

Midland County, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

Midland County, Texas
 Comprehensive Annual Financial Report
 Table of Contents
 Year Ended September 30, 2019

Page

Introductory Section

County Auditor’s Letter of Transmittal	iii
Organization Chart	viii
Directory of Elected and Appointed Officials	ix

Financial Section

Independent Auditor’s Report.....	3
Management’s Discussion and Analysis.....	7

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position.....	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Net Position – Proprietary Funds.....	27
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds.....	29
Statement of Fiduciary Assets and Liabilities – Agency Funds	30
Notes to the Financial Statements.....	33

Required Supplementary Information

Texas County District Retirement System Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios for the Employees of Midland County	64
Texas County District Retirement System Schedule of Employer Contributions.....	65
Schedule of Changes in County’s Total OPEB Liability and Related Ratios	66
Schedule of the County’s Contributions for OPEB	67
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget (GAAP Basis) and Actual – General Fund.....	68
Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budget (GAAP Basis) and Actual – Road and Bridge Fund.....	70
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget (GAAP Basis) and Actual – Debt Service Fund	72
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget (GAAP Basis) and Actual – Capital Projects Fund.....	74
Notes to Required Supplementary Information – Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	76

Midland County, Texas
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2019
 Table of Contents – Continued

Supplementary Information

Individual and Combining Non Major Fund Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	96
Combining Statement of Net Position – Internal Service Funds.....	113
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds.....	114
Combining Statement of Cash Flows – Internal Service Funds.....	116
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	120

Statistical Section (Unaudited)

Net Position Information	127
Changes in Net Position Information	128
Governmental Fund Balances	129
Governmental Fund – Changes in Fund Balances	130
Revenue Base Information – Assessed Value of Taxable Property.....	131
Revenue Rates Information – Direct and Overlapping Property Tax Rates.....	132
Principal Property Tax Payers.....	133
Property Tax Levies and Collections.....	134
Ratios of Outstanding Debt	135
Ratios of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita	136
Direct and Overlapping Governmental Activities Debt	137
Debt Limitations	138
Demographic and Economic Statistics	139
Full-time Equivalent County Government Employees by Function/Program	140
Operation Indicators Information	141
Capital Assets Information by Function/Program	142
Principal Employers	143

Internal Control and Compliance

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 <i>Government Auditing Standards</i>	147
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	149
Schedule of Expenditure of State Awards.....	151
Notes to the Schedule of Expenditures of State Awards	152
Schedule of Findings and Questioned Costs	153
Summary Schedule of Prior Audit Findings	155



Midland County

Veronica Morales
County Auditor
(432) 688-4860

Auditor's Office
2110 N. "A" Street, Suite 154
Midland, Texas 79705

The Honorable District Judges

George D. Gilles, 142nd Judicial District
Elizabeth B. Leonard, 238th Judicial District
David Lindemood, 318th Judicial District
Jeff Robnett, 441st Judicial District

The Honorable Commissioners Court, Midland County, Texas

Terry Johnson., County Judge
Scott Ramsey, County Commissioner, Precinct 1
Robin Donnelly, County Commissioner, Precinct 2
Luis D. Sanchez, County Commissioner, Precinct 3
Randy Prude, County Commissioner, Precinct 4

The Citizens of Midland County

District Judges, Commissioners Court and Fellow Citizens:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Midland County for the fiscal year ended September 30, 2019.

The County Auditor has oversight of all financial records of the County. It is the County Auditor's responsibility to prescribe the systems and procedures for handling the finances of the County, certifying available funds for the County budget, and examining, auditing and approving all disbursements from County funds prior to their submission to the Commissioners Court for approval. In addition, the County Auditor serves as the Chief Financial Officer for federal and state financial award programs, Juvenile Service Department and Adult Probation Department.

This report consists of management's representations concerning the finances of Midland County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of Midland County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Midland County's financial statements in conformity with GAAP. The County Auditor's Office has oversight responsibility for the following: all fee collecting offices; purchasing; payroll which is prepared by the departments; and all invoices/payments requested and approved by county departments. Because the cost of internal controls should not outweigh their benefits, Midland County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As financial management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Midland County's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Midland County for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Midland County's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Midland County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the last section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Midland County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Midland County, organized in 1885, is located in the west part of the state, which is considered to be the top growth area in the state, and one of the top growth areas in the country. The county is so named for being halfway (midway) between Fort Worth and El Paso on the Texas Pacific Railway. Midland County currently occupies a land area of 902 square miles and serves an estimated population of 172,578. County governments are political subdivisions of the State. The State has created 254 counties. County government in Texas is, for many people, the primary and most accessible level of government. County governments are political subdivisions of the State. The State has created 254 counties. Initially, counties were primarily created to facilitate the judicial system. As a result of State legislative changes over the years, county governments in Texas are involved not only with the judicial system, but also the delivery of health and welfare services, public safety, cultural and recreational activities, economic development of the region and construction and maintenance of roads and bridges. In comparison to some of the other states, Texas counties have only a very limited ordinance making authority, as specifically granted by the State legislature.

The Commissioners Court serves as the executive branch of county government. The governing body is made up of five members. The County Judge is the chairperson of the court and the Commissioners from each of the four precincts are also members. Among a myriad of constitutional and statutorily imposed duties and responsibilities, the five members of commissioners' court have the exclusive responsibility and authority over a multitude of areas in the operation of county government. To name a few, the commissioners court is responsible for preparing and approving the county's operating budget and budgetary amendments, setting ad valorem property tax rates, reviewing and directing settlement of all claims against the county. Additionally, this body appoints certain county officials and board members. None has the authority to act on their own but must act only as a whole.

Midland County provides essential things that make our communities livable: roads and bridges, public improvements, juvenile detention and education, law enforcement and corrections, a court system to protect our legal rights, secure storage of our important public records, and protection against threats to public health.

By statute, the County Auditor is solely responsible for projecting the revenues for the County. Once these processes are complete, the Budget Officer files a copy of the proposed budget with the County Clerk. The Commissioners Court holds a public hearing on the proposed budget. Any taxpayer of the County may attend and may participate in the hearing.

At the conclusion of the public hearing, the Commissioners Court takes action on the proposed budget. The Commissioners Court may make any changes in the proposed budget that it considers warranted by law and required in the best interest of the taxpayers.

The Commissioners Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners Court shall file the budget with the County Auditor and County Clerk and may spend County funds only in strict compliance with the budget, except in an emergency.

The Commissioners Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court files a copy of its order amending the budget with the County Clerk. The clerk attaches the copy to the original budget.

The Commissioners Court, by order, may authorize line item transfers between budgeted items within the same fund without authorizing an emergency expenditure.

State Law requires counties to adopt a budget before they adopt a tax rate. The Commissioners Court may levy taxes only in accordance with the budget. Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in setting their tax rates. This law has two purposes:

- to make the taxpayers more knowledgeable about tax rate proposals;
- and, in certain cases, to allow taxpayers to roll back or limit a tax increase.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Midland County operates.

Local Economy. Midland County continues to be one of the fastest growing counties in the state. Since 2010, the county's population has grown by 26 percent. It is the 24th most populous county in Texas based on the United Census Bureau data. Midland County's growth is the result of the increase in oil production in our area. Midland County is one of six counties that contain The Spraberry Trend, the third largest oil field in the United States.

The U.S Census ranks Midland as one of the fastest growing cities with populations exceeding 50,000. New housing, building permits and new roads also demonstrate the growth. The unemployment rate has been lower than the national average. The County unemployment rate of 2.0% remained the same in September 2019 as it was in 2018; the rate was significantly lower than the national rate for September which decreased from 3.6% in 2018 to 3.3% this year according to the Texas Workforce Commission.

The Permian Basin, which includes Midland County, represents the largest oil production area in the United States and is the second largest in the world. As of September 30, 2019, the price per barrel of oil was at \$54. Due to the oil industry, the County has one of the highest levels of domestic migration in the nation. The latest population forecasts project Midland County to more than double its population between 2010 and 2050. In 2019, WalletHub ranked Midland as one of the fastest growing economies in America. Midland has also been ranked one the best places to live out the American Dream by financial advisors at SmartAsset.

Area schools are addressing the growth as well. Midland has had a 22% increase in enrollment in past ten years according to the Midland Development Corporation. Higher education campuses are expanding and seeing record high student enrollment and graduating classes

The Bush Convention Center, a 76,000 square foot facility opened in the fall of 2019. Midland County added a new hospitality building, new concession building, bleacher seating to the arena and RV parking to its multipurpose Horseshoe complex during the 2019 year.

Long-Term Financial Planning. In 2009, Midland County voters approved \$21,995,000 for the constructing, improving, renovating, and equipping existing County Jail facilities and payments of costs of issuance relate thereto. In 2016, proceeds from the sale of the bonds were used to refund a portion of the County's General Obligation Bonds, Series 2009 and pay the costs of issuance of the bonds.

The conservative fiscal stewardship and county policies contributed to the affirmation of the County's bond rating of AAA by Fitch Ratings and AA+ by Standard & Poor's throughout 2019. This rating enables the County to have lower interest rates when issuing bonds resulting in substantial savings to the taxpayers.

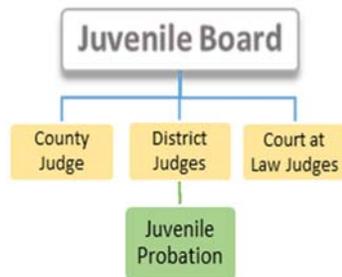
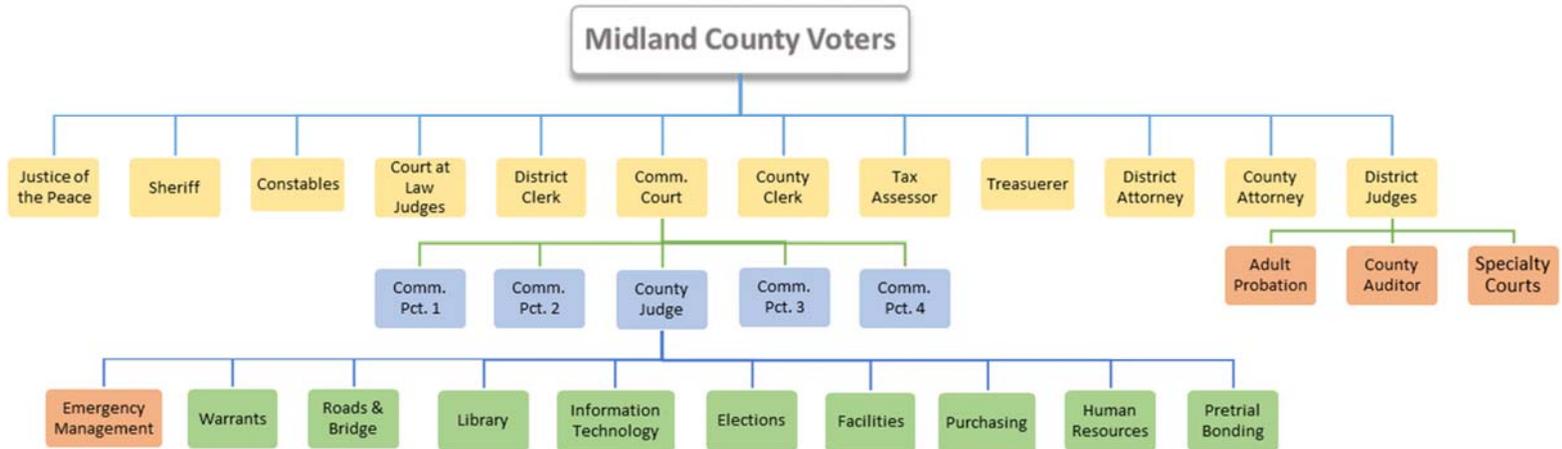
Acknowledgements

The Midland County Commissioners' Court and all other County Officials responsible for the financial operations of Midland County have my sincere thanks for their assistance. I would also like to express my appreciation to the staff of the County Auditor's Office for the preparation of this report which would not have been possible without their dedicated service.

Respectfully submitted,

Veronica Morales
Midland County Auditor

Midland County, Texas
 Organization Chart
 For the Fiscal Year Ended September 30, 2019



MIDLAND COUNTY, TEXAS
DIRECTORY OF OFFICIALS
September 30, 2019

COMMISSIONERS COURT:

County Judge
Commissioner Precinct 1
Commissioner Precinct 2
Commissioner Precinct 3
Commissioner Precinct 4

Judge Terry Johnson
Scott Ramsey
Robin Donnelly
Luis D. Sanchez
Randy Prude

COUNTY COURTS OF LAW:

142nd District Court
238th District Court
318th District Court
385th District Court
441st District Court
Title IV-D Associate Judge
Child Protection Court
Drug Court
County Court at Law
County Court at Law II
Justice of the Peace Precinct 1
Justice of the Peace Precinct 2
Justice of the Peace Precinct 3
Justice of the Peace Precinct 4

Judge George D. Gilles
Judge Elizabeth B. Leonard
Judge David Lindemood
Judge Robin Darr
Judge Jeff Robnett
Judge Karen B. Lewis
Judge Ellen Griffith
Judge Elizabeth N. Rainey
Judge Kyle Peeler
Judge Marvin L. Moore
Judge Terry Luck
Judge David Cobos
Judge Billy Johnson
Judge John Barton

ELECTED OFFICIALS:

Constable Precinct 1
Constable Precinct 2
Constable Precinct 3
Constable Precinct 4
County Attorney
County Clerk
County Sheriff
County Treasurer
District Attorney
District Clerk
Tax Assessor-Collector

David Criner
Mark Wohleking
Larry Woodruff
Charles Hall
Russell Malm
Alison Haley
Gary Painter
Mitzi Baker
Laura Nodolf
Alex Archuleta
Karen Hood

APPOINTED OFFICIALS:

Chief Adult Probation Officer
Chief Juvenile Probation Officer
County Auditor
Fire Marshal/ Emergency Management Coordinator

Allen Bell
Forest Hanna
Veronica Morales
Dale Little

DEPARTMENT HEADS:

County Purchasing Agent
Elections
Facilities
Human Resources
Information Technology
Library
Pretrial Bonding Officer
Risk Management
Road & Bridge
Warrants

Kristy Engeldahl
Deborah Land
Tim Harris
Bailey Lively
Mike Atkins
John Trischitti
Priscilla Bonilla
Dwayne Frantz
Felipe Acosta
Scott Casbeer

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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, 2019 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2019 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

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 individual and combining 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 individual and combining 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 11, 2020, 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 11, 2020

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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, 2019. 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. Readers of this discussion and analysis should consider the information presented here in conjunction with additional information that is furnished in the accompanying letter of transmittal, which can be found on pages 1-4 of this report. This discussion should also be read in conjunction with the basic financials statements and the notes to those financial statements (which immediately follow this discussion). The discussion and analysis includes comparative data from the prior year.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$187,358,436 (net position). Of this amount, \$4,625,220 (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 \$17,116,061.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$144,890,766. Of this total amount, \$61,702,593 or 43% 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 \$61,702,593 or 53% of the total general fund expenditures.
- At the end of the current fiscal year, assigned fund balance for general was \$53,274,399, which consisted of \$50,000,000 in capital projects and \$3,274,399 of compensated absences.

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 109 individual governmental funds of which 99 are special revenue funds, three 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 \$187,358,436 at the close of this fiscal year.

Statement of Net Position Governmental Activities

	2019	2018
Current and other assets	\$ 168,979,563	\$ 164,557,517
Capital assets, net of accumulated depreciation	<u>170,543,880</u>	<u>151,876,309</u>
Total assets	339,523,443	316,433,826
Total deferred outflows of resources	22,909,014	5,701,185
Current and other liabilities	9,478,818	7,670,723
Noncurrent liabilities	<u>148,479,894</u>	<u>129,366,443</u>
Total liabilities	157,958,712	137,037,166
Total deferred inflows of resources	17,115,309	14,855,470
Net position:		
Net investment in capital assets	156,289,954	136,570,111
Restricted, legislation and grants	26,298,643	17,998,977
Restricted, debt service	144,619	67,338
Unrestricted net position	<u>4,625,220</u>	<u>15,605,949</u>
Total net position	<u><u>\$ 187,358,436</u></u>	<u><u>\$ 170,242,375</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, 83% 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 \$17,116,061. The following table provides a summary of the County's operations for years ended September 30, 2019 and 2018.

Statement of Activities
Years Ended September 30, 2019 and 2018

	2019		2018	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program revenues				
Charges for services	\$ 14,023,026	10.8%	\$ 15,480,458	12.5%
Operating grants and contributions	4,356,765	3.4%	4,851,414	3.9%
General revenues				
Property taxes	39,540,881	30.5%	37,169,388	30.0%
Sales tax	63,324,445	48.8%	58,706,976	47.4%
Bingo tax	111,081	0.1%	92,258	0.1%
Mixed beverage tax	884,428	0.7%	1,028,666	0.8%
Hotel-motel tax	1,398,361	1.1%	1,610,569	1.3%
Motor vehicle sales and use tax	2,767,048	2.1%	2,074,277	1.7%
Unrestricted investment earnings	4,019,211	3.1%	1,814,350	1.5%
Loss on sale of capital assets	(2,113,914)	-1.6%	(275,795)	-0.2%
Miscellaneous	1,522,746	1.2%	1,275,870	1.0%
Total revenues	129,834,078	100.0%	123,828,431	100.0%
Expenses				
General administration	18,505,517	16.4%	17,947,404	19.0%
Judicial	21,813,790	19.4%	22,075,443	23.3%
Financial administration	4,151,660	3.7%	4,289,197	4.5%
Elections	1,631,715	1.4%	663,714	0.7%
Public safety and corrections	33,404,841	29.6%	33,491,236	35.4%
Health and welfare	15,089,872	13.4%	1,546,433	1.6%
Cultural and recreation	7,283,193	6.5%	6,997,642	7.4%
Conservation and natural resources	166,396	0.1%	172,464	0.2%
Highways and roads	10,067,230	8.9%	6,933,675	7.3%
Interest on long-term debt	603,803	0.5%	573,520	0.6%
Total expenses	112,718,017	100.0%	94,690,728	100.0%
Change in net position	17,116,061		29,137,703	
Net position - beginning of year	170,242,375		214,604,691	
Change in accounting principle	-		(73,500,019)	
Net position - beginning of year, as restated	170,242,375		141,104,672	
Net position, end of year	\$ 187,358,436		\$ 170,242,375	

Governmental Activities. Net position of the governmental activities increased \$17,116,061 during the year. In General Revenues, sales tax increased by \$4,617,469 or 8% due to an increase in consumer spending in the County. Charges for services decreased \$1,457,432 or 9% due to less collections for fines and forfeitures. Property tax revenues increased \$2,371,493 or 6% due to a higher tax rate and appraised values.

Total expenses increased from the prior year by \$18,027,289, or 19% due primarily to highways and roads, health and welfare expenses. The increases in health and welfare expenses are largely due to the increase in contributions to schools and hospital. 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 \$144,890,766. The unassigned fund balance, \$61,702,593, 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 \$61,702,593 as compared to \$98,944,279 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 66% of total fund expenditures, while total fund balance represents 125% of total fund expenditures.

The road and bridge fund reflects a fund balance of \$19,399,577 which represents an increase of \$8,220,444 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 \$144,619 as compared to \$67,338 in the prior year. The increase of \$77,281 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 \$1,577,637 a decrease of \$4,058,407. The decrease resulted from spending funds to cover capital expenditures.

General Fund Budgetary Highlights

A deficit amended budget was approved for fiscal year 2019 in the amount of \$45,166,870 as compared to the original budget which planned for a deficit of \$46,666,280. The deficit was to be appropriated from the unassigned fund balance. However, actual revenues exceeded the final budget by \$35,526,903. Included in this amount are \$3,608,093 in property taxes, \$23,324,445 in sales tax, \$3,078,128 in investment income and \$2,649,677 in charges for services.

The original budgeted expenditures differ from the final budgeted expenditures by a decrease of \$1,718,840 which is attributable to amendments to decrease general and administrative expenditures. The favorable variance of \$7,367,855 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, 2019, the County had a total long-term debt outstanding in the amount of \$18,666,868. According to the Texas statutes, the County has a debt margin of \$7,248,216,388.

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 2019:

	Beginning Balance	Additions	Reductions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
General obligation bonds	\$ 15,535,000	\$ -	\$ 1,130,000	\$ 14,405,000
Unamortized premium on general obligation bonds	1,021,596	-	110,242	911,354
Capital lease obligation	2,000	97,737	23,622	76,115
Compensated absences	3,031,931	242,468	-	3,274,399
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 19,590,527</u></u>	<u><u>\$ 340,205</u></u>	<u><u>\$ 1,263,864</u></u>	<u><u>\$ 18,666,868</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, 2019, net capital assets of the governmental activities totaled \$170,543,880 reflecting a net increase of \$18,667,571 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 \$10,227,945.

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 2020 budget was adopted on September 9, 2019, with total general fund expenditures of \$101,169,962, a 77% decrease from the fiscal year 2019 budgeted expenditures. The County's combined tax rate is \$0.128000 for fiscal year 2020. The Commissioners' Court adopted a budgeted excess of \$48,918,753 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.

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Basic Financial Statements

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Midland County, Texas
Statement of Net Position
September 30, 2019

	Primary Government
	Governmental Activities
ASSETS	
Cash	\$ 856,012
Certificates of deposit	31,622,243
Investments	115,244,876
Receivables (net of allowance for uncollectibles)	7,993,392
Inventory	1,454,890
Other assets	86,254
Due from other governments	11,721,896
Capital assets (net of accumulated depreciation)	
Land	4,750,256
Buildings and improvements	88,219,645
Construction in progress	19,793,673
Infrastructure	43,734,635
Machinery and equipment	14,045,671
Total assets	339,523,443
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	7,631,558
Deferred outflows from refunding of debt	1,138,543
Deferred outflows related to pension	14,138,913
Total deferred outflows of resources	22,909,014
LIABILITIES	
Accounts payable and other current liabilities	8,616,889
Accrued interest payable	62,100
Due to other governments	604,184
Unearned revenue	195,645
Noncurrent liabilities	
Net pension liability	23,791,743
OPEB liability	106,021,283
Due within one year	4,371,794
Due in more than one year	14,295,074
Total liabilities	157,958,712
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	376,021
Deferred inflows related to OPEB	16,739,288
Total deferred inflows of resources	17,115,309
NET POSITION	
Net investment in capital assets	156,289,954
Restricted, legislation and grants	26,298,643
Restricted, debt service	144,619
Unrestricted	4,625,220
TOTAL NET POSITION	\$ 187,358,436

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, 2019

<u>Functions / Programs</u>	<u>Expenses</u>
Primary Government	
Governmental activities:	
General administration	\$ 18,505,517
Judicial	21,813,790
Financial administration	4,151,660
Elections	1,631,715
Public safety and corrections	33,404,841
Health and welfare	15,089,872
Culture and recreation	7,283,193
Conservation and natural resources	166,396
Highways and roads	10,067,230
Interest on long-term debt	603,803
Total governmental activities	112,718,017
TOTAL PRIMARY GOVERNMENT	\$ 112,718,017

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
\$ 1,219,805	\$ 154,396	\$	(17,131,316)
8,385,259	708,619		(12,719,912)
-	-		(4,151,660)
40	47,075		(1,584,600)
1,866,185	1,450,092		(30,088,564)
17,920	-		(15,071,952)
19,004	14,811		(7,249,378)
-	-		(166,396)
2,514,813	1,981,772		(5,570,645)
-	-		(603,803)
<u>14,023,026</u>	<u>4,356,765</u>		<u>(94,338,226)</u>
<u>\$ 14,023,026</u>	<u>\$ 4,356,765</u>		<u>(94,338,226)</u>
General revenues:			
Property taxes			39,540,881
Sales tax			63,324,445
Bingo tax			111,081
Mixed beverage tax			884,428
Hotel-motel tax			1,398,361
Motor vehicle sales and use tax			2,767,048
Unrestricted investment earnings			4,019,211
Loss on sale of capital assets			(2,113,914)
Miscellaneous			1,522,746
Total general revenues			<u>111,454,287</u>
Change in net position			17,116,061
Net position - beginning of year			<u>170,242,375</u>
NET POSITION - END OF YEAR		\$	<u><u>187,358,436</u></u>

Midland County, Texas
 Balance Sheet – Governmental Funds
 September 30, 2019

	General Fund	Road and Bridge Fund
ASSETS		
Cash	\$ 377,717	\$ -
Certificates of deposit	31,622,243	-
Investments	101,377,922	80
Property taxes receivable, (net of allowance for uncollectibles)	865,461	-
Accounts receivable, (net of allowance for uncollectibles)	6,595,100	47,409
Due from other funds	1,056,716	18,621,750
Due from other governmental agencies	10,499,498	38,495
Inventory	-	1,454,890
Prepaid expenses	41,733	-
TOTAL ASSETS	\$ 152,436,390	\$ 20,162,624
LIABILITIES		
Accounts payable	\$ 4,591,081	\$ 646,314
Benefits payable	817,182	116,733
Due to other funds	22,553,065	-
Due to other governmental agencies	604,184	-
Unearned revenue	195,645	-
Other liabilities	102,521	-
Total liabilities	28,863,678	763,047
DEFERRED INFLOWS OF RESOURCES		
Deferred tax revenue	823,747	-
Other deferred inflows	6,331,879	-
Total deferred inflows	7,155,626	-
FUND BALANCES		
Nonspendable		
Prepays	41,733	-
Inventories	-	1,454,890
Restricted		
Road improvements	-	17,944,687
Debt service	-	-
Hotel occupancy revenue	1,398,361	-
Legislation	-	-
Federal and state grants	-	-
Committed		
Capital projects	-	-
Employee motivation	-	-
Donations	-	-
Assigned		
Compensated absences	3,274,399	-
Capital projects	50,000,000	-
Unassigned	61,702,593	-
Total fund balances	116,417,086	19,399,577
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 152,436,390	\$ 20,162,624

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
\$ 142,553	\$ -	\$ 334,833	\$ 855,103
-	-	-	31,622,243
-	1,202,391	4,644,276	107,224,669
42,748	-	-	908,209
-	-	237,229	6,879,738
619	608,114	2,556,635	22,843,834
-	-	227,581	10,765,574
-	-	-	1,454,890
-	-	13,973	55,706
<u>\$ 185,920</u>	<u>\$ 1,810,505</u>	<u>\$ 8,014,527</u>	<u>\$ 182,609,966</u>
\$ 450	\$ 216,964	\$ 406,386	\$ 5,861,195
-	15,904	56,653	1,006,472
-	-	199,641	22,752,706
-	-	-	604,184
-	-	-	195,645
-	-	-	102,521
<u>450</u>	<u>232,868</u>	<u>662,680</u>	<u>30,522,723</u>
40,851	-	-	864,598
-	-	-	6,331,879
<u>40,851</u>	<u>-</u>	<u>-</u>	<u>7,196,477</u>
-	-	13,973	55,706
-	-	-	1,454,890
-	-	-	17,944,687
144,619	-	-	144,619
-	-	-	1,398,361
-	-	6,675,282	6,675,282
-	-	280,313	280,313
-	1,577,637	-	1,577,637
-	-	18,613	18,613
-	-	363,666	363,666
-	-	-	3,274,399
-	-	-	50,000,000
-	-	-	61,702,593
<u>144,619</u>	<u>1,577,637</u>	<u>7,351,847</u>	<u>144,890,766</u>
<u>\$ 185,920</u>	<u>\$ 1,810,505</u>	<u>\$ 8,014,527</u>	<u>\$ 182,609,966</u>

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Midland County, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (PAGE 21) \$ 144,890,766

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. 170,543,880

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. 7,196,477

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. 7,475,602

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. (18,666,868)

Interest is accrued on bonds payable in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due. (62,100)

Deferred outflows of resources for pension, OPEB, and long term debt related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. 22,909,014

Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. (17,115,309)

OPEB liability not reported in the fund financial statements. (106,021,283)

Net pension liability is not reported in the fund financial statements. (23,791,743)

NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 17) \$ 187,358,436

Midland County, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended September 30, 2019

	<u>General Fund</u>	<u>Road and Bridge Fund</u>
REVENUES		
Property tax, penalties and interest	\$ 37,958,093	\$ -
Sales tax	63,324,445	-
Hotel-motel tax	1,398,361	-
Fines and forfeitures	3,210,571	-
Licenses and permits	884,428	2,514,813
Intergovernmental charges	809,756	25,004
Charges for current services	8,083,277	-
Investment income	3,478,128	150,376
Other revenue	1,552,744	600,489
Total revenues	<u>120,699,803</u>	<u>3,290,682</u>
EXPENDITURES		
Current:		
General administration	15,211,330	-
Judicial	18,838,000	-
Financial administration	3,713,016	-
Elections	520,916	-
Public safety and corrections	26,527,812	-
Health and welfare	14,755,582	-
Culture and recreation	4,751,207	-
Conservation and natural resources	155,895	-
Highways and roads	-	5,132,277
Capital outlay	8,390,262	9,238,864
Debt service	-	-
Total expenditures	<u>92,864,020</u>	<u>14,371,141</u>
Excess (deficiency) of revenues over expenditures	27,835,783	(11,080,459)
OTHER FINANCING SOURCES (USES)		
Transfers in	50,696	19,300,903
Transfers out	(30,073,187)	-
Total other financing (uses) sources	<u>(30,022,491)</u>	<u>19,300,903</u>
Net change in fund balances	(2,186,708)	8,220,444
Fund balances - beginning of year	<u>118,603,794</u>	<u>11,179,133</u>
FUND BALANCES, end of year	<u><u>\$ 116,417,086</u></u>	<u><u>\$ 19,399,577</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
\$ 1,723,337	\$ -	\$ -	\$ 39,681,430
-	-	-	63,324,445
-	-	-	1,398,361
-	-	273,933	3,484,504
-	-	-	3,399,241
-	-	3,359,451	4,194,211
-	-	1,678,321	9,761,598
10,019	83,892	106,499	3,828,914
-	-	220,518	2,373,751
<u>1,733,356</u>	<u>83,892</u>	<u>5,638,722</u>	<u>131,446,455</u>
-	-	6,940	15,218,270
-	-	910,101	19,748,101
-	-	7,098	3,720,114
-	-	43,360	564,276
-	-	2,123,258	28,651,070
-	-	24,613	14,780,195
-	-	368	4,751,575
-	-	-	155,895
-	2,598,067	-	7,730,344
-	10,501,981	2,878,323	31,009,430
<u>1,656,075</u>	<u>-</u>	<u>-</u>	<u>1,656,075</u>
<u>1,656,075</u>	<u>13,100,048</u>	<u>5,994,061</u>	<u>127,985,345</u>
77,281	(13,016,156)	(355,339)	3,461,110
-	8,957,749	865,169	29,174,517
-	-	(67,374)	(30,140,561)
<u>-</u>	<u>8,957,749</u>	<u>797,795</u>	<u>(966,044)</u>
77,281	(4,058,407)	442,456	2,495,066
<u>67,338</u>	<u>5,636,044</u>	<u>6,909,391</u>	<u>142,395,700</u>
<u>\$ 144,619</u>	<u>\$ 1,577,637</u>	<u>\$ 7,351,847</u>	<u>\$ 144,890,766</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, 2019

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS (PAGE 25) \$ 2,495,066

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. 20,687,426

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, and adjustments) is to decrease net position. (2,113,914)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. 307,515

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. 1,153,536

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. (5,217,733)

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. (195,835)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 19) \$ 17,116,061

Midland County, Texas
 Statement of Net Position
 Proprietary Funds
 September 30, 2019

	Governmental Activities Internal Service Funds
	<u> </u>
ASSETS	
Current assets:	
Cash	\$ 909
Investments	8,020,207
Accounts receivable	205,445
Due from other governmental agencies	8,420
Due from other funds	856,774
Total current assets	<u>9,091,755</u>
Non current assets	
Other assets	<u>30,548</u>
Total non current assets	<u>30,548</u>
Total assets	9,122,303
LIABILITIES	
Current liabilities:	
Accounts payable	<u>1,646,701</u>
Total current liabilities	1,646,701
NET POSITION	
Unrestricted	<u>7,475,602</u>
TOTAL NET POSITION	<u><u>\$ 7,475,602</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, 2019

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for current services	\$ 11,821,631
Total operating revenues	11,821,631
OPERATING EXPENSES	
Fleet maintenance	868,141
Claims expense	8,910,467
Administration costs	1,529,310
Premium costs	1,696,101
Capital outlay services	173,513
Total operating expenses	13,177,532
Operating loss	(1,355,901)
NONOPERATING REVENUES	
Investment income	190,297
Miscellaneous income	3,725
Total nonoperating revenues	194,022
Loss before transfers	(1,161,879)
Transfers in	966,044
Change in net position	(195,835)
Net position - beginning of year	7,671,437
NET POSITION - END OF YEAR	\$ 7,475,602

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, 2019

	Agency Funds
	<hr/>
ASSETS	
Cash	\$ 9,811,417
Investments held in trust	16,840,957
Accounts receivable	3,976
Other receivables	402,563
Due from other funds	180,787
	<hr/>
TOTAL ASSETS	\$ 27,239,700
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 96,764
Due to other funds	1,128,689
Due to other governmental agencies	1,656,586
Other liabilities	1,107,112
Funds held for others	23,250,549
	<hr/>
TOTAL LIABILITIES	\$ 27,239,700
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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, 2019
 Index

	Page
1. Summary of Significant Accounting Policies	33
A. Reporting Entity	33
B. Government-Wide and Fund Financial Statements	34
C. Measurement Focus and Basis of Accounting	35
D. Cash and Investments	37
E. Receivables, Payables and Interfund Transactions	37
F. Inventories	37
G. Prepaid and Capital Assets	37
H. Federal and State Grants and Entitlements	38
I. Accrued Employee Benefits Payable	38
J. Long-Term Obligations	38
K. Fund Balance	39
L. Net Position	39
M. Revenue Recognition - Property Taxes	40
N. Use of Estimates	40
O. Pensions	40
P. Other Post Employment Benefits	40
Q. Subsequent Events	40
2. Reconciliation of Government-Wide and Fund Financial Statements	41
3. Cash and Investments	43
4. Receivables	46
5. Capital Assets	46
6. Employee Retirement Benefits	47
7. Other Post-Employment Benefits	51
8. Discrete Component Unit	54
9. Interfund Transactions	55
10. Long-term Debt	57
11. Deferred Compensation Plan	59
12. Health Care	59
13. Operating Leases	60
14. Contingencies	60
15. New Pronouncements	61

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 County does not have any tax abatements in the CY.

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 \$823,747 in the General Fund and \$40,851 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 \$6,344,388. 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 Investment

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. Prepaid and Capital Assets

Certain payments to vendors reflect costs applicable to future accounting periods and recorded as prepaid items in both government-wide and fund financial statements. The County reports prepaid items using the consumption method.

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.

Midland County, Texas

Notes to the Financial Statements

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

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 30th and the balance is due on the following June 30th. 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, 2019 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 TCERS. 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 TCERS through a report prepared for the District by TCERS 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.

Q. Subsequent Events

The County has evaluated subsequent events that occurred after September 30, 2019, through May 11, 2020, the date which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements, except noted on Note 14 C.

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 \$170,543,880 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 \$18,666,868 difference are as follows:

Bonds and capital leases payable	\$ 14,481,115
Bond premium liability	911,354
Compensated absences	<u>3,274,399</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at net position - governmental activities.	<u><u>\$ 18,666,868</u></u>

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 \$7,196,477 difference are as follows:

Deferred property taxes receivable	864,598
Deferred court fines receivable	<u>6,331,879</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at net position - governmental activities.	<u><u>\$ 7,196,477</u></u>

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 \$20,687,426 difference are as follows:

Capital additions	\$ 30,915,371
Depreciation expense	<u>(10,227,945)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities.	<u><u>\$ 20,687,426</u></u>

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 \$2,113,914 is related to loss on disposition of assets of \$2,019,851 and other miscellaneous capital assets of \$94,063.

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 \$1,153,536 difference are as follows:

Issuance of capital lease	\$ (97,737)
Principal repayments	1,153,622
Amortization of bond premium	110,242
Amortization relating to refunding of debt	(113,854)
Change in accrued interest	7,203
Other changes in amortization and accrued liabilities	<u>94,060</u>
Net adjustment to increase <i>net changes in fund balances - total</i>	
governmental funds to arrive at changes in net position of	
governmental activities.	<u><u>\$ 1,153,536</u></u>

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 \$5,217,733 difference are as follows:

Change in pension liability	\$ (13,373,375)
Change in deferred inflows from pension liability	2,273,546
Change in deferred outflows from pension liability	9,690,126
Change in OPEB liability	(6,663,735)
Change in deferred outflows from OPEB liability	7,631,558
Change in deferred inflows from OPEB liability	(4,533,385)
Net change in compensated absences	<u>(242,468)</u>
Net adjustment to increase <i>net changes in fund balances - total</i>	
governmental funds to arrive at changes in net position of	
governmental activities.	<u><u>\$ (5,217,733)</u></u>

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 \$307,515 difference are as follows:

Net change in property tax deferred revenue	\$ (140,549)
Net change in fines and fees deferred revenue	<u>448,064</u>
Net adjustment to increase <i>net changes in fund balances - total</i>	
governmental funds to arrive at changes in net position of	
governmental activities.	<u><u>\$ 307,515</u></u>

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, 2019. At year-end, the total carrying amount of the County's deposits was \$10,667,429 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 \$31,622,243. Total bank balance and certificate of deposits was \$48,041,754. The Federal Depository Insurance Corporation (FDIC) covered \$16,500,000 and \$31,541,354 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 Leman 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	\$ 4,854,657	n/a	n/a	3%	2	AAAm - S&P
TexStar	24,422,444	n/a	n/a	17%	24	AAAm - S&P
Texas CLASS	29,242,543	n/a	n/a	20%	15	AAAm - S&P
TexPool-Prime	19,154,631	n/a	n/a	13%	7	AAAm - S&P
Investment by fair value level						
U.S. Treasury Notes	19,583,747	19,583,747	-	14%	64	AA+/Aaa - S&P
U.S. Agency Bond	17,986,852	-	17,986,852	12%	33	AA+/Aaa - S&P
Certificate of Deposits	31,622,243	31,622,243	-	22%	22	AA+/Aaa - S&P
Total	<u>\$ 146,867,117</u>	<u>\$ 51,205,990</u>	<u>\$ 17,986,852</u>	<u>101%</u>		
Portfolio Weighted Average Maturity					<u>167</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, 2019, 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, 2019.

Maturity Schedule	Par Value	Fair Value	% of Portfolio
Less than 1 Month	\$ 6,697,231	\$ 7,272,837	0%
1 to 6 Months	101,783,101	102,119,975	73%
6 to 9 Months	8,641,726	8,701,724	7%
9 to 12 Months	3,354,000	3,366,357	2%
12 to 18 Months	10,014,000	10,083,876	6%
More than 18 Months	15,064,000	15,322,348	12%
Total	<u>\$ 145,554,058</u>	<u>\$ 146,867,117</u>	<u>100%</u>

Midland County, Texas
Notes to the Financial Statements

D. Credit Risk

In compliance with the County's investment policy, as of September 30, 2019, 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, 2019 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	\$ 901,522	\$ -	\$ 44,529	\$ -	\$ -	\$ 946,051
Accounts receivable	10,860,127	47,409	-	237,229	205,445	11,350,210
Gross receivables	11,761,649	47,409	44,529	237,229	205,445	12,296,261
Less: allowance for uncollectibles	(4,301,088)	-	(1,781)	-	-	(4,302,869)
Net total receivables	\$ 7,460,561	\$ 47,409	\$ 42,748	\$ 237,229	\$ 205,445	\$ 7,993,392

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, 2019 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,734,366	\$ 2,015,890	\$ -	\$ 4,750,256
Construction in progress	11,047,938	23,698,208	(14,952,473)	19,793,673
Total capital assets, not being depreciated	13,782,304	25,714,098	(14,952,473)	24,543,929
Capital assets, being depreciated:				
Buildings and improvements	129,219,341	541,365	-	129,760,706
Infrastructure	65,018,582	12,940,754	(2,054,402)	75,904,934
Machinery and equipment	32,746,232	6,671,627	(3,504,738)	35,913,121
Total capital assets being depreciated	226,984,155	20,153,746	(5,559,140)	241,578,761
Less accumulated depreciation for:				
Buildings and improvements	(37,374,281)	(4,166,780)	-	(41,541,061)
Infrastructure	(30,605,404)	(2,068,469)	503,574	(32,170,299)
Machinery and equipment	(20,910,465)	(3,992,696)	3,035,711	(21,867,450)
Total accumulated depreciation	(88,890,150)	(10,227,945)	3,539,285	(95,578,810)
Total capital assets, being depreciated, net	138,094,005	9,925,801	(2,019,855)	145,999,951
Governmental activities capital assets, net	\$ 151,876,309	\$ 35,639,899	\$ (16,972,328)	\$ 170,543,880

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	\$ 2,175,183
Judicial	444,892
Financial administration	15,415
Elections	1,018,782
Public safety and corrections	2,063,161
Health and welfare	27,185
Cultural and recreation	2,248,120
Highways and roads	2,226,924
Conservation and natural resources	8,283
Total depreciation expense - governmental activities	<u><u>\$ 10,227,945</u></u>

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, 2018:

Retirees or beneficiaries currently receiving benefits	352
Inactive employees entitle to but not yet receiving benefits	663
Active employees	659
Total	1,674

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 11.83% for the months of the accounting year in 2018, and 11.59% for the months of the accounting year in 2019. The County contributed at a rate of 13.50% for all months included in the fiscal year ended September 30, 2019.

The deposit rate payable by the employee members for calendar year 2018 and 2019 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, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
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	3.37%

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, 2018 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.

E. Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

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	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities-Developed	10.00%	5.40%
International Equities-Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%
Total	100.0%	

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 2019 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, 2017	\$ 155,062,659	\$ 144,644,291	\$ 10,418,368
Changes for the year:			
Service cost	4,125,520	-	4,125,520
Interest on total pension liability (1)	12,583,509	-	12,583,509
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	1,201,649	-	1,201,649
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(602,454)	(602,454)	-
Benefit payments	(7,222,314)	(7,222,314)	-
Administrative expenses	-	(113,538)	113,538
Member contributions	-	2,509,903	(2,509,903)
Net investment income	-	(2,699,993)	2,699,993
Employer contributions	-	4,840,534	(4,840,534)
Other (3)	-	397	(397)
Balances as of December 31, 2018	\$ 165,148,569	\$ 141,356,826	\$ 23,791,743

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

(2) 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, 2018, 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	\$ 186,246,433	\$ 165,148,569	\$ 147,396,880
Fiduciary net pension	141,356,826	141,356,826	141,356,826
Net pension liability / (asset)	\$ 44,889,607	\$ 23,791,743	\$ 6,040,054

Midland County, Texas
Notes to the Financial Statements

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

For the year ended September 30, 2019, the County recognized pension expense of \$6,615,624 related to the December 31, 2018 valuation. At September 30, 2019, 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	\$ 376,021	\$ 901,237
Changes of assumptions	-	307,333
Net difference between projected and actual investment earnings	-	8,935,743
Contributions subsequent to the measurement date	-	3,994,600
Total	\$ 376,021	\$ 14,138,913

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of \$3,592,799 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (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
2019	\$ 3,592,799
2020	1,775,985
2021	1,520,939
2022	2,878,571
Total	\$ 9,768,294

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 of 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 \$1,457,272 to the health care fund for post-retirement health care as well as \$41,505 for a medical supplement; County contributions for both totaled \$1,498,777.

Employees covered by benefits as of December 31, 2018:

Retirees or beneficiaries currently receiving benefits	181
Inactive employees entitle to but not yet receiving benefits	-
Active employees	<u>511</u>
Total	<u><u>692</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 \$2,125,399 for the year ended September 30, 2019.

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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	October 1, 2018
Measurement Date	September 30, 2019
Benefits Valued	Medical, prescription drug, and dental benefits.
Discount Rate	3.58%
Salary Increase	3.25%
Inflation Rate	2.75%
Healthcare Trend Rates	4.20%
Medical/RX	0.00%
Dental	0.00%

Midland County, Texas
Notes to the Financial Statements

Determining the value of the future healthcare benefits is challenged by the fact that assumptions must be made about many future events that are especially hard to predict. Future increases in healthcare costs are affected by many factors, including OPEB inflammation, Utilization, Technological advances, Cost shifting, and Cost leveraging. OPEB obligations are also heavily influenced by demographic assumptions such as Withdraw rates, Retirement rates, Mortality rates and Election rates. 85% of employees are assumed to elect medical and dental coverage at retirement. 30 % of these future retirees electing coverage are assumed to include spouse coverage. 40% of employees who retire after age 65 and elect medical coverage are assumed to elect coverage in the Medicare supplemental plan. 60% of employees who retire after age 65 and elect medical coverage are assumed to elect coverage in the County group plan. The withdrawal rates below are the Middle Termination Group rates from the TCDRS December 31, 2018 retirement plan actuarial valuation. TCDRS Pre-Retirement Male rates are 90% of RP-2014 Active Employee Mortality Table male rates, projected generationally using 110% of MP-2014 Ultimate Projection Scale. Female rates are 90% of RP-2014 Active Employee Mortality Table female rates, projected generationally using 110% of MP-2014 Ultimate Projection Scale. TCDRS Post Employment Male rates 130% of RP-2014 Healthy Annuitant Mortality Table male rates, projected generationally using 110% of MP-2014 Ultimate Projection Scale. Females rates are 110% of RP-2014 Healthy Annuitant Mortality Table female rates, projected generationally using 110% of MP-2014 Ultimate Projection Scale.

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, 2018	\$ 99,357,548	\$ -	\$ 99,357,548
Changes for the year:			
Service cost	3,483,904	-	3,483,904
Interest	3,874,135	-	3,874,135
Differences between expected and actual experience	8,918,260	-	8,918,260
Changes of assumptions	(7,492,165)	-	(7,492,165)
Benefit payments	(2,125,399)	(2,125,399)	-
Contributions - employer	-	2,125,399	(2,125,399)
Balances as of September 30, 2019	\$ 106,016,283	\$ -	\$ 106,016,283

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	\$ 128,005,083	\$ 106,021,283	\$ 88,976,097
Net OPEB liability	\$ 128,005,083	\$ 106,021,283	\$ 88,976,097

Midland County, Texas
Notes to the Financial Statements

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	\$ 87,321,027	\$ 106,021,283	\$ 131,000,496
Net OPEB liability	\$ 87,321,027	\$ 106,021,283	\$ 131,000,496

E. OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended September 30, 2019, the County recognized pension expense of \$7,631,558 related to the October 1, 2020 valuation. At September 30, 2019, the County reported deferred inflows and outflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,631,558	\$ -
Changes of assumptions	-	(16,739,288)
Total	\$ 7,631,558	\$ (16,739,288)

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

Year ended September 30,	OPEB Expense Amount
2020	\$ (1,672,078)
2021	(1,672,078)
2022	(1,672,078)
2023	(1,672,078)
2024	(1,672,078)
Thereafter	(747,340)
Total	\$ (9,107,730)

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, 2019, the bonds were either called in full or are considered conduit debt, therefore there is no liability to the Finance Corporation or the County.

Midland County, Texas
Notes to the Financial Statements

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.

Individual fund interfund receivable and payable balances at September 30, 2019 arising from these transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 1,056,716	\$ 22,553,065
Road and Bridge Fund	18,621,750	-
Special Revenue Funds		
District Attorney Hot Check	30	4,320
Law Library Fund	15,453	-
County Clerk Records Management Fund	19,758	-
Records Preservation Fund	960	-
District Clerk Records Management Fund	184,696	-
Juvenile Probation Fee Account Fund	508	-
Courthouse Security Fund	1,703	-
County Clerk Record Archives	26,320	-
County Clerk Vital Stat Preservation Fund	68	-
Voter Registration Chapter 19 Fund	-	148
Dealer Inventory Fund	1,408	-
Justice Court Building Security Fund	32,042	-
Juvenile Case Management Fund	54,573	-
County Attorney State Supplement	41,831	-
Truancy Prevention Fund	59,970	-
Pretrial Intervention Program Fund	512,460	-
Election Contracts	82,351	-
Court Records Preservation	291,433	-
Child Abuse Prevention	11,443	-
Appellate Justice System Fund	255	-
Guardianship Fund	122,639	-
Rabies Control	66,231	-
District Court Records Technology Fund	238,448	-
County and District Court Technology Fund	67,684	-
Justice Court Technology Fund	369,930	-
Donations SO Mounted Patrol	33,768	-
Donations Sheriff's Office	172,436	-

Midland County, Texas
Notes to the Financial Statements

	Interfund	
	Receivable	Payable
Donations Constable 4	130	-
L.E.O.S.E. Funds	62	-
District Attorney Drug Forfeiture	50,860	-
7th Administration Judicial Region	-	5,385
OAG Victim Coordinator & Liaison		9,723
Other Victims' Assistance Fund	-	16,736
Crime Victim Services Fund	-	2,013
High Intensity Drug Trafficking Area	-	64,598
Donation SO Bulletproof Vest	26,859	-
Donation Constable	10	-
Juvenile Probation Grants	571	39,127
Donation Library	37,551	-
Donation Dare Program	32,194	-
OOG Justice Assistant Grant	-	37,299
C.E.T.R.Z	-	20,292
Debt Service Fund	619	-
Capital Projects Fund	608,114	-
Total governmental funds	22,843,834	22,752,706
Internal Service Fund	856,774	-
Agency Funds		
District Clerk	-	4,666
County Clerk	159	48,528
District Attorney	-	4,164
Sheriff	-	62,679
Justice of the Peace Precinct #1	-	39,918
Justice of the Peace Precinct #2	26	34,914
Justice of the Peace Precinct #3	-	20,095
Justice of the Peace Precinct #4	-	10,856
Tax Collector Assessor	-	393,555
Bail Security Fund	52,377	-
CSCD - Basic Supervision	128,225	382,038
CSCD - Midland Outpatient Treatment Center	-	36,672
CSCD - Cognitive Behavior	-	351
Sex Offender Caseload	-	21,155
DWI Repeat Offender Caseload	-	31,106
Drug Court	-	37,992
Total agency funds	180,787	1,128,689
Total	\$ 23,881,395	\$ 23,881,395

Midland County, Texas
Notes to the Financial Statements

Interfund transfers for the fiscal year ended September 30, 2019 are as follows:

	Interfund	
	Transfers In	Transfers Out
General fund	\$ 50,696	\$ 30,073,187
Road and bridge fund	19,300,903	-
Nonmajor governmental funds:		
Mental health deputies	404,301	-
OOG Victim Assistance Grant	16,678	-
C.E.R.TZ	444,190	67,374
Capital projects fund	8,957,749	-
Internal service fund	966,044	-
Total	\$ 30,140,561	\$ 30,140,561

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, 2019:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
General Obligation Bonds-Series 2016	\$ 14,480,000	\$ -	\$ 75,000	\$ 14,405,000	\$ 1,185,000
General Obligation Bonds-Series 2009	1,055,000	-	1,055,000	-	-
Unamortized premium on General Obligation Bonds Series 2016	1,021,596	-	110,242	911,354	-
Capital lease obligation	2,000	97,737	23,622	76,115	76,115
Compensated absences	3,031,931	242,468	-	3,274,399	3,110,679
Totals	\$ 19,590,527	\$ 340,205	\$ 1,263,864	\$ 18,666,868	\$ 4,371,794

B. Bonds

Certificates of Obligation and General Obligation Bonds at September 30, 2019 consist of the following:

\$14,625,000 General Obligation Refunding Bonds, Series 2016, annual installments beginning 2016 through 2029, interest at 2.00% to 3.50%.	<u>14,405,000</u>
Total bonds outstanding	<u>\$ 14,405,000</u>

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, 2019 is as follows:

General Obligation Bonds	Principal	Interest	Total
Year Ending September 30,			
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	1,385,000	267,706	1,652,706
2025-2029	7,985,000	562,953	8,547,953
Total	\$ 14,405,000	\$ 2,424,983	\$ 16,829,983

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.

C. Capital Leases

The County leases various equipment under capital lease obligations. The aggregate obligations are as follows as of September 30, 2019:

Equipment	\$ 97,737
Less accumulated depreciation	<u>28,171</u>
Total	<u>\$ 69,566</u>

Future minimum lease payments under capital leases are as follows:

Year Ending December 31, <u>2020</u>	\$ 79,361
Less amounts representing interest	<u>3,246</u>
Present value of minimum lease payments	76,115
Less current maturities	<u>76,115</u>
Total	<u>\$ -</u>

Midland County, Texas
Notes to the Financial Statements

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.

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

Unpaid claims, September 30, 2018	\$ 754,904
Insured claims (including IBNRs)	7,613,028
Claim payments	<u>(7,348,282)</u>
Unpaid claims, September 2019	1,019,650
Insured claims (including IBNRs)	8,910,666
Claim payments	<u>(8,755,973)</u>
Unpaid claims, September 30, 2019	<u><u>\$ 1,174,343</u></u>

Unpaid claims are reported in accounts payables.

Midland County, Texas
Notes to the Financial Statements

Note 13. Operating Leases

The County's future minimum rental commitments for various equipment, accounted for as operating leases at September 30, 2019 are as follows:

Operating Leases		
Year Ending September 30,		
2020		\$ 150,585
2021		107,747
2022		43,665
2023		18,091
2024 and thereafter		7,409
Total future minimum rental commitments		\$ 327,497

Rental expense related to leased equipment totaled approximately \$169,716 for the fiscal year ended September 30, 2019.

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.

C. Subsequent Events

COVID-19

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020, relating an outbreak, which was first, detected December 2019 in Wuhan, China. On March 11, 2020, it was announced that the novel coronavirus was officially a global pandemic which triggered financial market reactions and additional health and safety precautions. On March 13, 2020, the State of Texas and the United States declared an emergency in response to the COVID-19 virus pandemic. On March 18, 2020 the County declared an emergency in response to the pandemic. Because this is an evolving situation that may have a significant financial impact on the County, we

Midland County, Texas

Notes to the Financial Statements

have started to assess potential impacts that are yet to be determined. Some of the County's concerns include the possibility of significant revenue losses during the period beginning on March 13, 2020, due to the pandemic necessitating state and local responses for minimized or shutdown government and business operations. The County remains open with changes made to each department in order to prioritize the safety of the employees. The County's emergency action plan has been to minimize the effects of the virus on operations by reducing staff at work and having those who can work from home telework. The County is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain.

Note 15. New Pronouncements

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 15, 2020. Earlier application is encouraged.

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.

Statement No. 91 *Conduit Debt Obligations* – The objective of this Statement Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. A conduit debt obligation is defined as a debt instrument having all of the following characteristics: There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee. The issuer and the third-party obligor are not within the same financial reporting entity. The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer. The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance. The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associate with the debt obligation (debt service payments). The requirements of this Statement will be effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

The County's management is reviewing the implementation process of these standards by gathering required information.

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RSI-1 Required Supplementary Information

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, 2019

	Year Ended December 31,				
	2014*	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 3,534,733	\$ 3,778,801	\$ 4,109,757	\$ 3,983,311	\$ 4,125,520
Interest (on the total pension liability)	9,896,745	6,379,917	10,803,047	11,510,020	12,583,509
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	1,201,649
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)	(7,824,768)
Net change in total pension liability	7,587,540	3,996,272	7,078,365	13,285,559	10,085,910
Total pension liability - beginning	123,114,923	130,702,463	134,698,735	141,777,100	155,062,659
TOTAL PENSION LIABILITY - ENDING (a)	\$ 130,702,463	\$ 134,698,735	\$ 141,777,100	\$ 155,062,659	\$ 165,148,569
PLAN FIDUCIARY NET PENSION					
Contributions - Employer	\$ 3,752,055	\$ 4,010,993	\$ 4,128,546	\$ 4,216,870	\$ 4,840,534
Contributions - Employee	2,020,340	2,159,763	2,223,064	2,270,620	2,509,903
Investment income net of investment expenses	7,596,673	(588,745)	8,804,585	18,548,981	(2,699,993)
Benefit payments/refunds of contributions	(5,437,547)	(5,802,281)	(6,818,063)	(7,468,193)	(7,824,768)
Administrative expense	(89,152)	(85,841)	(95,823)	(96,193)	(113,538)
Other	(411,369)	(31,542)	(100,900)	(14,050)	397
Net change in plan fiduciary net position	7,431,000	(337,653)	8,141,409	17,458,035	(3,287,465)
Plan fiduciary net position - beginning	111,951,500	119,382,500	119,044,847	127,186,256	144,644,291
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 119,382,500	\$ 119,044,847	\$ 127,186,256	\$ 144,644,291	\$ 141,356,826
NET PENSION LIABILITY - ENDING (a) - (b)	\$ 11,319,963	\$ 15,653,888	\$ 14,590,844	\$ 10,418,368	\$ 23,791,743
Plan fiduciary net position as a percentage of total pension liability	91.34%	88.38%	89.71%	93.28%	85.59%
Covered payroll	\$ 28,861,998	\$ 30,853,764	\$ 31,758,063	\$ 32,437,430	\$ 35,855,752
Net pension liability as a percentage of covered payroll	39.22%	50.74%	45.94%	32.12%	66.35%

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

Notes to Schedule:

As of December 31 - Measurement date

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
Texas County District Retirement System
Schedule of Employer Contributions
For the Fiscal Year Ended September 30, 2019

	Year Ended December 31,					
	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 2,880,840	\$ 3,232,544	\$ 3,236,560	\$ 3,153,576	\$ 3,156,162	\$ 4,241,735
Contributions in relation to the actuarially determined contribution	3,766,720	3,752,055	4,010,993	4,128,546	4,216,870	4,840,534
CONTRIBUTION EXCESS	\$ (885,880)	\$ (519,511)	\$ (774,433)	\$ (974,970)	\$ (1,060,708)	\$ (598,799)
Covered payroll	\$ 26,333,090	\$ 28,681,998	\$ 30,853,764	\$ 31,758,063	\$ 32,437,430	\$ 35,855,752
Contributions as a percentage of covered payroll	14.30%	13.08%	13.00%	13.00%	13.00%	13.50%

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 12/31/18 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.
	2018: Employer contributions reflect that the current service matching rate was increased to 200%

Only six 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, 2019

	2018	2019
TOTAL OPEB LIABILITY		
Service cost	\$ 5,687,029	\$ 3,483,904
Interest	4,001,055	3,879,135
Differences between expected and actual experience	-	8,918,260
Changes of assumptions	(14,083,734)	(7,492,165)
Benefit payments	(1,563,350)	(2,125,399)
Net change in total OPEB liability	(5,959,000)	6,663,735
Total OPEB liability - beginning	105,316,548	99,357,548
TOTAL OPEB LIABILITY - ENDING	\$ 99,357,548	\$ 106,021,283
PLAN FIDUCIARY NET PENSION		
Contributions - Employer	\$ 1,563,350	\$ 2,125,399
NET OPEB LIABILITY - ENDING	\$ 99,357,548	\$ 106,021,283
Plan fiduciary net position as a percentage of total liability	0.00%	0.00%
Covered payroll	\$ 25,900,000	\$ 32,062,563
Contributions as a percentage of covered payroll	6.04%	6.63%

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.

This column shows the prior Statement 75 OPEB expense for comparative purposes.

The September 30, 2019 total OPEB liability is determined using a 3.58% final discount rate equal to the September 30, 2019 bond rate.

The September 30, 2020 total OPEB liability is determined using a 3.58% preliminary discount rate equal to the September 30, 2019 bond rate. Preliminary discount rate results will be updated once the measurement date bond rate is available and any significant plan/assumption changes are considered.

Interest on the total OPEB liability- $[(\text{total OPEB liability} + \text{service cost}) \times \text{discount rate}] - [\text{benefit payments} \times ((1 + \text{discount rate})^{1/2} - 1)]$ where total OPEB liability, service cost discount rate are as of the beginning of measurement period and measurement period benefits payments are assumed to be paid mid-year.

Difference between expected and actual experience for fiscal years 2019 and 2020 are detailed in the Changes in Actuarial Accrued Liability Since the Last Valuation section on page 16. Balances and amortizations of all past differences not fully recognized are calculated in the amortization of differences between expected and actual experience section on.

Changes in assumption and other inputs for fiscal year 2019 and 2020 are detailed in the Changes in Actuarial Accrued Liability since the last valuation section. Balances and amortizations of all past changes not fully recognized are calculated in the amortizations of changes in assumptions and other inputs section.

Midland County, Texas

Schedule of the County's Contributions for OPEB
For the Fiscal Year Ended September 30, 2019

	Year Ended December 31, 2018
	<u>2018</u>
Actuarially determined contribution	\$ 2,125,399
Contributions in relation to the actuarially determined contribution	<u>2,125,399</u>
CONTRIBUTION EXCESS (DEFICIENCY)	<u>\$ -</u>
Covered payroll	\$ 32,062,563
Contributions as a percentage of covered payroll	6.63%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of
October 1, 2020

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	0.00%
Dental	0.00%
Inflation Rate	2.75%
Salary Increase:	3.25%
Mortality	Male rates: 90% of RP-2014 Active Employee Mortality Table male rates, projected generationally using 110% of MP- 2014 Ultimate Projection Scale Female rates: 90% of RP-2014 Active Employee Mortality Table male rates, projected generationally using 110% of MP- 2014 Ultimate Projection Scale

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, 2019

	Original Budget
REVENUES	
Property tax, penalties and interest	\$ 34,350,000
Sales tax	40,000,000
Hotel-motel tax	700,000
Fines and forfeitures	3,089,000
Licenses and permits	750,000
Intergovernmental charges	623,500
Charges for current services	4,555,600
Investment income	400,000
Other revenue	704,800
Total revenues	<u>85,172,900</u>
EXPENDITURES	
Current:	
General administration	22,701,418
Judicial	20,163,711
Financial administration	3,770,663
Elections	555,789
Public safety and corrections	26,061,203
Health and welfare	14,923,213
Culture and recreation	5,095,490
Conservation and natural resources	220,828
Capital outlay	8,458,400
Total expenditures	<u>101,950,715</u>
Excess of revenues (deficiency) over expenditures	(16,777,815)
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	(29,888,465)
Total other financing sources (uses)	<u>(29,888,465)</u>
Net change in fund balance	(46,666,280)
Fund balance - beginning of year	<u>118,603,794</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 71,937,514</u></u>

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 34,350,000	\$ 37,958,093	\$ 3,608,093
40,000,000	63,324,445	23,324,445
700,000	1,398,361	698,361
2,199,000	3,210,571	1,011,571
650,000	884,428	234,428
623,500	809,756	186,256
5,433,600	8,083,277	2,649,677
400,000	3,478,128	3,078,128
816,800	1,552,744	735,944
<u>85,172,900</u>	<u>120,699,803</u>	<u>35,526,903</u>
19,167,320	15,211,330	3,955,990
20,184,142	18,838,000	1,346,142
3,787,172	3,713,016	74,156
561,382	520,916	40,466
26,982,850	26,527,812	455,038
15,046,029	14,755,582	290,447
5,280,771	4,751,207	529,564
220,793	155,895	64,898
9,001,416	8,390,262	611,154
<u>100,231,875</u>	<u>92,864,020</u>	<u>7,367,855</u>
(15,058,975)	27,835,783	42,894,758
-	50,696	50,696
<u>(30,107,895)</u>	<u>(30,073,187)</u>	<u>34,708</u>
(30,107,895)	(30,022,491)	85,404
(45,166,870)	(2,186,708)	42,980,162
<u>118,603,794</u>	<u>118,603,794</u>	<u>-</u>
<u>\$ 73,436,924</u>	<u>\$ 116,417,086</u>	<u>\$ 42,980,162</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, 2019

	Original Budget
REVENUES	
Licenses	\$ 2,254,000
Intergovernmental charges	25,000
Investment income	5,000
Other revenues	20,000
Total revenues	2,304,000
EXPENDITURES	
Highways and roads	5,467,470
Road maintenance and materials	-
Capital outlay	25,676,691
Total expenditures	31,144,161
Deficiency of revenues over expenditures	(28,840,161)
OTHER FINANCING SOURCES	
Transfers in	18,003,000
Total other financing sources	18,003,000
Net change in fund balance	(10,837,161)
Fund balance - beginning of year	11,179,133
FUND BALANCE, END OF YEAR	\$ 341,972

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 2,254,000	\$ 2,514,813	\$ 260,813
25,000	25,004	4
5,000	150,376	145,376
20,000	600,489	580,489
2,304,000	3,290,682	986,682
4,193,153	3,623,747	569,406
1,711,230	1,508,530	202,700
26,522,140	9,238,864	17,283,276
32,426,523	14,371,141	18,055,382
(30,122,523)	(11,080,459)	19,042,064
18,001,500	19,300,903	1,299,403
18,001,500	19,300,903	1,299,403
(12,121,023)	8,220,444	20,341,467
11,179,133	11,179,133	-
<u>\$ (941,890)</u>	<u>\$ 19,399,577</u>	<u>\$ 20,341,467</u>

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, 2019

	Original Budget
REVENUES	
Property tax, penalties and interest	\$ 1,656,425
Investment income	-
Total revenues	1,656,425
EXPENDITURES	
Debt service:	
Principal	1,130,000
Interests and fiscal charges	526,425
Total expenditures	1,656,425
Excess of revenues over expenditures	-
Net change in fund balance	-
Fund balance - beginning of year	67,338
FUND BALANCE - END OF YEAR	\$ 67,338

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 1,656,425	\$ 1,723,337	\$ 66,912
-	10,019	10,019
1,656,425	1,733,356	76,931
1,130,000	1,130,000	-
526,425	526,075	350
1,656,425	1,656,075	350
-	77,281	77,281
-	77,281	77,281
67,338	67,338	-
\$ 67,338	\$ 144,619	\$ 77,281

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, 2019

	Original Budget
REVENUES	
Investment income	\$ -
Other revenues	-
Total revenues	-
EXPENDITURES	
Public safety and correction	-
Highways and roads	-
Capital outlay	14,322,360
Total expenditures	14,322,360
Deficiency of revenues over expenditures	(14,322,360)
OTHER FINANCING SOURCES	
Transfers in	10,700,000
Total other financing sources	10,700,000
Net change in fund balance	(3,622,360)
Fund balance - beginning of year	5,636,044
FUND BALANCE - END OF YEAR	\$ 2,013,684

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ 83,892	\$ 83,892
-	-	-
-	83,892	83,892
-	-	-
524,338	2,598,067	(2,073,729)
15,236,110	10,501,981	4,734,129
15,760,448	13,100,048	2,660,400
(15,760,448)	(13,016,156)	2,744,292
10,700,000	8,957,749	(1,742,251)
10,700,000	8,957,749	(1,742,251)
(5,060,448)	(4,058,407)	1,002,041
5,636,044	5,636,044	-
\$ 575,596	\$ 1,577,637	\$ 1,002,041

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, 2019

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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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
Truancy Court	Donations Agrilife
Law Library	Donations Impacts
County Clerk Records Management	L.E.O.S.E. Funds
Records Preservation	District Attorney Victims of Crime
District Clerk Records Management	District Attorney Drug Forfeiture
Juvenile Probation Fees	Sheriff Abell Hanger
Courthouse Security	Sheriff Local Drug Forfeiture
County Clerk Records Archive	Sheriff Federal Forfeiture
County Clerk Vital Statistics	Indigent Defense Improvement Grant
Voter Registration Chapter 19	7 th Administration Judicial Region
Employee Activity	High Intensity Drug Trafficking Area Grant
Dealer Inventory	District Attorney Drug Forfeiture
Justice Court Building Security	Mental Health Deputies
Juvenile Case Management	Texas Vine Grant
County Attorney State Supplement	Crime Victim Services Grant
Truancy Prevention Fund	Donation SO Bulletproof Vest
Juvenile Delinquency Prevention	Donation CIU Volunteer Support
Pre-Trial Intervention Program	Donation Teen Leadership Account
Election Contracts	Donation Constable 2
Unclaimed Juvenile Restitution	Justice Assistance Grants
Court Records Preservation	Title IV-E Federal Foster Care
Scofflaw Implementation Fee	Juvenile Probation State Grants
Child Abuse Prevention	Donation Cemetery Care
Appellate Justice System	Donation Library
Guardianship	Donation Juvenile
Abandoned Motor Vehicles	Donation Dare Program
Rabies Control	Rifle Resistant Body Armor
District Court Records Technology	Midland Odessa Coordinated Response
County and District Court Technology	OOG Justice Assistant Grant
Justice Court Technology	Donation Gratitude Square
Donations SO Mounted Patrol	County Transportation Infrastructure Grant (CERTZ)
OAG Victim Coordinator & Liaison	SWAT Donations
Donations Constable 4 Bulletproof Vest	Donation Dare Program
Homeshoe Promotions	District Attorney Bomb Dog
Donations Horseshoe	Donation K-9 Unit
Donations Sheriff's Office	

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2019

	District Attorney Hot Check	Law Library	County Clerk Records Management
ASSETS			
Cash	\$ -	\$ 6,661	\$ -
Investments	192,323	121,445	1,453,823
Accounts receivable	-	68	-
Due from other funds	30	1,785	19,758
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	\$ 192,353	\$ 129,959	\$ 1,473,581
LIABILITIES			
Accounts payable	\$ -	\$ 3,437	\$ 2,715
Benefits payable	1,062	1,164	4,167
Due to other funds	4,320	-	-
Total liabilities	5,382	4,601	6,882
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	186,971	125,358	1,466,699
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
Total fund balances	186,971	125,358	1,466,699
TOTAL LIABILITIES AND FUND BALANCES	\$ 192,353	\$ 129,959	\$ 1,473,581

<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>
\$ 2,558	\$ -	\$ -	\$ 3,953	\$ -	\$ 1,112
415,858	-	31,562	44,701	1,309,829	132,986
-	-	-	-	231,659	-
960	184,696	508	1,703	26,320	68
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 419,376</u>	<u>\$ 184,696</u>	<u>\$ 32,070</u>	<u>\$ 50,357</u>	<u>\$ 1,567,808</u>	<u>\$ 134,166</u>
\$ 932	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,458	2,982	74
-	-	-	-	-	-
932	-	-	3,458	2,982	74
-	-	-	-	-	-
418,444	184,696	32,070	46,899	1,564,826	134,092
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>418,444</u>	<u>184,696</u>	<u>32,070</u>	<u>46,899</u>	<u>1,564,826</u>	<u>134,092</u>
<u>\$ 419,376</u>	<u>\$ 184,696</u>	<u>\$ 32,070</u>	<u>\$ 50,357</u>	<u>\$ 1,567,808</u>	<u>\$ 134,166</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory
ASSETS			
Cash	\$ -	\$ -	\$ 574
Investments	-	14,259	16,121
Accounts receivable	-	4,703	-
Due from other funds	-	-	1,408
Due from other governmental agencies	194	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	\$ 194	\$ 18,962	\$ 18,103
LIABILITIES			
Accounts payable	\$ 46	\$ 349	\$ -
Benefits payable	-	-	229
Due to other funds	148	-	-
Total liabilities	194	349	229
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	-	-	17,874
Federal and state grants	-	-	-
Committed			
Employee motivation	-	18,613	-
Donations	-	-	-
Total fund balances	-	18,613	17,874
TOTAL LIABILITIES AND FUND BALANCES	\$ 194	\$ 18,962	\$ 18,103

<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>
\$ -	\$ -	\$ -	\$ -	\$ 195	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
32,042	54,573	41,831	59,970	-	512,460
-	-	-	-	-	-
-	-	498	-	-	-
<u>\$ 32,042</u>	<u>\$ 54,573</u>	<u>\$ 42,329</u>	<u>\$ 59,970</u>	<u>\$ 195</u>	<u>\$ 512,460</u>
\$ -	\$ -	\$ 3,547	\$ -	\$ -	\$ -
-	66	1,467	-	-	7,479
-	-	-	-	-	-
-	66	5,014	-	-	7,479
-	-	498	-	-	-
32,042	54,507	36,817	59,970	195	504,981
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,042</u>	<u>54,507</u>	<u>37,315</u>	<u>59,970</u>	<u>195</u>	<u>504,981</u>
<u>\$ 32,042</u>	<u>\$ 54,573</u>	<u>\$ 42,329</u>	<u>\$ 59,970</u>	<u>\$ 195</u>	<u>\$ 512,460</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	Election Contracts	Unclaimed Juvenile Restitution	Court Records Preservation
ASSETS			
Cash	\$ -	\$ 5,416	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	82,351	-	291,433
Due from other governmental agencies	1,262	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 83,613</u>	<u>\$ 5,416</u>	<u>\$ 291,433</u>
LIABILITIES			
Accounts payable	\$ 163	\$ -	\$ 229,000
Benefits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	163	-	229,000
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	83,450	5,416	62,433
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
Total fund balances	83,450	5,416	62,433
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 83,613</u>	<u>\$ 5,416</u>	<u>\$ 291,433</u>

<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>
\$ 15,959	\$ -	\$ 4,990	\$ -	\$ 6,461	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	11,443	255	122,639	-	66,231
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 15,959</u>	<u>\$ 11,443</u>	<u>\$ 5,245</u>	<u>\$ 122,639</u>	<u>\$ 6,461</u>	<u>\$ 66,231</u>
\$ -	\$ -	\$ 5,245	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,245	-	-	-
-	-	-	-	-	-
15,959	11,443	-	122,639	6,461	66,231
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,959</u>	<u>11,443</u>	<u>-</u>	<u>122,639</u>	<u>6,461</u>	<u>66,231</u>
<u>\$ 15,959</u>	<u>\$ 11,443</u>	<u>\$ 5,245</u>	<u>\$ 122,639</u>	<u>\$ 6,461</u>	<u>\$ 66,231</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	District Court Records Technology	County and District Court Technology	Justice Court Technology
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	238,448	67,684	369,930
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 238,448</u>	<u>\$ 67,684</u>	<u>\$ 369,930</u>
LIABILITIES			
Accounts payable	\$ -	\$ 699	\$ -
Benefits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	699	-
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	238,448	66,985	369,930
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
Total fund balances	<u>238,448</u>	<u>66,985</u>	<u>369,930</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 238,448</u>	<u>\$ 67,684</u>	<u>\$ 369,930</u>

<u>SWAT Donation</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>
\$ 2,107	\$ -	\$ 500	\$ 11,866	\$ -	\$ -	\$ 50	\$ 500
-	-	-	-	-	-	-	-
-	-	-	-	448	351	-	-
-	33,768	-	-	172,436	130	-	-
-	-	-	-	-	-	-	-
-	-	-	-	13,475	-	-	-
<u>\$ 2,107</u>	<u>\$ 33,768</u>	<u>\$ 500</u>	<u>\$ 11,866</u>	<u>\$ 186,359</u>	<u>\$ 481</u>	<u>\$ 50</u>	<u>\$ 500</u>
\$ -	\$ -	\$ -	-	\$ 33,197	-	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	33,197	-	-	-
-	-	-	-	13,475	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,107	33,768	500	11,866	139,687	481	50	500
2,107	33,768	500	11,866	153,162	481	50	500
<u>\$ 2,107</u>	<u>\$ 33,768</u>	<u>\$ 500</u>	<u>\$ 11,866</u>	<u>\$ 186,359</u>	<u>\$ 481</u>	<u>\$ 50</u>	<u>\$ 500</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	L.E.O.S.E. Funds	District Attorney Victims of Crime	District Attorney Drug Forfeiture
ASSETS			
Cash	\$ 30,367	\$ -	\$ -
Investments	-	11,900	126,073
Accounts receivable	-	-	-
Due from other funds	62	-	50,860
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 30,429</u>	<u>\$ 11,900</u>	<u>\$ 176,933</u>
LIABILITIES			
Accounts payable	\$ 541	\$ 1,695	\$ 19,260
Benefits payable	-	-	808
Due to other funds	-	-	-
Total liabilities	541	1,695	20,068
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	29,888	-	156,865
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	10,205	-
Total fund balances	29,888	10,205	156,865
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,429</u>	<u>\$ 11,900</u>	<u>\$ 176,933</u>

<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>
\$ -	\$ -	\$ -	\$ 6,033	\$ -	\$ -
241	16,366	567,642	-	0	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,917	74,500
-	-	-	-	-	-
<u>\$ 241</u>	<u>\$ 16,366</u>	<u>\$ 567,642</u>	<u>\$ 6,033</u>	<u>\$ 5,917</u>	<u>\$ 74,500</u>
\$ -	\$ -	\$ 11,315	\$ -	101	\$ 1,372
-	-	-	-	431	8,530
-	-	-	-	5,385	64,598
-	-	11,315	-	5,917	74,500
-	-	-	-	-	-
-	16,366	556,327	-	-	-
-	-	-	6,033	-	-
-	-	-	-	-	-
241	-	-	-	-	-
<u>241</u>	<u>16,366</u>	<u>556,327</u>	<u>6,033</u>	<u>-</u>	<u>-</u>
<u>\$ 241</u>	<u>\$ 16,366</u>	<u>\$ 567,642</u>	<u>\$ 6,033</u>	<u>\$ 5,917</u>	<u>\$ 74,500</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	<u>Truancy Court</u>	<u>Mental Health Deputies</u>	<u>Texas VINE Grant</u>
ASSETS			
Cash	\$ 6,716	7,180	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental agencies	-	11,667	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 6,716</u>	<u>\$ 18,847</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Benefits payable	-	18,847	-
Due to other funds	-	-	-
Total liabilities	-	18,847	-
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	-	-	-
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	6,716	-	-
Total fund balances	<u>6,716</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,716</u>	<u>\$ 18,847</u>	<u>\$ -</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>
\$ -	\$ -	\$ 3,928	\$ 2,916	\$ -
-	-	-	-	-
-	-	-	-	-
-	26,859	-	-	10
2,013	-	-	-	-
-	-	-	-	-
<u>\$ 2,013</u>	<u>\$ 26,859</u>	<u>\$ 3,928</u>	<u>\$ 2,916</u>	<u>\$ 10</u>
\$ -	\$ 3,600	\$ -	\$ 1,994	\$ -
-	-	-	-	-
2,013	-	-	-	-
<u>2,013</u>	<u>3,600</u>	<u>-</u>	<u>1,994</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	23,259	3,928	922	10
-	23,259	3,928	922	10
<u>\$ 2,013</u>	<u>\$ 26,859</u>	<u>\$ 3,928</u>	<u>\$ 2,916</u>	<u>\$ 10</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	Title IV-E Federal Foster Care	Juvenile Probation State Grants	Justice Assistance Grants
ASSETS			
Cash	\$ 85,072	\$ 69,233	\$ 12,570
Investments	189,147	-	-
Accounts receivable	-	-	-
Due from other funds	-	571	-
Due from other governmental agencies	-	31,983	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 274,219</u>	<u>\$ 101,787</u>	<u>\$ 12,570</u>
LIABILITIES			
Accounts payable	\$ -	\$ 61,894	\$ 12,509
Benefits payable	-	766	-
Due to other funds	-	39,127	-
Total liabilities	-	101,787	12,509
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	-	-	-
Federal and state grants	274,219	-	61
Committed			
Employee motivation	-	-	-
Donations	-	-	-
Total fund balances	<u>274,219</u>	<u>-</u>	<u>61</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 274,219</u>	<u>\$ 101,787</u>	<u>\$ 12,570</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	\$ 32,269	\$ 148	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	37,551	-	32,194	-	13,668	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 793</u>	<u>\$ 69,820</u>	<u>\$ 148</u>	<u>\$ 32,194</u>	<u>\$ -</u>	<u>\$ 13,668</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
793	69,820	148	32,194	-	13,668	-
793	69,820	148	32,194	-	13,668	-
<u>\$ 793</u>	<u>\$ 69,820</u>	<u>\$ 148</u>	<u>\$ 32,194</u>	<u>\$ -</u>	<u>\$ 13,668</u>	<u>\$ -</u>

Midland County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet – Continued
 September 30, 2019

	OOG Justice Assistant Grant	Donation K-9 Unit	Donation Gratitude Sqaure
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ -	\$ 2,903	\$ 9,900
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental agencies	56,197	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	<u>\$ 56,197</u>	<u>\$ 2,903</u>	<u>\$ 9,900</u>
LIABILITIES			
Accounts payable	\$ 486	\$ -	\$ -
Benefits payable	1,676	-	-
Due to other funds	54,035	-	-
Total liabilities	<u>56,197</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepays	-	-	-
Restricted	-	-	-
Legislation	-	-	-
Federal and state grants	-	-	-
Committed	-	-	-
Employee motivation	-	-	-
Donations	-	2,903	9,900
Total fund balances	<u>-</u>	<u>2,903</u>	<u>9,900</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 56,197</u>	<u>\$ 2,903</u>	<u>\$ 9,900</u>

<u>OAG Victim Coordinator & Liaison</u>	<u>Midland Odessa Coordinated Response</u>	<u>C.E.R.T.Z</u>	<u>Totals</u>
1,903		\$ -	\$ 334,833
-	-	-	4,644,276
-	-	-	237,229
-	-	-	2,556,635
11,267	12,289	20,292	227,581
-	-	-	13,973
<u>\$ 13,170</u>	<u>\$ 12,289</u>	<u>\$ 20,292</u>	<u>\$ 8,014,527</u>
\$ -	\$ 12,289	\$ -	\$ 406,386
3,447	-	-	56,653
9,723	-	20,292	199,641
<u>13,170</u>	<u>12,289</u>	<u>20,292</u>	<u>662,680</u>
-	-	-	13,973
-	-	-	-
-	-	-	6,675,282
-	-	-	280,313
-	-	-	-
-	-	-	18,613
-	-	-	363,666
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,351,847</u>
<u>\$ 13,170</u>	<u>\$ 12,289</u>	<u>\$ 20,292</u>	<u>\$ 8,014,527</u>

Midland County, Texas

Nonmajor Governmental Funds – Combining Statement
of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30, 2019

	District Attorney Hot Check	Law Library	County Clerk Records Management
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	22,500	-	-
Charges for services	11,912	135,239	404,719
Investment income	19	58	37,554
Other revenue	-	-	-
Total revenues	34,431	135,297	442,273
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	37,768	102,335	142,172
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	450,000
Total expenditures	37,768	102,335	592,172
Excess (deficiency) of revenues over (under) expenditures	(3,337)	32,962	(149,899)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(3,337)	32,962	(149,899)
Fund balances - beginning of year	190,308	92,396	1,616,598
FUND BALANCES - END OF YEAR	\$ 186,971	\$ 125,358	\$ 1,466,699

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
69,921	20,157	10,959	114,689	397,560	15,966
8,862	-	17	720	27,497	3,062
-	-	-	-	63,654	-
78,783	20,157	10,976	115,409	488,711	19,028
-	-	-	-	-	-
32,596	-	-	92,721	78,260	4,280
-	-	-	-	-	-
-	-	1,328	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	74,944	-
32,596	-	1,328	92,721	153,204	4,280
46,187	20,157	9,648	22,688	335,507	14,748
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,187	20,157	9,648	22,688	335,507	14,748
372,257	164,539	22,422	24,211	1,229,319	119,344
<u>\$ 418,444</u>	<u>\$ 184,696</u>	<u>\$ 32,070</u>	<u>\$ 46,899</u>	<u>\$ 1,564,826</u>	<u>\$ 134,092</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, 2019

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	6,205	8,428	-
Investment income	-	-	8,539
Other revenue	-	-	-
Total revenues	6,205	8,428	8,539
EXPENDITURES			
Current			
General administration	-	6,938	-
Judicial	-	-	-
Financial administration	-	-	7,098
Elections	6,205	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	14,500
Total expenditures	6,205	6,938	21,598
Excess (deficiency) of revenues over (under) expenditures	-	1,490	(13,059)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	1,490	(13,059)
Fund balances - beginning of year	-	17,123	30,933
FUND BALANCES - END OF YEAR	\$ -	\$ 18,613	\$ 17,874

<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>
\$ 15,185	\$ 75,928	\$ -	\$ -	\$ -	\$ -
-	-	84,000	-	-	-
-	-	-	14,992	-	321,251
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,185</u>	<u>75,928</u>	<u>84,000</u>	<u>14,992</u>	<u>-</u>	<u>321,251</u>
-	-	-	-	-	-
-	-	69,916	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	43,489	-	-	-	225,400
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>43,489</u>	<u>69,916</u>	<u>-</u>	<u>-</u>	<u>225,400</u>
15,185	32,439	14,084	14,992	-	95,851
-	-	-	-	-	-
-	-	-	-	-	(16,678)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,678)</u>
15,185	32,439	14,084	14,992	-	79,173
16,857	22,068	23,231	44,978	195	425,808
<u>\$ 32,042</u>	<u>\$ 54,507</u>	<u>\$ 37,315</u>	<u>\$ 59,970</u>	<u>\$ 195</u>	<u>\$ 504,981</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, 2019

	Election Contracts	Unclaimed Juvenile Restitution	Court Records Preservation
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	40,870	-	40,533
Investment income	-	-	-
Other revenue	-	-	-
Total revenues	40,870	-	40,533
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	-	-	229,000
Financial administration	-	-	-
Elections	37,155	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	37,155	-	229,000
Excess (deficiency) of revenues over (under) expenditures	3,715	-	(188,467)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	3,715	-	(188,467)
Fund balances - beginning of year	79,735	5,416	250,900
FUND BALANCES - END OF YEAR	\$ 83,450	\$ 5,416	\$ 62,433

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
240	1,804	-	12,415	4,882	-
-	-	-	-	111	-
-	-	-	-	-	-
<u>240</u>	<u>1,804</u>	<u>-</u>	<u>12,415</u>	<u>4,993</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	15,372	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,372</u>	<u>-</u>
240	1,804	-	12,415	(10,379)	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
240	1,804	-	12,415	(10,379)	-
<u>15,719</u>	<u>9,639</u>	<u>-</u>	<u>110,224</u>	<u>16,840</u>	<u>66,231</u>
<u>\$ 15,959</u>	<u>\$ 11,443</u>	<u>\$ -</u>	<u>\$ 122,639</u>	<u>\$ 6,461</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, 2019

	District Court Records Technology	County and District Court Technology	Justice Court Technology
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ 60,792
Intergovernmental	-	-	-
Charges for services	36,555	8,086	-
Investment income	-	-	-
Other revenue	-	-	-
Total revenues	36,555	8,086	60,792
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	-	-	11,625
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	11,625
Excess (deficiency) of revenues over (under) expenditures	36,555	8,086	49,167
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	36,555	8,086	49,167
Fund balances - beginning of year	201,893	58,899	320,763
FUND BALANCES - END OF YEAR	\$ 238,448	\$ 66,985	\$ 369,930

<u>SWAT Donations</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,000	4,750	-	-	107,500	-	-	-
25,000	4,750	-	-	107,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,893	6,034	-	-	76,201	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	23,298	-	-	-	-
22,893	6,034	-	23,298	76,201	-	-	-
2,107	(1,284)	-	(23,298)	31,299	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,107	(1,284)	-	(23,298)	31,299	-	-	-
-	35,052	500	35,164	121,863	481	50	500
<u>\$ 2,107</u>	<u>\$ 33,768</u>	<u>\$ 500</u>	<u>\$ 11,866</u>	<u>\$ 153,162</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, 2019

	L.E.O.S.E. Funds	District Attorney Victims of Crime	District Attorney Drug Forfeiture
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ 6,226
Intergovernmental	13,869	-	-
Charges for services	-	-	-
Investment income	-	(1)	2,955
Other revenue	-	-	-
Total revenues	13,869	(1)	9,181
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	-	1,695	25,148
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	15,901	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	15,901	1,695	25,148
Excess (deficiency) of revenues over (under) expenditures	(2,032)	(1,696)	(15,967)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(2,032)	(1,696)	(15,967)
Fund balances - beginning of year	31,920	11,901	172,832
FUND BALANCES - END OF YEAR	\$ 29,888	\$ 10,205	\$ 156,865

<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>
\$ -	\$ -	\$ 115,802	\$ -	\$ -	\$ -
-	-	-	-	-	189,633
-	-	-	-	-	-
(1)	373	12,053	-	-	-
-	-	-	-	-	-
(1)	373	127,855	-	-	189,633
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
347	-	40,936	-	-	167,134
-	-	-	-	-	-
-	-	-	-	-	-
-	-	24,971	-	-	22,499
347	-	65,907	-	-	189,633
(348)	373	61,948	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(348)	373	61,948	-	-	-
589	15,993	494,379	6,033	-	-
\$ 241	\$ 16,366	\$ 556,327	\$ 6,033	\$ -	\$ -

Midland County, Texas

Nonmajor Governmental Funds – Combining Statement
of Revenues, Expenditures and Changes in Fund Balance – Continued
For the Fiscal Year Ended September 30, 2019

	Truancy Court	Mental Health Deputies	Texas VINE Grant
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	70,000	24,613
Charges for services	938	-	-
Investment income	-	-	-
Other revenue	-	-	-
Total revenues	938	70,000	24,613
EXPENDITURES			
Current			
General administration	-	2	-
Judicial	372	-	-
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	474,301	-
Health and welfare	-	-	24,613
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	372	474,303	24,613
Excess (deficiency) of revenues over (under) expenditures	566	(404,303)	-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	404,301	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	404,301	-
Net change in fund balances	566	(2)	-
Fund balances - beginning of year	6,150	2	-
FUND BALANCES - END OF YEAR	\$ 6,716	\$ -	\$ -

<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>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,900	-	-
-	-	1,900	-	-
-	-	-	-	-
-	-	-	1,994	-
-	-	-	-	-
-	7,771	1,251	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	7,771	1,251	1,994	-
-	(7,771)	649	(1,994)	-
-	-	-	-	-
-	-	-	-	-
-	(7,771)	649	(1,994)	-
-	31,030	3,279	2,916	10
<u>\$ -</u>	<u>\$ 23,259</u>	<u>\$ 3,928</u>	<u>\$ 922</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, 2019

	Title IV-E Federal Foster Care	Juvenile Probation State Grants	Justice Assistance Grants
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	62,486	918,980	12,041
Charges for services	-	-	-
Investment income	4,620	-	61
Other revenue	-	-	-
Total revenues	67,106	918,980	12,102
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	-	-	-
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	3,691	918,980	12,041
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	3,691	918,980	12,041
Excess (deficiency) of revenues over (under) expenditures	63,415	-	61
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	63,415	-	61
Fund balances - beginning of year	210,804	-	-
FUND BALANCES - END OF YEAR	\$ 274,219	\$ -	\$ 61

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,911	-	-	-	-	-
-	4,911	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,654	-
-	-	-	-	-	-	-
-	368	-	-	-	-	-
-	14,667	-	-	-	-	-
-	15,035	-	-	-	1,654	-
-	(10,124)	-	-	-	(1,654)	-
-	-	-	-	-	-	-
-	-	-	-	(50,696)	-	-
-	-	-	-	(50,696)	-	-
-	(10,124)	-	-	(50,696)	(1,654)	-
793	79,944	148	32,194	50,696	15,322	-
<u>\$ 793</u>	<u>\$ 69,820</u>	<u>\$ 148</u>	<u>\$ 32,194</u>	<u>\$ -</u>	<u>\$ 13,668</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, 2019

	OOG Justice Assistant Grant	Donation K-9 Unit	Donation Gratitude Square
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	96,033	-	-
Charges for services	-	-	-
Investment income	-	-	-
Other revenue	-	2,903	9,900
	<u> </u>	<u> </u>	<u> </u>
Total revenues	96,033	2,903	9,900
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	80,219	-	-
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	32,492	-	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	112,711	-	-
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	(16,678)	2,903	9,900
OTHER FINANCING SOURCES (USES)			
Operating transfers in	16,678	-	-
Operating transfers (out)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	16,678	-	-
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	-	2,903	9,900
Fund balances - beginning of year	-	-	-
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 2,903</u>	<u>\$ 9,900</u>

<u>OAG Victim Coordinator & Liaison</u>	<u>Midland Odessa Coordinated Response</u>	<u>C.E.R.T.Z</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 273,933
76,245	12,289	1,776,762	3,359,451
-	-	-	1,678,321
-	-	-	106,499
-	-	-	220,518
<u>76,245</u>	<u>12,289</u>	<u>1,776,762</u>	<u>5,638,722</u>
-	-	-	6,940
-	-	-	910,101
-	-	-	7,098
-	-	-	43,360
76,245	12,289	-	2,123,258
-	-	-	24,613
-	-	-	368
-	-	2,220,952	2,878,323
<u>76,245</u>	<u>12,289</u>	<u>2,220,952</u>	<u>5,994,061</u>
-	-	(444,190)	(355,339)
-	-	444,190	865,169
-	-	-	(67,374)
<u>-</u>	<u>-</u>	<u>444,190</u>	<u>797,795</u>
-	-	-	442,456
-	-	-	6,909,391
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,351,847</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

Midland County, Texas
 Internal Service Funds
 Combining Statement of Net Position
 September 30, 2019

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and equivalents	\$ 908	\$ -	\$ 1	\$ 909
Investments	5,881,071	2,139,136	-	8,020,207
Accounts receivable	25,944	179,501	-	205,445
Due from other governmental agencies	-	-	8,420	8,420
Due from other funds	26,825	604,836	225,113	856,774
Total current assets	5,934,748	2,923,473	233,534	9,091,755
Non current assets				
Other assets	3,886	-	26,662	30,548
Total non current assets	3,886	-	26,662	30,548
TOTAL ASSETS	<u>\$ 5,938,634</u>	<u>\$ 2,923,473</u>	<u>\$ 260,196</u>	<u>\$ 9,122,303</u>
LIABILITIES				
Accounts payable	\$ 318,128	\$ 1,258,287	\$ 70,286	\$ 1,646,701
TOTAL LIABILITIES	318,128	1,258,287	70,286	1,646,701
NET POSITION				
Unrestricted	5,620,506	1,665,186	189,910	7,475,602
TOTAL NET POSITION	<u>\$ 5,620,506</u>	<u>\$ 1,665,186</u>	<u>\$ 189,910</u>	<u>\$ 7,475,602</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, 2019

	Risk Management
OPERATING REVENUES	
Charges for services	\$ 1,731,564
Total operating revenues	1,731,564
OPERATING EXPENSES	
Fleet maintenance	8,975
Claims expense	-
Administration costs	690,408
Premium cost	866,365
Professional services	-
Capital Outlay	173,513
Total operating expenses	1,739,261
Operating loss	(7,697)
NONOPERATING REVENUES	
Investment income	126,493
Miscellaneous income	2,000
Total nonoperating revenues	128,493
Income (loss) before transfers	120,796
Transfers in	216,046
Change in net position	336,842
Net position - beginning of year	5,283,664
NET POSITION - END OF YEAR	\$ 5,620,506

Health Care	Fleet Maintenance	Totals
\$ 9,448,827	\$ 641,240	\$ 11,821,631
9,448,827	641,240	11,821,631
-	859,166	868,141
8,910,467	-	8,910,467
838,902	-	1,529,310
829,736	-	1,696,101
-	-	-
-	-	173,513
10,579,105	859,166	13,177,532
(1,130,278)	(217,926)	(1,355,901)
63,804	-	190,297
1,725	-	3,725
65,529	-	194,022
(1,064,749)	(217,926)	(1,161,879)
449,998	300,000	966,044
(614,751)	82,074	(195,835)
2,279,937	107,836	7,671,437
\$ 1,665,186	\$ 189,910	\$ 7,475,602

Midland County, Texas
 Internal Service Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended September 30, 2019

	Risk Management
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 1,705,620
Cash paid for services	(1,490,778)
	<hr/>
Net cash provided by (used in) operating activities	214,842
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(613,232)
Investment income received	126,493
Miscellaneous income received	2,000
	<hr/>
Net cash provided by (used in) investing activities	(484,739)
Net change in cash	(53,851)
Cash and cash equivalents, beginning of year	54,759
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 908</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (7,697)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities	
Accounts receivable	(25,944)
Due from other funds	(26,825)
Prepaid assets	(3,886)
Accounts payable	279,194
Due to Other Funds	-
	<hr/>
Total adjustments	222,539
	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 214,842</u>

Health Care	Fleet Maintenance	Totals
\$ 9,406,090	\$ 632,820	\$ 11,744,530
(10,856,671)	(932,819)	(13,280,268)
(1,450,581)	(299,999)	(1,535,738)
935,054	-	321,822
63,804	-	190,297
1,725	-	3,725
1,000,583	-	515,844
-	1	(53,850)
-	-	54,759
\$ -	\$ 1	\$ 909
\$ (1,130,278)	\$ (217,926)	\$ (1,355,901)
(42,737)	-	(68,681)
(439,661)	(28,229)	(494,715)
-	-	(3,886)
162,095	(45,424)	395,865
-	(8,420)	(8,420)
(320,303)	(82,073)	(179,837)
\$ (1,450,581)	\$ (299,999)	\$ (1,535,738)

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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, 2019

	<u>District Clerk</u>	<u>County Clerk</u>	<u>District Attorney</u>	<u>Sheriff</u>
ASSETS				
Cash and cash equivalents	\$ 2,037,737	\$ 2,387,629	\$ 32,794	\$ 1,597,640
Investments held in trust	16,746,203	68,398	-	-
Accounts receivable	-	-	-	-
Other receivables	864	17,994	-	-
Due from other funds	-	159	-	-
TOTAL ASSETS	<u>\$ 18,784,804</u>	<u>\$ 2,474,180</u>	<u>\$ 32,794</u>	<u>\$ 1,597,640</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	4,666	48,528	4,164	62,679
Due to other governmental agencies	-	1,435	-	1,632
Other liabilities	-	2,756	-	1,046,803
Funds held for others	18,780,138	2,421,461	28,630	486,526
TOTAL LIABILITIES	<u>\$ 18,784,804</u>	<u>\$ 2,474,180</u>	<u>\$ 32,794</u>	<u>\$ 1,597,640</u>

<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>
\$ 40,704	\$ 42,538	\$ 19,507	\$ 17,313	\$ 3,690	\$ 2,166,917
-	-	-	-	-	-
-	-	-	-	-	-
4,818	2,799	1,690	1,551	-	372,847
-	26	-	-	-	-
<u>\$ 45,522</u>	<u>\$ 45,363</u>	<u>\$ 21,197</u>	<u>\$ 18,864</u>	<u>\$ 3,690</u>	<u>\$ 2,539,764</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39,918	34,914	20,095	10,856	-	393,555
-	-	-	-	-	768,142
30	838	-	1,051	-	6,251
5,574	9,611	1,102	6,957	3,690	1,371,816
<u>\$ 45,522</u>	<u>\$ 45,363</u>	<u>\$ 21,197</u>	<u>\$ 18,864</u>	<u>\$ 3,690</u>	<u>\$ 2,539,764</u>

Midland County, Texas

Agency Funds

Combining Statement of Fiduciary Assets and Liabilities – Continued

September 30, 2019

	<u>Constable Precinct 3</u>	<u>Constable Precinct 4</u>	<u>Unclaimed Property Fund</u>	<u>Basic Security</u>
ASSETS				
Cash and cash equivalents	\$ 302	\$ 104	\$ 35	\$ 67,418
Investments held in trust	-	-	26,356	-
Accounts receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	52,377
TOTAL ASSETS	<u>\$ 302</u>	<u>\$ 104</u>	<u>\$ 26,391</u>	<u>\$ 119,795</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental agencies	-	-	11,145	-
Other liabilities	302	101	-	-
Funds held for others	-	3	15,246	119,795
TOTAL LIABILITIES	<u>\$ 302</u>	<u>\$ 104</u>	<u>\$ 26,391</u>	<u>\$ 119,795</u>

<u>CS&CD Basic Supervision</u>	<u>CS&CD Midland Outpatient Treatment Center</u>	<u>CS&CD Cognitive Behavior</u>
\$ 1,057,244	\$ 92,307	\$ 351
-	-	-
1,711	-	-
-	-	-
128,225	-	-
<u>\$ 1,187,180</u>	<u>\$ 92,307</u>	<u>\$ 351</u>
\$ 44,364	\$ 8,265	\$ -
382,038	36,672	351
723,401	44,155	-
37,377	3,215	-
-	-	-
<u>\$ 1,187,180</u>	<u>\$ 92,307</u>	<u>\$ 351</u>

Midland County, Texas

Agency Funds

Combining Statement of Fiduciary Assets and Liabilities – Continued September 30, 2019

	Sex Offender Caseload	DWI Repeat Offender Caseload	Drug Court	Totals
ASSETS				
Cash and cash equivalents	\$ 59,756	\$ 69,604	\$ 117,827	\$ 9,811,417
Investments held in trust	-	-	-	16,840,957
Accounts receivable	-	-	2,265	3,976
Other receivables	-	-	-	402,563
Due from other funds	-	-	-	180,787
TOTAL ASSETS	\$ 59,756	\$ 69,604	\$ 120,092	\$ 27,239,700
LIABILITIES				
Accounts payable	\$ 4,775	\$ 1,052	\$ 38,308	\$ 96,764
Due to other funds	21,155	31,106	37,992	1,128,689
Due to other governmental agencies	31,760	34,762	40,154	1,656,586
Other liabilities	2,066	2,684	3,638	1,107,112
Funds held for others	-	-	-	23,250,549
TOTAL LIABILITIES	\$ 59,756	\$ 69,604	\$ 120,092	\$ 27,239,700

Statistical Data

(Unaudited)

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Midland County, Texas
 Net Position Information¹
 Last Ten Fiscal Years

Table 1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 156,289,954
Restricted, debt service, legislation, and grants	-	439,114	515,403	6,875,870	5,152,937	6,191,586	16,866,784	17,113,407	18,066,315	26,443,262
Unrestricted	55,514,056	74,121,687	95,749,635	105,075,226	97,354,499	87,652,573	54,648,172	67,989,452	15,605,949	4,625,220
Total governmental activities net position	\$ 120,175,158	\$ 140,104,685	\$ 164,923,941	\$ 186,407,068	\$ 210,573,887	\$ 219,191,447	\$ 200,274,539	\$ 214,599,267	\$ 170,242,375	\$ 187,358,436

Source: Current and prior years' financial statements

¹ Reporting standards require that net position 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 Position Information
Last Ten Fiscal Years

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PROGRAM REVENUES										
Governmental activities:										
Fees, fines, and charges for services:										
General administration	\$ 659,537	\$ 775,489	\$ 970,332	\$ 1,150,868	\$ 1,202,492	\$ 1,159,848	\$ 1,119,566	\$ 939,295	\$ 1,033,967	\$ 1,219,805
Judicial	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	8,385,259
Elections	39,300	36,258	43,527	68,619	51,806	15,571	40	115	20	40
Public safety and corrections	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	1,866,185
Health and welfare	26,875	26,500	24,800	17,500	23,275	30,850	32,000	28,900	21,650	17,920
Culture and recreation	41,782	315,229	393,712	419,895	27,237	105,803	19,996	17,187	18,156	19,004
Highways and roads	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	2,514,813
Operating grants and contributions	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	4,356,765
Capital grants and contributions	-	20,000	17,502	69,987	3,814,514	-	-	-	-	-
Total primary government program revenues	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	18,379,791
EXPENSES										
Governmental activities:										
General administration	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	18,505,517
Judicial	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	21,813,790
Financial administration	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	4,151,659
Elections	505,182	446,412	571,875	506,899	564,981	487,880	560,889	620,092	663,714	1,631,715
Public safety and corrections	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	33,404,842
Health and welfare	824,170	703,140	788,022	979,296	2,515,521	1,257,712	1,188,446	1,217,139	1,546,433	15,089,872
Culture and recreation	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	7,283,193
Conservation and natural resources	238,694	223,153	223,305	178,396	2,167,721	2,519,168	163,249	157,712	172,644	166,396
Highways and roads	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	10,067,230
Interest on long-term debt	1,529,113	1,272,932	1,271,344	1,220,125	906,326	831,023	749,969	609,706	573,520	603,803
Total primary government expenses	51,050,463	49,119,464	51,808,821	59,166,704	68,359,402	71,843,064	76,073,947	79,883,503	94,690,728	112,718,017
NET EXPENSE										
Governmental activities	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)	(57,316,829)	(65,155,113)	(62,712,524)	(74,358,856)	(94,338,226)
Total primary government net expense	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)	(57,316,829)	(65,155,113)	(62,712,524)	(74,358,856)	(94,338,226)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Taxes:										
Property taxes	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	39,540,881
Sales tax	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	63,324,445
Bingo tax	85,129	94,410	118,837	132,391	132,239	120,486	106,714	85,450	92,258	111,081
Mixed beverage tax	419,508	436,503	458,722	535,106	753,884	799,928	751,591	849,297	1,028,666	884,428
Occupancy tax	310,784	494,607	708,461	838,466	990,278	3,437,870	2,506,614	2,522,481	3,684,846	4,165,409
Unrestricted investment earnings	499,822	252,690	255,530	386,454	386,725	488,116	628,335	764,559	1,814,350	4,019,211
Gain on sale of assets	-	-	-	2,309,548	-	-	-	(196,698)	(275,795)	(2,113,914)
Miscellaneous	715,000	871,214	1,241,190	754,050	856,564	957,408	1,363,020	1,202,180	1,275,870	1,522,746
Total governmental activities	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	111,454,287
CHANGE IN NET POSITION										
Governmental activities	6,311,904	19,929,527	24,819,256	21,483,477	24,750,609	16,747,450	2,682,465	14,330,154	29,137,703	17,116,061
TOTAL PRIMARY GOVERNMENT	\$ 6,311,904	\$ 19,929,527	\$ 24,819,256	\$ 21,483,477	\$ 24,750,609	\$ 16,747,450	\$ 2,682,465	\$ 14,330,154	\$ 29,137,703	\$ 17,116,061

Source: Current and prior years' financial statements

¹ Midland County began collecting the Hotel Occupancy tax August 2007.

Midland County, Texas
 Governmental Fund Balances
 Last Ten Fiscal Years

Table 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL FUND:										
Reserved	\$ 112,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	38,659,881	-	-	-	-	-	-	-	-	-
Nonspendable	-	72,757	23,340	12,917	129,295	32,095	36,551	178,988	17,015	41,733
Restricted	-	494,607	708,461	838,466	990,278	1,081,530	695,480	906,240	1,610,569	1,398,361
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	53,274,399
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	61,702,593
Total general fund	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	116,417,086
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved	1,288,660	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Road and bridge fund	2,395,820	-	-	-	-	-	-	-	-	-
Capital projects fund	15,688,318	-	-	-	-	-	-	-	-	-
Nonmajor governmental funds	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	1,454,890
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	17,944,687
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	144,619
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	1,577,637
Nonmajor governmental funds										
Nonspendable	-	-	884	2,440	4,666	125	-	1,998	902	13,973
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	6,955,595
Committed	-	895,305	84,234	292,723	287,550	328,728	446,591	464,253	445,705	382,279
Assigned	-	-	913,148	467,306	-	-	-	-	-	-
Total all other governmental funds	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	28,473,680
TOTAL GOVERNMENTAL FUNDS	\$ 60,793,702	\$ 67,205,715	\$ 86,464,752	\$ 101,847,813	\$ 92,989,390	\$ 89,720,664	\$ 91,042,262	\$ 109,517,711	\$ 142,395,700	\$ 144,890,766

Source: Current and past years' financial statements

¹ The County implemented GASB 54 in fiscal year

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

Table 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Property tax, penalties and interest	\$ 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	\$ 39,681,430
Sales tax	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	63,324,445
Hotel-motel tax	310,784	494,607	708,461	838,466	990,278	1,081,530	695,480	906,240	1,610,569	1,398,361
Fines and forfeitures	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	3,499,116
Licenses and permits	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	3,399,241
Intergovernmental charges	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	4,194,211
Charges for current services	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	9,746,986
Investment income	489,633	245,318	244,947	377,277	376,896	481,097	594,812	688,599	1,665,098	3,828,914
Other revenue	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	2,373,751
Total revenues	<u>\$ 57,334,400</u>	<u>\$ 67,185,083</u>	<u>\$ 76,081,156</u>	<u>\$ 79,126,076</u>	<u>\$ 89,833,728</u>	<u>\$ 87,625,917</u>	<u>\$ 81,522,657</u>	<u>\$ 93,052,924</u>	<u>\$ 120,757,219</u>	<u>\$ 131,446,455</u>
EXPENDITURES										
Current										
General administration	\$ 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	\$ 15,218,270
Judicial	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	19,748,101
Financial administration	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	3,720,114
Elections	456,938	396,294	525,992	497,847	557,381	487,880	560,854	567,462	577,393	564,276
Public safety and corrections	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	28,651,070
Health and welfare	801,852	688,733	771,465	959,450	2,493,446	1,248,439	1,171,988	1,179,744	1,306,649	14,780,195
Culture and recreation	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	4,751,575
Conservation and natural resources	233,535	220,514	219,145	171,080	126,123	135,311	152,177	136,680	160,638	155,895
Highways and roads	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	7,730,344
Capital outlay	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	31,009,430
Debt service	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	1,656,075
Total expenditures	<u>\$ 64,577,971</u>	<u>\$ 59,703,081</u>	<u>\$ 55,838,119</u>	<u>\$ 66,490,467</u>	<u>\$ 97,692,363</u>	<u>\$ 90,317,074</u>	<u>\$ 80,379,457</u>	<u>\$ 74,561,475</u>	<u>\$ 87,879,230</u>	<u>\$ 127,985,345</u>
OTHER FINANCING SOURCES (USES)										
Certificates of obligation issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,625,000	\$ -	\$ -	\$ -
Reoffering premium	-	-	-	-	-	-	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	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	29,174,517
Transfers (out)	(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)	(30,140,561)
Total other financing sources (uses)	<u>\$ (1,623,013)</u>	<u>\$ (1,069,989)</u>	<u>\$ (984,000)</u>	<u>\$ 2,747,452</u>	<u>\$ (999,788)</u>	<u>\$ (577,569)</u>	<u>\$ 182,101</u>	<u>\$ (16,000)</u>	<u>\$ -</u>	<u>\$ (966,044)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (8,866,584)</u>	<u>\$ 6,412,013</u>	<u>\$ 19,259,037</u>	<u>\$ 15,383,061</u>	<u>\$ (8,858,423)</u>	<u>\$ (3,268,726)</u>	<u>\$ 1,325,301</u>	<u>\$ 18,475,449</u>	<u>\$ 32,877,989</u>	<u>\$ 2,495,066</u>
Debt service as a percent of non-capital expenditures	5.62%	5.43%	5.30%	4.69%	12.78%	2.69%	2.57%	2.52%	2.21%	1.71%

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>
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
2019	29,049,907,077	8,919,242,255	27,930,094,558	0.140000

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
2010	0.1882	-	0.0236	0.2118	1.1526	0.4568	0.1813	0.1719	-	2.1744
2011	0.1911	-	0.0205	0.2118	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	1.9755
2018	0.1461	-	0.0070	0.1532	1.1276	0.4084	0.1300	0.1253	0.0276	1.9720
2019	0.1339	-	0.0061	0.1400	1.1201	0.3922	0.1262	0.1147	0.0276	1.9208

Source: Midland County Budget

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

Table 7

2019			2010		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pioneer Natural Res -WI-	\$ 2,409,130,490	6.34%	Pioneer Natural Res -WI-	\$ 787,330,040	6.77%
Chevron USA Inc	1,920,401,550	5.06%	Endeavor Energy Resources LP	404,453,870	3.48%
COG Operating LLC	1,091,300,690	2.87%	Chevron	161,488,720	1.39%
XTO Energy Inc	1,035,129,250	2.73%	BP America Production Company	125,995,790	1.08%
Endeavor Energy Resources LP	971,197,230	2.56%	Henry Resources LLC	111,113,020	0.96%
Diamondback E&P LLC WI	709,478,200	1.87%	Fasken Land & Minerals LTD	108,843,160	0.94%
Encana Oil & Gas (USA) Inc	580,134,060	1.53%	COG Operating	100,093,000	0.86%
Apache Corp WI	352,381,880	0.93%	TRA Midland Properties LLC	75,717,530	0.65%
Texas Tex LTD (LT Properties)	281,783,180	0.74%	TXU	64,229,330	0.55%
Keane Frac LP	277,602,140	0.73%	Mobile Prod TX & NM	56,921,860	0.49%
Total	\$ 9,628,538,670	25.36%	Total	\$ 1,996,186,320	17.17%

Source: Midland County Tax Office

Midland County, Texas
 Property Tax Levies and Collections
 Fiscal Years Ended September 30, 2008 through 2019

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
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%
2019	27,930,094,558	\$ 0.140000	39,102,132	11,793,847	24.27%	26,639,360	54.81%	10,167,304	20.92%

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>
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%	109.668
2017	16,620,000	16,620,000	0.10%	99.689
2018	15,535,000	15,535,000	0.09%	111.352
2019	14,405,000	14,405,000	0.07%	102.260

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

Midland County, Texas

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

Table 10

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service Designated Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2019	140,866	27,930,094,558	14,405,000	144,618	14,260,382	0.051	101.23

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, 2019

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
City of Midland	\$ 181,095,000	100%	\$ 181,095,000
Midland Independent School District	200,190,996	100%	200,190,996
Midland Community College	28,179,740	100%	28,179,740
Midland County Hospital District	92,560,000	100%	92,560,000
Greenwood Independent School District	55,640,000	100%	55,640,000
City of Odessa	137,180,000	8%	11,158,182
Subtotal, overlapping debt			<u>568,823,918</u>
Midland County (direct debt)			<u>14,405,000</u>
Total direct and overlapping debt			\$ 583,228,918

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 7,262,476,769
Total net debt applicable to limit	<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>	<u>14,260,382</u>
Debt margin	<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>	<u>\$ 7,248,216,387</u>
Total net debt applicable to the limit as a percentage of debt limit	1.32%	1.14%	1.03%	0.61%	0.52%	0.44%	0.41%	0.43%	0.34%	0.20%
Debt Margin Calculation for Fiscal Year 2019										
Assessed Value of Real Property	\$ 29,049,907,077									
Assessed Value of Personal & Other Property	<u>8,919,242,255</u>									
Total Assessed Value	<u>\$ 37,969,149,332</u>									
Debt Limit, 25% of Real Property Assessed Value (1)	\$ 7,262,476,769									
Amount of Debt Applicable to Debt Limit:										
Total Bonded Debt	14,405,000									
Less: Assets in Debt Service Funds Available for Payment of Principal	144,618									
Total Amount of Debt Applicable to Debt Limit	<u>14,260,382</u>									
Legal Debt Margin	<u>\$ 7,248,216,388</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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate Percentage
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
2019	140,866	21,478,156	124,455	2.0

Sources: Population figures for 2019 are an estimate provided by the Midland Development Corp., Personal Income and Per Capita Personal Income are from the US Bureau of Economic Analysis, and US Bureau of Labor Statistics 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

Function / Program	Fiscal Year				
	2015	2016	2017	2018	2019
General administration	148	28	29	30	33
Judicial	50	145	146	152	171
Financial administration	29.5	44	42	43	44
Elections	5.5	5	5	5	5
Public safety and corrections	273.5	276	281	285	279
Health and welfare	3	3	3	3	3
Culture and recreation	45.5	34	36	35	37
Conservation and natural resources	3	1	1	3	6
Highways and roads	30	31	32	33	28
Total	588	567	575	589	606

Source: Midland County Treasurers Office

Midland County, Texas
 Operation Indicators Information
 Last Five Fiscal Years

Table 15

FUNCTION / PROGRAM	Fiscal Year				
	2015	2016	2017	2018	2019
GENERAL GOVERNMENT					
Commissioners Court					
Number of Official Public Meetings					
Regular Sessions	22	22	24	49	43
Special Sessions (Work Sessions)	10	5	5	3	14
PUBLIC SAFETY					
Inmates Booked	10,755	14,845	11,549	10,759	10,477
Arrests	12,098	13,247	13,214	12,400	11,690
JUDICIAL					
District Courts					
Civil Cases Filed	2,565	1,468	1,681	1,557	1,427
Civil Cases Disposed	1,227	1,353	1,284	1,218	1,523
Criminal Cases Filed	1,944	2,114	2,223	2,077	1,854
Criminal Cases Disposed	2,202	2,567	2,715	2,521	2,499
County Courts-at-Law					
Civil Cases Filed	913	1,104	1,143	1,102	830
Civil Cases Disposed	700	783	992	1,041	983
Criminal Cases Filed	4,034	3,978	4,536	4,241	4,193
Criminal Cases Disposed	4,085	4,020	4,341	4,015	3,825
Juvenile Cases Filed	133	94	108	63	54
Juvenile Cases Disposed	143	62	71	65	62
Probate and Mental Health Cases Filed	593	600	616	586	588
Probate and Mental Health Cases Disposed	91	147	156	142	130
Justice of the Peace Courts					
Civil Cases Filed	1,394	1,652	2,257	2,813	3,399
Civil Cases Disposed	1,040	1,320	1,545	1,890	2,377
Criminal Cases Filed	17,104	9,974	14,206	19,682	24,623
Criminal Cases Disposed	14,032	13,488	12,197	13,347	18,498
Juvenile Cases Filed	441	445	379	464	499
CULTURE AND RECREATION					
Events Held	187	166	174	210	228
ELECTIONS					
Number of Registered Voters	75,472	76,808	80,329	80,506	84,588
HIGHWAYS					
Permits Granted	215	212	271	234	263
Work Requests	189	93	159	156	494

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				
	2015	2016	2017	2018	2019
BUILDINGS					
General admin	1	2	2	2	2
Judicial	4	2	2	2	2
Public safety	5	9	9	9	9
Highways	1	1	1	1	1
Culture and recreation	8	7	7	8	8
Health & Welfare	1	1	1	1	1
PATROL CARS	33	32	32	31	32
ELECTIONS					
Electronic voting machines	270	272	272	272	250
HIGHWAYS					
Miles of roads maintained	383	410	356	376	423

Source: Various county departments.

Midland County, Texas
Principal Employers
Current Year and Nine Years Ago

Table 17

2019			2010		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Pioneer Natural Resources	3,600	25.64%	Midland Independent School District	3,000	4.33%
Midland Independent School District	2,891	20.59%	Midland Memorial Hospital	1,500	2.17%
Midland Memorial Hospital	1,855	13.21%	City of Midland	980	1.42%
Endeavor Energy Resources	1,241	8.84%	Midland College	800	1.16%
City of Midland	951	6.77%	Midland County	624	0.90%
Walmart	796	5.67%	Pioneer National Gas Resources USA	600	0.87%
HEB	770	5.48%	Texas Health & Human Services Call Center	500	0.72%
Midland College	727	5.18%	Key Engergy Services	480	0.69%
Midland County	611	4.35%	Basic Energy Services	476	0.69%
Dawson Geophysical	600	4.27%	Warren Equipment Companies	464	0.67%
Total	14,042	100.00%	Total	9,424	13.61%
Average Annual Employment for Midland, TX from BLS:		105,198			69,219

Source: Bureau of Labor Statistics, Midland Development Corporation, Texas Workforce Commission LMCI, individual employers consider this proprietary information and may be estimated. 2019 data is not currently available, 2018 data from City of Midland CAFR is used. 2010 statistical information is based on the City of Midland's 2010 CAFR

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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, 2019, 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 11, 2020.

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 11, 2020



**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, 2019. 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, 2019.

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 11, 2020

Midland County, Texas

Schedule of Expenditures of State Awards
For the Fiscal Year Ended September 30, 2019

State Grantor/Pass-through Grantor Program Title	CFDA Number	Grant Contract Number	Grant Expenditures
State Grant Expenditures			
<u>Crime Victim Services</u>			
FY 2018-2019 Victim Coordinator and Liaison Grant (VCLG)	N/A	1987155	\$ 34,818
FY 2019-2020 Victim Coordinator and Liaison Grant (VCLG)	N/A	2097624	3,913
FY 2018-2019 Victim Coordinator and Liaison Grant (VCLG)	N/A	198148	37,513
Total Crime Victim Services			76,244
<u>Office of the Attorney General</u>			
FY 2019 Texas VINE Annual Maintenance Grant (VINE)	N/A	1990530	22,438
FY 2020 Texas VINE Annual Maintenance Grant (VINE)	N/A	200853	2,175
Total Office of the Attorney General			24,613
<u>Office of Court Administration</u>			
Indigent Defense FY2019 Formula Grant	N/A	212-19-165	141,413
Total Office of Court Administration			141,413
<u>Texas Department of Criminal Justice</u>			
Mental Health Services Provider Agreement	N/A	N/A	70,000
Total Texas Department of Criminal Justice			70,000
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Fund Grant Program	N/A	CTIF-01-165	1,776,762
Total Department of Transportation			1,776,762
<u>Texas Commission on the Arts</u>			
Anuradha Naimpally	N/A	82501	725
Carolina Storyteller	N/A	82498	450
Hideout Theatre	N/A	82502	1200
Total Texas State Library and Archives Commission			2,375
<u>Office of the Governor</u>			
Justice Assistance Grant - Bomb Detection Dog	N/A	3647301	44,425
Victim Assistance	N/A	3640501	51,608
Midland-Odessa Coordinates Respond	N/A	3928301	12,289
Total Office of the Governor			108,322
Total State Grant Expenditures			\$ 2,199,729

Midland County, Texas

Notes to Schedule of Expenditures of State Awards
For the Fiscal Year Ended September 30, 2019

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, 2019.

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, 2019

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

- 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, 2019

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, 2018

None

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