Due to other funds	5,357	-	22,223
Total liabilities	5,389	-	22,416
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	-	-	30,933
Federal and state grants	-	-	-
Committed			
Employee motivation	-	17,123	-
Donations	-	-	-
Total fund balances	-	17,123	30,933
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,389</b>	<b>\$ 17,123</b>	<b>\$ 53,349</b>

<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>	<u>County Attorney State Supplement</u>	<u>Truancy Prevention Fund</u>	<u>Juvenile Delinquency Prevention</u>	<u>Pre-Trial Intervention Program</u>
\$ 16,520	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
337	23,742	26,941	44,978	195	435,698
-	-	-	-	-	-
-	-	902	-	-	-
<u>\$ 16,857</u>	<u>\$ 23,742</u>	<u>\$ 27,843</u>	<u>\$ 44,978</u>	<u>\$ 195</u>	<u>\$ 435,698</u>
\$ -	\$ 756	\$ 4,278	\$ -	\$ -	\$ 5,933
-	918	334	-	-	3,957
-	-	-	-	-	-
-	1,674	4,612	-	-	9,890
-	-	902	-	-	-
16,857	22,068	22,329	44,978	195	425,808
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,857</u>	<u>22,068</u>	<u>23,231</u>	<u>44,978</u>	<u>195</u>	<u>425,808</u>
<u>\$ 16,857</u>	<u>\$ 23,742</u>	<u>\$ 27,843</u>	<u>\$ 44,978</u>	<u>\$ 195</u>	<u>\$ 435,698</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	Election Contracts	Unclaimed Juvenile Restitution	Court Records Preservation
<b>ASSETS</b>			
Cash	\$ -	\$ 5,416	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	76,243	-	250,900
Due from other governmental agencies	3,499	-	-
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 79,742</b>	<b>\$ 5,416</b>	<b>\$ 250,900</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 7	\$ -	\$ -
Benefits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	7	-	-
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	79,735	5,416	250,900
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
Total fund balances	79,735	5,416	250,900
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 79,742</b>	<b>\$ 5,416</b>	<b>\$ 250,900</b>

<u>Scofflaw Implementation Fee</u>	<u>Child Abuse Prevention</u>	<u>Appellate Justice System</u>	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>
\$ -	\$ -	\$ 4,194	\$ -	\$ 16,840	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
15,719	9,639	315	110,224	-	66,231
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 15,719</u>	<u>\$ 9,639</u>	<u>\$ 4,509</u>	<u>\$ 110,224</u>	<u>\$ 16,840</u>	<u>\$ 66,231</u>
\$ -	\$ -	\$ 4,509	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,509	-	-	-
-	-	-	-	-	-
15,719	9,639	-	110,224	16,840	66,231
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,719</u>	<u>9,639</u>	<u>-</u>	<u>110,224</u>	<u>16,840</u>	<u>66,231</u>
<u>\$ 15,719</u>	<u>\$ 9,639</u>	<u>\$ 4,509</u>	<u>\$ 110,224</u>	<u>\$ 16,840</u>	<u>\$ 66,231</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	District Court Records Technology	County and District Court Technology	Justice Court Technology
	<u>Technology</u>	<u>Technology</u>	<u>Technology</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	201,893	59,600	320,763
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 201,893</u>	<u>\$ 59,600</u>	<u>\$ 320,763</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 701	\$ -
Benefits payable	-	-	-
Due to other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	701	-
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	201,893	58,899	320,763
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>201,893</u>	<u>58,899</u>	<u>320,763</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 201,893</u>	<u>\$ 59,600</u>	<u>\$ 320,763</u>

<u>Donations SO Mounted Patrol</u>	<u>Donations Const 4 Bullet Proof Vest</u>	<u>Donations Horseshoe</u>	<u>Donations Sheriff's Office</u>	<u>Donations Constable 4</u>	<u>Donations AgriLife</u>	<u>Donation Impacts</u>
\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 50	\$ 500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,052	-	38,908	127,352	130	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 35,052</u>	<u>\$ 500</u>	<u>\$ 38,908</u>	<u>\$ 127,352</u>	<u>\$ 130</u>	<u>\$ 50</u>	<u>\$ 500</u>
\$ -	\$ -	3,744	\$ 5,489	\$ (351)	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,744	5,489	(351)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,052	500	35,164	121,863	481	50	500
<u>35,052</u>	<u>500</u>	<u>35,164</u>	<u>121,863</u>	<u>481</u>	<u>50</u>	<u>500</u>
<u>\$ 35,052</u>	<u>\$ 500</u>	<u>\$ 38,908</u>	<u>\$ 127,352</u>	<u>\$ 130</u>	<u>\$ 50</u>	<u>\$ 500</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	L.E.O.S.E. Funds	District Attorney Victims of Crime	District Attorney Drug Forfeiture
<b>ASSETS</b>			
Cash	\$ 23,718	\$ -	\$ 1,592
Investments	-	11,901	127,637
Accounts receivable	-	-	2,000
Due from other funds	8,202	-	43,438
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 31,920</b>	<b>\$ 11,901</b>	<b>\$ 174,667</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 1,446
Benefits payable	-	-	389
Due to other funds	-	-	-
Total liabilities	-	-	1,835
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	31,920	-	172,832
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	11,901	-
Total fund balances	31,920	11,901	172,832
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 31,920</b>	<b>\$ 11,901</b>	<b>\$ 174,667</b>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Indigent Defense Improvement Grant</u>	<u>7th Administration Judicial Region</u>	<u>High Intensity Drug Trafficking Area</u>
\$ -	\$ -	\$ 4,033	\$ 6,033	\$ -	\$ -
589	15,993	496,053	-	-	-
-	-	-	-	-	-
-	-	-	-	12,079	-
-	-	-	-	-	-
<u>\$ 589</u>	<u>\$ 15,993</u>	<u>\$ 500,086</u>	<u>\$ 6,033</u>	<u>\$ 12,079</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,707	\$ -	\$ -	\$ -
-	-	-	-	1,533	-
-	-	-	-	10,546	-
-	-	5,707	-	12,079	-
-	-	-	-	-	-
-	15,993	494,379	-	-	-
-	-	-	6,033	-	-
-	-	-	-	-	-
589	-	-	-	-	-
<u>589</u>	<u>15,993</u>	<u>494,379</u>	<u>6,033</u>	<u>-</u>	<u>-</u>
<u>\$ 589</u>	<u>\$ 15,993</u>	<u>\$ 500,086</u>	<u>\$ 6,033</u>	<u>\$ 12,079</u>	<u>\$ -</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	Other Victims' Assistance Grant	Truancy Court	Mental Health Deputies
<b>ASSETS</b>			
Cash	\$ 1,426	\$ -	\$ 3,017
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	6,150	-
Due from other governmental agencies	4,150	-	11,667
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,576</b>	<b>\$ 6,150</b>	<b>\$ 14,684</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 699	\$ -	\$ 5,371
Benefits payable	727	-	9,311
Due to other funds	4,150	-	-
Total liabilities	5,576	-	14,682
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	-	-	-
Federal and state grants	-	-	2
Committed			
Employee motivation	-	-	-
Donations	-	6,150	-
Total fund balances	-	6,150	2
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,576</b>	<b>\$ 6,150</b>	<b>\$ 14,684</b>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable 2</u>
\$ -	\$ -	\$ 31,030	\$ 3,558	\$ 2,916	\$ 10
-	-	-	-	-	-
-	1,983	-	-	-	-
-	-	-	-	-	-
-	7,830	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 9,813</u>	<u>\$ 31,030</u>	<u>\$ 3,558</u>	<u>\$ 2,916</u>	<u>\$ 10</u>
\$ -	\$ 755	\$ -	\$ 279	\$ -	\$ -
-	892	-	-	-	-
-	8,166	-	-	-	-
-	9,813	-	279	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	31,030	3,279	2,916	10
-	-	31,030	3,279	2,916	10
<u>\$ -</u>	<u>\$ 9,813</u>	<u>\$ 31,030</u>	<u>\$ 3,558</u>	<u>\$ 2,916</u>	<u>\$ 10</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	<b>Title IV-E Federal Foster Care</b>	<b>Juvenile Probation State Grants</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash	9,078	\$ 49,435
Investments	184,527	-
Accounts receivable	-	-
Due from other funds	-	190
Due from other governmental agencies	17,199	94,222
Prepaid expenses	-	2,379
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 210,804</u></u>	<u><u>\$ 146,226</u></u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 49,826
Benefits payable	-	19,804
Due to other funds	-	76,596
	<u>          </u>	<u>          </u>
Total liabilities	-	146,226
<b>FUND BALANCES</b>		
Nonspendable		
Prepays	-	-
Restricted		
Legislation	-	-
Federal and state grants	210,804	-
Committed		
Employee motivation	-	-
Donations	-	-
	<u>          </u>	<u>          </u>
Total fund balances	210,804	-
	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 210,804</u></u>	<u><u>\$ 146,226</u></u>

<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Donation Juvenile</u>	<u>Donation Dare Program</u>	<u>Homeshoe Promotions</u>	<u>District Attorney Bomb Dog</u>	<u>Rifle Resistant Body Armor</u>
\$ 793	\$ 12,562	\$ 148	\$ 32,194	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	67,451	-	-	50,696	15,415	-
-	-	-	-	-	-	71,000
-	-	-	-	-	-	-
<u>\$ 793</u>	<u>\$ 80,013</u>	<u>\$ 148</u>	<u>\$ 32,194</u>	<u>\$ 50,696</u>	<u>\$ 15,415</u>	<u>\$ 71,000</u>
\$ -	69	\$ -	\$ -	\$ -	\$ 93	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	71,000
-	69	-	-	-	93	71,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
793	79,944	148	32,194	50,696	15,322	-
793	79,944	148	32,194	50,696	15,322	-
<u>\$ 793</u>	<u>\$ 80,013</u>	<u>\$ 148</u>	<u>\$ 32,194</u>	<u>\$ 50,696</u>	<u>\$ 15,415</u>	<u>\$ 71,000</u>

**Midland County, Texas**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet – Continued  
 September 30, 2018

	<u>C.E.R.T.Z</u>	<u>Totals</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 230,292
Investments	-	4,296,962
Accounts receivable	-	226,840
Due from other funds	-	2,279,000
Due from other governmental agencies	28,616	255,651
Prepaid expenses	-	3,281
	<u>28,616</u>	<u>7,292,026</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,616</u>	<u>\$ 7,292,026</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 15,729	\$ 120,675
Benefits payable	-	44,966
Due to other funds	12,887	216,994
	<u>28,616</u>	<u>382,635</u>
Total liabilities	28,616	382,635
<b>FUND BALANCES</b>		
Nonspendable		
Prepays	-	902
Restricted		
Legislation	-	6,245,945
Federal and state grants	-	216,839
Committed		
Employee motivation	-	17,123
Donations	-	428,582
	<u>-</u>	<u>6,909,391</u>
Total fund balances	-	6,909,391
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 28,616</u>	<u>\$ 7,292,026</u>

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## Midland County, Texas

### Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Year Ended September 30, 2018

	District Attorney Hot Check	Law Library	County Clerk Records Management
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	22,500	-	-
Charges for services	15,473	128,386	385,644
Investment income	101	134	22,222
Other revenue	-	-	-
Total revenues	38,074	128,520	407,866
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	32,594	101,704	134,081
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	32,594	101,704	134,081
Excess (deficiency) of revenues over (under) expenditures	5,480	26,816	273,785
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	20,000	-
Total other financing sources	-	20,000	-
Net change in fund balances	5,480	46,816	273,785
Fund balances - beginning of year	184,828	45,580	1,342,813
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 190,308</b>	<b>\$ 92,396</b>	<b>\$ 1,616,598</b>

<u>Records Preservation</u>	<u>District Clerk Records Management</u>	<u>Juvenile Probation Fees</u>	<u>Courthouse Security</u>	<u>County Clerk Records Archive</u>	<u>County Clerk Vital Statistics</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
73,800	20,287	7,692	101,850	378,027	12,811
5,161	-	13	241	24,628	2,834
-	-	-	-	89,860	-
<u>78,961</u>	<u>20,287</u>	<u>7,705</u>	<u>102,091</u>	<u>492,515</u>	<u>15,645</u>
-	-	-	-	-	-
31,003	-	-	87,357	811,008	65,567
-	-	-	-	-	-
-	-	2,519	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	35,858	-
<u>31,003</u>	<u>-</u>	<u>2,519</u>	<u>87,357</u>	<u>846,866</u>	<u>65,567</u>
47,958	20,287	5,186	14,734	(354,351)	(49,922)
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,958</u>	<u>20,287</u>	<u>5,186</u>	<u>14,734</u>	<u>(354,351)</u>	<u>(49,922)</u>
<u>324,299</u>	<u>144,252</u>	<u>17,236</u>	<u>9,477</u>	<u>1,583,670</u>	<u>169,266</u>
<u>\$ 372,257</u>	<u>\$ 164,539</u>	<u>\$ 22,422</u>	<u>\$ 24,211</u>	<u>\$ 1,229,319</u>	<u>\$ 119,344</u>

## Midland County, Texas

Nonmajor Governmental Funds – Combining Statement  
of Revenues, Expenditures and Changes in Fund Balance – Continued  
For the Fiscal Year Ended September 30, 2018

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	12,538	6,874	-
Investment income	-	16	6,710
Other revenue	-	-	-
Total revenues	12,538	6,890	6,710
<b>EXPENDITURES</b>			
Current			
General administration	-	6,568	-
Judicial	-	-	-
Financial administration	-	-	5,838
Elections	12,538	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	12,538	6,568	5,838
Excess (deficiency) of revenues over (under) expenditures	-	322	872
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	-	322	872
Fund balances - beginning of year	-	16,801	30,061
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 17,123</b>	<b>\$ 30,933</b>

<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>	<u>County Attorney State Supplement</u>	<u>Truancy Prevention Fund</u>	<u>Juvenile Delinquency Prevention</u>	<u>Pre-Trial Intervention Program</u>
\$ 11,435	\$ 57,171	\$ -	\$ -	\$ -	\$ -
-	-	70,000	-	-	-
-	-	-	11,157	-	277,880
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,435</u>	<u>57,171</u>	<u>70,000</u>	<u>11,157</u>	<u>-</u>	<u>277,880</u>
-	-	-	-	-	-
-	-	71,652	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	53,574	-	-	-	226,141
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>53,574</u>	<u>71,652</u>	<u>-</u>	<u>-</u>	<u>226,141</u>
11,435	3,597	(1,652)	11,157	-	51,739
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,435	3,597	(1,652)	11,157	-	51,739
5,422	18,471	24,883	33,821	195	374,069
<u>\$ 16,857</u>	<u>\$ 22,068</u>	<u>\$ 23,231</u>	<u>\$ 44,978</u>	<u>\$ 195</u>	<u>\$ 425,808</u>

## Midland County, Texas

Nonmajor Governmental Funds – Combining Statement  
of Revenues, Expenditures and Changes in Fund Balance – Continued  
For the Fiscal Year Ended September 30, 2018

	Election Contracts	Unclaimed Juvenile Restitution	Court Records Preservation
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	52,535	-	31,469
Investment income	-	-	-
Other revenue	-	4,922	-
Total revenues	52,535	4,922	31,469
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	-	-	-
Financial administration	-	-	-
Elections	47,758	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	47,758	-	-
Excess (deficiency) of revenues over (under) expenditures	4,777	4,922	31,469
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	4,777	4,922	31,469
Fund balances - beginning of year	74,958	494	219,431
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 79,735</b>	<b>\$ 5,416</b>	<b>\$ 250,900</b>

<u>Scofflaw Implementation Fee</u>	<u>Child Abuse Prevention</u>	<u>Appellate Justice System</u>	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
489	945	-	11,367	5,177	984
-	-	-	-	126	-
-	-	-	-	-	-
<u>489</u>	<u>945</u>	<u>-</u>	<u>11,367</u>	<u>5,303</u>	<u>984</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,556	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,556</u>	<u>-</u>
489	945	-	11,367	747	984
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
489	945	-	11,367	747	984
15,230	8,694	-	98,857	16,093	65,247
<u>\$ 15,719</u>	<u>\$ 9,639</u>	<u>\$ -</u>	<u>\$ 110,224</u>	<u>\$ 16,840</u>	<u>\$ 66,231</u>

**Midland County, Texas**

Nonmajor Governmental Funds – Combining Statement  
of Revenues, Expenditures and Changes in Fund Balance – Continued  
For the Fiscal Year Ended September 30, 2018

	District Court Records Technology	County and District Court Technology	Justice Court Technology
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ 45,810
Intergovernmental	-	-	-
Charges for services	37,222	8,775	-
Investment income	-	-	-
Other revenue	-	-	-
Total revenues	<u>37,222</u>	<u>8,775</u>	<u>45,810</u>
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	-	-	7,500
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	30,000
Total expenditures	<u>-</u>	<u>-</u>	<u>37,500</u>
Excess (deficiency) of revenues over (under) expenditures	37,222	8,775	8,310
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	37,222	8,775	8,310
Fund balances - beginning of year	<u>164,671</u>	<u>50,124</u>	<u>312,453</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 201,893</u></u>	<u><u>\$ 58,899</u></u>	<u><u>\$ 320,763</u></u>

<u>Donations SO Mounted Patrol</u>	<u>Donations Const 4 Bullet Proof Vest</u>	<u>Donations Horseshoe</u>	<u>Donations Sheriff's Office</u>	<u>Donations Constable 4</u>	<u>Donations AgriLife</u>	<u>Donation Impacts</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,321	-	-	89,100	-	-	-
<u>6,321</u>	<u>-</u>	<u>-</u>	<u>89,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,394	-	20,929	36,637	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	20,551	-	-	-
<u>7,394</u>	<u>-</u>	<u>20,929</u>	<u>57,188</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,073)	-	(20,929)	31,912	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,073)	-	(20,929)	31,912	-	-	-
36,125	500	56,093	89,951	481	50	500
<u>\$ 35,052</u>	<u>\$ 500</u>	<u>\$ 35,164</u>	<u>\$ 121,863</u>	<u>\$ 481</u>	<u>\$ 50</u>	<u>\$ 500</u>

## Midland County, Texas

Nonmajor Governmental Funds – Combining Statement  
of Revenues, Expenditures and Changes in Fund Balance – Continued  
For the Fiscal Year Ended September 30, 2018

	L.E.O.S.E. Funds	District Attorney Victims of Crime	District Attorney Drug Forfeiture
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ 27,061
Intergovernmental	13,114	-	-
Charges for services	-	-	-
Investment income	472	10	2,164
Other revenue	-	-	-
Total revenues	13,586	10	29,225
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	-	-	42,970
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	10,692	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	10,692	-	42,970
Excess (deficiency) of revenues over (under) expenditures	2,894	10	(13,745)
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	2,894	10	(13,745)
Fund balances - beginning of year	29,026	11,891	186,577
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 31,920</b>	<b>\$ 11,901</b>	<b>\$ 172,832</b>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Indigent Defense Improvement Grant</u>	<u>7th Administration Judicial Region</u>	<u>High Intensity Drug Trafficking Area</u>
\$ -	\$ 1,050	\$ 253,317	\$ -	\$ -	\$ -
-	-	-	-	-	9,026
-	-	-	-	-	-
1	266	5,446	-	-	-
-	-	-	-	-	-
1	1,316	258,763	-	-	9,026
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,144	29,227	-	2,372	9,026
-	-	-	-	-	-
-	-	-	-	-	-
-	-	63,510	-	-	-
-	2,144	92,737	-	2,372	9,026
1	(828)	166,026	-	(2,372)	-
-	-	-	-	-	-
-	-	-	-	-	-
1	(828)	166,026	-	(2,372)	-
588	16,821	328,353	6,033	2,372	-
<u>\$ 589</u>	<u>\$ 15,993</u>	<u>\$ 494,379</u>	<u>\$ 6,033</u>	<u>\$ -</u>	<u>\$ -</u>

## Midland County, Texas

Nonmajor Governmental Funds – Combining Statement  
of Revenues, Expenditures and Changes in Fund Balance – Continued  
For the Fiscal Year Ended September 30, 2018

	Other Victims' Assistance Grant	Truancy Court	Mental Health Deputies
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	42,737	-	70,000
Charges for services	-	-	-
Investment income	-	-	-
Other revenue	-	1,885	-
Total revenues	<u>42,737</u>	<u>1,885</u>	<u>70,000</u>
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	-	-	-
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	42,737	-	384,557
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>42,737</u>	<u>-</u>	<u>384,557</u>
Excess (deficiency) of revenues over (under) expenditures	-	1,885	(314,557)
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	-	314,559
Total other financing sources	<u>-</u>	<u>-</u>	<u>314,559</u>
Net change in fund balances	-	1,885	2
Fund balances - beginning of year	-	4,265	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 6,150</u>	<u>\$ 2</u>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable 2</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,518	42,638	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,450	3,000	-	-
<u>26,518</u>	<u>42,638</u>	<u>6,450</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,586	1,060	-	-
26,518	42,638	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,518</u>	<u>42,638</u>	<u>6,586</u>	<u>1,060</u>	<u>-</u>	<u>-</u>
-	-	(136)	1,940	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(136)	1,940	-	-
-	-	31,166	1,339	2,916	10
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,030</u>	<u>\$ 3,279</u>	<u>\$ 2,916</u>	<u>\$ 10</u>

## Midland County, Texas

Nonmajor Governmental Funds – Combining Statement  
of Revenues, Expenditures and Changes in Fund Balance – Continued  
For the Fiscal Year Ended September 30, 2018

	Title IV-E Federal Foster Care	Juvenile Probation State Grants
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Fines and forfeitures	\$ -	\$ -
Intergovernmental	19,721	1,046,855
Charges for services	-	-
Investment income	3,319	-
Other revenue	-	-
	<u>                    </u>	<u>                    </u>
Total revenues	23,040	1,046,855
<b>EXPENDITURES</b>		
Current		
General administration	-	-
Judicial	-	-
Financial administration	-	-
Elections	-	-
Public safety and corrections	26,795	1,046,855
Health and welfare	-	-
Culture and recreation	-	-
Capital outlay	-	-
	<u>                    </u>	<u>                    </u>
Total expenditures	26,795	1,046,855
Excess (deficiency) of revenues over (under) expenditures	(3,755)	-
<b>OTHER FINANCING SOURCES</b>		
Operating transfers in	-	-
	<u>                    </u>	<u>                    </u>
Total other financing sources	-	-
	<u>                    </u>	<u>                    </u>
Net change in fund balances	(3,755)	-
Fund balances - beginning of year	214,559	-
	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 210,804</u>	<u>\$ -</u>

<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Donation Juvenile</u>	<u>Donation Dare Program</u>	<u>Homeshoe Promotions</u>	<u>District Attorney Bomb Dog</u>	<u>Rifle Resistant Body Armor</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,490	-	-	9,196	22,500	71,000
-	20,490	-	-	9,196	22,500	71,000
-	-	-	830	57,500	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	7,178	71,000
-	-	-	-	-	-	-
-	19,158	-	-	-	-	-
-	-	-	-	-	-	-
-	19,158	-	830	57,500	7,178	71,000
-	1,332	-	(830)	(48,304)	15,322	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,332	-	(830)	(48,304)	15,322	-
793	78,612	148	33,024	99,000	-	-
<u>\$ 793</u>	<u>\$ 79,944</u>	<u>\$ 148</u>	<u>\$ 32,194</u>	<u>\$ 50,696</u>	<u>\$ 15,322</u>	<u>\$ -</u>

## Midland County, Texas

### Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Continued For the Fiscal Year Ended September 30, 2018

	<u>C.E.R.T.Z</u>	<u>Totals</u>
<b>REVENUES</b>		
Fines and forfeitures	\$ -	\$ 395,844
Intergovernmental	1,613,236	2,976,345
Charges for services	-	1,581,382
Investment income	-	73,864
Other revenue	-	324,724
	<hr/>	<hr/>
Total revenues	1,613,236	5,352,159
<b>EXPENDITURES</b>		
Current		
General administration	-	64,898
Judicial	-	1,385,436
Financial administration	-	5,838
Elections	-	60,296
Public safety and corrections	-	1,564,685
Health and welfare	-	496,450
Culture and recreation	-	19,158
Capital outlay	2,016,548	2,166,467
	<hr/>	<hr/>
Total expenditures	2,016,548	5,763,228
Excess (deficiency) of revenues over (under) expenditures	(403,312)	(411,069)
<b>OTHER FINANCING SOURCES</b>		
Operating transfers in	403,312	737,871
	<hr/>	<hr/>
Total other financing sources	403,312	737,871
Net change in fund balances	-	326,802
Fund balances - beginning of year	-	6,582,589
	<hr/>	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 6,909,391</u>

### **Nonmajor Internal Service Funds**

The Internal Service Funds account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. The three Internal Service Funds are:

Risk Management  
Health Care  
Fleet Maintenance

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**Midland County, Texas**  
 Internal Service Funds  
 Combining Statement of Net Position  
 September 30, 2018

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and equivalents	\$ 54,759	\$ -	\$ -	\$ 54,759
Investments	5,267,839	3,074,190	-	8,342,029
Accounts receivable	-	136,764	-	136,764
Due from other funds	-	165,175	196,884	362,059
	<u>5,322,598</u>	<u>3,376,129</u>	<u>196,884</u>	<u>8,895,611</u>
Total current assets				
Non current assets				
Other assets	-	-	26,662	26,662
	<u>-</u>	<u>-</u>	<u>26,662</u>	<u>26,662</u>
Total non current assets				
	<u>-</u>	<u>-</u>	<u>26,662</u>	<u>26,662</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,322,598</u></u>	<u><u>\$ 3,376,129</u></u>	<u><u>\$ 223,546</u></u>	<u><u>\$ 8,922,273</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 38,934	\$ 1,096,192	\$ 115,710	\$ 1,250,836
<b>TOTAL LIABILITIES</b>	38,934	1,096,192	115,710	1,250,836
<b>NET POSITION</b>				
Unrestricted	<u>5,283,664</u>	<u>2,279,937</u>	<u>107,836</u>	<u>7,671,437</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,283,664</u></u>	<u><u>\$ 2,279,937</u></u>	<u><u>\$ 107,836</u></u>	<u><u>\$ 7,671,437</u></u>

# Midland County, Texas

Internal Service Funds

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position

For the Fiscal Year Ended September 30, 2018

	<b>Risk Management</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,085,793
Total operating revenues	1,085,793
<b>OPERATING EXPENSES</b>	
Fleet maintenance	16,788
Claims expense	-
Administration costs	196,216
Premium cost	766,292
Professional services	27,430
Capital Outlay	107,000
Total operating expenses	1,113,726
Operating loss	(27,933)
<b>NONOPERATING REVENUES</b>	
Investment income	92,726
Miscellaneous income	4,545
Total nonoperating revenues	97,271
Change in net position	69,338
Net position - beginning of year	5,214,326
<b>NET POSITION - END OF YEAR</b>	<b>\$ 5,283,664</b>

Health Care	Fleet Maintenance	Totals
\$ 8,253,172	\$ 621,083	\$ 9,960,048
8,253,172	621,083	9,960,048
-	627,087	643,875
7,638,341	-	7,638,341
797,471	-	993,687
714,232	-	1,480,524
-	-	27,430
-	31,347	138,347
9,150,044	658,434	10,922,204
(896,872)	(37,351)	(962,156)
56,526	-	149,252
1,725	-	6,270
58,251	-	155,522
(838,621)	(37,351)	(806,634)
3,118,558	145,187	8,478,071
\$ 2,279,937	\$ 107,836	\$ 7,671,437

**Midland County, Texas**  
 Internal Service Funds  
 Combining Statement of Cash Flows  
 For the Fiscal Year Ended September 30, 2018

	<b>Risk Management</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 1,086,793
Cash paid for services	(1,104,862)
Net cash used in operating activities	(18,069)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(25,335)
Investment income received	92,726
Miscellaneous income received	4,545
Net cash provided by investing activities	71,936
Net change in cash	53,867
Cash and cash equivalents, beginning of year	892
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 54,759</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (27,933)
Adjustments to reconcile operating loss to net cash used in operating activities	
Accounts receivable	1,000
Due from other funds	65,193
Accounts payable	(56,329)
Total adjustments	9,864
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (18,069)</b>

Health Care	Fleet Maintenance	Totals
\$ 8,184,669	\$ 621,083	\$ 9,892,545
(8,989,522)	(790,012)	(10,884,396)
(804,853)	(168,929)	(991,851)
746,601	-	721,266
56,526	-	149,252
1,725	-	6,270
804,852	-	876,788
(1)	(168,929)	(115,063)
1	168,929	169,822
\$ -	\$ -	\$ 54,759
\$ (896,872)	\$ (37,351)	\$ (962,156)
(68,503)	-	(67,503)
(121,913)	(196,884)	(253,604)
282,435	65,306	291,412
92,019	(131,578)	(29,695)
\$ (804,853)	\$ (168,929)	\$ (991,851)

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## Agency Funds

Agency funds are used to account for funds held or collected for the benefit of other funds, governments or individuals. These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. They are as follows:

District Clerk  
County Clerk  
District Attorney  
Sheriff  
Justice of the Peace Precinct #1  
Justice of the Peace Precinct #2  
Justice of the Peace Precinct #3  
Justice of the Peace Precinct #4  
Juvenile Probation  
Tax Assessor Collector  
Constable Precinct 3  
Constable Precinct 4  
Unclaimed Property Fund  
Basic Security  
CS&CD Basic Supervision  
CS&CD Mental Health Initiative  
CS&CD Substance Abuse Continuum  
CS&CD Midland Outpatient Treatment Center  
CS&CD Cognitive Behavior  
Sex Offender Caseload  
DWI Repeat Offender Caseload

# Midland County, Texas

## Agency Funds

### Combining Statement of Fiduciary Assets and Liabilities

September 30, 2018

	District Clerk	County Clerk	District Attorney	Sheriff
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,991,904	\$ 1,846,858	\$ 28,300	\$ 1,369,236
Investments held in trust	6,254,497	82,320	-	-
Accounts receivable	-	-	-	-
Other receivables	1,515	7,818	-	161
Due from other funds	-	887	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 8,247,916</u></b>	<b><u>\$ 1,937,883</u></b>	<b><u>\$ 28,300</u></b>	<b><u>\$ 1,369,397</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,566	48,266	-	60,827
Due to other governmental agencies	-	238	-	1,227
Other liabilities	-	5,039	-	941,771
Funds held for others	8,244,350	1,884,340	28,300	365,572
<b>TOTAL LIABILITIES</b>	<b><u>\$ 8,247,916</u></b>	<b><u>\$ 1,937,883</u></b>	<b><u>\$ 28,300</u></b>	<b><u>\$ 1,369,397</u></b>

<u>Justice of the Peace Precinct #1</u>	<u>Justice of the Peace Precinct #2</u>	<u>Justice of the Peace Precinct #3</u>	<u>Justice of the Peace Precinct #4</u>	<u>Juvenile Probation</u>	<u>Tax Assessor Collector</u>
\$ 28,072	\$ 25,095	\$ 16,447	\$ 15,396	\$ 2,046	\$ 1,559,553
-	-	-	-	-	-
-	-	-	2,474	-	-
2,708	7,115	3,292	-	-	510,521
-	-	-	-	-	249,493
<u>\$ 30,780</u>	<u>\$ 32,210</u>	<u>\$ 19,739</u>	<u>\$ 17,870</u>	<u>\$ 2,046</u>	<u>\$ 2,319,567</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,805	20,731	18,200	13,558	-	835,242
-	-	-	-	-	390,474
263	263	-	-	-	2,689
5,712	11,216	1,539	4,312	2,046	1,091,162
<u>\$ 30,780</u>	<u>\$ 32,210</u>	<u>\$ 19,739</u>	<u>\$ 17,870</u>	<u>\$ 2,046</u>	<u>\$ 2,319,567</u>

# Midland County, Texas

## Agency Funds

### Combining Statement of Fiduciary Assets and Liabilities – Continued

September 30, 2018

	<u>Constable Precinct 3</u>	<u>Constable Precinct 4</u>	<u>Unclaimed Property Fund</u>	<u>Basic Security</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 302	\$ 104	\$ 1,578	\$ 69,795
Investments held in trust	-	-	19,267	-
Accounts receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 302</u>	<u>\$ 104</u>	<u>\$ 20,845</u>	<u>\$ 69,795</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental agencies	-	-	10,580	-
Other liabilities	302	101	-	-
Funds held for others	-	3	10,265	69,795
<b>TOTAL LIABILITIES</b>	<u>\$ 302</u>	<u>\$ 104</u>	<u>\$ 20,845</u>	<u>\$ 69,795</u>

<u>CS&amp;CD Basic Supervision</u>	<u>CS&amp;CD Midland Outpatient Treatment Center</u>	<u>CS&amp;CD Cognitive Behavior</u>
\$ 991,947	\$ 81,053	\$ 18,630
1,280	-	-
-	-	-
22	-	-
-	-	-
<u>\$ 993,249</u>	<u>\$ 81,053</u>	<u>\$ 18,630</u>
\$ 23,849	\$ 380	\$ -
141,556	19,736	3,893
800,935	57,603	14,105
26,909	3,334	632
-	-	-
<u>\$ 993,249</u>	<u>\$ 81,053</u>	<u>\$ 18,630</u>

# Midland County, Texas

## Agency Funds

### Combining Statement of Fiduciary Assets and Liabilities – Continued September 30, 2018

	<b>Sex Offender Caseload</b>	<b>DWI Repeat Offender Caseload</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,558	\$ 50,160	\$ 8,139,034
Investments held in trust	-	-	6,357,364
Accounts receivable	-	-	2,474
Other receivables	-	-	533,152
Due from other funds	-	-	250,380
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 42,558</u>	<u>\$ 50,160</u>	<u>\$ 15,282,404</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,154	\$ 285	\$ 27,668
Due to other funds	9,041	15,241	1,214,662
Due to other governmental agencies	28,874	32,244	1,336,280
Other liabilities	1,489	2,390	985,182
Funds held for others	-	-	11,718,612
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>\$ 42,558</u>	<u>\$ 50,160</u>	<u>\$ 15,282,404</u>

# **Statistical Data**

(Unaudited)

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Midland County, Texas  
 Net Asset Information<sup>1</sup>  
 Last Ten Fiscal Years

Table 1

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Invested in capital assets, net of related debt	\$ 55,495,757	\$ 64,661,102	\$ 65,543,884	\$ 68,658,903	\$ 74,455,972	\$ 108,066,451	\$ 125,347,288	\$ 128,759,583	\$ 129,496,408	\$ 136,570,111
Restricted, debt service, legislation, and grants	-	-	439,114	515,403	6,875,870	5,152,937	6,191,586	16,866,784	17,124,126	18,066,315
Unrestricted	58,367,497	55,514,056	74,121,687	95,749,635	105,075,226	97,354,499	87,652,573	54,648,172	67,984,157	15,605,949
<b>Total governmental activities net assets</b>	<b>\$ 113,863,254</b>	<b>\$ 120,175,158</b>	<b>\$ 140,104,685</b>	<b>\$ 164,923,941</b>	<b>\$ 186,407,068</b>	<b>\$ 210,573,887</b>	<b>\$ 219,191,447</b>	<b>\$ 200,274,539</b>	<b>\$ 214,604,691</b>	<b>\$ 170,242,375</b>

Source: Current and prior years' financial statements

<sup>1</sup> Reporting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County, as is the case with several special revenue funds restricted to the purposes of the fund. Public trust net assets are restricted by applicable trust and bond indentures to the purposes of the trust, appropriately reported in separate funds at the fund reporting level.

Midland County, Texas  
Changes in Net Assets Information  
Last Ten Fiscal Years<sup>1</sup>

Table 2

	Fiscal year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General administration	\$ 645,373	\$ 659,537	\$ 775,489	\$ 970,332	\$ 1,150,868	\$ 1,202,492	\$ 1,159,848	\$ 1,119,566	\$ 939,295	\$ 1,033,967
Judicial	5,289,739	4,691,923	6,863,427	5,682,820	4,111,105	5,223,333	6,766,617	3,803,762	8,311,927	10,052,259
Elections	43,444	39,300	36,258	43,527	68,619	51,806	15,571	40	115	20
Public safety and corrections	1,512,307	1,303,540	1,275,375	1,334,539	1,448,175	1,719,351	1,800,449	1,740,928	1,972,228	1,925,888
Health and welfare	33,268	26,875	26,500	24,800	17,500	23,275	30,850	32,000	28,900	21,650
Culture and recreation	313,888	41,782	315,229	393,712	419,895	27,237	105,803	19,996	17,187	18,156
Highways and roads	2,492,414	2,126,853	2,443,223	2,369,145	2,423,226	3,376,066	2,417,970	2,079,363	2,088,216	2,428,518
Operating grants and contributions	1,886,721	2,723,498	1,897,441	2,284,436	2,184,688	2,634,399	2,229,127	2,123,179	3,813,111	4,851,414
Capital grants and contributions	109,478	-	20,000	17,502	69,987	3,814,514	-	-	-	-
Total primary government program revenues	12,326,632	11,613,308	13,652,942	13,120,813	11,894,063	18,072,473	14,526,235	10,918,834	17,170,979	20,331,872
<b>EXPENSES</b>										
Governmental activities:										
General administration	6,412,572	8,774,777	7,805,076	9,160,753	10,057,877	11,700,816	11,805,385	11,915,192	12,293,502	17,947,404
Judicial	10,439,343	11,493,494	11,668,648	11,883,961	12,986,637	15,000,485	15,660,986	17,129,275	18,802,089	22,075,443
Financial administration	2,149,279	2,141,795	2,208,608	2,420,644	2,735,855	2,949,724	3,213,036	3,345,084	3,667,133	4,289,197
Elections	446,817	505,182	446,412	571,875	506,899	564,981	487,880	560,889	620,092	663,714
Public safety and corrections	17,293,520	18,123,535	17,053,222	17,858,374	20,950,248	23,491,340	24,518,270	27,079,545	29,011,325	33,491,236
Health and welfare	872,397	824,170	703,140	788,022	979,296	2,515,521	1,257,712	1,188,446	1,217,139	1,546,433
Culture and recreation	3,050,567	2,883,345	2,734,693	2,965,887	4,533,049	4,433,045	5,258,833	6,050,548	6,626,791	6,997,642
Conservation and natural resources	198,467	238,694	223,153	223,305	178,396	2,167,721	2,519,168	163,249	157,712	172,464
Highways and roads	4,216,759	4,536,358	5,003,580	4,664,656	5,018,322	4,629,443	6,290,771	7,891,750	6,878,014	6,933,675
Interest on long-term debt	867,549	1,529,113	1,272,932	1,271,344	1,220,125	906,326	831,023	749,969	609,706	573,520
Total primary government expenses	45,947,270	51,050,463	49,119,464	51,808,821	59,166,704	68,359,402	71,843,064	76,073,947	79,883,505	94,690,728
<b>NET EXPENSE</b>										
Governmental activities	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)	(57,316,829)	(65,155,113)	(62,712,526)	(74,358,856)
Total primary government net expense	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)	(57,316,829)	(65,155,113)	(62,712,526)	(74,358,856)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>										
Governmental activities:										
Taxes:										
Property taxes	22,993,225	24,896,103	26,740,020	26,420,493	25,393,305	26,110,285	27,077,403	31,691,056	33,198,763	37,169,388
Sales tax	18,268,325	18,822,713	26,506,605	34,304,031	38,406,798	45,807,563	41,183,068	30,790,248	38,616,646	58,706,976
Bingo tax	81,934	85,129	94,410	118,837	132,391	132,239	120,486	106,714	85,450	92,258
Mixed beverage tax	397,514	419,508	436,503	458,722	535,106	753,884	799,928	751,591	849,297	1,028,666
Occupancy tax	351,198	310,784	494,607	708,461	838,466	990,278	3,437,870	2,506,614	2,522,481	3,684,846
Unrestricted investment earnings	852,730	499,822	252,690	255,530	386,454	386,725	488,116	628,335	764,559	1,814,350
Gain on sale of assets	-	-	-	-	2,309,548	-	-	-	(196,698)	(275,795)
Miscellaneous	492,028	715,000	871,214	1,241,190	754,050	856,564	957,408	1,363,020	1,202,180	1,275,870
Total governmental activities	43,436,954	45,749,059	55,396,049	63,507,264	68,756,118	75,037,538	74,064,279	67,837,578	77,042,678	103,496,559
<b>CHANGE IN NET ASSETS</b>										
Governmental activities	9,816,316	6,311,904	19,929,527	24,819,256	21,483,477	24,750,609	16,747,450	2,682,465	14,330,152	29,137,703
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 9,816,316</b>	<b>\$ 6,311,904</b>	<b>\$ 19,929,527</b>	<b>\$ 24,819,256</b>	<b>\$ 21,483,477</b>	<b>\$ 24,750,609</b>	<b>\$ 16,747,450</b>	<b>\$ 2,682,465</b>	<b>\$ 14,330,152</b>	<b>\$ 29,137,703</b>

Source: Current and prior years' financial statements

<sup>1</sup> Midland County began collecting the Hotel Occupancy tax August 2007.

Midland County, Texas  
 Governmental Fund Balances<sup>1</sup>  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Table 3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GENERAL FUND:</b>										
Reserved	\$ 402,973	\$ 112,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	36,961,858	38,659,881	-	-	-	-	-	-	-	-
Nonspendable	-	-	72,757	23,340	12,917	129,295	32,095	36,551	178,988	17,015
Restricted	-	-	494,607	708,461	838,466	990,278	1,081,530	695,480	906,240	1,610,569
Committed	-	-	15,672,750	21,647,030	-	-	-	-	-	-
Assigned	-	-	12,125,663	12,733,349	38,071,117	36,666,677	34,638,524	17,692,680	17,605,498	18,031,931
Unassigned	-	-	27,400,331	31,177,360	31,052,919	28,312,942	33,600,772	47,527,486	62,091,343	98,944,279
Total general fund	37,364,831	38,772,235	55,766,108	66,289,540	69,975,419	66,099,192	69,352,921	65,952,197	80,782,069	118,603,794
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Reserved	355,992	1,288,660	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Road and bridge fund	2,610,223	2,395,820	-	-	-	-	-	-	-	-
Capital projects fund	26,234,801	15,688,318	-	-	-	-	-	-	-	-
Nonmajor governmental funds	3,094,439	2,648,669	-	-	-	-	-	-	-	-
Road and bridge fund										
Nonspendable	-	-	436,058	680,620	970,555	1,901,890	1,411,149	1,218,621	1,229,723	1,253,509
Restricted	-	-	1,550,865	1,958,108	1,806,167	2,075,488	5,335,304	9,120,890	10,072,227	9,925,624
Committed	-	-	1,421,409	1,217,414	1,627,215	-	-	-	-	-
Assigned	-	-	-	-	-	2,825,234	13,257	-	-	-
Debt service fund										
Restricted	-	-	562,466	633,300	6,934,835	360,419	399,900	1,087,402	29,321	67,338
Capital projects fund										
Nonspendable	-	-	-	365	-	-	-	-	-	-
Restricted	-	-	4,142,259	2,989,712	1,003,084	695,596	662,720	662,720	-	-
Committed	-	-	136,930	9,185,965	15,687,348	14,576,696	7,432,493	7,211,937	10,821,782	5,636,044
Nonmajor governmental funds										
Nonspendable	-	-	-	884	2,440	4,666	125	-	1,998	902
Restricted	-	-	2,294,315	2,511,462	3,080,721	4,162,659	4,784,067	5,341,904	6,116,338	6,462,784
Committed	-	-	895,305	84,234	292,723	287,550	328,728	446,591	464,253	445,705
Assigned	-	-	-	913,148	467,306	-	-	-	-	-
Total all other governmental funds	32,295,455	22,021,467	11,439,607	20,175,212	31,872,394	26,890,198	20,367,743	25,090,065	28,735,642	23,791,906
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 69,660,286</b>	<b>\$ 60,793,702</b>	<b>\$ 67,205,715</b>	<b>\$ 86,464,752</b>	<b>\$ 101,847,813</b>	<b>\$ 92,989,390</b>	<b>\$ 89,720,664</b>	<b>\$ 91,042,262</b>	<b>\$ 109,517,711</b>	<b>\$ 142,395,700</b>

Source: Current and past years' financial statements

<sup>1</sup>The County implemented GASB 54 in fiscal year 2011.

Midland County, Texas  
 Governmental Funds – Changes in Fund Balances  
 Last Ten Fiscal Years

Table 4

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Property tax, penalties and interest	\$ 22,867,523	\$ 24,889,309	\$ 26,559,793	\$ 26,615,931	\$ 25,525,917	\$ 26,243,452	\$ 27,156,172	\$ 31,580,561	\$ 33,028,491	\$ 37,054,992
Sales tax	18,268,325	18,822,713	26,506,605	34,304,031	36,900,900	44,018,335	41,183,068	30,790,248	38,616,646	58,706,976
Hotel-motel tax	351,198	310,784	494,607	708,461	838,466	990,278	1,081,530	695,480	906,240	1,610,569
Fines and forfeitures	2,151,251	2,009,637	2,475,877	2,559,947	2,617,996	3,076,654	3,684,888	3,781,591	2,890,265	3,193,739
Licenses and permits	2,889,928	2,546,362	2,625,248	2,827,867	2,958,332	3,131,580	2,918,186	2,830,954	2,937,513	3,457,184
Intergovernmental charges	2,567,444	2,377,312	2,351,464	2,175,915	1,969,778	2,615,091	2,244,804	2,720,213	4,336,237	4,183,015
Charges for current services	4,748,265	4,524,215	4,893,693	5,428,681	6,612,934	7,230,096	7,102,055	6,803,023	8,021,444	8,534,328
Investment income	813,005	489,633	245,318	244,947	377,277	376,896	481,097	594,812	688,599	1,665,098
Other revenue	1,037,094	1,364,435	1,032,478	1,215,376	1,324,476	2,151,346	1,774,117	1,725,775	1,627,489	2,351,318
Total revenues	\$ 55,694,033	\$ 57,334,400	\$ 67,185,083	\$ 76,081,156	\$ 79,126,076	\$ 89,833,728	\$ 87,625,917	\$ 81,522,657	\$ 93,052,924	\$ 120,757,219
<b>EXPENDITURES</b>										
Current										
General administration	\$ 5,439,838	\$ 7,744,207	\$ 6,926,425	\$ 7,459,722	\$ 8,005,410	\$ 8,635,230	\$ 9,172,043	\$ 10,159,248	\$ 9,799,559	\$ 13,923,243
Judicial	10,230,743	11,048,000	11,427,052	11,680,071	12,892,667	14,723,240	15,830,047	16,865,773	16,494,966	18,687,971
Financial administration	2,108,277	2,130,738	2,185,159	2,389,323	2,701,314	2,931,640	3,196,337	3,287,777	3,165,349	3,491,474
Elections	392,544	456,938	396,294	525,992	497,847	557,381	487,880	560,854	567,462	577,393
Public safety and corrections	16,556,160	16,903,747	16,533,458	17,353,802	19,557,652	21,521,148	23,403,233	25,000,367	23,985,553	26,357,893
Health and welfare	846,705	801,852	688,733	771,465	959,450	2,493,446	1,248,439	1,171,988	1,179,744	1,306,649
Culture and recreation	2,374,571	2,115,396	2,051,510	2,331,975	3,902,323	3,276,870	4,411,971	3,926,223	4,005,542	4,336,293
Conservation and natural resources	186,067	233,535	220,514	219,145	171,080	126,123	135,311	152,177	136,680	160,638
Highways and roads	2,308,222	2,480,858	2,849,046	2,702,726	2,984,077	2,910,036	5,927,887	3,944,721	4,631,434	4,558,568
Capital outlay	12,651,896	18,047,307	13,941,374	7,862,296	12,276,795	32,139,266	24,737,607	13,596,000	8,940,480	12,820,588
Debt service	1,487,296	2,615,393	2,483,516	2,541,602	2,541,852	8,377,983	1,766,319	1,714,329	1,654,706	1,658,520
Total expenditures	\$ 54,582,319	\$ 64,577,971	\$ 59,703,081	\$ 55,838,119	\$ 66,490,467	\$ 97,692,363	\$ 90,317,074	\$ 80,379,457	\$ 74,561,475	\$ 87,879,230
<b>OTHER FINANCING SOURCES (USES)</b>										
Certificates of obligation issued	\$ 21,995,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,625,000	\$ -	\$ -
Reoffering premium	401,927	-	-	-	-	-	-	1,184,760	-	-
Capital lease proceeds	-	-	-	16,000	-	-	15,000	-	-	-
Payment to escrow	-	-	-	-	-	-	-	(15,844,041)	-	-
Proceeds from sale of assets and capital lease	-	-	-	-	2,747,452	212	79,706	57,092	-	-
Transfers in	10,147,679	6,856,515	2,218,670	15,509,861	25,355,367	28,889,140	17,644,858	16,575,711	11,882,274	3,737,871
Transfers (out)	(10,447,679)	(8,479,528)	(3,288,659)	(16,509,861)	(25,355,367)	(29,889,140)	(18,317,133)	(16,416,421)	(11,898,274)	(3,737,871)
Total other financing sources (uses)	\$ 22,096,927	\$ (1,623,013)	\$ (1,069,989)	\$ (984,000)	\$ 2,747,452	\$ (999,788)	\$ (577,569)	\$ 182,101	\$ (16,000)	\$ -
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 23,208,641</b>	<b>\$ (8,866,584)</b>	<b>\$ 6,412,013</b>	<b>\$ 19,259,037</b>	<b>\$ 15,383,061</b>	<b>\$ (8,858,423)</b>	<b>\$ (3,268,726)</b>	<b>\$ 1,325,301</b>	<b>\$ 18,475,449</b>	<b>\$ 32,877,989</b>
Debt service as a percent of non-capital expenditures	3.55%	5.62%	5.43%	5.30%	4.69%	12.78%	2.69%	2.57%	2.52%	2.21%

Source: Current and past years' financial statements

**Midland County, Texas**  
 Assessed Value of Taxable Property  
 Last Ten Fiscal Years

**Table 5**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>
2009	8,665,947,068	2,300,407,520	10,966,354,588	0.207455
2010	9,122,177,496	2,507,110,450	11,629,287,946	0.211805
2011	10,111,879,549	2,306,337,480	12,418,217,029	0.211805
2012	10,662,418,645	2,548,822,720	13,211,241,365	0.198207
2013	12,848,573,368	3,415,362,500	16,263,935,868	0.154789
2014	14,426,648,389	4,157,580,540	18,584,228,929	0.140178
2015	16,185,219,872	5,050,363,940	21,235,583,812	0.126523
2016	16,168,763,412	6,092,448,580	22,261,211,992	0.140811
2017	15,489,025,901	5,605,347,040	21,094,372,941	0.155992
2018	18,082,987,025	5,760,214,380	23,843,201,405	0.153169

Source: Midland County Appraisal District

## Midland County, Texas

Direct and Overlapping Property Tax Rates

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

Table 6

Midland County Texas					Overlapping Rates					
Fiscal Year	General	Road & Bridge	Debt Service	Total Funds	MISD	City of Midland	Hospital District	Midland College	Midland Utility District	Total all Entities
2008	0.2177	-	0.0128	0.2305	1.1681	0.5386	0.1423	0.1911	-	2.2705
2009	0.1968	-	0.0107	0.2075	1.1651	0.4859	0.12020	0.17290	-	2.1516
2010	0.1882	-	0.0236	0.2118	1.1526	0.4568	0.1813	0.1719	-	2.1744
2011	0.1912	-	0.0205	0.2117	1.1451	0.4729	0.1663	0.1699	-	2.1659
2012	0.1788	-	0.0194	0.1982	1.1411	0.4705	0.1622	0.1679	-	2.1399
2013	0.1500	-	0.0048	0.1548	1.1401	0.4611	0.1397	0.1442	-	2.0398
2014	0.1306	-	0.0096	0.1402	1.1301	0.4319	0.1257	0.1332	0.0300	1.9910
2015	0.1181	-	0.0084	0.1265	1.1401	0.3939	0.1183	0.1244	0.0296	1.9328
2016	0.1328	-	0.0080	0.1408	1.1401	0.3805	0.1198	0.1259	0.0276	1.9347
2017	0.1533	-	0.0027	0.1560	1.1201	0.3997	0.1351	0.1371	0.0276	1.9756
2018	0.1461	-	0.0070	0.1532	1.2760	0.4084	0.1300	0.1253	0.0276	2.1205

Source: Midland County Budget

**Midland County, Texas**  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 7**

2018			2009		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pioneer Natural Res -WI-	\$ 1,424,472,858	6.71%	Pioneer Natural Res -WI-	\$ 679,082,310	8.65%
Chevron USA Inc	569,390,100	2.68%	Endeavor Energy Resources LP	199,755,660	2.55%
XTO Energy Inc	338,601,340	1.59%	Chevron	157,484,850	2.01%
COG Operating LLC	315,900,410	1.49%	LCX Energy LLC	138,121,560	1.76%
Pioneer Natural Resources USA Inc	303,704,220	1.43%	BP America Production Company	111,643,510	1.42%
Endeavor Energy Resources LP	228,790,740	1.08%	Oxy USA	93,377,880	1.19%
Diamondback E&P LLC	213,125,100	1.00%	TRA Midland Properties	71,205,700	0.91%
Propetro Services (VEH)	203,774,590	0.96%	COG Operating	66,863,280	0.85%
Keane Frac LP	201,957,470	0.95%	TXU	66,303,650	0.84%
Encana Oil & Gas (USA) Inc	168,831,000	0.80%	Borets - Weatherford	56,909,050	0.73%
<b>Total</b>	<b>\$ 3,968,547,828</b>	<b>18.69%</b>	<b>Total</b>	<b>\$ 1,640,747,450</b>	<b>20.91%</b>

Source: Midland County Tax Office

**Midland County, Texas**  
 Property Tax Levies and Collections  
 Fiscal Years Ended September 30, 2008 through 2018

**Table 8**

Fiscal Year End	Assessed Value	Tax Rate	Tax Levy	Collections				Uncollected	
				October- December	Percent of Levy	January- June	Percent of Levy	June 30th of Next Year	Percent of Levy
2009	10,966,354,588	\$ 0.207455	22,750,251	6,714,509	29.51%	15,200,289	66.81%	835,452	3.67%
2010	11,629,287,946	\$ 0.211805	24,631,413	11,015,095	44.72%	12,861,320	52.22%	754,999	3.07%
2011	12,418,217,029	\$ 0.211805	26,302,405	8,741,757	33.24%	16,946,242	64.43%	614,406	2.34%
2012	13,037,340,605	\$ 0.198207	25,840,922	10,751,424	41.61%	14,899,445	57.66%	190,053	0.74%
2013	16,263,935,868	\$ 0.154789	25,174,784	10,984,748	43.63%	13,753,880	54.63%	436,156	1.73%
2014	18,584,228,929	\$ 0.140178	25,750,185	11,628,235	45.16%	13,889,491	53.94%	232,459	0.90%
2015	21,235,583,812	\$ 0.126523	26,593,450	6,409,613	24.10%	19,757,504	74.29%	426,333	1.60%
2016	22,261,211,992	\$ 0.140811	31,346,210	11,607,488	37.03%	19,160,694	61.13%	578,028	1.84%
2017	21,094,372,941	\$ 0.155992	32,905,534	13,300,934	40.42%	18,669,273	56.74%	935,327	2.84%
2018	23,843,201,405	\$ 0.153169	36,520,393	12,257,342	33.56%	23,442,013	64.19%	821,039	2.25%

Source: Midland County Tax Office

**Midland County, Texas**  
 Ratios of Outstanding Debt  
 Last Ten Fiscal Years

**Table 9**

<u>Fiscal Year</u>	<u>Certificates of Obligation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2009	31,020,000	31,020,000	0.26%	234.11
2010	30,255,000	30,255,000	0.37%	222.07
2011	29,065,000	29,065,000	0.30%	212.17
2012	27,805,000	27,805,000	0.21%	198.41
2013	26,495,000	26,495,000	0.16%	180.01
2014	19,055,000	19,055,000	0.11%	125.31
2015	18,140,000	18,140,000	0.10%	116.29
2016	17,665,000	17,665,000	0.10%	109.67
2017	16,620,000	16,620,000	0.10%	99.689
2018	15,535,000	15,535,000	0.09%	111.352

Sources: Current and past years' financial statements  
 See Table 13 for personal income and population data.

## Midland County, Texas

Ratio of Net Bonded Debt to Assessed Value  
and Net Bonded Debt per Capita  
Last Ten Fiscal Years

**Table 10**

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Gross Bonded Debt</b>	<b>Debt Service Designated Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
2009	129,494	10,966,354,588	31,020,000	346,823	30,673,177	0.280	236.87
2010	129,715	11,629,287,946	30,255,000	484,636	29,770,364	0.256	229.51
2011	131,349	12,418,217,029	29,065,000	562,468	28,502,532	0.230	217.00
2012	140,308	13,211,241,365	27,805,000	633,300	27,171,700	0.206	193.66
2013	146,645	16,263,935,868	26,495,000	6,934,835	19,560,165	0.120	133.38
2014	151,468	18,584,228,929	19,055,000	360,420	18,694,580	0.101	123.42
2015	155,830	21,235,583,812	18,140,000	399,900	17,740,100	0.084	113.84
2016	161,077	22,261,211,992	17,665,000	1,087,402	16,577,598	0.074	102.92
2017	166,718	21,094,372,941	16,620,000	29,320	16,590,680	0.079	99.51
2018	139,512	23,843,201,405	15,535,000	67,338	15,467,662	0.065	110.87

Source: US Census Bureau, Current and past years' financial statements. Each year is calculated based on prior year census.

Note: Funds were transferred into the 2004 Certificate of Obligation in order to pay off the balance on the bond. Due to timing of the invoice, the bond was paid in full in FY 2014.

**Midland County, Texas**

Direct and Overlapping Governmental Activities Debt

As of September 30, 2018

**Table 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Midland	\$ 104,888,569	100%	\$ 104,888,569
Midland Independent School District	207,700,996	100%	207,700,996
Midland Community College	30,916,000	100%	30,916,000
Midland County Hospital District	95,520,000	100%	95,520,000
Greenwood Independent School District	56,925,000	100%	56,925,000
City of Odessa	55,341,919	8%	4,501,496
Subtotal, overlapping debt			<u>500,452,061</u>
Midland County (direct debt)			<u>15,535,000</u>
<b>Total direct and overlapping debt</b>			<b>\$ 51,987,061</b>

Sources: Financial statements of the various governmental agencies.

Note: Overlapping governments are those that coincide, at least partly, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Midland County. This process recognizes that when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Midland County, Texas  
Debt Limitations  
Last Ten Fiscal Years

Table 12

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 2,166,486,767	\$ 2,280,544,374	\$ 2,527,969,887	\$ 2,665,604,661	\$ 3,212,143,342	\$ 3,606,662,097	\$ 4,046,304,968	\$ 4,042,190,853	\$ 3,872,256,475	\$ 4,520,746,756
Total net debt applicable to limit	<u>30,673,176</u>	<u>29,770,364</u>	<u>28,502,532</u>	<u>27,171,700</u>	<u>19,560,165</u>	<u>18,694,580</u>	<u>17,740,100</u>	<u>16,577,598</u>	<u>16,590,680</u>	<u>15,467,662</u>
Debt margin	<u>\$ 2,135,813,591</u>	<u>\$ 2,250,774,010</u>	<u>\$ 2,499,467,355</u>	<u>\$ 2,638,432,961</u>	<u>\$ 3,192,583,177</u>	<u>\$ 3,587,967,517</u>	<u>\$ 4,028,564,868</u>	<u>\$ 4,025,613,255</u>	<u>\$ 3,855,665,795</u>	<u>\$ 4,505,279,094</u>
Total net debt applicable to the limit as a percentage of debt limit	1.44%	1.32%	1.14%	1.03%	0.61%	0.52%	0.44%	0.41%	0.43%	0.34%
<b>Debt Margin Calculation for Fiscal Year 2010</b>										
Assessed Value of Real Property	\$ 18,082,987,025									
Assessed Value of Personal & Other Property	<u>5,760,214,380</u>									
Total Assessed Value	<u>\$ 23,843,201,405</u>									
Debt Limit, 25% of Real Property Assessed Value (1)	\$ 4,520,746,756									
Amount of Debt Applicable to Debt Limit:										
Total Bonded Debt	15,535,000									
Less: Assets in Debt Service Funds Available for Payment of Principal	67,338									
Total Amount of Debt Applicable to Debt Limit	<u>15,467,662</u>									
Legal Debt Margin	<u>\$ 4,505,279,094</u>									
Source:	Current and past years' financial statements									
Note 1:	Limit is set by provisions under Article III, Section 52 of the Texas State Constitution									

**Midland County, Texas**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

**Table 13**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate Percentage</b>
2009	132,502	11,806,924	89,108	5.4
2010	136,238	8,209,767	60,260	5
2011	136,990	9,798,045	71,524	4.9
2012	140,139	13,549,464	96,686	3.4
2013	147,185	16,174,537	109,893	3.1
2014	152,057	17,254,309	113,473	2.6
2015	155,990	18,876,831	121,013	3.3
2016	161,077	17,168,895	106,588	3.8
2017	166,718	17,148,261	105,486	2.5
2018	139,512	17,421,000	75,002	2.2

Sources: Population figures for 2018 are an estimate provided by the US Census Bureau, Personal Income and Per Capita Personal Income are from the US Bureau of Economic Analysis, and Texas Workforce Commission provided data on Unemployment Rates. Information is based on previous year information from fiscal year stated.

<http://www.bea.gov>

**Midland County, Texas**

Full-Time Equivalent County Government  
 Employees by Function/Program  
 Last Five Fiscal Years

**Table 14**

<b>Function / Program</b>	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General administration	151.5	148	28	29	30
Judicial	40.5	50	145	146	152
Financial administration	29	29.5	44	42	43
Elections	5	5.5	5	5	5
Public safety and corrections	259	273.5	276	281	285
Health and welfare	4	3	3	3	3
Culture and recreation	43.5	45.5	34	36	35
Conservation and natural resources	4	3	1	1	3
Highways and roads	26	30	31	32	33
<b>Total</b>	<b>562.5</b>	<b>588</b>	<b>567</b>	<b>575</b>	<b>589</b>

Source: Midland County Treasurers Office

**Midland County, Texas**  
 Operation Indications Information  
 Last Five Fiscal Years

**Table 15**

FUNCTION / PROGRAM	Fiscal Year				
	2014	2015	2016	2017	2018
<b>GENERAL GOVERNMENT</b>					
Commissioners Court					
Number of Official Public Meetings	25	22	22	24	49
Regular Sessions	10	10	5	5	3
Special Sessions (Work Sessions)					
<b>PUBLIC SAFETY</b>	10,974	10,755	14,845	11,549	10,759
Inmates Booked	12,943	12,098	13,247	13,214	12,400
Arrests					
<b>JUDICIAL</b>					
District Courts	1,617	2,565	1,468	1,681	1,557
Civil Cases Filed	2,097	1,227	1,353	1,284	1,218
Civil Cases Disposed	1,771	1,944	2,114	2,223	2,077
Criminal Cases Filed	1,104	2,202	2,567	2,715	2,521
Criminal Cases Disposed					
County Courts-at-Law	1,166	913	1,104	1,143	1,102
Civil Cases Filed	762	700	783	992	1,041
Civil Cases Disposed	4,457	4,034	3,978	4,536	4,241
Criminal Cases Filed	4,755	4,085	4,020	4,341	4,015
Criminal Cases Disposed	100	133	94	108	63
Juvenile Cases Filed	120	143	62	71	65
Juvenile Cases Disposed	503	593	600	616	586
Probate and Mental Health Cases Filed	59	91	147	156	142
Probate and Mental Health Cases Disposed					
Justice of the Peace Courts	669	1,394	1,652	2,257	2,813
Civil Cases Filed	605	1,040	1,320	1,545	1,890
Civil Cases Disposed	10,449	17,104	9,974	14,206	19,682
Criminal Cases Filed	10,021	14,032	13,488	12,197	13,347
Criminal Cases Disposed	131	441	445	379	464
Juvenile Cases Filed					
<b>CULTURE AND RECREATION</b>	153	187	166	174	210
Events Held					
<b>ELECTIONS</b>	72,059	75,472	76,808	80,329	80,506
Number of Registered Voters					
<b>HIGHWAYS</b>					
Permits Granted	180	215	212	271	234
Work Requests	121	189	93	159	156

Sources: Office of Court Administration and various county departments

**Midland County, Texas**

Capital Assets Information By Function/Program  
Last Five Fiscal Years

**Table 16**

FUNCTION / PROGRAM	Fiscal Years				
	2014	2015	2016	2017	2018
<b>BUILDINGS</b>					
General admin	1	1	2	2	2
Judicial	4	4	2	2	2
Public safety	5	5	9	9	9
Highways	1	1	1	1	1
Culture and recreation	7	8	7	7	8
Health & Welfare	1	1	1	1	1
<b>PATROL CARS</b>	29	33	32	32	31
<b>ELECTIONS</b>					
Electronic voting machines	270	270	272	272	272
<b>HIGHWAYS</b>					
Miles of roads maintained	383	383	410	356	376

Source: Various county departments.

# Internal Control and Compliance

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**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  
*Governmental Auditing Standards***

To Honorable County Judge and  
Commissioners Court of Midland County  
Midland County, 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, each major fund, and the aggregate remaining fund information of Midland County, Texas (the County), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 28, 2019.

***Internal Control over Financial Reporting***

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

To Honorable County Judge and  
Commissioners Court of Midland County

**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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
May 28, 2019

**Independent Auditor's Report on Compliance for the Major State Program and  
Report on Internal Control over Compliance in Accordance with Uniform Grant  
Management Standards of the State of Texas**

To Honorable County Judge and  
Commissioners Court of Midland County  
Midland County, Texas

**Report on Compliance for the Major State Program**

We have audited Midland County, Texas (the County) compliance with the types of compliance requirements described in the *State of Texas Uniform Grant Management Standards (UGMS)* that could have a direct and material effect on the County's major state programs for the fiscal year ended September 30, 2018. The County's major state 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 state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the County's major state 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 the State of Texas Single Audit Circular under Uniform Grant Management Standards (UGMS) issued by the Governor's Office. Those standards and UGMS 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 the major state 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 the major state program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on the 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 its major state program for the fiscal year ended September 30, 2018.

To Honorable County Judge and  
Commissioners Court of Midland County

### **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 the major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state programs and to test and report on internal control over compliance in accordance with UGMS, 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 the state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 UGMS. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
May 28, 2019

**Midland County, Texas**  
 Schedule of Expenditures of State Awards  
 For the Fiscal Year Ended September 30, 2018

State Grantor/Pass-through Grantor Program Title	CFDA Number	Grant Contract Number	Grant Expenditures
<b>State Grant Expenditures</b>			
<b><u>Crime Victim Services</u></b>			
FY 2017-2018 Victim Coordinator and Liaison Grant (VCLG)	N/A	1881432	\$ 38,587
FY 2018-2019 Victim Coordinator and Liaison Grant (VCLG)	N/A	1987155	4,150
FY 2017-2018 Victim Coordinator and Liaison Grant (VCLG)	N/A	1881333	38,150
FY 2018-2019 Victim Coordinator and Liaison Grant (VCLG)	N/A	1987148	4,487
<b>Total Crime Victim Services</b>			<b>85,374</b>
<b><u>Office of the Attorney General</u></b>			
FY 2018 Texas VINE Annual Maintenance Grant (VINE)	N/A	1877497	24,478
FY 2019 Texas VINE Annual Maintenance Grant (VINE)	N/A	1990530	2,040
<b>Total Office of the Attorney General</b>			<b>26,518</b>
<b><u>Office of Court Administration</u></b>			
Indigent Defense FY2017 Formula Grant	N/A	212-17-165	46,063
Indigent Defense FY2018 Formula Grant	N/A	212-18-165	145,670
<b>Total Office of Court Administration</b>			<b>191,733</b>
<b><u>Texas Department of Criminal Justice</u></b>			
Mental Health Services Provider Agreement	N/A	N/A	70,000
<b>Total Texas Department of Criminal Justice</b>			<b>70,000</b>
<b><u>Texas Department of Transportation</u></b>			
County Transportation Infrastructure Fund Grant Program	N/A	CTIF-01-165	1,613,236
<b>Total Department of Transportation</b>			<b>1,613,236</b>
<b><u>Texas Department of Transportation</u></b>			
Great Promise for American Indians	N/A	78759	1200
Kim Lehman	N/A	78722	600
Edge of Imagination	N/A	79938	912
<b>Total Texas State Library and Archives Commission</b>			<b>2,712</b>
<b><u>Office of the Governor</u></b>			
Wraparound Project	N/A	3115602	87,693
Rifle Resistant Body Armor Grant	N/A	3470601	71,000
<b>Total Office of the Governor</b>			<b>158,693</b>
<b>Total State Grant Expenditures</b>			<b>\$ 2,148,266</b>

## Midland County, Texas

Notes to Schedule of Expenditures of State Awards  
For the Fiscal Year Ended September 30, 2018

### Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of the County under programs of the State of Texas for fiscal year ended September 30, 2018.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. See Note 1 of the notes to the financial statements for the County's significant accounting policies. The County has elected to use the 10% de minimis indirect cost rates as allowed under the *Uniform Guidance*.

**Midland County, Texas**

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2018

**I. Summary of the Auditor's Results:**

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
  - Material weakness(es) identified?  Yes  No
  - Significant deficiency(s) identified?  Yes  None reported
- c. Noncompliance material to financial statements noted?  Yes  No

State Awards

- d. Internal control over major program
  - Material weakness(es) identified?  Yes  No
  - Significant deficiency(s) identified?  Yes  None reported
- e. An unmodified opinion was issued on compliance for major program
- f. Any audit findings disclosed that were required to be reported in accordance with UGMS.  Yes  No
- g. Identification of major programs:

State

County Transportation Infrastructure Fund Grant  
Indigent Defense

- h. The dollar threshold used to distinguish between Type A and Type B programs State \$300,000
- i. Auditee qualified as a low-risk auditee. State  Yes  No

**Midland County, Texas**

Schedule of Findings and Questioned Costs – Continued  
For the Fiscal Year Ended September 30, 2018

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

None

**III. Findings and Questioned Costs for State Awards:**

None

**Midland County, Texas**

Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended September 30, 2017

None

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