

MIDLAND COUNTY, TEXAS

FINANCIAL REPORT

SEPTEMBER 30, 2015

**Prepared by the Department of County Auditor
Veronica Morales - County Auditor**

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FINANCIAL SECTION



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 year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

Basis for Qualified Opinion on Governmental Activities

Management has not recorded a liability for post-employment benefits and the related expense in the governmental activities. Accounting principles generally accepted in the United States of America require that a liability for post-employment benefits and the related expense be recorded. The recording of post-employment benefits would increase liabilities by \$23,426,462, decrease net position by \$23,426,462 as of September 30, 2015 and increase expenses for the year then ended by \$4,306,340 for governmental activities.

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

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Midland County, Texas, as of September 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Midland County, Texas, as of September 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1 and 15 to the Basic Financial Statements, Midland County, Texas implemented Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position has been restated to reflect the change in accounting principle resulting from these statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, Texas County District Retirement System Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios, the Texas County Retirement System Schedule of Employer Contributions, and budget (GAAP basis) and actual comparison information on pages 4 through 12 and 63 through 69 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical section and Note 7 to the Basic Financial Statements have 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2016 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 19, 2016

MIDLAND COUNTY, TEXAS 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, 2015. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$219,191,447 (net position). Of this amount, \$87,652,573 (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 \$8,332,973.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$89,716,961. Of this total amount, \$33,600,772 or 37% 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 \$33,600,772 or 57% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Government-Wide Financial Statements – Continued

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.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Governmental Funds – Continued

The County maintains and reports 78 individual governmental funds of which 69 are special revenue funds, three capital projects funds, one debt service fund, 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 \$219,191,447 at the close of this fiscal year.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Statement of Net Position
Governmental Activities

	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 108,152,375	\$ 113,686,261
Capital assets, net of accumulated depreciation	<u>143,093,947</u>	<u>126,707,205</u>
Total assets	<u>251,246,322</u>	<u>240,393,466</u>
Deferred outflows of resources	4,304,903	-
Current and other liabilities	3,644,848	7,763,950
Noncurrent liabilities	<u>32,410,137</u>	<u>21,771,042</u>
Total liabilities	<u>36,054,985</u>	<u>29,534,992</u>
Deferred inflows of resources	304,793	-
Net position		
Net investment in capital assets	125,347,288	108,066,451
Restricted, legislation and grants	5,865,597	5,152,937
Restricted, debt service	325,989	284,587
Unrestricted net position	<u>87,652,573</u>	<u>97,354,499</u>
Total net position	<u>\$ 219,191,447</u>	<u>\$ 210,858,474</u>

The County's unrestricted net position, 40%, 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, 57%, 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.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

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 \$8,332,973. The following table provides a summary of the County's operations for years ended September 30, 2015 and 2014.

Statement of Activities				
Years Ended September 30, 2015 and 2014				
	2015		2014	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program revenues				
Charges for services	\$ 12,297,108	13.9%	\$ 11,623,560	12.5%
Operating grants and contributions	2,229,127	2.5%	2,634,399	2.8%
Capital grants and contributions	-	0.0%	3,814,514	4.1%
General revenues				
Property taxes	27,077,403	30.6%	26,110,285	28.0%
Sales tax	41,183,068	46.5%	44,018,335	47.3%
Bingo tax	120,486	0.1%	132,239	0.1%
Mixed beverage tax	799,928	0.9%	753,884	0.8%
Hotel-motel tax	1,081,530	1.2%	990,278	1.1%
Motor vehicle sales and use tax	2,356,340	2.7%	1,789,228	1.9%
Unrestricted investment earnings	488,116	0.6%	386,725	0.4%
Miscellaneous	957,408	1.1%	856,564	0.9%
Total revenues	88,590,514	100.0%	93,110,011	100.0%
Expenses				
General administration	11,805,385	16.4%	11,700,816	17.1%
Judicial	15,660,986	21.8%	15,000,485	21.9%
Financial administration	3,213,036	4.5%	2,949,724	4.3%
Elections	487,880	0.7%	564,981	0.8%
Public safety and corrections	24,518,270	34.1%	23,491,340	34.4%
Health and welfare	1,257,712	1.8%	2,515,521	3.7%
Cultural and recreation	5,258,833	7.3%	4,433,045	6.5%
Conservation and natural resources	2,519,168	3.5%	2,167,721	3.2%
Highways and roads	6,290,771	8.8%	4,629,443	6.8%
Interest on long-term debt	831,023	1.2%	906,326	1.3%
Total expenses	71,843,064	100.0%	68,359,402	100.0%
Change in net position	16,747,450		24,750,609	
Net position, beginning of year	210,858,474		186,407,068	
Change in accounting principle	(8,414,477)		(299,203)	
Net position, beginning of year, as restated	202,443,997		186,107,865	
Net position, end of year	\$ 219,191,447		\$210,858,474	

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Governmental Activities – Net position of the governmental activities increased \$8,332,973 during the year. In General Revenues, sales tax decreased by \$2,835,267 or 6% due to a decrease in consumer spending in the County. Capital grants and contributions decreased by \$3,814,514 or 100% due to a 2014 donation of capital assets which was not repeated in 2015.

Total expenses increased from the prior year by \$3,483,662, or 5% due to general public safety and corrections and judicial expenses. The increase is largely due to the increase in personnel in public safety and corrections as well as increased judicial fees to pay for court appointed attorneys.

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 \$89,716,961. The unassigned fund balance, \$33,600,772, 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 committed amount represents the Commissioners Court's formal action to use the funds for debt service and capital projects. The assigned amount is attributable to funds set aside to cover outstanding encumbrances, compensated absence liability, future capital projects and subsequent year expenditures in excess of revenues.

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 \$33,600,772 as compared to \$28,312,942 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 37% of total fund expenditures, while total fund balance represents 99% of total fund expenditures.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS – CONTINUED

The road and bridge fund reflects a fund balance of \$6,759,710 which represents a decrease of \$42,902 as compared with the prior year. The decrease is due to the use of funds for renovation of county roads.

The debt service fund has a total fund balance of \$399,900 as compared to \$360,419 in the prior year. The increase of \$39,481 is due to an increase of anticipated tax collections. 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 \$8,091,510 a decrease of \$7,180,782. The decrease resulted from the expenditure of capital outlay for the horseshoe multi-purpose facility expansion and beginning of the construction of the new Midland County Horseshoe Amphitheater which is currently under construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

A deficit amended budget was approved for fiscal year 2015 in the amount of \$15,440,320 as compared to the original budget which planned for a deficit of \$14,231,985. The deficit was to be appropriated from the unassigned fund balance. However, actual revenues exceeded the final budget by \$10,960,815. Included in this amount are \$7,183,068 in unanticipated sales tax revenue and an increase in charges for services of \$1,473,265.

The original budgeted expenditures differ from the final budgeted expenditures by an increase of \$1,208,335 which is attributable to the rolling forward of the prior year budget and also the reclassification of Horseshoe Pavilion Capital Projects to General fund Horseshoe Pavilion department to cover furniture and like items out of the General funds. The favorable variance of \$7,598,593 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, 2015, the County had a total long-term debt outstanding in the amount of \$21,090,174. According to the Texas statutes, the County has a debt margin of \$4,028,564,868.

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.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DEBT ADMINISTRATION AND CAPITAL ASSETS – CONTINUED

The following represents the activity of the long-term debt of the County for fiscal year 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
General obligation bonds	\$ 19,055,000	\$ -	\$ 915,000	\$ 18,140,000
Unamortized premium on general obligation bonds Series 2009	281,350	-	20,096	261,254
Capital lease obligation	-	15,000	6,875	8,125
Compensated absences	<u>2,434,692</u>	<u>2,843,277</u>	<u>2,597,174</u>	<u>2,680,795</u>
Total	<u><u>\$ 21,771,042</u></u>	<u><u>\$ 2,858,277</u></u>	<u><u>\$ 3,539,145</u></u>	<u><u>\$ 21,090,174</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, 2015, net capital assets of the governmental activities totaled \$143,093,947 reflecting a net increase of \$16,386,742 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 \$7,217,365.

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 2016 budget was adopted on September 3, 2015 with total general fund expenditures of \$63,813,979, a 2% decrease from the fiscal year 2015 budgeted expenditures. The County's combined tax rate is \$0.140811 for fiscal year 2016. The Commissioners' Court adopted a budgeted net loss of \$11,957,729 with the deficit to be appropriated from the unassigned fund balance.

**MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.

BASIC FINANCIAL STATEMENTS

**MIDLAND COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,674,702
Certificates of deposit	15,577,568
Investments	70,327,597
Receivables (net of allowance for uncollectibles)	8,239,960
Inventory	1,411,149
Other assets	58,882
Due from other governments	6,866,220
Capital assets (net of accumulated depreciation)	
Land	2,734,366
Buildings and improvements	98,469,679
Construction in progress	1,118,568
Infrastructure	29,731,266
Machinery and equipment	11,040,068
Total assets	251,250,025
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	4,304,903
Total deferred outflows of resources	4,304,903
LIABILITIES	
Accounts payable and other current liabilities	2,968,856
Accrued interest payable	102,712
Due to other governments	476,663
Unearned revenue	100,320
Noncurrent liabilities	
Net pension liability	11,319,963
Due within one year	2,117,500
Due in more than one year	18,972,674
Total liabilities	36,058,688
DEFERRED OUTFLOWS OF RESOURCES	
Deferred inflows related to pension	304,793
Total deferred inflows of resources	304,793
NET POSITION	
Net investment in capital assets	125,347,288
Restricted, legislation and grants	5,865,597
Restricted, debt service	325,989
Unrestricted	87,652,573
Total net position	\$ 219,191,447

The Notes to Financial Statements are an integral part of these statements.

**MIDLAND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

	Expenses
Functions/programs	
Primary Government	
Governmental activities	
General administration	\$ 11,805,385
Judicial	15,660,986
Financial administration	3,213,036
Elections	487,880
Public safety and corrections	24,518,270
Health and welfare	1,257,712
Culture and recreation	5,258,833
Conservation and natural resources	2,519,168
Highways and roads	6,290,771
Interest on long-term debt	831,023
Total governmental activities	71,843,064
Total primary government	\$ 71,843,064

The Notes to Financial Statements are an integral part of these statements.

Program Revenues		Changes in Net Position
Charges for Services	Operating Grants and Contributions	Primary Government Total
\$ 1,159,848	\$ 173,027	\$ (10,472,510)
6,766,617	772,651	(8,121,718)
-	-	(3,213,036)
15,571	1,057	(471,252)
1,800,449	1,234,150	(21,483,671)
30,850	18,750	(1,208,112)
105,803	4,595	(5,148,435)
-	-	(2,519,168)
2,417,970	24,897	(3,847,904)
-	-	(831,023)
<u>12,297,108</u>	<u>2,229,127</u>	<u>(57,316,829)</u>
<u>\$ 12,297,108</u>	<u>\$ 2,229,127</u>	<u>(57,316,829)</u>

GENERAL REVENUES

Property taxes	27,077,403
Sales tax	41,183,068
Bingo tax	120,486
Mixed beverage tax	799,928
Hotel-motel tax	1,081,530
Motor vehicle sales and use tax	2,356,340
Unrestricted investment earnings	488,116
Miscellaneous	957,408

Total general revenues

74,064,279

Change in net position

16,747,450

Net position, beginning of year, as previously reported

210,858,474

Prior period adjustment - changes in accounting principles

(8,414,477)

Net position, beginning of year, as restated

202,443,997

Net position, end of year

\$ 219,191,447

**MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2015**

	General Fund	Road and Bridge Fund
ASSETS		
Assets		
Cash and cash equivalents	\$ 5,442,908	\$ 1,486
Certificates of deposit	15,577,568	-
Investments	50,616,245	4,410,042
Property taxes receivable, (net of allowance for uncollectibles)	639,217	-
Accounts receivable, (net of allowance for uncollectibles)	7,355,915	25
Due from other funds	403,851	1,169,525
Due from other governmental agencies	6,418,927	31,102
Inventory	-	1,411,149
Prepaid expenses	32,095	-
	\$ 86,486,726	\$ 7,023,329
TOTAL ASSETS	\$ 86,486,726	\$ 7,023,329
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 1,487,511	\$ 263,576
Benefits payable	14,517	43
Due to other funds	7,240,347	-
Due to other governmental agencies	476,663	-
Unearned revenue	100,320	-
Other liabilities	8,321	-
	9,327,679	263,619
Total liabilities	9,327,679	263,619
Deferred inflows		
Deferred tax revenue	581,183	-
Other deferred inflows	7,224,943	-
	7,806,126	-
Total deferred inflows	7,806,126	-
Fund balances		
Nonspendable		
Prepays	32,095	-
Inventories	-	1,411,149
Restricted		
Road improvements	-	5,335,304
Debt service	-	-
Unspent bond proceeds	-	-
Hotel occupancy revenue	1,081,530	-
Legislation	-	-
Federal and state grants	-	-
Committed		
Capital projects	-	-
Employee motivation	-	-
Donations	-	-
Assigned		
Compensated absences	2,680,795	-
Capital projects	20,000,000	-
Subsequent year's expenditures	11,957,729	13,257
Unassigned	33,600,772	-
	69,352,921	6,759,710
Total fund balances	69,352,921	6,759,710
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 86,486,726	\$ 7,023,329

The Notes to Financial Statements are an integral part of these statements.

<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,486	\$ -	\$ 22,550	\$ 206,967	\$ 5,673,911
-	-	-	-	15,577,568
4,410,042	680,994	4,223,665	3,083,752	63,014,698
-	32,929	-	-	672,146
25	-	-	75,555	7,431,495
1,169,525	92,635	4,128,783	1,844,120	7,638,914
31,102	-	-	129,384	6,579,413
1,411,149	-	-	-	1,411,149
-	-	-	125	32,220
<u>\$ 7,023,329</u>	<u>\$ 806,558</u>	<u>\$ 8,374,998</u>	<u>\$ 5,339,903</u>	<u>\$ 108,031,514</u>
\$ 263,576	\$ -	\$ 193,732	\$ 104,053	\$ 2,048,872
43	-	-	3	14,563
-	377,857	89,756	122,927	7,830,887
-	-	-	-	476,663
-	-	-	-	100,320
-	-	-	-	8,321
<u>263,619</u>	<u>377,857</u>	<u>283,488</u>	<u>226,983</u>	<u>10,479,626</u>
-	28,801	-	-	609,984
-	-	-	-	7,224,943
-	28,801	-	-	7,834,927
-	-	-	125	32,220
1,411,149	-	-	-	1,411,149
5,335,304	-	-	-	5,335,304
-	399,900	-	-	399,900
-	-	662,720	-	662,720
-	-	-	-	1,081,530
-	-	-	4,543,973	4,543,973
-	-	-	240,094	240,094
-	-	7,428,790	-	7,428,790
-	-	-	12,088	12,088
-	-	-	316,640	316,640
-	-	-	-	2,680,795
-	-	-	-	20,000,000
13,257	-	-	-	11,970,986
-	-	-	-	33,600,772
<u>6,759,710</u>	<u>399,900</u>	<u>8,091,510</u>	<u>5,112,920</u>	<u>89,716,961</u>
<u>\$ 7,023,329</u>	<u>\$ 806,558</u>	<u>\$ 8,374,998</u>	<u>\$ 5,339,903</u>	<u>\$ 108,031,514</u>

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

Total fund balances - governmental funds (page 17)	\$ 89,716,961
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.	142,934,657
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.	7,834,927
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.	7,217,641
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(21,090,174)
Interest is accrued on bonds payable in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due.	(102,712)
Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	4,304,903
Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	(304,793)
Net pension liability is not reported in the fund financial statements.	<u>(11,319,963)</u>
Net position of governmental activities (page 13)	<u><u>\$ 219,191,447</u></u>

The Notes to Financial Statements are an integral part of these statements.

**MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>
REVENUES		
Property tax, penalties and interest	\$ 25,352,298	\$ -
Sales tax	41,183,068	-
Hotel-motel tax	1,081,530	-
Fines and forfeitures	3,348,543	-
Licenses and permits	799,928	2,118,258
Intergovernmental charges	839,225	24,897
Charges for current services	5,722,415	-
Investment income	458,576	5,808
Other revenue	1,199,232	391,573
Total revenues	<u>79,984,815</u>	<u>2,540,536</u>
EXPENDITURES		
Current		
General administration	9,163,030	-
Judicial	15,121,265	-
Financial administration	3,188,595	-
Elections	472,667	-
Public safety and corrections	21,991,463	-
Health and welfare	769,833	-
Culture and recreation	4,410,687	-
Conservation and natural resources	135,311	-
Highways and roads	-	5,927,887
Capital outlay	3,309,876	8,655,551
Debt service	-	-
Total expenditures	<u>58,562,727</u>	<u>14,583,438</u>
Excess (deficiency) of revenues over expenditures	<u>21,422,088</u>	<u>(12,042,902)</u>
Other financing sources (uses)		
Proceeds from sale of assets and capital lease	94,706	-
Transfers in	45,605	12,000,000
Transfers out	(18,308,670)	-
Total other financing sources (uses)	<u>(18,168,359)</u>	<u>12,000,000</u>
Net change in fund balances	3,253,729	(42,902)
FUND BALANCES, beginning of year	<u>66,099,192</u>	<u>6,802,612</u>
FUND BALANCES, end of year	<u>\$ 69,352,921</u>	<u>\$ 6,759,710</u>

The Notes to Financial Statements are an integral part of these statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,803,874	\$ -	\$ -	\$ 27,156,172
-	-	-	41,183,068
-	-	-	1,081,530
-	-	336,345	3,684,888
-	-	-	2,918,186
-	-	1,380,682	2,244,804
-	-	1,379,615	7,102,030
1,926	6,507	8,280	481,097
-	-	183,337	1,774,142
<u>1,805,800</u>	<u>6,507</u>	<u>3,288,259</u>	<u>87,625,917</u>
-	-	9,013	9,172,043
-	-	708,782	15,830,047
-	-	7,742	3,196,337
-	-	15,213	487,880
-	-	1,411,770	23,403,233
-	-	478,606	1,248,439
-	-	1,284	4,411,971
-	-	-	135,311
-	-	-	5,927,887
-	12,490,289	285,594	24,741,310
1,766,319	-	-	1,766,319
<u>1,766,319</u>	<u>12,490,289</u>	<u>2,918,004</u>	<u>90,320,777</u>
<u>39,481</u>	<u>(12,483,782)</u>	<u>370,255</u>	<u>(2,694,860)</u>
-	-	-	94,706
-	5,303,000	296,253	17,644,858
-	-	(8,463)	(18,317,133)
-	5,303,000	287,790	(577,569)
39,481	(7,180,782)	658,045	(3,272,429)
<u>360,419</u>	<u>15,272,292</u>	<u>4,454,875</u>	<u>92,989,390</u>
<u>\$ 399,900</u>	<u>\$ 8,091,510</u>	<u>\$ 5,112,920</u>	<u>\$ 89,716,961</u>

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

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances-total governmental funds (page 20)	\$ (3,272,429)
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.	17,426,600
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(1,010,049)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	945,055
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. 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.	926,971
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.	848,721
Internal service funds are used by management to charge the costs of the garage, warehouse and self-insurance funds to individual funds. The net income of activities of internal service funds is reported with governmental activities.	<u>882,581</u>
Change in net position of governmental activities (page 15)	<u><u>\$16,747,450</u></u>

The Notes to Financial Statements are an integral part of these statements.

**MIDLAND COUNTY, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015**

	Governmental Activities Internal Service Funds
ASSETS	
Current assets	
Cash	\$ 791
Investments	7,312,899
Accounts receivable	136,319
Due from other funds	478,780
	478,780
Total current assets	7,928,789
Non current assets	
Other assets	26,662
Vehicles, net of accumulated depreciaton	159,290
	159,290
Total non current assets	185,952
TOTAL ASSETS	8,114,741
LIABILITIES	
Current liabilities	
Accounts payable	897,100
	897,100
Total current liabilities	897,100
NET POSITION	
Unrestricted	7,217,641
	7,217,641
TOTAL NET POSITION	\$ 7,217,641

The Notes to Financial Statements are an integral part of these statements.

**MIDLAND COUNTY, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 YEAR ENDED SEPTEMBER 30, 2015**

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for current services	\$ 8,886,985
Total operating revenues	8,886,985
OPERATING EXPENSES	
Fleet maintenance	550,837
Claims expense	5,913,283
Administration costs	989,583
Premium costs	1,240,478
Professional services	2,040
Total operating expenses	8,696,221
OPERATING INCOME	190,764
NONOPERATING REVENUES	
Investment income	7,019
Miscellaneous income	12,523
Total nonoperating revenues	19,542
Income before transfers	210,306
TRANSFERS IN	672,275
CHANGE IN NET POSITION	882,581
NET POSITION, beginning of year	6,335,060
NET POSITION, end of year	\$ 7,217,641

The Notes to Financial Statements are an integral part of these statements.

**MIDLAND COUNTY, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2015**

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 9,095,482
Cash paid for services	(9,179,578)
	(84,096)
Net cash used in operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(784,983)
Sale of investments	36,647
Investment income received	7,019
Miscellaneous income received	12,523
	(728,794)
Net cash used in investing activities	
Net change in cash	(140,615)
CASH, beginning of year	141,406
CASH, end of year	\$ 791
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	\$ 190,764
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation	29,809
Accounts receivable	208,497
Due from other funds	(462,320)
Accounts payable	(30,167)
Due to other funds	(20,679)
	(274,860)
Total adjustments	
Net cash used in operating activities	\$ (84,096)

The Notes to Financial Statements are an integral part of these statements.

**MIDLAND COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2015**

	Agency Funds
ASSETS	
Cash	\$ 10,963,762
Investments	12,349,665
Accounts receivable	2,286
Other receivables	530,359
Due from other funds	467,886
 Total assets	 \$ 24,313,958
LIABILITIES	
Accounts payable	\$ 37,626
Due to other funds	754,693
Due to other governmental agencies	1,326,489
Other liabilities	957,395
Funds held for others	21,237,755
 Total liabilities	 \$ 24,313,958

The Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

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**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Reporting Entity – Continued

- 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.

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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.

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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.

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

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 \$581,183 in the General Fund and \$28,801 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 \$7,224,943 in the General Fund. 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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

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.

D. Cash and Investments

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

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

E. Receivables, Payables and Interfund Transactions

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

F. Inventories

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

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Capital Assets

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

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

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

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

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

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Fund Balance – Continued

- 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.

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, 2015 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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

O. Pensions

During the year ended September 30, 2015, the County adopted a new accounting policy upon adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27 (GASB 68)* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, the County specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's Total Pension Liability was obtained from TCDRS through a report prepared for the County by TCDRS consulting actuary, Milliman.

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 \$138,619,954 used in governmental activities that are recorded in the fund level financial statements.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position. – Continued

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 \$(21,090,174) difference are as follows:

Bonds and capital leases payable	\$ 18,148,125
Bond premium liability	261,254
Compensated absences	<u>2,680,795</u>
<i>Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities.</i>	<u><u>\$ 21,090,174</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 \$7,834,927 difference are as follows:

Deferred property taxes receivable	609,984
Deferred court fines receivable	<u>7,224,943</u>
<i>Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities.</i>	<u><u>\$ 7,834,927</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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

- 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. – Continued

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 \$13,111,897 difference are as follows:

Capital outlay	\$	20,299,453
Depreciation expense		<u>(7,187,556)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities.</i>		<u>\$ 13,111,897</u>

Another element of that reconciliation states that, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.” The total amount related to loss on disposition of assets totaled \$(1,010,049).

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 \$926,971 difference are as follows:

Issuance of capital lease	\$	(15,000)
Principal repayments		921,875
Amortization of bond premium		<u>20,096</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities.</i>		<u>\$ 926,971</u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

- 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. – Continued

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 \$848,721 difference are as follows:

Change in net pension expense	\$ 1,094,624
Net change in interest accrual	200
Net change in compensated absences	<u>(246,103)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>\$ 848,721</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 \$945,055 difference are as follows:

Net change in property tax deferred revenue	\$ (78,769)
Net change in fines and fees deferred revenue	<u>1,023,824</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>\$ 945,055</u>

NOTE 3. CASH AND INVESTMENTS

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, 2015. At year-end, the carrying amount of the County’s deposits was \$16,638,464 in cash and cash equivalents and \$15,577,568 in certificates of deposits. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$12,750,000 and \$36,006,225 was covered by collateral held by the pledging bank’s agent for the County in the County’s name.

MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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 portfolio did hold investments in external pools that are not SEC-registered. The external investment pools 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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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.

	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Risk</u>
Investments:			
U. S. Treasury Notes	\$ 11,566,717	12 to 72 Months	
Investment Pools:			
TexPool	5,868,857	51 days	AAAm - S & P
TexStar	16,260,010	50 days	AAAm - S & P
Charles Schwab	21,056,541	12 to 88 Months	A - S & P
Texas CLASS	15,575,472	60 days	AAAm - S & P
Total fair value:	<u>\$ 70,327,597</u>		

Interest Rate Risk – In compliance with the County’s investment policy, as of September 30, 2015, 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.

Credit Risk – In compliance with the County’s investment policy, as of September 30, 2015, 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, 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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. RECEIVABLES

Receivables as of September 30, 2015 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	Capital Projects	Non Major Funds	Internal Service Funds	Total
Receivables:							
Property taxes	\$ 665,851	\$ -	\$ 34,301	\$ -	\$ -	\$ -	\$ 700,152
Accounts receivable	37,942,854	25	-	-	75,555	136,319	38,154,753
Gross receivables	38,608,705	25	34,301	-	75,555	136,319	38,854,905
Less: allowance for uncollectibles	(30,613,573)	-	(1,372)	-	-	-	(30,614,945)
Net total receivables	<u>\$ 7,995,132</u>	<u>\$ 25</u>	<u>\$ 32,929</u>	<u>\$ -</u>	<u>\$ 75,555</u>	<u>\$ 136,319</u>	<u>\$ 8,239,960</u>

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, 2015 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,734,366	\$ -	\$ -	\$ 2,734,366
Construction in progress	24,023,481	19,089,204	(41,994,117)	1,118,568
Total capital assets, not being depreciated	<u>26,757,847</u>	<u>19,089,204</u>	<u>(41,994,117)</u>	<u>3,852,934</u>
Capital assets, being depreciated:				
Buildings and improvements	93,102,073	30,686,685	(10,770)	123,777,988
Infrastructure	43,339,565	14,547,439	(3,017,426)	54,869,578
Machinery and equipment	26,286,786	3,979,733	(4,635,098)	25,631,421
Total assets being depreciated	<u>162,728,424</u>	<u>49,213,857</u>	<u>(7,663,294)</u>	<u>204,278,987</u>
Less accumulated depreciation for:				
Buildings and improvements	(22,333,489)	(2,974,940)	120	(25,308,309)
Infrastructure	(24,150,810)	(2,028,245)	1,040,743	(25,138,312)
Machinery and equipment	(16,294,767)	(2,214,180)	3,917,594	(14,591,353)
Total accumulated depreciation	<u>(62,779,066)</u>	<u>(7,217,365)</u>	<u>4,958,457</u>	<u>(65,037,974)</u>
Total capital assets, being depreciated, net	<u>99,949,358</u>	<u>41,996,492</u>	<u>(2,704,837)</u>	<u>139,241,013</u>
Governmental activities capital assets, net	<u>\$ 126,707,205</u>	<u>\$ 61,085,696</u>	<u>\$ (44,698,954)</u>	<u>\$ 143,093,947</u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

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

Governmental Activities:	
General administration	\$ 2,365,307
Judicial	93,839
Financial administration	16,654
Public safety and corrections	1,434,535
Health and welfare	14,202
Cultural and recreation	905,575
Highways and roads	2,377,377
Conservation and natural resources	9,877
Total depreciation expense - governmental activities	<u><u>\$ 7,217,365</u></u>

Internal service fund assets represent \$208,661 of the machinery and equipment balance with related depreciation expense of \$29,809 included within total depreciation expense.

In March 2015, the County finalized an Interlocal agreement with the Midland County Fresh Water Supply District (District), whereby the County authorized the District to acquire water rights on the County's behalf for up to \$4,300,000. Subsequently, the District entered into an agreement to purchase water rights on behalf of, and for the benefit of, the County for \$3,201,000 plus future royalties. In addition to the cash purchase price the County incurred capital costs, totaling \$1,110,000 related to due diligence and closing, which increased the cost basis of the water rights to \$4,311,000, which is included under the caption "Infrastructure" on the accompanying statement of net position.

NOTE 6. EMPLOYEE RETIREMENT BENEFITS

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 consisting of 586 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at 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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

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.

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%.

Employees covered by benefits as of December 31, 2014:

Retirees or beneficiaries currently receiving benefits	299
Inactive employees entitle to but not yet receiving benefits	596
Active employees	609
Total	1504

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 11.20% for the months of the accounting year in 2014, and 10.49% for the months of the accounting year in 2015. The County contributed at a rate of 13.00% for all months included in the fiscal year ended September 30, 2015.

The deposit rate payable by the employee members for calendar year 2014 and 2015 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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

Net Pension Liability

The County's net pension liability was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 Years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increase	1.40%
Investment Rate of Return	8.10%
Payroll Growth	3.50%

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.

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, 2014 valuation were based on the results of an actuarial experience study for the years 2009-2012.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

Net Pension Liability – Continued

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	16.50%	5.35%
Private Equity	12.00%	8.35%
Global Equities	1.50%	5.65%
International Equities-Developed	11.00%	5.35%
International Equities-Emerging	9.00%	6.35%
Investment-Grade Bonds	3.00%	0.55%
High-Yield Bonds	3.00%	3.75%
Opportunistic Credit	5.00%	5.54%
Direct Lending	2.00%	5.80%
Distressed Debt	3.00%	6.75%
REIT Equities	2.00%	4.00%
Commodities	2.00%	-0.20%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	3.00%	7.20%
Hedge Funds	25.00%	5.15%
 Total	 100.0%	

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

Net Pension Liability – Continued

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 2015 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, 2013	\$ 123,114,923	\$ 111,951,500	\$ 11,163,423
Changes for the year:			
Service cost	3,534,733	-	3,534,733
Interest on total pension liability (1)	9,896,745	-	9,896,745
Effect of economic/demographic gains or losses	(406,390)	-	(406,390)
Refund of contributions	(436,347)	(436,347)	-
Benefit payments	(5,001,201)	(5,001,201)	-
Administrative expenses	-	(89,151)	89,151
Member contributions	-	2,020,340	(2,020,340)
Net investment income	-	7,596,673	(7,596,673)
Employer contributions	-	3,752,055	(3,752,055)
Other (2)	-	(411,369)	411,369
Balances as of December 31, 2014	<u>\$ 130,702,463</u>	<u>\$ 119,382,500</u>	<u>\$ 11,319,963</u>

(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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

Changes in the Net Pension Liability – Continued

Discount Rate Sensitivity Analysis. The following presents the net pension liability of the County as of December 31, 2014, 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	\$ 147,022,509	\$ 130,702,463	\$ 117,224,305
Fiduciary net pension	119,382,501	119,382,501	119,382,501
Net pension liability / (asset)	<u>\$ 27,640,008</u>	<u>\$ 11,319,962</u>	<u>\$ (2,158,196)</u>

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

For the year ended September 30, 2015, the County recognized pension expense of \$2,970,220 related to the December 31, 2014 valuation. At September 30, 2015, 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	\$ 304,793	\$ -
Net difference between projected and actual investment earnings	-	1,243,176
Contributions subsequent to the measurement date	-	3,061,727
Total	<u>\$ 304,793</u>	<u>\$ 4,304,903</u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions – Continued**

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of \$3,061,727 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the County's financial statements September 30, 2016). Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2015	\$ 209,196
2016	209,196
2017	209,196
2018	310,795
2019	-
Thereafter	-
Total	<u><u>\$ 938,383</u></u>

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits (described in Note 6), the County provides certain post-employment health care benefits. Substantially all of the County's employees may become eligible for those benefits if they are considered retired under TCDRS rules and requirements. Currently, 156 retirees meet those eligibility requirements and participate in the plan. The plan provides medical and prescription drug, and dental benefits.

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.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

Participants are obligated to pay for dependent coverage only, if applicable, and a portion of the retiree contribution of approximately \$145 per month. Currently there are 156 retirees eligible to receive the post-employment health care benefits. During the year, the County contributed approximately \$981,115 to the health care fund for post-retirement health care for 139 employees as well as \$51,284 for a medical supplement for 17 employees; County contributions for both totaled \$1,032,399.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, creating accounting standards for other postemployment benefits (OPEB) provided by governmental entities separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and if applicable required supplemental information (RSI) in the financial reports of state and local governments. Beginning in 2010, the County engaged actuaries to value the County's OPEB obligation. The actuarial valuation is performed semi-annually unless factors arise, such as changes in plan provisions, which would necessitate a re-valuation in the subsequent year. The current year valuation, as of October 1, 2014, includes the October 1, 2014 and October 1, 2015 liabilities and the October 1, 2014 to September 30, 2015 and October 1, 2015 to September 30, 2016 annual costs for the County's Other Postemployment Benefits (OPEB) as prescribed under GASB Statement No. 45. The County did not implement the requirements of GASB Statement No. 45 during the fiscal year ended September 30, 2015; however, the County is providing all required disclosures related to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

The County's 2015 annual OPEB cost (expense) of \$5,338,739 for the postemployment healthcare plan was equal to the annual required contributions (ARC). The County's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (NOO) for 2015 are as follows:

Annual required contribution	\$ 5,343,298
Interest on OPEB obligation	696,450
Adjustment to ARC	<u>(701,009)</u>
Annual OPEB cost (expense), end of year	5,338,739
Net employer contributions	<u>(1,032,399)</u>
Increase in net OPEB obligation (NOO)	4,306,340
Net OPEB obligation, beginning of the year	<u>19,120,122</u>
Net OPEB obligation, end of the year	<u><u>\$ 23,426,462</u></u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation – Continued

Trend information for the past three years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 3,879,243	\$ 739,159	19.1%	\$ 15,871,539
9/30/2014	\$ 4,044,056	\$ 795,473	19.7%	\$ 19,120,122
9/30/2015	\$ 5,338,739	\$ 1,032,399	19.3%	\$ 23,426,462

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2015 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
10/1/2012	-	\$40,476,766	\$40,476,766	0.00%	N/A	N/A
10/1/2013	-	\$43,401,543	\$43,401,543	0.00%	N/A	N/A
10/1/2014	-	\$55,315,159	\$55,315,159	0.00%	N/A	N/A

Under reporting parameters, the County's OPEB plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$55,315,159 at September 30, 2015.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are made on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In order to perform the valuation, it was necessary for the County and the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare trends and interest rates.

Actuarial cost method:	Projected unit credit actuarial cost method
Amortization method:	Level percentage of payroll, closed
Amortization period in years:	30
Asset valuation method:	The fund is not prefunded
Actuarial assumptions:	
Discount rate:	Pay-as-you-go: 4.0% effective annual rate
Payroll growth rate:	3.5% per year
Healthcare trend rate:	8.00%

Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the County by permitting covered employees to purchase continued health benefits coverage in retirement. Texas law does not require counties to fund all or any portion of such coverage.

Because the County is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt, and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. Midland County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the costs associated with OPEB on a current "pay as you go" basis for a single fiscal year through an annual appropriation authorized by Commissioners Court during the County's annual budget adoption process.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Additional Disclosures – Continued

GASB 45 requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB even though it may not have a legally enforceable obligation to pay OPEB benefits.

The County did not implement GASB 45 during fiscal year 2015. However, information and amounts presented in the County's Financial Report relative to OPEB note disclosures and supplementary information are only intended to achieve compliance with the requirements of the state of Texas and does constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

NOTE 8. DISCRETE COMPONENT UNIT

As discussed in Note 1A, the Midland Housing Finance Corporation is a component unit of the County. At September 30, 2015, the bonds were either called in full or are considered conduit debt, therefore there is no liability to the Finance Corporation or the County.

NOTE 9. INTERFUND TRANSACTIONS

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

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

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. INTERFUND TRANSACTIONS – CONTINUED

Individual fund interfund receivable and payable balances at September 30, 2015 arising from these transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 403,851	\$ 7,240,347
Road and Bridge Fund	1,169,525	-
Special Revenue Funds		
District Attorney Hot Check Fund	535	10,448
Law Library Fund	875	18,103
County Clerk Records Management Fund	105,645	-
Records Preservation Fund	20,590	-
District Clerk Records Management Fund	126,047	-
Juvenile Probation Fee Account Fund	-	9,450
Courthouse Security Fund	1,246	6,639
County Clerk Record Archives	103,158	-
County Clerk Vital Stat Preservation Fund	35	-
Voter Registration Chapter 19 Fund	-	57
Employee Activity	-	-
Dealer Inventory Fund	408	980
Justice Court Building Security Fund	271	3,262
Juvenile Case Management Fund	1,353	-
Truancy Prevention Fund	15,268	-
County Attorney State Supplement	32,096	-
Pretrial Intervention Program Fund	340,951	-
Election Contracts	63,633	-
Court Records Preservation	145,663	-
Child Abuse Prevention	34	-
Appellate Justice System Fund	120	-
Guardianship Fund	76,155	-
Rabies Control	60,500	-
District Court Records Technology Fund	99,627	-
County and District Court Technology Fund	35,395	-
Justice Court Technology Fund	286,976	-
Donations SO Mounted Patrol	15,282	-
Donations Sheriff's Office	52,348	-
Donations Horseshoe	160,340	-

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. INTERFUND TRANSACTIONS – CONTINUED

	Interfund	
	Receivable	Payable
District Attorney Abell Hanger	-	46
District Attorney Drug Forfeiture	25,302	-
Sheriff - Federal Forfeiture Fund	54,088	195
Office of Court Administration Fund	-	19,560
High Intensity Drug Trafficking Area	-	1,331
Other Victims' Assistance Fund	-	3,863
Mental Health Deputies Fund	-	6,862
Crime Victim Services Fund	-	5,737
Donation SO Bulletproof Vest	20,179	-
Title IV-E Federal Foster Care	-	1,439
Juvenile Probation Grants	-	34,955
Debt Service Fund	92,635	377,857
Capital Projects Fund	4,128,783	89,756
Internal Service Fund	478,780	-
Agency Funds		
District Clerk	2,078	21,525
County Clerk	168	24,318
District Attorney	-	8,305
Sheriff	-	1,461
Justice of the Peace Precinct #1	-	10,681
Justice of the Peace Precinct #2	245	17,452
Justice of the Peace Precinct #3	-	18,243
Justice of the Peace Precinct #4	-	11,135
Tax Collector Assessor	258,508	638,157
Bail Security Fund	-	3,416
CSCD - Basic Supervision	206,887	-
TOTAL	<u>\$ 8,585,580</u>	<u>\$ 8,585,580</u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. INTERFUND TRANSACTIONS – CONTINUED

Interfund transfers for the year ended September 30, 2015 are as follows:

	Interfund	
	Transfers In	Transfers Out
General fund	\$ 45,605	\$ 18,308,670
Road and bridge fund	12,000,000	-
Nonmajor governmental funds:		
Colonia Construction Grant	-	8,463
Mental health deputies	289,630	-
C.E.R.T.Z	6,623	-
Capital projects fund	5,303,000	-
Internal service fund	672,275	-
Risk Management Fund	-	-
	<u> </u>	<u> </u>
Total	<u><u>\$ 18,317,133</u></u>	<u><u>\$ 18,317,133</u></u>

NOTE 10. LONG-TERM DEBT

Governmental Activities:

The following is a summary of debt transactions for governmental activities of the County for the year ended September 30, 2015:

	Balance			Balance	Due Within
	October 1, 2014			Additions	
General Obligation Bonds-Series 2009	\$ 19,055,000	\$ -	\$ 915,000	\$ 18,140,000	\$ 940,000
Unamortized premium on General					
Obligation Bonds Series 2009	281,350	-	20,096	261,254	-
Capital lease obligation	-	15,000	6,875	8,125	7,500
Compensated absences	2,434,692	2,843,277	2,597,174	2,680,795	1,170,000
	<u> </u>				
	<u><u>\$ 21,771,042</u></u>	<u><u>\$ 2,858,277</u></u>	<u><u>\$ 3,539,145</u></u>	<u><u>\$ 21,090,174</u></u>	<u><u>\$ 2,117,500</u></u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. LONG-TERM DEBT – CONTINUED

Bonds

Certificates of Obligation and General Obligation Bonds at September 30, 2015 consist of the following:

\$21,995,000 General Obligation Bonds, Series 2009, annual installments beginning 2011 through 2029, interest at 3.00% to 5.25%.	\$ 18,140,000
Total bonds outstanding	\$ 18,140,000

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, 2015 is as follows:

General Obligation Bonds, Series 2009	Principal	Interest	Total
Year Ending September 30, 2014			
2016	\$ 940,000	\$ 823,294	\$ 1,763,294
2017	975,000	792,131	1,767,131
2018	1,010,000	757,394	1,767,394
2019	1,055,000	712,025	1,767,025
2020	1,105,000	662,231	1,767,231
2021-2020	13,055,000	3,114,684	16,169,684
	\$18,140,000	\$ 6,861,759	\$25,001,759

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.

**MIDLAND COUNTY, TEXAS
NOTES TO 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, 2014	\$ 717,408
Insured claims (including (IBNRs)	5,415,098
Claim payments	<u>(5,381,025)</u>
Unpaid claims, September 2015	751,481
Insured claims (including (IBNRs)	5,915,045
Claim payments	<u>(5,900,752)</u>
Unpaid claims, September 30, 2015	<u>\$ 765,774</u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. OPERATING LEASES

The County's future minimum rental commitments for various equipment, accounted for as operating leases at September 30, 2015 are as follows:

Operating Leases	
Year Ending September 30,	
2016	\$ 149,522
2017	87,121
2018	46,831
2019	16,405
Total future minimum rental commitments	\$ 299,879

Rental expense related to leased equipment totaled approximately \$215,000 for the year ended September 30, 2015.

NOTE 14. CONTINGENCIES

Federally 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.

Litigation

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

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions* and as amended by GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, local governments participating in defined benefit pensions are required to recognize their portion of the present value of the projected benefit payments to be provided through the pension plan. The County has retroactively implemented this change, which resulted in a restatement of beginning net position as of September 30, 2015, the effect of which was a decrease of \$8,414,477 from previously reported net position of \$210,858,474 to \$202,443,997.

NOTE 16. NEW PRONOUNCEMENTS

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72) which addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for financial statements for reporting periods beginning after June 15, 2015.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* – The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibility funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the County in fiscal year 2018.

Statement No. 77, *Tax Abatement Disclosures* – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the County in fiscal year 2017.

Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* – the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement are effective for reporting periods beginning after December 15, 2015.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 16. NEW PRONOUNCEMENTS – CONTINUED

Statement No. 79, Certain External Investment Pools and Pool Participants – This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14 – the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

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

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
YEAR ENDED SEPTEMBER 30, 2015

	2014
Total Pension Liability	
Service cost	\$ 3,534,733
Interest (on the total pension liability)	9,896,745
Effect of economic/demographic (gains) or losses	(406,390)
Benefit payments/refunds of contributions	(5,437,547)
Net Change in Total Pension Liability	7,587,541
Total Pension Liability - Beginning	123,114,922
Total Pension Liability - Ending (a)	\$ 130,702,463
Plan Fiduciary Net Position	
Contributions - Employer	\$ 3,752,055
Contributions - Employee	2,020,340
Investment income net of investment expenses	7,596,673
Benefit payments/refunds of contributions	(5,437,548)
Administrative expense	(89,151)
Other	(411,369)
Net Change in Plan Fiduciary Net Position	7,431,000
Plan Fiduciary Net Position - Beginning	111,951,500
Plan Fiduciary Net Position - Ending (b)	\$ 119,382,500
Net Pension Liability - Ending (a) - (b)	\$ 11,319,963
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.34%
Covered Employee Payroll	\$ 28,861,998
Net Pension Liability as a Percentage of Covered Employee Payroll	39.22%

Notes to Schedule:

As of December 31 - Measurement date

Benefit changes. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions. There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Only one year 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
YEAR ENDED SEPTEMBER 30, 2015**

	Year Ended December 31,		
	2012	2013	2014
Actuarially determined contribution	\$ 2,566,260	\$ 2,880,840	\$ 3,232,544
Contributions in relation to the actuarially determined contribution	2,918,963	3,766,720	3,752,055
Contribution deficiency (excess)	<u>\$ (352,703)</u>	<u>\$ (885,880)</u>	<u>\$ (519,511)</u>
Covered-employee payroll	\$ 24,324,742	\$ 26,333,090	\$ 28,681,998
Contributions as a percentage of covered- employee payroll	12.00%	14.30%	13.08%

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	15 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion
Investment rate of return	8.10%
Retirement age	Experience-based table of rates that are specific to the County's plan of benefits.
Mortality	Based on the RP-2000 Active Employee Mortality Table for depositing members; RP-2000 Combined Mortality Table for the service retirees, beneficiaries and non-depositing members; and RP-2000 Disabled Mortality Table for disabled retirees.

Only three 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
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget
Revenues	
Property tax, penalties and interest	\$ 26,450,000
Sales tax	34,000,000
Hotel-motel tax	750,000
Fines and forfeitures	1,890,000
Licenses and permits	400,000
Intergovernmental charges	450,000
Charges for current services	4,249,150
Investment income	200,000
Other	634,850
	69,024,000
Expenditures	
Current	
General administration	13,521,074
Judicial	16,161,997
Financial administration	3,311,247
Elections	573,541
Public safety and corrections	22,858,373
Health and welfare	776,838
Culture and recreation	4,223,238
Conservation and natural resources	192,139
Capital outlay	3,334,538
	64,952,985
Excess of revenues (deficiency) over expenditures	4,071,015
Other financing sources (uses)	
Proceeds from sale of assets and capital lease	-
Transfers in	-
Transfers out	(18,303,000)
	(18,303,000)
Net change in fund balance	(14,231,985)
FUND BALANCE, beginning of year	66,099,192
FUND BALANCE, end of year	\$ 51,867,207

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 26,450,000	\$ 25,352,298	\$ (1,097,702)
34,000,000	41,183,068	7,183,068
750,000	1,081,530	331,530
1,890,000	3,348,543	1,458,543
400,000	799,928	399,928
450,000	839,225	389,225
4,249,150	5,722,415	1,473,265
200,000	458,576	258,576
634,850	1,199,232	564,382
<u>69,024,000</u>	<u>79,984,815</u>	<u>10,960,815</u>
12,393,671	9,163,030	3,230,641
16,309,504	15,121,265	1,188,239
3,321,255	3,188,595	132,660
576,037	472,667	103,370
23,084,146	21,991,463	1,092,683
809,527	769,833	39,694
4,675,153	4,410,687	264,466
192,139	135,311	56,828
4,799,888	3,309,876	1,490,012
<u>66,161,320</u>	<u>58,562,727</u>	<u>7,598,593</u>
<u>2,862,680</u>	<u>21,422,088</u>	<u>18,559,408</u>
-	94,706	94,706
-	45,605	45,605
<u>(18,303,000)</u>	<u>(18,308,670)</u>	<u>(5,670)</u>
<u>(18,303,000)</u>	<u>(18,168,359)</u>	<u>134,641</u>
(15,440,320)	3,253,729	18,694,049
<u>66,099,192</u>	<u>66,099,192</u>	<u>-</u>
<u>\$ 50,658,872</u>	<u>\$ 69,352,921</u>	<u>\$ 18,694,049</u>

**MIDLAND COUNTY, TEXAS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget
Revenues	
Licenses	\$ 1,704,000
Intergovernmental charges	24,000
Investment income	2,000
Other revenues	6,000
	1,736,000
Total revenues	1,736,000
Expenditures	
Highways and roads	
Salaries	1,375,644
Employee benefits	691,000
Departmental supplies and expenses	281,627
Maintenance and repair	220,300
Contract services	1,538,600
Utilities	11,100
Road maintenance and materials	1,270,000
Capital outlay	11,148,674
	16,536,945
Total expenditures	16,536,945
Excess of revenues (deficiency) over expenditures	(14,800,945)
Other financing sources (uses)	
Transfers in	12,000,000
	12,000,000
Total other financing sources (uses)	12,000,000
Net change in fund balance	(2,800,945)
FUND BALANCE, beginning of year	6,802,612
FUND BALANCE, end of year	\$ 4,001,667

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 1,704,000	\$ 2,118,258	\$ 414,258
24,000	24,897	897
2,000	5,808	3,808
6,000	391,573	385,573
<u>1,736,000</u>	<u>2,540,536</u>	<u>804,536</u>
1,377,144	1,325,009	52,135
691,000	633,583	57,417
320,670	172,751	147,919
252,300	248,439	3,861
1,987,512	1,775,197	212,315
11,100	4,075	7,025
1,469,718	1,768,833	(299,115)
<u>10,886,048</u>	<u>8,655,551</u>	<u>2,230,497</u>
<u>16,995,492</u>	<u>14,583,438</u>	<u>2,412,054</u>
<u>(15,259,492)</u>	<u>(12,042,902)</u>	<u>3,216,590</u>
<u>12,000,000</u>	<u>12,000,000</u>	<u>-</u>
<u>12,000,000</u>	<u>12,000,000</u>	<u>-</u>
(3,259,492)	(42,902)	3,216,590
<u>6,802,612</u>	<u>6,802,612</u>	<u>-</u>
<u>\$ 3,543,120</u>	<u>\$ 6,759,710</u>	<u>\$ 3,216,590</u>

MIDLAND COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

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

MAJOR FUNDS:

**DEBT SERVICE FUND AND CAPITAL PROJECTS FUND
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL**

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

**MIDLAND COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget
Revenues	
Property tax, penalties and interest	\$ 1,767,000
Investment income	1,000
	1,768,000
Total revenues	1,768,000
Expenditures	
Debt service	
2009 Certificates of obligation - principal	1,768,000
2009 Certificates of obligation - interest and fiscal charges	-
	1,768,000
Total expenditures	1,768,000
Excess of revenues over expenditures	-
Net change in fund balance	-
FUND BALANCE, beginning of year	360,419
FUND BALANCE, end of year	\$ 360,419

Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 1,767,000	\$ 1,803,874	\$ 36,874
1,000	1,926	926
<u>1,768,000</u>	<u>1,805,800</u>	<u>37,800</u>
1,768,000	915,000	853,000
-	851,319	(851,319)
<u>1,768,000</u>	<u>1,766,319</u>	<u>1,681</u>
-	39,481	39,481
-	39,481	39,481
<u>360,419</u>	<u>360,419</u>	<u>-</u>
<u><u>\$ 360,419</u></u>	<u><u>\$ 399,900</u></u>	<u><u>\$ 39,481</u></u>

**MIDLAND COUNTY, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget
Revenues	
Investment income	\$ -
Total revenues	-
Expenditures	
Capital outlay	21,840,709
Total expenditures	21,840,709
Deficiency of revenues over expenditures	(21,840,709)
Other financing sources (uses)	
Transfers in	5,303,000
Total other financing sources	5,303,000
Net change in fund balance	(16,537,709)
FUND BALANCE, beginning of year	15,272,292
FUND BALANCE, end of year	\$ (1,265,417)

<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ 6,507	\$ 6,507
-	6,507	6,507
<u>22,108,855</u>	<u>12,490,289</u>	<u>9,618,566</u>
<u>22,108,855</u>	<u>12,490,289</u>	<u>9,618,566</u>
<u>(22,108,855)</u>	<u>(12,483,782)</u>	<u>9,625,073</u>
<u>5,303,000</u>	<u>5,303,000</u>	<u>-</u>
<u>5,303,000</u>	<u>5,303,000</u>	<u>-</u>
<u>(16,805,855)</u>	<u>(7,180,782)</u>	<u>9,625,073</u>
<u>15,272,292</u>	<u>15,272,292</u>	<u>-</u>
<u><u>\$ (1,533,563)</u></u>	<u><u>\$ 8,091,510</u></u>	<u><u>\$ 9,625,073</u></u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	<u>District Attorney Hot Check</u>	<u>Law Library</u>	<u>County Clerk Records Management</u>
ASSETS			
Cash	\$ 1	\$ 16,649	\$ -
Investments	188,106	7,170	716,183
Accounts receivable	-	242	-
Due from other funds	535	875	105,645
Due from other governmental agencies	-	-	-
Prepaid expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 188,642</u>	<u>\$ 24,936</u>	<u>\$ 821,828</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 589	\$ 6,832	\$ 3,101
Benefits payable	-	-	-
Due to other funds	10,448	18,103	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>11,037</u>	<u>24,935</u>	<u>3,101</u>
Fund balances			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	177,605	1	818,727
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>177,605</u>	<u>1</u>	<u>818,727</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 188,642</u>	<u>\$ 24,936</u>	<u>\$ 821,828</u>

<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	\$ 1	\$ -	\$ 5,319	\$ 1	\$ 4,099
326,312	-	26,400	1,451	854,946	149,240
-	-	-	-	57,024	-
20,590	126,047	-	1,246	103,158	35
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 346,904</u>	<u>\$ 126,048</u>	<u>\$ 26,400</u>	<u>\$ 8,016</u>	<u>\$ 1,015,129</u>	<u>\$ 153,374</u>
\$ -	\$ -	\$ -	\$ 1,378	\$ -	\$ -
-	-	-	-	-	-
-	-	9,450	6,639	-	-
-	-	9,450	8,017	-	-
-	-	-	-	-	-
346,904	126,048	16,950	(1)	1,015,129	153,374
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>346,904</u>	<u>126,048</u>	<u>16,950</u>	<u>(1)</u>	<u>1,015,129</u>	<u>153,374</u>
<u>\$ 346,904</u>	<u>\$ 126,048</u>	<u>\$ 26,400</u>	<u>\$ 8,016</u>	<u>\$ 1,015,129</u>	<u>\$ 153,374</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Voter Registration Chapter 19</u>	<u>Employee Activity</u>	<u>Dealer Inventory</u>	<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>
ASSETS					
Cash	\$ -	\$ 2,190	\$ 3	\$ -	\$ 14,912
Investments	-	9,149	30,120	-	-
Accounts receivable	-	879	-	-	-
Due from other funds	-	-	408	271	1,353
Due from other governmental agencies	155	-	-	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 155</u>	<u>\$ 12,218</u>	<u>\$ 30,531</u>	<u>\$ 271</u>	<u>\$ 16,265</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 98	\$ 130	\$ 1,228	\$ 11,174	\$ 1,314
Benefits payable	-	-	-	-	-
Due to other funds	57	-	980	3,262	-
Total liabilities	<u>155</u>	<u>130</u>	<u>2,208</u>	<u>14,436</u>	<u>1,314</u>
Fund balances					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	-	28,323	(14,165)	14,951
Federal and state grants	-	-	-	-	-
Committed					
Employee motivation	-	12,088	-	-	-
Donations	-	-	-	-	-
Total fund balances	<u>-</u>	<u>12,088</u>	<u>28,323</u>	<u>(14,165)</u>	<u>14,951</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 155</u>	<u>\$ 12,218</u>	<u>\$ 30,531</u>	<u>\$ 271</u>	<u>\$ 16,265</u>

<u>County Attorney State Supplement</u>	<u>Truancy Prevention Fund</u>	<u>Juvenile Delinquency Prevention</u>	<u>Pre-Trial Intervention Program</u>	<u>Election Contracts</u>	<u>Unclaimed Juvenile Restitution</u>	<u>Court Records Preservation</u>	<u>Scofflaw Implementation Fee</u>	<u>Child Abuse Prevention</u>
\$ -	\$ -	\$ 95	\$ -	\$ -	\$ 259	\$ -	\$ 13,951	\$ 5,934
-	-	-	-	-	-	-	-	-
32,096	15,268	-	340,951	63,633	-	145,663	-	34
-	-	-	-	-	-	-	-	-
<u>\$ 32,096</u>	<u>\$ 15,268</u>	<u>\$ 95</u>	<u>\$ 340,951</u>	<u>\$ 63,633</u>	<u>\$ 259</u>	<u>\$ 145,663</u>	<u>\$ 13,951</u>	<u>\$ 5,968</u>
\$ 1,628	\$ -	\$ -	\$ 1,534	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
<u>1,628</u>	<u>-</u>	<u>-</u>	<u>1,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
30,468	15,268	95	339,417	63,633	259	145,663	13,951	5,968
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>30,468</u>	<u>15,268</u>	<u>95</u>	<u>339,417</u>	<u>63,633</u>	<u>259</u>	<u>145,663</u>	<u>13,951</u>	<u>5,968</u>
<u>\$ 32,096</u>	<u>\$ 15,268</u>	<u>\$ 95</u>	<u>\$ 340,951</u>	<u>\$ 63,633</u>	<u>\$ 259</u>	<u>\$ 145,663</u>	<u>\$ 13,951</u>	<u>\$ 5,968</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Appellate Justice System</u>	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>	<u>District Court Records Technology</u>
ASSETS					
Cash	\$ 3,397	\$ -	\$ 46,263	\$ 1	\$ 1
Investments	-	-	-	-	-
Accounts receivable	-	-	-	1,644	-
Due from other funds	120	76,155	-	60,500	99,627
Due from other governmental agencies	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 3,517</u>	<u>\$ 76,155</u>	<u>\$ 46,263</u>	<u>\$ 62,145</u>	<u>\$ 99,628</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,517	\$ -	\$ -	\$ -	\$ -
Benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>3,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	76,155	46,263	62,145	99,628
Federal and state grants	-	-	-	-	-
Committed					
Employee motivation	-	-	-	-	-
Donations	-	-	-	-	-
Total fund balances	<u>-</u>	<u>76,155</u>	<u>46,263</u>	<u>62,145</u>	<u>99,628</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,517</u>	<u>\$ 76,155</u>	<u>\$ 46,263</u>	<u>\$ 62,145</u>	<u>\$ 99,628</u>

<u>County and District Court Technology</u>	<u>Justice Court Technology</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>
\$ 1	\$ -	\$ -	\$ 500	11,866	\$ 1
-	-	-	-	-	-
-	-	-	-	-	7,130
35,395	286,976	15,282	-	160,340	52,348
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 35,396</u>	<u>\$ 286,976</u>	<u>\$ 15,282</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 59,479</u>
\$ 351	\$ -	\$ -	\$ -	\$ -	\$ 149
-	-	-	-	-	-
-	-	-	-	-	-
<u>351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149</u>
-	-	-	-	-	-
35,045	286,976	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,282	500	172,206	59,330
<u>35,045</u>	<u>286,976</u>	<u>15,282</u>	<u>500</u>	<u>172,206</u>	<u>59,330</u>
<u>\$ 35,396</u>	<u>\$ 286,976</u>	<u>\$ 15,282</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 59,479</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Donations Constable 4</u>	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Victims of Crime</u>	<u>District Attorney Drug Forfeiture</u>
ASSETS					
Cash	\$ 131	\$ 6,915	\$ 18,206	\$ -	\$ 13,960
Investments	-	-	-	11,881	134,444
Accounts receivable	350	-	-	-	2,094
Due from other funds	-	-	-	-	25,302
Due from other governmental agencies	-	-	-	-	-
Prepaid expenses	-	-	125	-	-
TOTAL ASSETS	<u>\$ 481</u>	<u>\$ 6,915</u>	<u>\$ 18,331</u>	<u>\$ 11,881</u>	<u>\$ 175,800</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5,212
Benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,212</u>
Fund balances					
Nonspendable					
Prepays	-	-	125	-	-
Restricted					
Legislation	-	-	18,206	-	170,588
Federal and state grants	-	-	-	-	-
Committed					
Employee motivation	-	-	-	-	-
Donations	481	6,915	-	11,881	-
Total fund balances	<u>481</u>	<u>6,915</u>	<u>18,331</u>	<u>11,881</u>	<u>170,588</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 481</u>	<u>\$ 6,915</u>	<u>\$ 18,331</u>	<u>\$ 11,881</u>	<u>\$ 175,800</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ 1	\$ 5,794	\$ 1	\$ 6,033	\$ -
683	10,230	381,939	-	-
-	4,886	-	-	-
-	-	54,088	-	-
-	-	-	-	19,781
-	-	-	-	-
<u>\$ 684</u>	<u>\$ 20,910</u>	<u>\$ 436,028</u>	<u>\$ 6,033</u>	<u>\$ 19,781</u>
\$ -	\$ 5,945	\$ 399	\$ -	\$ 221
-	-	-	-	-
47	-	195	-	19,560
<u>47</u>	<u>5,945</u>	<u>594</u>	<u>-</u>	<u>19,781</u>
-	-	-	-	-
-	14,965	435,434	-	-
-	-	-	6,033	-
-	-	-	-	-
637	-	-	-	-
<u>637</u>	<u>14,965</u>	<u>435,434</u>	<u>6,033</u>	<u>-</u>
<u>\$ 684</u>	<u>\$ 20,910</u>	<u>\$ 436,028</u>	<u>\$ 6,033</u>	<u>\$ 19,781</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015
(CONTINUED)**

	High Intensity Drug Trafficking Area	Other Victims' Assistance Grant	Mental Health Deputies	2011 Colonia Construction Grant
ASSETS				
Cash	\$ -	\$ 1	\$ 1	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	1,331	5,003	11,667	-
Prepaid expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 1,331</u>	<u>\$ 5,004</u>	<u>\$ 11,668</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 1,141	\$ 4,806	\$ -
Benefits payable	-	-	-	-
Due to other funds	1,331	3,863	6,862	-
Total liabilities	<u>1,331</u>	<u>5,004</u>	<u>11,668</u>	<u>-</u>
Fund balances				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Legislation	-	-	-	-
Federal and state grants	-	-	-	-
Committed				
Employee motivation	-	-	-	-
Donations	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,331</u>	<u>\$ 5,004</u>	<u>\$ 11,668</u>	<u>\$ -</u>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>
\$ -	\$ 2	\$ 1	\$ 2,688	\$ 3,916	\$ 10
-	-	-	-	-	-
-	1,306	-	-	-	-
-	-	20,179	-	-	-
-	4,432	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,740</u>	<u>\$ 20,180</u>	<u>\$ 2,688</u>	<u>\$ 3,916</u>	<u>\$ 10</u>
\$ -	\$ -	\$ -	\$ 897	\$ -	\$ -
-	2	-	-	-	-
-	5,737	-	-	-	-
-	5,739	-	897	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	-	-	-	-
-	-	-	-	-	-
-	-	20,180	1,791	3,916	10
-	1	20,180	1,791	3,916	10
<u>\$ -</u>	<u>\$ 5,740</u>	<u>\$ 20,180</u>	<u>\$ 2,688</u>	<u>\$ 3,916</u>	<u>\$ 10</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Donation Fire Marshall</u>	<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>Justice Assistance Grants</u>	<u>Gates Public Access Comp HUG</u>
ASSETS					
Cash	\$ 1,244	\$ 1	\$ 349	\$ -	\$ -
Investments	-	235,498	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental agencies	-	-	87,015	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,244</u>	<u>\$ 235,499</u>	<u>\$ 87,364</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 52,409	\$ -	\$ -
Benefits payable	-	-	-	-	-
Due to other funds	-	1,439	34,955	-	-
Total liabilities	<u>-</u>	<u>1,439</u>	<u>87,364</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	-	-	-	-
Federal and state grants	-	234,060	-	-	-
Committed					
Employee motivation	-	-	-	-	-
Donations	1,244	-	-	-	-
Total fund balances	<u>1,244</u>	<u>234,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,244</u>	<u>\$ 235,499</u>	<u>\$ 87,364</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Donation Juvenile</u>	<u>Donation Dare Program</u>	<u>C.E.R.T.Z</u>	<u>Totals</u>
\$ 793	\$ 15,952	\$ -	\$ 148.00	\$ 5,374.00	\$ -	\$ 206,967
-	-	-	-	-	-	3,083,752
-	-	-	-	-	-	75,555
-	-	-	-	-	-	1,844,120
-	-	-	-	-	-	129,384
-	-	-	-	-	-	125
<u>\$ 793</u>	<u>\$ 15,952</u>	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 5,374</u>	<u>\$ -</u>	<u>\$ 5,339,903</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,053
-	-	-	-	-	-	2
-	-	-	-	-	-	122,928
-	-	-	-	-	-	226,983
-	-	-	-	-	-	125
-	-	-	-	-	-	4,543,973
-	-	-	-	-	-	240,094
-	-	-	-	-	-	12,088
<u>793</u>	<u>15,952</u>	<u>-</u>	<u>148</u>	<u>5,374</u>	<u>-</u>	<u>316,640</u>
<u>793</u>	<u>15,952</u>	<u>-</u>	<u>148</u>	<u>5,374</u>	<u>-</u>	<u>5,112,920</u>
<u>\$ 793</u>	<u>\$ 15,952</u>	<u>-</u>	<u>148</u>	<u>5,374</u>	<u>-</u>	<u>\$ 5,339,903</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015**

	<u>District Attorney Hot Check</u>	<u>Law Library</u>	<u>County Clerk Records Management</u>
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	22,867	-	-
Charges for services	27,895	104,224	341,402
Investment income	-	-	413
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	50,762	104,224	341,815
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General administration	-	-	-
Judicial	77,512	126,250	120,686
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	77,512	126,250	120,686
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(26,750)	(22,026)	221,129
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(26,750)	(22,026)	221,129
	<hr/>	<hr/>	<hr/>
FUND BALANCES, beginning of year	204,355	22,027	597,598
	<hr/>	<hr/>	<hr/>
FUND BALANCES, end of year	<u>\$ 177,605</u>	<u>\$ 1</u>	<u>\$ 818,727</u>

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
63,408	16,846	7,733	89,776	334,966	11,297
195	-	-	1	1,022	190
-	-	-	-	100,528	-
<u>63,603</u>	<u>16,846</u>	<u>7,733</u>	<u>89,777</u>	<u>436,516</u>	<u>11,487</u>
-	-	-	-	-	-
15,924	8,250	-	95,291	121,093	672
-	-	-	-	-	-
-	-	14,271	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,726	-	-	15,915	-
<u>15,924</u>	<u>19,976</u>	<u>14,271</u>	<u>95,291</u>	<u>137,008</u>	<u>672</u>
<u>47,679</u>	<u>(3,130)</u>	<u>(6,538)</u>	<u>(5,514)</u>	<u>299,508</u>	<u>10,815</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
47,679	(3,130)	(6,538)	(5,514)	299,508	10,815
<u>299,225</u>	<u>129,178</u>	<u>23,488</u>	<u>5,513</u>	<u>715,621</u>	<u>142,559</u>
<u>\$ 346,904</u>	<u>\$ 126,048</u>	<u>\$ 16,950</u>	<u>\$ (1)</u>	<u>\$ 1,015,129</u>	<u>\$ 153,374</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Voter Registration Chapter 19</u>	<u>Employee Activity</u>	<u>Dealer Inventory</u>	<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ 3,016	\$ 10,291	\$ 51,450
Intergovernmental	-	-	-	-	-
Charges for services	1,057	9,871	-	-	-
Investment income	-	1	5,507	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>1,057</u>	<u>9,872</u>	<u>8,523</u>	<u>10,291</u>	<u>51,450</u>
EXPENDITURES					
Current					
General administration	-	8,911	-	-	-
Judicial	-	-	-	5,120	-
Financial administration	-	-	7,742	-	-
Elections	1,057	-	-	-	-
Public safety and corrections	-	-	-	-	43,976
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	100,600	-
Total expenditures	<u>1,057</u>	<u>8,911</u>	<u>7,742</u>	<u>105,720</u>	<u>43,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>961</u>	<u>781</u>	<u>(95,429)</u>	<u>7,474</u>
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	961	781	(95,429)	7,474
FUND BALANCES, beginning of year	<u>-</u>	<u>11,127</u>	<u>27,542</u>	<u>81,264</u>	<u>7,477</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 12,088</u>	<u>\$ 28,323</u>	<u>\$ (14,165)</u>	<u>\$ 14,951</u>

County Attorney State Supplement	Tuancy Prevention Fund	Juvenile Delinquency Prevention	Pre-Trial Intervention Program	Election Contracts	Unclaimed Juvenile Restitution	Court Records Preservation	Scofflaw Implementation Fee	Child Abuse Prevention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70,000	-	-	-	-	-	-	-	-
-	9,161	-	232,612	15,571	-	27,726	700	1,335
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>70,000</u>	<u>9,161</u>	<u>-</u>	<u>232,612</u>	<u>15,571</u>	<u>-</u>	<u>27,726</u>	<u>700</u>	<u>1,335</u>
-	-	-	-	-	-	-	-	-
71,676	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	14,156	-	-	-	-
-	-	-	187,914	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>71,676</u>	<u>-</u>	<u>-</u>	<u>187,914</u>	<u>14,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,676)	9,161	-	44,698	1,415	-	27,726	700	1,335
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(1,676)	9,161	-	44,698	1,415	-	27,726	700	1,335
<u>32,144</u>	<u>6,107</u>	<u>95</u>	<u>294,719</u>	<u>62,218</u>	<u>259</u>	<u>117,937</u>	<u>13,251</u>	<u>4,633</u>
<u>\$ 30,468</u>	<u>\$ 15,268</u>	<u>\$ 95</u>	<u>\$ 339,417</u>	<u>\$ 63,633</u>	<u>\$ 259</u>	<u>\$ 145,663</u>	<u>\$ 13,951</u>	<u>\$ 5,968</u>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

	Appellate Justice System	Guardianship	Abandoned Motor Vehicles	Rabies Control	District Court Records Technology
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	11,147	-	-	-
Charges for services	-	-	37,102	9,659	29,735
Investment income	-	-	231	-	-
Other revenue	-	-	-	-	-
Total revenues	-	11,147	37,333	9,659	29,735
EXPENDITURES					
Current					
General administration	-	-	-	-	-
Judicial	-	-	-	-	-
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	-	11,696	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	11,696	-	-
Excess (deficiency) of revenues over (under) expenditures	-	11,147	25,637	9,659	29,735
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	11,147	25,637	9,659	29,735
FUND BALANCES, beginning of year	-	65,008	20,626	52,486	69,893
FUND BALANCES, end of year	\$ -	\$ 76,155	\$ 46,263	\$ 62,145	\$ 99,628

<u>County and District Court Technology</u>	<u>Justice Court Technology</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>
\$ -	\$ 41,382	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,539	-	-	-	-	-
-	-	-	-	-	-
-	-	6,125	-	-	32,130
<u>7,539</u>	<u>41,382</u>	<u>6,125</u>	<u>-</u>	<u>-</u>	<u>32,130</u>
-	-	-	-	-	-
-	13,892	-	-	-	-
-	-	-	-	-	-
-	-	2,185	-	-	23,963
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>13,892</u>	<u>2,185</u>	<u>-</u>	<u>-</u>	<u>23,963</u>
<u>7,539</u>	<u>27,490</u>	<u>3,940</u>	<u>-</u>	<u>-</u>	<u>8,167</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,539</u>	<u>27,490</u>	<u>3,940</u>	<u>-</u>	<u>-</u>	<u>8,167</u>
<u>27,506</u>	<u>259,486</u>	<u>11,342</u>	<u>500</u>	<u>172,206</u>	<u>51,163</u>
<u>\$ 35,045</u>	<u>\$ 286,976</u>	<u>\$ 15,282</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 59,330</u>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

	<u>Donations Constable 4</u>	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Victims of Crime</u>	<u>District Attorney Drug Forfeiture</u>
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 23,108
Intergovernmental	-	-	14,171	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	28	2	90
Other revenue	-	-	-	7,500	-
Total revenues	<u>-</u>	<u>-</u>	<u>14,199</u>	<u>7,502</u>	<u>23,198</u>
EXPENDITURES					
Current					
General administration	-	-	-	-	-
Judicial	-	-	-	-	27,887
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	-	13,289	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	29,990
Total expenditures	<u>-</u>	<u>-</u>	<u>13,289</u>	<u>-</u>	<u>57,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>910</u>	<u>7,502</u>	<u>(34,679)</u>
Other financing sources (uses)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	910	7,502	(34,679)
FUND BALANCES, beginning of year	<u>481</u>	<u>6,915</u>	<u>17,421</u>	<u>4,379</u>	<u>205,267</u>
FUND BALANCES, end of year	<u>\$ 481</u>	<u>\$ 6,915</u>	<u>\$ 18,331</u>	<u>\$ 11,881</u>	<u>\$ 170,588</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ -	\$ 10,104	\$ 196,994	\$ -	\$ -
-	-	-	-	24,529
-	-	-	-	-
-	7	226	-	-
-	-	-	-	-
<u>-</u>	<u>10,111</u>	<u>197,220</u>	<u>-</u>	<u>24,529</u>
-	-	-	-	-
-	-	-	-	24,529
-	-	-	-	-
-	-	-	-	-
111	8,266	60,947	-	-
-	-	-	-	-
-	-	-	-	-
-	-	69,953	-	-
<u>111</u>	<u>8,266</u>	<u>130,900</u>	<u>-</u>	<u>24,529</u>
(111)	1,845	66,320	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(111)	1,845	66,320	-	-
<u>748</u>	<u>13,120</u>	<u>369,114</u>	<u>6,033</u>	<u>-</u>
<u>\$ 637</u>	<u>\$ 14,965</u>	<u>\$ 435,434</u>	<u>\$ 6,033</u>	<u>\$ -</u>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

	High Intensity Drug Trafficking Area	Other Victims' Assistance Grant	Mental Health Deputies	Colonia Construction Grant
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Intergovernmental	12,966	42,467	70,000	18,750
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>12,966</u>	<u>42,467</u>	<u>70,000</u>	<u>18,750</u>
EXPENDITURES				
Current				
General administration	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Elections	-	-	-	-
Public safety and corrections	12,966	-	-	-
Health and welfare	-	42,467	359,630	10,287
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>12,966</u>	<u>42,467</u>	<u>359,630</u>	<u>10,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(289,630)</u>	<u>8,463</u>
Other financing sources (uses)				
Operating transfers in	-	-	289,630	-
Operating transfers (out)	-	-	-	(8,463)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>289,630</u>	<u>(8,463)</u>
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,765	42,457	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	25,065	1,770	-	-
<u>23,765</u>	<u>42,457</u>	<u>25,065</u>	<u>1,770</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,765	42,457	13,859	1,090	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>23,765</u>	<u>42,457</u>	<u>13,859</u>	<u>1,090</u>	<u>-</u>	<u>-</u>
-	-	11,206	680	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,206	680	-	-
-	1	8,974	1,111	3,916	10
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 20,180</u>	<u>\$ 1,791</u>	<u>\$ 3,916</u>	<u>\$ 10</u>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

	<u>Donation Fire Marshall</u>	<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>Justice Assistance Grants</u>	<u>Gates Public Access Comp HUG</u>
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	20,985	995,179	11,399	-
Charges for services	-	-	-	-	-
Investment income	-	330	-	37	-
Other revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>21,315</u>	<u>995,179</u>	<u>11,436</u>	<u>-</u>
EXPENDITURES					
Current					
General administration	-	-	-	-	-
Judicial	-	-	-	-	-
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	10,622	995,179	11,436	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	50,787	-	-	-
Total expenditures	<u>-</u>	<u>61,409</u>	<u>995,179</u>	<u>11,436</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(40,094)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(40,094)	-	-	-
FUND BALANCES, beginning of year	<u>1,244</u>	<u>274,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 1,244</u>	<u>\$ 234,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Donation Juvenile</u>	<u>Donation Dare Program</u>	<u>C.E.R.T.Z</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,345
-	-	-	-	-	-	1,380,682
-	-	-	-	-	-	1,379,615
-	-	-	-	-	-	8,280
-	4,595	-	250	5,374	-	183,337
-	4,595	-	250	5,374	-	3,288,259
-	-	-	102	-	-	9,013
-	-	-	-	-	-	708,782
-	-	-	-	-	-	7,742
-	-	-	-	-	-	15,213
-	-	-	-	-	-	1,411,770
-	-	-	-	-	-	478,606
-	1,284	-	-	-	-	1,284
-	-	-	-	-	6,623	285,594
-	1,284	-	102	-	6,623	2,918,004
-	3,311	-	148	5,374	(6,623)	370,255
-	-	-	-	-	6,623	296,253
-	-	-	-	-	-	(8,463)
-	-	-	-	-	6,623	287,790
-	3,311	-	148	5,374	-	658,045
793	12,641	-	-	-	-	4,454,875
<u>\$ 793</u>	<u>\$ 15,952</u>	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 5,374</u>	<u>\$ -</u>	<u>\$ 5,112,920</u>

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, 2015**

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
ASSETS				
Current assets				
Cash	\$ 791	\$ -	\$ -	\$ 791
Investments	4,805,526	2,507,373	-	7,312,899
Accounts receivable	-	136,319	-	136,319
Due from other funds	<u>185,867</u>	<u>147,838</u>	<u>145,075</u>	<u>478,780</u>
Total current assets	4,992,184	2,791,530	145,075	7,928,789
Non current assets				
Other assets	-	-	26,662	26,662
Vehicles, net	<u>159,290</u>	<u>-</u>	<u>-</u>	<u>159,290</u>
Total non current assets	159,290	-	26,662	185,952
Total assets	<u>5,151,474</u>	<u>2,791,530</u>	<u>171,737</u>	<u>8,114,741</u>
LIABILITIES				
Accounts payable	<u>61,318</u>	<u>790,309</u>	<u>45,473</u>	<u>897,100</u>
Total liabilities	<u>61,318</u>	<u>790,309</u>	<u>45,473</u>	<u>897,100</u>
NET POSITION				
Unrestricted	<u>5,090,156</u>	<u>2,001,221</u>	<u>126,264</u>	<u>7,217,641</u>
Total net position	<u>\$ 5,090,156</u>	<u>\$ 2,001,221</u>	<u>\$ 126,264</u>	<u>\$ 7,217,641</u>

**MIDLAND COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

	Risk Management
OPERATING REVENUES	
Charges for services	\$ 1,052,383
Total operating revenues	1,052,383
OPERATING EXPENSES	
Fleet maintenance	5,568
Claims expense	-
Administration costs	175,865
Premium cost	683,872
Professional services	2,040
Total operating expenses	867,345
OPERATING INCOME (LOSS)	185,038
NONOPERATING REVENUES	
Investment income	6,015
Miscellaneous income	7,248
Total nonoperating revenues	13,263
Income (loss) before transfers	198,301
TRANSFERS IN (OUT)	(37,142)
CHANGE IN NET POSITION	161,159
NET POSITION, beginning of year	4,928,997
NET POSITION, end of year	\$ 5,090,156

Health Care	Fleet Maintenance	Totals
\$ 7,299,452	\$ 535,150	\$ 8,886,985
<u>7,299,452</u>	<u>535,150</u>	<u>8,886,985</u>
-	545,269	550,837
5,913,283	-	5,913,283
813,718	-	989,583
556,606	-	1,240,478
<u>-</u>	<u>-</u>	<u>2,040</u>
<u>7,283,607</u>	<u>545,269</u>	<u>8,696,221</u>
<u>15,845</u>	<u>(10,119)</u>	<u>190,764</u>
1,004	-	7,019
5,275	-	12,523
<u>6,279</u>	<u>-</u>	<u>19,542</u>
22,124	(10,119)	210,306
<u>709,417</u>	<u>-</u>	<u>672,275</u>
731,541	(10,119)	882,581
<u>1,269,680</u>	<u>136,383</u>	<u>6,335,060</u>
<u>\$ 2,001,221</u>	<u>\$ 126,264</u>	<u>\$ 7,217,641</u>

**MIDLAND COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 1,052,383
Cash paid for services	(1,065,220)
	Net cash provided by (used in) operating activities
	(12,837)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	-
Sale of investments	36,647
Investment income received	6,015
Miscellaneous income received	7,248
	Net cash provided by (used in) investing activities
	49,910
Net change in cash	(69)
CASH, beginning of year	860
CASH, end of year	\$ 791
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss)	\$ 185,038
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	29,809
Accounts receivable	-
Due from other funds	(184,668)
Accounts payable	(43,016)
Due to other funds	-
	Total adjustments
	(197,875)
Net cash provided by (used in) operating activities	\$ (12,837)

Health Care	Fleet Maintenance	Totals
\$ 7,510,074 (7,440,787)	\$ 533,025 (673,571)	\$ 9,095,482 (9,179,578)
<u>69,287</u>	<u>(140,546)</u>	<u>(84,096)</u>
(784,983)	-	(784,983)
-	-	36,647
1,004	-	7,019
5,275	-	12,523
<u>(778,704)</u>	<u>-</u>	<u>(728,794)</u>
-	(140,546)	(140,615)
-	140,546	141,406
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791</u>
<u>\$ 15,845</u>	<u>\$ (10,119)</u>	<u>\$ 190,764</u>
-	-	29,809
210,622	(2,125)	208,497
(147,838)	(129,814)	(462,320)
11,337	1,512	(30,167)
(20,679)	-	(20,679)
<u>53,442</u>	<u>(130,427)</u>	<u>(274,860)</u>
<u>\$ 69,287</u>	<u>\$ (140,546)</u>	<u>\$ (84,096)</u>

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
- CS&CD Basic Supervision
- CS&CD Mental Health Initiative
- CS&CD Substance Abuse Continuum
- CS&CD Midland Outpatient Treatment Center
- CS&CD Cognitive Behavior
- Bail Security Fund

**MIDLAND COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF FUDICIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2015**

	<u>District Clerk</u>	<u>County Clerk</u>	<u>District Attorney</u>	<u>Sheriff</u>
ASSETS				
Cash	\$ 6,548,458	\$ 1,215,529	\$ 49,835	\$ 1,147,038
Investments	10,831,659	1,491,307	-	-
Accounts receivable	-	-	-	-
Other receivables	-	1,562	-	-
Due from other funds	<u>2,078</u>	<u>168</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 17,382,195</u>	<u>\$ 2,708,566</u>	<u>\$ 49,835</u>	<u>\$ 1,147,038</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	21,525	24,318	8,305	1,461
Due to other governmental agencies	-	-	-	-
Other liabilities	-	32,283	-	913,955
Funds held for others	<u>17,360,670</u>	<u>2,651,965</u>	<u>41,530</u>	<u>231,622</u>
Total liabilities	<u>\$ 17,382,195</u>	<u>\$ 2,708,566</u>	<u>\$ 49,835</u>	<u>\$ 1,147,038</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>
\$ 20,022	\$ 24,877	\$ 19,772	\$ 13,566	\$ 7,112
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	245	-	-	-
<u>\$ 20,022</u>	<u>\$ 25,122</u>	<u>\$ 19,772</u>	<u>\$ 13,566</u>	<u>\$ 7,112</u>
\$ -	\$ -	\$ -	\$ -	\$ -
10,681	17,452	18,243	11,135	-
-	-	-	-	-
263	4,768	-	1,134	-
9,078	2,902	1,529	1,297	7,112
<u>\$ 20,022</u>	<u>\$ 25,122</u>	<u>\$ 19,772</u>	<u>\$ 13,566</u>	<u>\$ 7,112</u>

**MIDLAND COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2015
(CONTINUED)**

	<u>Tax Assessor Collector</u>	<u>Constable Precinct 3</u>	<u>Constable Precinct 4</u>	<u>Unclaimed Property Fund</u>
ASSETS				
Cash	\$ 1,054,080	\$ 2	\$ 104	\$ 1,562
Investments	-	-	-	26,699
Accounts receivable	-	-	-	-
Other Receivables	528,797	-	-	-
Due from other funds	258,508	-	-	-
	<u>\$ 1,841,385</u>	<u>\$ 2</u>	<u>\$ 104</u>	<u>\$ 28,261</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	638,157	-	-	-
Due to other governmental agencies	360,555	-	-	-
Other liabilities	4,889	2	101	-
Funds held for others	837,784	-	3	28,261
	<u>\$ 1,841,385</u>	<u>\$ 2</u>	<u>\$ 104</u>	<u>\$ 28,261</u>

<u>CS&CD Basic Supervision</u>	<u>CS&CD Mental Health Initiative</u>	<u>CS&CD Substance Abuse Continuum</u>	<u>CS&CD Midland Outpatient Treatment Center</u>	<u>CS&CD Cognitive Behavior</u>	<u>Bail Security Fund</u>	<u>Totals</u>
\$ 670,011	\$ 11,350	\$ 53,722	\$ 43,435	\$ 15,869	\$ 67,418	\$ 10,963,762
-	-	-	-	-	-	12,349,665
2,286	-	-	-	-	-	2,286
-	-	-	-	-	-	530,359
206,887	-	-	-	-	-	467,886
<u>\$ 879,184</u>	<u>\$ 11,350</u>	<u>\$ 53,722</u>	<u>\$ 43,435</u>	<u>\$ 15,869</u>	<u>\$ 67,418</u>	<u>\$ 24,313,958</u>
\$ 25,065	\$ 698	\$ 6,192	\$ 5,671	\$ -	\$ -	\$ 37,626
-	-	-	-	-	3,416	754,693
854,119	10,652	47,530	37,764	15,869	-	1,326,489
-	-	-	-	-	-	957,395
-	-	-	-	-	64,002	21,237,755
<u>\$ 879,184</u>	<u>\$ 11,350</u>	<u>\$ 53,722</u>	<u>\$ 43,435</u>	<u>\$ 15,869</u>	<u>\$ 67,418</u>	<u>\$ 24,313,958</u>

STATISTICAL DATA

(Unaudited)

MIDLAND COUNTY, TEXAS STATISTICAL DATA

Table 1
MIDLAND COUNTY, TEXAS
NET ASSET INFORMATION ¹
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 18,721,143	\$ 41,600,943	\$ 49,483,673	\$ 55,495,757	\$ 64,661,102	\$ 65,543,884	\$ 68,658,903	\$ 74,455,972	\$ 108,066,451	\$ 125,347,288
Restricted	255,630	290,012	334,702	-	-	439,114	515,403	6,875,870	5,437,524	6,191,586
Unrestricted	38,853,407	46,236,268	54,228,563	58,367,497	55,514,056	74,121,687	95,749,635	105,075,226	97,354,499	87,652,573
Total governmental activities net assets	<u>\$ 57,830,180</u>	<u>\$ 88,127,223</u>	<u>\$ 104,046,938</u>	<u>\$ 113,863,254</u>	<u>\$ 120,175,158</u>	<u>\$ 140,104,685</u>	<u>\$ 164,923,941</u>	<u>\$ 186,407,068</u>	<u>\$ 210,858,474</u>	<u>\$ 219,191,447</u>

Source: Current and prior years' financial statements

¹ Reporting standards require that net assets be reported in three components in the financial statements: net investment in capital assets; 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

MIDLAND COUNTY, TEXAS STATISTICAL DATA

Table 2
MIDLAND COUNTY, TEXAS
CHANGES IN NET ASSETS INFORMATION
Last Ten Fiscal Years¹

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General administration	\$ 655,213	\$ 852,800	\$ 657,461	\$ 645,373	\$ 659,537	\$ 775,489	\$ 970,332	\$ 1,150,868	\$ 1,202,492	\$ 1,159,848
Judicial	4,790,859	5,610,758	5,877,651	5,289,739	4,691,923	6,863,427	5,682,820	4,111,105	5,223,333	6,766,617
Elections	33,367	29,581	38,585	43,444	39,300	36,258	43,527	68,619	51,806	15,571
Public safety and corrections	950,413	1,158,026	1,485,117	1,512,307	1,303,540	1,275,375	1,334,539	1,448,175	1,719,351	1,800,449
Health and welfare	91,812	23,225	25,000	33,268	26,875	26,500	24,800	17,500	23,275	30,850
Culture and recreation	15,950	184,077	253,525	313,888	41,782	315,229	393,712	419,895	27,237	105,803
Highways and roads	2,840,532	2,557,178	2,584,791	2,492,414	2,126,853	2,443,223	2,369,145	2,423,226	3,376,066	2,417,970
Operating grants and contributions	2,123,384	1,712,774	1,929,944	1,886,721	2,723,498	1,897,441	2,284,436	2,184,688	2,634,399	2,229,127
Capital grants and contributions	131,996	-	596,536	109,478	-	20,000	17,502	69,987	3,814,514	-
Total primary government program revenues	11,633,526	12,128,419	13,448,610	12,326,632	11,613,308	13,652,942	13,120,813	11,894,063	18,072,473	14,526,235
Expenses										
Governmental activities:										
General administration	4,598,481	5,018,395	5,842,303	6,412,572	8,774,777	7,805,076	9,160,753	10,057,877	11,700,816	11,805,385
Judicial	8,839,459	9,404,107	9,477,608	10,439,343	11,493,494	11,668,648	11,883,961	12,986,637	15,000,485	15,660,986
Financial administration	1,746,971	1,983,328	2,029,845	2,149,279	2,141,795	2,208,608	2,420,644	2,735,855	2,949,724	3,213,036
Elections	486,447	361,518	639,164	446,817	505,182	446,412	571,875	506,899	564,981	487,880
Public safety and corrections	14,653,714	16,129,867	15,492,378	17,293,520	18,123,535	17,053,222	17,858,374	20,950,248	23,491,340	24,518,270
Health and welfare	328,326	305,340	1,442,134	872,397	824,170	703,140	788,022	979,296	2,515,521	1,257,712
Culture and recreation	2,286,966	2,811,288	2,885,955	3,050,567	2,883,345	2,734,693	2,965,887	4,533,049	4,433,045	5,258,833
Conservation and natural resources	193,120	228,454	226,154	198,467	238,694	223,153	223,305	178,396	2,167,721	2,519,168
Highways and roads	2,345,030	2,325,364	3,881,097	4,216,759	4,536,358	5,003,580	4,664,656	5,018,322	4,629,443	6,290,771
Interest on long-term debt	541,794	511,488	479,385	867,549	1,529,113	1,272,932	1,271,344	1,220,125	906,326	831,023
Total primary government expenses	36,020,308	39,079,149	42,396,023	45,947,270	51,050,463	49,119,464	51,808,821	59,166,704	68,359,402	71,843,064
Net Expense										
Governmental activities	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)	(57,316,829)
Total primary government net expense	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)	(57,316,829)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	19,413,568	19,974,748	21,331,835	22,993,225	24,896,103	26,740,020	26,420,493	25,393,305	26,110,285	27,077,403
Sales tax	13,036,196	16,075,863	20,037,587	18,268,325	18,822,713	26,506,605	34,304,031	38,406,798	45,807,563	41,183,068
Bingo tax	61,508	59,877	104,935	81,934	85,129	94,410	118,837	132,391	132,239	120,486
Mixed beverage tax	286,278	246,808	457,680	397,514	419,508	436,503	458,722	535,106	753,884	799,928
Occupancy tax	-	57,708	373,465	351,198	310,784	494,607	708,461	838,466	990,278	3,437,870
Unrestricted investment earnings	1,695,942	2,237,413	1,744,727	852,730	499,822	252,690	255,530	386,454	386,725	488,116
Gain on sale of assets	116,742	-	41,710	-	-	-	-	2,309,548	-	-
Miscellaneous	250,911	307,846	775,189	492,028	715,000	871,214	1,241,190	754,050	856,564	957,408
Total governmental activities	34,861,145	38,960,263	44,867,129	43,436,954	45,749,059	55,396,049	63,507,264	68,756,118	75,037,538	74,064,279
Change in Net Position										
Governmental activities	10,474,363	12,009,533	15,919,716	9,816,316	6,311,904	19,929,527	24,819,256	21,483,477	24,750,609	16,747,450
Total primary government	\$ 10,474,363	\$ 12,009,533	\$ 15,919,716	\$ 9,816,316	\$ 6,311,904	\$ 19,929,527	\$ 24,819,256	\$ 21,483,477	\$ 24,750,609	\$ 16,747,450

Source: Current and prior years' financial statements

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

MIDLAND COUNTY, TEXAS STATISTICAL DATA

Table 3
MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUND BALANCES¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 309,507	\$ 371,250	\$ 427,825	\$ 402,973	\$ 112,354	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	27,835,459	32,137,292	35,019,362	36,961,858	38,659,881	-	-	-	-	-
Nonspendable	-	-	-	-	-	72,757	23,340	12,917	129,295	32,095
Restricted	-	-	-	-	-	494,607	708,461	838,466	990,278	1,081,530
Committed	-	-	-	-	-	15,672,750	21,647,030	-	-	-
Assigned	-	-	-	-	-	12,125,663	12,733,349	38,071,117	36,666,677	34,638,524
Unassigned	-	-	-	-	-	27,400,331	31,177,360	31,052,919	28,312,942	33,600,772
Total general fund	\$ 28,144,966	\$ 32,508,542	\$ 35,447,187	\$ 37,364,831	\$ 38,772,235	\$ 55,766,108	\$ 66,289,540	\$ 69,975,419	\$ 66,099,192	\$ 69,352,921
All Other Governmental Funds:										
Reserved	\$ 316,825	\$ 755,605	\$ 434,493	\$ 355,992	\$ 1,288,660	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Road and bridge fund	2,012,075	2,522,149	2,708,620	2,610,223	2,395,820	-	-	-	-	-
Capital projects fund	153,224	407,115	4,840,875	26,234,801	15,688,318	-	-	-	-	-
Nonmajor governmental funds	2,329,011	2,752,969	3,020,470	3,094,439	2,648,669	-	-	-	-	-
Road and bridge fund										
Nonspendable	-	-	-	-	-	436,058	680,620	970,555	1,901,890	1,411,149
Restricted	-	-	-	-	-	1,550,865	1,958,108	1,806,167	2,075,488	5,335,304
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
Capital projects fund										
Nonspendable	-	-	-	-	-	-	365	-	-	-
Restricted	-	-	-	-	-	4,142,259	2,989,712	1,003,084	695,596	662,720
Committed	-	-	-	-	-	136,930	9,185,965	15,687,348	14,576,696	7,432,493
Nonmajor governmental funds										
Nonspendable	-	-	-	-	-	-	884	2,440	4,666	125
Restricted	-	-	-	-	-	2,294,315	2,511,462	3,080,721	4,162,659	4,784,067
Committed	-	-	-	-	-	895,305	84,234	292,723	287,550	328,728
Assigned	-	-	-	-	-	-	913,148	467,306	-	-
Total all other governmental funds	\$ 4,811,135	\$ 6,437,838	\$ 11,004,458	\$ 32,295,455	\$ 22,021,467	\$ 11,439,607	\$ 20,175,212	\$ 31,872,394	\$ 26,890,198	\$ 20,367,743
Total governmental funds	\$ 32,956,101	\$ 38,946,380	\$ 46,451,645	\$ 69,660,286	\$ 60,793,702	\$ 67,205,715	\$ 86,464,752	\$ 101,847,813	\$ 92,989,390	\$ 89,720,664

Source: Current and past years' financial statements

¹ The County implemented GASB 54 in fiscal year 2011.

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 5
Midland County, Texas
Assessed Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>
2006	5,362,837,744	1,255,165,339	6,618,003,083	0.288500
2007	6,299,486,330	1,548,889,200	7,848,375,530	0.248772
2008	7,304,008,729	1,875,544,850	9,179,553,579	0.230505
2009	8,665,947,068	2,300,407,520	10,966,354,588	0.207455
2010	9,122,177,496	2,507,110,450	11,629,287,946	0.211805
2011	10,111,879,549	2,306,337,480	12,418,217,029	0.211805
2012	10,662,418,645	2,548,822,720	13,211,241,365	0.198207
2013	12,848,573,368	3,415,362,500	16,263,935,868	0.154789
2014	14,426,648,389	4,157,580,540	18,584,228,929	0.140178
2015	16,185,219,872	5,050,363,940	21,235,583,812	0.126523

Source: Midland County Appraisal District

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 6
Midland County, Texas
Direct and Overlapping Property Tax Rates
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	Midland County Texas				Overlapping Rates					Total all Entities
	General	Road & Bridge	Debt Service	Total Funds	MISD	City of Midland	Hospital District	Midland College	Midland Utility District	
2006	0.2707	-	0.0150	0.2885	1.6275	0.6420	0.1684	0.2247		2.9511
2007	0.2337	-	0.0150	0.2488	1.4575	0.5870	0.1571	0.2062		2.6566
2008	0.2177	-	0.0128	0.2305	1.1681	0.5386	0.14225	0.19112		2.2705
2009	0.1968	-	0.0107	0.2075	1.1651	0.4859	0.1202	0.1729		2.1516
2010	0.1882	-	0.0236	0.2118	1.1526	0.4568	0.1813	0.1719		2.1744
2011	0.0191	-	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

Source: Midland County Budget

MIDLAND COUNTY, TEXAS STATISTICAL DATA

Table 7
MIDLAND COUNTY TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

2015			2006		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pioneer Natural Res -WI-	\$ 1,072,221,300	5.05%	Pioneer Natural Resources	\$ 433,468,320	6.55%
Diamondback E&P LLC	331,158,950	1.56%	Chevron Texaco	149,067,180	2.25%
Fasken Oil & Ranch LTD	291,181,550	1.37%	Endeavor Energy Resources LP	99,459,460	1.50%
Chevron USA Inc	246,934,280	1.16%	Perenco LLC	71,514,110	1.08%
COG Operating LLC	242,864,590	1.14%	BP America Production Company	70,375,760	1.06%
Endeavor Energy Resources LP	241,567,170	1.14%	TXU Electric Delivery Cp	63,693,340	0.96%
Popetro Services (VEH)	235,090,000	1.11%	Southwestern Bell	48,158,320	0.73%
RSP Permian LLC	154,602,140	0.73%	Mobil Production TX & NM - DEV/GAS	44,193,010	0.67%
Sooner Pip LLC	146,445,480	0.69%	Henry Petroleum	42,351,490	0.64%
Basic Energy Services	145,858,670	0.69%	Oxy USA, Inc.	39,082,890	0.59%
Total	\$ 3,107,924,130	14.64%	Total	\$ 1,061,363,880	16.04%

Source: Midland County Tax Office

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 8
Midland County, Texas
Property Tax Levies and Collections
Fiscal Years Ended September 30, 2006 through 2015

Fiscal Year	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
2006	6,618,003,083	\$ 0.288500	19,092,939	6,984,395	36.58%	11,617,115	60.85%	491,429	2.57%
2007	7,848,375,530	\$ 0.248772	19,524,561	4,290,975	21.98%	14,741,485	75.50%	492,101	2.52%
2008	9,179,553,579	\$ 0.230505	21,159,330	9,016,684	42.61%	11,345,243	53.62%	797,403	3.77%
2009	10,966,354,588	\$ 0.207455	22,750,251	6,714,509	29.51%	15,200,289	66.81%	835,452	3.67%
2010	11,629,287,946	\$ 0.211805	24,631,413	11,015,095	44.72%	12,861,320	52.22%	754,999	3.07%
2011	12,418,217,029	\$ 0.211805	26,302,405	8,741,757	33.24%	16,946,242	64.43%	614,406	2.34%
2012	13,037,340,605	\$ 0.198207	25,840,922	10,751,424	41.61%	14,899,445	57.66%	190,053	0.74%
2013	16,263,935,868	\$ 0.154789	25,174,784	10,984,748	43.63%	13,753,880	54.63%	436,156	1.73%
2014	18,584,228,929	\$ 0.140178	25,750,185	11,628,235	45.16%	13,889,491	53.94%	232,459	0.90%
2015	21,235,583,812	\$ 0.126523	26,593,450	6,409,613	24.10%	19,757,504	74.29%	426,333	1.60%

Source: Midland County Tax Office

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 9
MIDLAND COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Certificates of Obligation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2006	11,115,000	11,115,000	0.20%	89.36
2007	10,450,000	10,450,000	0.16%	82.41
2008	9,755,000	9,755,000	0.14%	77.17
2009	31,020,000	31,020,000	0.47%	239.55
2010	30,255,000	30,255,000	0.42%	233.24
2011	29,065,000	29,065,000	0.38%	221.28
2012	27,805,000	27,805,000	0.30%	198.17
2013	26,495,000	26,495,000	0.20%	168.99
2014	19,055,000	19,055,000	N/A	125.80
2015	18,140,000	18,140,000	N/A	116.41

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

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 10
Midland County, Texas
Ratio of Net Bonded Debt to Assessed Value
& Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service Designated Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed	Net Bonded Debt per Capita
2006	124,380	6,618,003,083	11,115,000	225,631	10,889,369	0.165	87.55
2007	126,801	7,848,375,530	10,450,000	290,013	10,159,987	0.129	80.13
2008	126,408	9,179,553,579	9,025,000	334,703	8,690,297	0.095	68.75
2009	129,494	10,966,354,588	31,020,000	346,823	30,673,177	0.280	236.87
2010	129,715	11,629,287,946	30,255,000	484,636	29,770,364	0.256	229.51
2011	131,349	12,418,217,029	29,065,000	562,468	28,502,532	0.230	217.00
2012	140,308	13,211,241,365	27,805,000	633,300	27,171,700	0.206	193.66
2013	146,645	16,263,935,868	26,495,000	6,934,835	19,560,165	0.120	133.38
2014	151,468	18,584,228,929	19,055,000	360,420	18,694,580	0.101	123.42
2015	155,830	21,235,583,812	18,140,000	399,900	17,740,100	0.084	113.84

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
STATISTICAL DATA**

Table 11
MIDLAND COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2015

<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	\$ 52,845,417	100%	\$ 52,845,417
Midland Independent School District	256,784,624	100%	256,784,624
Midland Community College	27,832,933	100%	27,832,933
Midland County Hospital District	103,790,970	100%	103,790,970
Greenwood Independent School District	60,670,000	100%	60,670,000
City of Odessa	81,009,482	8%	6,589,288
Subtotal, overlapping debt			508,513,232
Midland County (direct debt)			18,140,000
Total direct and overlapping debt			<u><u>\$ 526,653,232</u></u>

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 STATISTICAL DATA

Table 12
Midland County, Texas
Debt Limitations
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 1,340,709,436	\$ 1,574,871,583	\$ 1,826,002,182	\$ 2,166,486,767	\$ 2,280,544,374	\$ 2,527,969,887	\$ 2,665,604,661	\$ 3,212,143,342	\$ 3,606,662,097	\$ 4,046,304,968
Total net debt applicable to limit	<u>10,889,369</u>	<u>10,159,988</u>	<u>8,690,297</u>	<u>30,673,176</u>	<u>29,770,364</u>	<u>28,502,532</u>	<u>27,171,700</u>	<u>19,560,165</u>	<u>18,694,580</u>	<u>17,740,100</u>
Debt margin	<u>\$ 1,329,820,067</u>	<u>\$ 1,564,711,595</u>	<u>\$ 1,817,311,885</u>	<u>\$ 2,135,813,591</u>	<u>\$ 2,250,774,010</u>	<u>\$ 2,499,467,355</u>	<u>\$ 2,638,432,961</u>	<u>\$ 3,192,583,177</u>	<u>\$ 3,587,967,517</u>	<u>\$ 4,028,564,868</u>
Total net debt applicable to the limit as a percentage of debt limit	0.82%	0.65%	0.48%	1.44%	1.32%	1.14%	1.03%	0.61%	0.52%	0.44%

Debt Margin Calculation for Fiscal Year 2010

Assessed Value of Real Property	\$ 16,185,219,872
Assessed Value of Personal & Other Property	<u>5,050,363,940</u>
Total Assessed Value	<u>\$ 21,235,583,812</u>
Debt Limit, 25% of Real Property Assessed Value (1)	\$ 4,046,304,968
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	18,140,000
Less: Assets in Debt Service Funds Available for Payment of Principal	<u>399,900</u>
Total Amount of Debt Applicable to Debt Limit	<u>17,740,100</u>
Legal Debt Margin	<u>\$ 4,028,564,868</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
STATISTICAL DATA**

Table 13
MIDLAND COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate Percentage</u>
2006	124,380	5,631,000	45,274	3.4
2007	126,801	6,610,000	52,294	2.9
2008	126,408	6,970,000	53,968	2.2
2009	129,494	6,542,000	49,441	5.4
2010	129,715	7,166,734	54,949	5.0
2011	131,349	7,699,660	65,173	4.9
2012	140,308	9,144,318	83,049	3.4
2013	156,780	13,573,085	86,574	3.1
2014	151,468	N/A	N/A	2.6
2015	155,830	N/A	N/A	3.3

Sources: Population figures for 2014 and 2015 are an estimate provided by the US Census Bureau, Personal Income and Per Capita Personal Income are from the US Bureau of Economic Analysis, and Texas Workforce Commission provided data on Unemployment Rates. Information is based on previous year information from fiscal year stated.

<http://www.bea.gov>

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 14
MIDLAND COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM
Last Five Fiscal Years

Function / Program	Fiscal Year				
	2011	2012	2013	2014	2015
General administration	24	28	144.5	151.5	148
Judicial	154.5	141.5	39	40.5	50
Financial administration	25.5	42	29.5	29	29.5
Elections	5.5	5.5	5.5	5	5.5
Public safety and corrections	297.5	302	318	259	273.5
Health and welfare	3	3	2	4	3
Culture and recreation	32.5	33.5	40.5	43.5	45.5
Conservation and natural resources	5	6	2	4	3
Highways and roads	28	29	28	26	30
Total	575.5	590.5	609	562.5	588

Source: Midland County Treasurers Office

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 15
MIDLAND COUNTY, TEXAS
OPERATION INDICATORS INFORMATION

FUNCTION / PROGRAM	Fiscal Year				
	2011	2012	2013	2014	2015
General Government					
Commissioners Court					
Number of Official Public Meetings					
Regular Sessions	24	26	24	25	22
Special Sessions (Work Sessions)	5	8	5	10	10
Public Safety					
Inmates Booked	10,093	11,233	11,140	10,974	10,755
Arrests	12,180	13,322	12,646	12,943	12,098
Judicial					
District Courts					
Civil Cases Filed	1,025	1,160	1,053	1,617	2,565
Civil Cases Disposed	1,167	978	1,107	2,097	1,227
Criminal Cases Filed	2,492	2,710	1,673	1,771	1,944
Criminal Cases Disposed	1,778	1,696	2,117	1,104	2,202
County Courts-at-Law					
Civil Cases Filed	1,336	748	919	1,166	913
Civil Cases Disposed	659	604	633	762	700
Criminal Cases Filed	8,147	4,556	4,373	4,457	4,034
Criminal Cases Disposed	5,101	4,868	5,658	4,755	4,085
Juvenile Cases Filed	181	52	132	100	133
Juvenile Cases Disposed	116	112	105	120	143
Probate and Mental Health Cases Filed					
Probate and Mental Health Cases Disposed	189	468	486	503	593
Disposed	117	48	13	59	91
Justice of the Peace Courts					
Civil Cases Filed	835	1,079	923	669	1,394
Civil Cases Disposed	703	882	853	605	1,040
Criminal Cases Filed	8,081	13,224	14,898	10,449	17,104
Criminal Cases Disposed	7,057	12,796	14,766	10,021	14,032
Juvenile Cases Filed	1,582	-	1,470	131	441
Culture and Recreation					
Events Held	132	165	164	153	187
Elections					
Number of Registered Voters	69,166	72,012	73,093	72,059	75,472
Highways					
Permits Granted	152	186	174	180	215
Work Requests	127	114	74	121	189

Sources: Office of Court Administration and various county departments

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 16
MIDLAND COUNTY, TEXAS
CAPITAL ASSETS INFORMATION BY FUNCTION / PROGRAM

<u>FUNCTION / PROGRAM</u>	Fiscal Years					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Buildings						
General admin	1	1	1	1	1	1
Judicial	3	3	4	4	4	4
Public safety	5	5	5	5	5	5
Highways	1	1	1	1	1	1
Culture and recreation	5	6	6	7	7	8
Patrol cars	32	31	31	29	29	33
Elections						
Electronic voting machines	252	252	272	270	270	270
Highways						
Miles of roads maintained	351	364	364	364	383	383

Source: Various county departments.

INTERNAL CONTROL AND COMPLIANCE REPORT



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

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

We have audited, 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, 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 year ended September 30, 2015, 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 19, 2016, which was qualified for not recording post employment benefits and the related expense in the governmental activities

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
May 19, 2016