

MIDLAND COUNTY, TEXAS

FINANCIAL REPORT

SEPTEMBER 30, 2012

**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

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 \$12,731,455, decrease net assets by \$12,731,455 as of September 30, 2012 and increase expenses for the year then ended by \$3,503,214 for governmental activities.

In our opinion, except for the effect of not recording Post Employment Benefits expense and liability as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Midland County, Texas, as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, 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, 2012 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013 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

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

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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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and budget (GAAP basis) and actual comparison information on pages 3 through 11 and 60 through 64 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.

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 supplementary information, 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 financial statements. The information, except for the statistical section, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
May 23, 2013

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, 2012. 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 \$164,923,591 (net assets). Of this amount, \$95,759,386 (unrestricted net assets) 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 assets increased by \$24,818,906.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$86,464,752. Of this total amount, \$31,176,911 or 36% 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 \$31,177,361 or 47% 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 assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets 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 assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 80 individual governmental funds of which 68 are special revenue funds, five capital projects funds, three debt service funds, three internal service funds 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 self-funded liability insurance fund, self-funded health insurance fund and vehicle 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 assets may serve over time as useful indicators of the County's financial position. In the case of the County, assets exceeded liabilities by \$164,923,591 at the close of this fiscal year.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Statement of Net Assets
Governmental Activities

	2011	2012
Current and other assets	\$ 84,130,600	\$ 105,730,367
Capital assets, net of accumulated depreciation	90,808,264	93,795,383
 Total assets	 174,938,864	 199,525,750
 Current and other liabilities	 3,520,987	 4,411,892
Noncurrent liabilities	31,313,192	30,190,267
 Total liabilities	 34,834,179	 34,602,159
 Net assets		
Invested in capital assets, net of related debt	65,543,884	68,648,802
Restricted, debt service	439,114	515,403
Unrestricted net assets	74,121,687	95,759,386
 Total net assets	 \$ 140,104,685	 \$ 164,923,591

The largest portion of the County's current fiscal year net assets is unrestricted net assets. The unrestricted portion of the County's net assets, 58%, 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 assets, 42%, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**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 assets in all categories of net assets. The net assets increased from the prior fiscal year by \$24,818,906. The following table provides a summary of the County's operations for years ended September 30, 2011 and 2012.

Statement of Activities				
For the Years Ended September 30, 2011 and 2012				
	2011		2012	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program revenues				
Charges for services	\$ 11,735,501	17.0%	\$ 10,818,875	14.1%
Operating grants and contributions	1,897,441	2.7%	2,284,436	3.0%
Capital grants and contributions	20,000	0.0%	17,502	0.0%
General Revenues				
Property taxes	26,740,020	38.7%	26,420,493	34.5%
Sales tax	26,506,605	38.4%	34,304,031	44.8%
Bingo tax	94,410	0.1%	118,837	0.2%
Mixed beverage tax	436,503	0.6%	458,722	0.6%
Hotel-motel tax	494,607	0.7%	708,461	0.9%
Motor vehicle sales and use tax	617,794	0.9%	1,014,821	1.3%
Unrestricted investment earnings	252,690	0.4%	255,530	0.3%
Miscellaneous	253,420	0.4%	226,368	0.3%
Total revenues	69,048,991	100.0%	76,628,076	100.0%
Expenses				
General administration	7,805,076	15.9%	9,161,103	17.7%
Judicial	11,668,648	23.8%	11,883,961	22.9%
Financial administration	2,208,608	4.5%	2,420,644	4.7%
Elections	446,412	0.9%	571,875	1.1%
Public safety and corrections	17,053,222	34.7%	17,858,374	34.5%
Health and welfare	703,140	1.4%	788,022	1.5%
Cultural and recreation	2,734,693	5.6%	2,965,887	5.7%
Conservation and natural resources	223,153	0.5%	223,305	0.4%
Highways and roads	5,003,580	10.2%	4,664,655	9.0%
Interest on long-term debt	1,272,932	2.6%	1,271,344	2.5%
Total expenses	49,119,464	100.0%	51,809,170	100.0%
Change in net assets	19,929,527		24,818,906	
Net assets, beginning of year	120,175,158		140,104,685	
Net assets, end of year	\$ 140,104,685		\$ 164,923,591	

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

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

Governmental Funds – Net assets of the governmental activities increased \$24,818,906 during the year. In General Revenues, sales tax increased by \$7,797,426 or 29.5% due to an increase in consumer spending in the County. There was also an increase in hotel-motel tax of \$213,854 or 43.3% due to the increase of labor force in Midland County and lack of housing.

Total expenses increased from the prior year by \$2,689,357 or 5.5% due to general administration, public safety and corrections and highways and roads expenses. The 17% increase in general administration is due to the increase in capital outlay to upgrade our IT system in the renovated county courthouse, and an increase in facilities personnel in addition to Commissioner's Court personnel.

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 \$86,464,752. The unassigned fund balance, \$31,176,911, 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 \$31,177,361 as compared to \$27,400,331 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 76% of total fund expenditures, while total fund balance represents 162% 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 \$3,856,142 which represents an increase of \$447,810 as compared with the prior year.

The Debt Service Fund has a total fund balance of \$633,300 as compared to \$562,466 in the prior year. The increase of \$70,834 is due to the success of collections in property taxes. All of the Debt Service Fund fund balance 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 \$12,176,042 an increase of \$7,896,853. The increase resulted from the transfer from the general fund for the horseshoe multi-purpose facility expansion and the north side library currently under construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

A deficit budget was adopted for fiscal year 2012 in the amount of \$15,672,750. The deficit was to be appropriated from the unassigned fund balance. However, the actual revenues exceeded the final budget by \$20,622,619. Included in this amount are \$16,304,031 in unanticipated sales tax revenue and an increase in property tax revenue of \$1,561,838. There was also an increase in both charges for services and fines and forfeiture of \$1,016,829 and \$456,687 respectively compared to the adopted budget.

The original budgeted expenditures differ from the final budgeted expenditures by a decrease of \$483,377 which is attributable to the budgetary transfers made to other funds. The favorable variance of \$6,143,259 between actual and budgeted expenditures is mainly due to the County departments being conservative, holding expenditures to a minimum to support the overall County budget.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt – At September 30, 2012, the County had a total long-term debt outstanding in the amount of \$29,868,724. This amount does not include unamortized bond premium of \$321,543. According to the Texas statutes, the County has a debt margin of \$2,638,432,961.

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 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities				
General obligation bonds	\$ 29,065,000	\$ -	\$1,260,000	\$ 27,805,000
Unamortized premium on general obligation bonds Series 2009	341,639	-	20,096	321,543
Capital lease obligation	-	16,000	6,250	9,750
Compensated absences	<u>1,906,553</u>	<u>147,421</u>	<u>-</u>	<u>2,053,974</u>
Total	<u><u>\$ 31,313,192</u></u>	<u><u>\$ 163,421</u></u>	<u><u>\$ 1,286,346</u></u>	<u><u>\$ 30,190,267</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, 2012, net capital assets of the governmental activities totaled \$93,795,383 reflecting a net increase of \$2,987,119 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 \$4,905,885.

Additional information on the County's capital assets and debt can be found in Notes 6 and 11 of this report.

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 2013 budget was adopted on September 10, 2012 with total general fund expenditures of \$52,569,340 a 12.6% increase from the fiscal year 2012 budgeted expenditures. The County's combined tax rate is \$0.154789 for fiscal year 2013. Commissioners Court adopted a budget net loss of \$21,647,030 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 ASSETS
SEPTEMBER 30, 2012**

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 8,217,864
Certificates of deposit	15,470,622
Investments	65,150,919
Receivables (net of allowance for uncollectibles)	9,265,110
Inventory	680,620
Prepaid expenses	51,251
Due from other governments	6,828,539
Deferred charge	320,746
Capital assets (net of accumulated depreciation):	
Land	2,734,366
Buildings and improvements	47,989,772
Construction in progress	25,633,493
Infrastructure	11,704,124
Machinery and equipment	5,733,628
Total assets	199,781,054
LIABILITIES	
Accounts payable and other current liabilities	3,758,731
Accrued interest payable	117,897
Due to other governments	458,468
Other liabilities	332,100
Noncurrent liabilities:	
Due within one year	1,817,500
Due in more than one year	28,372,767
Total liabilities	34,857,463
NET ASSETS	
Invested in capital assets, net of related debt	68,648,802
Restricted, debt service	515,403
Unrestricted	95,759,386
Total net assets	\$ 164,923,591

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

**MIDLAND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

Functions/programs

Primary Government:

Governmental activities:

General administration

Judicial

Financial administration

Elections

Public safety and corrections

Health and welfare

Culture and recreation

Conservation and natural resources

Highways and roads

Interest on long-term debt

Total governmental activities

Total primary government

<u>Expenses</u>	<u>Program Revenues</u>			<u>Changes in</u>
	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Net Assets</u>
	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Primary</u>
		<u>Contributions</u>	<u>Contributions</u>	<u>Government</u>
				<u>Total</u>
\$ 9,161,103	\$ 970,332	\$ 160,065	\$ -	\$ (8,030,706)
11,883,961	5,682,820	485,556	-	(5,715,585)
2,420,644	-	-	-	(2,420,644)
571,875	43,527	87,466	-	(440,882)
17,858,374	1,334,539	1,297,567	2,000	(15,224,268)
788,022	24,800	-	-	(763,222)
2,965,887	393,712	750	-	(2,571,425)
223,305	-	-	-	(223,305)
4,664,655	2,369,145	253,032	15,502	(2,026,976)
1,271,344	-	-	-	(1,271,344)
<u>51,809,170</u>	<u>10,818,875</u>	<u>2,284,436</u>	<u>17,502</u>	<u>(38,688,357)</u>
<u>\$ 51,809,170</u>	<u>\$ 10,818,875</u>	<u>\$ 2,284,436</u>	<u>\$ 17,502</u>	<u>(38,688,357)</u>

GENERAL REVENUES

Property taxes	26,420,493
Sales tax	34,304,031
Bingo tax	118,837
Mixed beverage tax	458,722
Hotel-motel tax	708,461
Motor vehicle sales and use tax	1,014,821
Unrestricted investment earnings	255,530
Miscellaneous	226,368

Total general revenues 63,507,263

Change in net assets 24,818,906

NET ASSETS, beginning of year 140,104,685

NET ASSETS, end of year \$ 164,923,591

**MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2012**

	General Fund
ASSETS	
Assets	
Cash and cash equivalents	\$ 8,186,261
Certificates of deposit	15,470,622
Investments	49,815,887
Property taxes receivable, (net of allowance for uncollectibles)	966,934
Accounts receivable, (net of allowance for uncollectibles)	8,127,831
Due from other funds	295,331
Due from other governmental agencies	6,603,878
Inventory	-
Prepaid expenses	23,340
	<u>23,340</u>
TOTAL ASSETS	\$ 89,490,084
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 1,313,873
Benefits payable	440,409
Due to other funds	11,961,474
Due to other governmental agencies	458,468
Deferred tax revenue	892,904
Deferred other revenue	8,130,539
Other liabilities	2,877
	<u>2,877</u>
Total liabilities	23,200,544
Fund balances	
Nonspendable	
Prepays	23,340
Inventories	-
Restricted	
Road improvements	-
Debt service	-
Unspent bond proceeds	-
Hotel occupancy revenue	708,461
Legislation	-
Federal and state grants	-
Committed	
Capital projects	-
Donations	-
Assigned	
Compensated absences	2,053,974
Other purposes	679,374
Capital projects	10,000,000
Subsequent year's expenditures	21,647,030
Unassigned	31,177,361
	<u>31,177,361</u>
Total fund balances	66,289,540
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,490,084

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>
\$ -	\$ -	\$ -	\$ 30,763	\$ 8,217,024
-	-	-	-	15,470,622
3,198,234	622,776	3,062,507	2,033,342	58,732,746
-	69,679	-	-	1,036,613
620	-	-	9,454	8,137,905
66,050	2,473	9,783,954	1,602,720	11,750,528
18,903	-	-	205,758	6,828,539
680,620	-	-	-	680,620
-	-	365	884	24,589
<u>\$ 3,964,427</u>	<u>\$ 694,928</u>	<u>\$ 12,846,826</u>	<u>\$ 3,882,921</u>	<u>\$ 110,879,186</u>
\$ 91,301	\$ -	\$ 670,784	\$ 280,850	\$ 2,356,808
16,984	-	-	11,172	468,565
-	-	-	66,671	12,028,145
-	-	-	-	458,468
-	61,628	-	-	954,532
-	-	-	14,500	8,145,039
-	-	-	-	2,877
<u>108,285</u>	<u>61,628</u>	<u>670,784</u>	<u>373,193</u>	<u>24,414,434</u>
-	-	365	884	24,589
680,620	-	-	-	680,620
1,958,108	-	-	-	1,958,108
-	633,300	-	-	633,300
-	-	2,989,712	-	2,989,712
-	-	-	-	708,461
-	-	-	2,275,650	2,275,650
-	-	-	236,262	236,262
-	-	9,185,965	-	9,185,965
-	-	-	84,234	84,234
-	-	-	-	2,053,974
-	-	-	-	679,374
-	-	-	-	10,000,000
1,217,414	-	-	913,148	23,777,592
-	-	-	(450)	31,176,911
<u>3,856,142</u>	<u>633,300</u>	<u>12,176,042</u>	<u>3,509,728</u>	<u>86,464,752</u>
<u>\$ 3,964,427</u>	<u>\$ 694,928</u>	<u>\$ 12,846,826</u>	<u>\$ 3,882,921</u>	<u>\$ 110,879,186</u>

**MIDLAND COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Total fund balances - governmental funds (page 16)	\$ 86,464,752
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	93,795,383
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.	9,025,652
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 assets.	5,625,222
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(29,987,418)</u>
Net assets of governmental activities (page 12)	<u><u>\$ 164,923,591</u></u>

**MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2012**

REVENUES

Property tax, penalties and interest
Sales tax
Hotel-motel tax
Fines and forfeitures
Licenses and permits
Intergovernmental charges
Charges for current services
Investment income
Other revenue
Total revenues

EXPENDITURES

Current
 General administration
 Judicial
 Financial administration
 Elections
 Public safety and corrections
 Health and welfare
 Culture and recreation
 Conservation and natural resources
 Highways and roads
Capital outlay
Debt service
Total expenditures

Excess (deficiency) of revenues over expenditures

Other financing sources (uses)

Capital lease proceeds
Transfers in
Transfers out

Total other financing sources (uses)

Net change in fund balances

FUND BALANCES, beginning of year

FUND BALANCES, end of year

General Fund	Road and Bridge Fund	Debt Service Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
\$ 24,011,838	\$ -	\$ 2,604,093	\$ -	\$ -	\$ 26,615,931
34,304,031	-	-	-	-	34,304,031
708,461	-	-	-	-	708,461
2,186,687	-	-	-	373,260	2,559,947
458,722	2,369,145	-	-	-	2,827,867
749,512	24,331	-	-	1,402,072	2,175,915
4,467,629	-	-	-	961,052	5,428,681
226,153	6,042	2,093	4,358	6,301	244,947
809,843	285,754	-	-	119,779	1,215,376
<u>67,922,876</u>	<u>2,685,272</u>	<u>2,606,186</u>	<u>4,358</u>	<u>2,862,464</u>	<u>76,081,156</u>
7,445,876	-	-	-	13,846	7,459,722
10,931,513	-	-	-	748,558	11,680,071
2,376,847	-	-	-	12,476	2,389,323
398,956	-	-	-	127,036	525,992
16,072,149	-	-	-	1,281,653	17,353,802
421,276	-	-	-	350,189	771,465
2,320,286	-	-	-	11,689	2,331,975
219,145	-	-	-	-	219,145
-	2,652,726	-	50,000	-	2,702,726
815,670	584,736	-	6,376,640	85,250	7,862,296
6,250	-	2,535,352	-	-	2,541,602
<u>41,007,968</u>	<u>3,237,462</u>	<u>2,535,352</u>	<u>6,426,640</u>	<u>2,630,697</u>	<u>55,838,119</u>
<u>26,914,908</u>	<u>(552,190)</u>	<u>70,834</u>	<u>(6,422,282)</u>	<u>231,767</u>	<u>20,243,037</u>
16,000	-	-	-	-	16,000
-	1,000,000	-	14,319,135	190,726	15,509,861
<u>(16,407,476)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,385)</u>	<u>(16,509,861)</u>
<u>(16,391,476)</u>	<u>1,000,000</u>	<u>-</u>	<u>14,319,135</u>	<u>88,341</u>	<u>(984,000)</u>
10,523,432	447,810	70,834	7,896,853	320,108	19,259,037
55,766,108	3,408,332	562,466	4,279,189	3,189,620	67,205,715
<u>\$ 66,289,540</u>	<u>\$ 3,856,142</u>	<u>\$ 633,300</u>	<u>\$ 12,176,042</u>	<u>\$ 3,509,728</u>	<u>\$ 86,464,752</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, 2012**

Amounts reported for governmental activities in the statement of activities
(page 14) are different because:

Net change in fund balances-total governmental funds (page 19)	\$19,259,037
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.	2,956,411
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	30,709
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	502,154
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,248,801
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.	(141,966)
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>963,760</u>
Change in net assets of governmental activities (page 14)	<u><u>\$24,818,906</u></u>

**MIDLAND COUNTY, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012**

	Governmental Activities Internal Service Funds
ASSETS	
Current assets	
Cash	\$ 840
Investments	6,418,173
Accounts receivable	90,592
Due from other funds	218,842
Prepaid assets	26,662
	6,755,109
LIABILITIES	
Current liabilities	
Accounts payable	933,358
Due to other funds	196,529
	1,129,887
NET ASSETS	
Unrestricted	5,625,222
TOTAL NET ASSETS	\$ 5,625,222

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 ASSETS
 YEAR ENDED SEPTEMBER 30, 2012**

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for current services	\$ 6,459,976
Total operating revenues	<u>6,459,976</u>
OPERATING EXPENSES	
Fleet maintenance	442,015
Claims expense	4,596,527
Administration costs	701,931
Premium costs	739,059
Professional services	30,742
Total operating expenses	<u>6,510,274</u>
OPERATING LOSS	<u>(50,298)</u>
NONOPERATING REVENUES	
Investment income	10,583
Miscellaneous income	3,475
Total nonoperating revenues	14,058
Loss before transfers	(36,240)
TRANSFERS IN	<u>1,000,000</u>
CHANGE IN NET ASSETS	963,760
NET ASSETS, beginning of year	<u>4,661,462</u>
NET ASSETS, end of year	<u><u>\$ 5,625,222</u></u>

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, 2012**

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 6,391,348
Cash paid for services	(5,668,874)
	722,474
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	1,000,000
	1,000,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,736,523)
Investment income received	10,583
Miscellaneous income received	3,475
	(1,722,465)
Net change in cash	9
CASH, beginning of year	831
CASH, end of year	\$ 840
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (50,298)
Adjustments to reconcile operating loss to net cash provided by operating activities	
(Increase) in accounts receivable	(80,531)
Decrease in due from other funds	809,299
Decrease in prepaid assets	37,500
(Decrease) in accounts payable	(190,025)
Increase in due to other funds	196,529
	772,772
Total adjustments	772,772
Net cash provided by operating activities	\$ 722,474

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

**MIDLAND COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012**

	Agency Funds
ASSETS	
Cash	\$ 6,498,669
Investments	12,169,045
Accounts receivable	231,039
Due from other funds	642,142
Due from other governmental agencies	26,385
Total assets	\$ 19,567,280
LIABILITIES	
Accounts payable	\$ 56,139
Due to other funds	386,838
Due to other governmental agencies	445,430
Other liabilities	10,154
Funds held for others	18,668,719
Total liabilities	\$ 19,567,280

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. 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 9 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 assets 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 assets reports all financial and capital resources of the County and is presented in an “assets minus liabilities equal net assets” format with net assets 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 Statement No. 34, paragraph 76, as amended by GASB Statement No. 37, paragraph 15, 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. This information is presented in a separate column immediately to the right of the total column for all enterprise fund activity.

The focus of fiduciary funds is on net assets and changes in net assets. These funds report assets held in a trustee or agency capacity by the County for the benefit of others and cannot be used to support County activities.

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, 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, 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 No. 33, as amended by GASB Statement Nos. 34 and 36. The treatment of nonexchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Capital assets are reported at historical cost and depreciated, except for inexhaustible assets such as land, in accordance with the County's depreciation policy.

Governmental fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of property taxes,

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

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. 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 assets view of increases (revenues) and decreases (expenses) in the fund.

These funds apply all applicable GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

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 equity therein, 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 are stated at 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 (Equity).

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. Flows or assets 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 and Certificates of Obligation 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 assets.

The government-wide level statements defer bond premiums, discounts and issuance costs 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Fund Balance

The County classifies governmental fund balances in accordance with Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). Fund balance categories under GASB 54 are 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.

In accordance with GASB 54, 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, long-term receivables, endowment principal, and/or prepaid/deferred 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Fund Balance – Continued

- c. Assigned Fund Balance – Includes amounts intended to be used by the County for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. The County has delegated to the County Auditor the ability to determine and define the amounts of those components of fund balance that are classified as Assigned.
- d. Unassigned Fund Balance – Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the County has implicitly assigned the funds for the purposes of those particular funds.

In circumstances where an expenditure is to be made for a purpose for 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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Revenue Recognition – Property Taxes – Continued

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.

For fund financial statements, property taxes are reserved as uncollectible if not received within sixty days after the end of the fiscal year. For government-wide financial statements, an allowance equal to 4% of the outstanding taxes at September 30, 2012 has been reported. The tax is levied based on the estimated market values as determined by the Midland County Appraisal District.

N. Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

One 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.”

**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 assets – Continued

The details of this \$(29,987,419) difference are as follows:

Bonds and certifications of obligations payable	\$ (27,805,000)
Deferred charge for issuance cost	320,746
Accrued interest payable	(117,897)
Bond premium liability	(321,543)
Capital lease payable	(9,750)
Compensated absences	<u>(2,053,974)</u>

Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> .	<u>\$ (29,987,418)</u>
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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 \$9,025,652 difference are as follows:

Deferred property taxes receivable	\$ 954,532
Deferred court fines receivable	<u>8,071,120</u>

Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> .	<u>\$ 9,025,652</u>
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- 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 assets 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 \$2,956,760 difference are as follows:

Capital outlay	\$ 7,862,296
Depreciation expense	<u>(4,905,885)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	<u>\$ 2,956,411</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 assets.”

The details of this \$30,709 difference are as follows:

The statement of activities reports gains/losses arising from the dispositions of capital assets. Conversely, governmental funds do not report any gain or loss on disposition of capital assets	\$ 28,709
Donated Capital Assets	<u>2,000</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	<u>\$ 30,709</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 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 assets.”

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$1,248,801 difference are as follows:

Capital lease proceeds	\$ (16,000)
Principal repayments:	
General obligation refunding bonds	1,260,000
Capital lease	6,250
Amortization of bond premium	20,096
Amortization of bond issuance costs	<u>(21,545)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.</i>	<u>\$ 1,248,801</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(141,966) difference are as follows:

Net change in interest accrual	\$ 5,455
Compensated absences	<u>(147,421)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.</i>	<u>\$ (141,966)</u>

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

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

There were no deficit fund balances at September 30, 2012.

NOTE 4. 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, 2012. At year-end, the carrying amount of the County's deposits was \$14,716,533 in cash and cash equivalents; (\$8,217,864 in pooled cash and \$6,498,669 in agency funds cash). Certificates of Deposits of \$15,470,622 are not considered cash and cash equivalents as their maturity date is greater than three months and the intent is to hold to maturity. The respective bank balances totaled \$30,838,425. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$6,302,157 and \$24,536,268 was covered by collateral held by the pledging bank's agent for the County in the County's name. The County also held \$12,169,045 of investments, in trust, that are covered under separate individuals' collateralization.

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:

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

NOTE 4. CASH AND INVESTMENTS – CONTINUED

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 assets 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.

MBIA – MBIA is a provider of financial guarantees and investment management services in the public sector. MBIA offers full-service investment management designed to provide safe investments while providing competitive rates. MBIA maintains AAA ratings from Standard & Poor’s, Moody’s and Fitch, and is traded publicly on the New York Stock Exchange. MBIA invests public-sector funds only in securities allowed by the Texas Funds Investment Act and carries a letter of credit that assures the integrity of the fund. Investments must also be permitted by SEC Rule 2a-7.

	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Credit Risk</u>
Investments:			
U. S. Treasury Bills	\$ 1,999,694	6 Months	
U. S. Treasury Notes	5,892,398	6 Months	
Investment Pools:			
TexPool	8,272,865		AAAm - S & P
TexStar	13,502,501		AAAm - S & P
Charles Schwab	13,848,780		A - S & P
MBIA Municipal Investors	21,634,681		AAAm - S & P
	<u>\$ 65,150,919</u>		
		<u>6 to 30 Months</u>	
Portfolio Duration:			

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

NOTE 4. CASH AND INVESTMENTS – CONTINUED

Interest Rate Risk – In compliance with the County’s investment policy, as of September 30, 2012, 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, 2012, 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.

NOTE 5. RECEIVABLES

Receivables as of September 30, 2012 for the County's individual major funds, non-major funds in the aggregate and internal service funds, including applicable allowances for uncollectible amounts, are as follows:

	General	Road and Bridge	Debt Service	Non Major Funds	Internal Service Funds	Total
Receivables:						
Property taxes	\$ 1,007,223	\$ -	\$ 72,583	\$ -	\$ -	\$ 1,079,806
Accounts receivable	31,864,568	620	-	9,454	90,592	31,965,234
Gross receivables	32,871,791	620	72,583	9,454	90,592	33,045,040
Less: allowance for uncollectibles	(23,777,026)	-	(2,904)	-	-	(23,779,930)
Net total receivables	<u>\$ 9,094,765</u>	<u>\$ 620</u>	<u>\$ 69,679</u>	<u>\$ 9,454</u>	<u>\$ 90,592</u>	<u>\$ 9,265,110</u>

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

NOTE 6. 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, 2012 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	19,337,194	6,533,033	(236,734)	25,633,493
Total capital assets, not being depreciated	22,071,560	6,533,033	(236,734)	28,367,859
Capital assets, being depreciated:				
Buildings and improvements	73,621,892	250,560	-	73,872,452
Infrastructure	36,078,754	10,410	-	36,089,164
Machinery and equipment	18,626,812	1,405,857	(108,968)	19,923,701
Total assets being depreciated	128,327,458	1,666,827	(108,968)	129,885,317
Less accumulated depreciation for:				
Buildings and improvements	(24,145,753)	(1,736,927)	-	(25,882,680)
Infrastructure	(22,696,618)	(1,688,422)	-	(24,385,040)
Machinery and equipment	(12,748,383)	(1,480,536)	38,846	(14,190,073)
Total accumulated depreciation	(59,590,754)	(4,905,885)	38,846	(64,457,793)
Total capital assets, being depreciated, net	68,736,704	(3,239,058)	(70,122)	65,427,524
Governmental activities capital assets, net	\$ 90,808,264	\$ 3,293,975	\$ (306,856)	\$ 93,795,383

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

NOTE 6. CAPITAL ASSETS – CONTINUED

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

Governmental Activities:	
General administration	\$ 1,676,694
Judicial	107,974
Financial administration	23,568
Elections	44,176
Public safety and corrections	449,428
Health and welfare	14,201
Cultural and recreation	623,346
Highways and roads	1,963,049
Conservation and natural resources	3,449
Total depreciation expense - governmental activities	<u>\$ 4,905,885</u>

NOTE 7. EMPLOYEE RETIREMENT BENEFITS

Plan Description – Midland County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension 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 624 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, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits 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 annuity purchase rates prescribed by the TCDRS Act.

NOTE 7. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

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

The employer contribution rates for 2011 and 2012 were determined considering the commitment by the Midland County Hospital District to assume the obligation within the Midland County plan attributable to services performed by certain hospital district employees while they were County employees. This commitment is being carried out by an annual transfer from the hospital district's plan in TCDRS to the County's plan determined each year according to a written agreement.

Funding Policy - The employer 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 contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 12.00% for the fiscal year 2012.

The deposit rate payable by the employee members for calendar year 2012 is the rate of 7.0% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost – The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. For the employer's accounting year ended September 30, 2012 the required annual pension cost determined by TCDRS for the plan for the County's employees was \$2,467,874 and the County's actual contributions were \$2,807,060.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 82.49% percent funded. The actuarial accrued liability for benefits was \$81,938,970, and the actual value of assets was \$67,591,839 resulting in an unfunded actuarial accrued liability (UAAL) of \$14,347,131. The covered payroll (annual payroll of active employees covered by the plan) was \$23,528,901 and the ratio of the UAAL to the covered payroll was 60.98% percent.

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

NOTE 7. EMPLOYEE RETIREMENT BENEFITS – CONTINUED

Actuarial Valuation Information

Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	13.4	11.7	12.9
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

Trend Information

for the Retirement Plan for the Employees of Midland County

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2010	\$ 2,232,255	100%	\$ -
9/30/2011	2,338,241	100%	-
9/30/2012	2,807,060	100%	-

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits (described in Note 7), 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, 142 retirees meet those eligibility requirements and participate in the plan. The plan provides medical and prescription drug, and dental benefits.

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

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Funding Policy

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to 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.

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 142 retirees eligible to receive the post-employment health care benefits. During the year, the County contributed approximately \$484,256 to the health care fund for post-retirement health care for 112 employees. Additionally, a medical supplement for 18 employees was paid by the County in approximate amount of \$46,052.

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. The County has not implemented the requirements of GASB Statement No. 45 during the fiscal year ended September 30, 2012. However, the County did have its OPEB actuarial valuation performed for the fiscal year beginning October 1, 2010 as required by GASB. The County is providing all required disclosures related to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

The County's 2012 annual OPEB cost (expense) of \$3,503,214 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 2012 are as follows:

Annual required contribution	\$ 4,019,544
Interest on OPEB obligation	326,062
Adjustment to ARC	<u>(312,084)</u>
Annual OPEB cost (expense), end of year	4,033,522
Net employer contributions	<u>(530,308)</u>
Increase in net OPEB obligation (NOO)	3,503,214
Net OPEB obligation, beginning of the year	<u>9,228,241</u>
Net OPEB obligation, end of the year	<u><u>\$ 12,731,455</u></u>

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

NOTE 8. 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
9/30/2010	\$ 3,309,789	\$ 365,738	11.1%	\$ 5,765,313
9/30/2011	3,863,277	400,349	10.4%	9,228,241
9/30/2012	4,033,522	530,308	13.1%	12,731,455

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2012 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
10/1/2009	\$ -	\$35,127,859	\$ 35,127,859	0.00%	N/A	N/A
10/1/2010	-	39,134,433	39,134,433	0.00%	N/A	N/A
10/1/2011	-	42,229,870	42,229,870	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 \$ 42,229,870 at September 30, 2012.

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 8. 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 cost method
Amortization method:	Level percentage of payroll, closed
Amortization period in years:	30
Asset valuation method:	First year-not required
Actuarial assumptions: Discount Rate	Pay-as-you-go: 4.0% effective annual rate If pre-funded: 7.25% effective annual rate
Payroll:	3.5% per year
Healthcare trend rate:	9.0%

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 8. 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 2012. 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 9. DISCRETE COMPONENT UNIT

As discussed in Note 1A, the Midland Housing Finance Corporation is a component unit of the County. The Finance Corporation issued several bond issues. As of September 30, 2012, one issue was still outstanding. Even though the bonds are outstanding, there is no liability to either the Finance Corporation or the County (conduit debt), as all liability transfers to the trustee of the bond issue. There are no other material assets or liabilities of the Finance Corporation that do not follow the debt.

In 1994, a refunding bond issue was offered to refinance the outstanding debt at a lower interest rate. This refinancing yielded net proceeds to the Finance Corporation of approximately \$300,000. The proceeds have been invested along with funds of the City of Midland's Housing Corporation, into a Midland Housing Trust Fund that is administered by a local area foundation.

At September 30, 2012 the bond issue still outstanding had an approximate principal balance of \$160,000, at an effective interest rate of 6.388%.

NOTE 10. 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.

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

NOTE 10. INTERFUND TRANSACTIONS – CONTINUED

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

Individual fund interfund receivable and payable balances at September 30, 2012, arising from these transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 295,331	\$ 11,961,474
Special Revenue Funds		
Road and Bridge Fund	66,050	-
District Attorney Hot Check Fund	6,906	1,416
Law Library Fund	4,100	-
County Clerk Records Management Fund	7,228	-
Records Preservation Fund	2,777	-
District Clerk Records Management Fund	99,226	-
Juvenile Probation Fee Account Fund	623	-
Courthouse Security Fund	3,929	-
County Clerk Record Archives	7,062	-
County Clerk Vital Stat Preservation Fund	454	-
Voter Registration Chapter 19 Fund	-	4,140
Employee Activity	1,018	-
Dealer Inventory Fund	697	-
Justice Court Building Security Fund	59,520	-
Juvenile Case Management Fund	18,406	-
County Attorney State Supplement	120,216	-
Juvenile Delinquency Prevention	95	-
Pretrial Intervention Program Fund	333,106	-
Election Contracts	34,347	-
Unclaimed Juvenile Restitution	259	-
Court Records Preservation	65,251	-
Scofflaw Implementation Fee	6,710	-
Child Abuse Prevention	2,516	-
Appellate Justice System Fund	1,105	-
Guardianship Fund	44,029	-
Rabies Control	38,177	-
District Court Records Technology Fund	34,934	-
County and District Court Technology Fund	12,356	-
Justice Court Technology Fund	204,640	-
Donations SO Mounted Patrol	7,087	-
Donations Constable 4 Bulletproof Vest	500	-
Donations Horseshoe	182,616	-
Donations Sheriff's Office	85,703	-

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

NOTE 10. INTERFUND TRANSACTIONS – CONTINUED

	Interfund	
	Receivable	Payable
Donations Constable 4	481	
Donations Emergency Management	8,558	
L.E.O.S.E. Funds	11,440	-
District Attorney Drug Forfeiture	18,210	98
Sheriff - Local Drug Forfeiture	4,963	-
Sheriff - Federal Forfeiture Fund	120,781	-
Indigent Defense Improvement Grant	6,033	-
Office of Court Administration Fund	-	5,353
High Intensity Drug Trafficking Area Fund	135	-
Other Victims' Assistance Fund	-	4,079
Mental Health Deputies Fund	-	9,624
Crime Victim Services Fund	-	6,633
Donation SO Bulletproof Vest	3,283	-
Donation CIU Volunteer Support	924	-
Donation Teen Leadership	4,586	-
Donation Constable	10	-
Donation Fire Marshall	1,244	-
Juvenile Probation Grants	2,472	35,328
Justice Assistance Grants	14,560	-
Gates Public Access Comp HUG	1,233	-
Donation Cemetery Care	793	-
Donation Library	17,403	-
Lone Star Libraries Grant	18	-
Debt Service Fund	2,473	-
Capital Projects Fund	9,783,954	-
Internal Service Fund	218,842	196,529
Agency Funds		
District Clerk		21,656
County Clerk	32	4,934
District Attorney	-	30,126
Sheriff	-	3,924
Justice of the Peace Precinct #1	-	14,116
Justice of the Peace Precinct #2	570	19,908
Justice of the Peace Precinct #3	-	5,762
Justice of the Peace Precinct #4	228	4,942
Juvenile Probation	-	163
Tax Collector Assessor	-	269,526
Unclaimed Property	374	
CSCD - Basic Supervision	403,892	-
CSCD - Court Residential Treatment Center	174,151	-
CSCD - Substance Abuse Continuum	36,716	-
CSCD - Midland Outpatient Treatment Center	26,179	
CSCD - Federal RSTAT	-	11,781
	<u> </u>	<u> </u>
TOTAL	<u>\$ 12,611,512</u>	<u>\$ 12,611,512</u>

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

NOTE 10. INTERFUND TRANSACTIONS – CONTINUED

Interfund transfers for the year ended September 30, 2012 are as follows:

	Interfund	
	Transfers In	Transfers Out
General fund	\$ -	\$ 16,407,476
Road and bridge	1,000,000	-
Special revenue funds:		
County attorney hot check	-	4,500
County attorney state supplement	-	1,500
Sheriff federal forfeiture	72,024	-
District attorney drug forfeiture	24,361	-
Sheriff drug forfeiture	-	96,385
Mental health deputies	94,341	-
Internal service fund	1,000,000	-
Capital projects fund	14,319,135	-
Total	\$ 16,509,861	\$ 16,509,861

NOTE 11. 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, 2012:

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
Certificates of Obligation -					
Series 2004	\$ 7,455,000	\$ -	\$ 440,000	\$ 7,015,000	\$ 460,000
General Obligation Bonds-Series 2009	21,610,000	-	820,000	20,790,000	850,000
Unamortized Premium on General Obligation Bonds Series 2009	341,639	-	20,096	321,543	-
Capital lease obligation	-	16,000	6,250	9,750	7,500
Compensated Absences	1,906,553	147,421	-	2,053,974	500,000
	\$ 31,313,192	\$ 163,421	\$ 1,286,346	\$ 30,190,267	\$ 1,817,500

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

NOTE 11. LONG-TERM DEBT – CONTINUED

Bonds

Certificates of Obligation and General Obligation Bonds at September 30, 2012 consist of the following:

\$8,920,000 General Obligation Bonds, Series 2004, annual installments beginning 2005 through 2024, interest at 3.50% to 4.65%.	\$ 7,015,000
\$21,995,000 General Obligation Bonds, Series 2009, annual installments beginning 2011 through 2029, interest at 4.00% to 5.00%.	<u>20,790,000</u>
Total	<u><u>\$ 27,805,000</u></u>

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, 2012 is as follows:

Certificates of Obligation Bonds, Series 2004	Principal	Interest	Total
Year Ending September 30,			
2013	\$ 460,000	\$ 306,608	\$ 766,608
2014	480,000	288,208	768,208
2015	500,000	269,006	769,006
2016-2020	2,830,000	1,007,848	3,837,848
2021-2024	2,745,000	323,080	3,068,080
	<u>\$ 7,015,000</u>	<u>\$ 2,194,750</u>	<u>\$ 9,209,750</u>
General Obligation Bonds, Series 2009	Principal	Interest	Total
Year Ending September 30,			
2013	\$ 850,000	\$ 917,244	\$ 1,767,244
2014	885,000	882,544	1,767,544
2015	915,000	851,119	1,766,119
2016-2020	5,085,000	3,747,075	8,832,075
2021-2025	6,455,000	2,435,140	8,890,140
2026-2029	6,600,000	679,544	7,279,544
	<u>\$ 20,790,000</u>	<u>\$ 9,512,666</u>	<u>\$ 30,302,666</u>

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. LONG-TERM DEBT – CONTINUED

Capital Lease Obligation

The County entered into a lease accounted for as a capital lease. The leased asset and related obligation are accounted for in the governmental activities column of the statement of net assets. The asset under capital lease totaled \$16,000 at September 30, 2012 and is included in the capital assets being depreciated. The outstanding balance of the capital lease obligation at September 30, 2012 was \$9,750.

The following is a summary of debt service requirements for the capital lease obligation:

Capital Lease Obligation		
Year Ending September 30,		
2013		\$ 7,500
2014		2,250
		9,750
Minimum lease payments		9,750
Less: Amount representing interest		-
Present value of minimum lease payments		\$ 9,750

NOTE 12. 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.

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

NOTE 13. 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 and approximately \$5,860,239 in aggregate for all covered individuals are covered through a private insurance carrier. The County does accrue 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, 2010	\$ 735,304
Insured claims (including (IBNRs)	4,423,443
Claim payments	<u>(4,419,934)</u>
Unpaid claims, September 2011	738,813
Insured claims (including (IBNRs)	4,332,359
Claim payments	<u>(4,427,303)</u>
Unpaid claims, September 30, 2012	<u><u>\$ 643,869</u></u>

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

NOTE 14. OPERATING LEASES

The County's future minimum rental commitments for various equipment, accounted for as operating leases at September 30, 2012 are as follows:

<u>Operating Leases</u>	
Year Ending September 30,	
2013	\$ 162,416
2014	122,752
2015	85,715
2016	26,966
2017	<u>1,621</u>
Total future minimum rental commitments	<u>\$ 399,470</u>

Rental expense related to leased equipment totaled \$182,555 for the year ended September 30, 2012.

NOTE 15. 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 16. NEW PRONOUNCEMENTS

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statement No. 14 and No. 34* (GASB 61). This statement modifies certain requirements for inclusion of component units in the financial reporting entity, amends criteria for reporting component units as if they were part of the primary government and clarifies the reporting of equity interests in legally separate organizations. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2012.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements* (GASB 62). This statement incorporates into GASB authoritative literature certain accounting and financial reporting guidance issued by the FASB and AICPA on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63). The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65) to reclassify and recognize certain items as deferred outflows or inflows of resources, which were previously classified or reported as assets and liabilities. This statement is effective for financial statements for periods beginning after December 15, 2012.

In March 2012, the GASB issued Statement No. 66 *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62* to resolve two distinct areas of conflict in previously issued GASB Statements regarding *Risk Financing and Related Insurance Issues and Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 66). This statement is effective for financial statements for periods beginning after December 15, 2012.

In August 2012, the GASB issued Statement No. 68 *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No 27* (GASB 68) to address new accounting and financial reporting standards for the activities of certain pension plans that are administered through trusts. In particular, it established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement is effective for financial statements for periods beginning after June 15, 2014.

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

NOTE 16. NEW PRONOUNCEMENTS – CONTINUED

In January 2013, the GASB issued Statement No. 69 *Government Combinations and Disposals of Government Operations* (GASB 69) which is intended to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations, by providing guidance for accounting situations encountered in government environments. This statement is effective for financial statements for periods beginning after December 15, 2013.

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

REQUIRED SUPPLEMENTARY INFORMATION

**MIDLAND COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF MIDLAND COUNTY
YEAR ENDED SEPTEMBER 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll ¹ (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/07	\$58,811,095	\$66,783,548	\$7,972,453	88.06%	\$20,988,650	37.98%
12/31/08	58,262,129	71,011,042	12,748,913	82.05	22,164,723	57.52
12/31/09	64,286,908	76,406,832	12,119,924	84.14	23,000,218	52.69
12/31/10	67,467,863	80,783,053	13,315,190	83.52	23,691,572	56.20
12/31/11	67,591,839	81,938,970	14,347,131	82.49	23,528,901	60.98

¹The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

**MIDLAND COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012**

Revenues

- Property tax, penalties and interest
- Sales tax
- Hotel-motel tax
- Fines and forfeitures
- Licenses and permits
- Intergovernmental charges
- Charges for current services
- Investment income
- Other

Total revenues

Expenditures

- Current
 - General administration
 - Judicial
 - Financial administration
 - Elections
 - Public safety and corrections
 - Health and welfare
 - Culture and recreation
 - Conservation and natural resources
- Capital outlay
- Debt service

Total expenditures

Excess of revenues over expenditures

Other financing sources (uses)

- Capital lease proceeds
- Transfers (out)

Total other financing sources (uses)

Net change in fund balance

FUND BALANCE, beginning of year

FUND BALANCE, end of year

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 22,450,000	\$ 22,450,000	\$ 24,011,838	\$ 1,561,838
18,000,000	18,000,000	34,304,031	16,304,031
360,000	360,000	708,461	348,461
1,730,000	1,730,000	2,186,687	456,687
58,000	58,000	458,722	400,722
599,500	604,657	749,512	144,855
3,450,800	3,450,800	4,467,629	1,016,829
180,000	180,000	226,153	46,153
466,800	466,800	809,843	343,043
<u>47,295,100</u>	<u>47,300,257</u>	<u>67,922,876</u>	<u>20,622,619</u>
10,407,733	9,741,596	7,445,876	2,295,720
12,004,771	12,154,114	10,931,513	1,222,601
437,024	2,434,792	2,376,847	57,945
2,421,991	437,125	398,956	38,169
16,604,533	16,984,772	16,072,149	912,623
487,400	459,965	421,276	38,689
2,437,503	2,955,877	2,320,286	635,591
223,976	248,184	219,145	29,039
1,642,919	1,728,552	815,670	912,882
-	6,250	6,250	-
<u>46,667,850</u>	<u>47,151,227</u>	<u>41,007,968</u>	<u>6,143,259</u>
627,250	149,030	26,914,908	26,765,878
-	16,000	16,000	-
<u>(16,300,000)</u>	<u>(16,413,478)</u>	<u>(16,407,476)</u>	<u>6,002</u>
<u>(16,300,000)</u>	<u>(16,397,478)</u>	<u>(16,391,476)</u>	<u>6,002</u>
(15,672,750)	(16,248,448)	10,523,432	26,771,880
<u>55,766,108</u>	<u>55,766,108</u>	<u>55,766,108</u>	<u>-</u>
<u>\$ 40,093,358</u>	<u>\$ 39,517,660</u>	<u>\$ 66,289,540</u>	<u>\$ 26,771,880</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, 2012**

Revenues

Licenses
Intergovernmental charges
Investment income
Other revenues

Total revenues

Expenditures

Highways and roads
Salaries
Employee benefits
Departmental supplies and expenses
Maintenance and repair
Contract services
Utilities
Road maintenance and materials
Capital outlay

Total expenditures

Deficiency of revenues over expenditures

Other financing sources (uses)

Transfers in

Total other financing sources (uses)

Net change in fund balance

FUND BALANCE, beginning of year

FUND BALANCE, end of year

Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 1,704,000	\$ 1,704,000	\$ 2,369,145	\$ 665,145
24,000	24,000	24,331	331
2,000	2,000	6,042	4,042
6,000	6,000	285,754	279,754
<u>1,736,000</u>	<u>1,736,000</u>	<u>2,685,272</u>	<u>949,272</u>
999,000	999,000	897,210	101,790
496,000	496,000	438,694	57,306
256,925	271,825	254,494	17,331
202,500	267,500	247,741	19,759
309,000	309,300	224,228	85,072
5,984	5,984	5,961	23
1,324,000	1,233,000	584,398	648,602
564,000	576,300	584,736	(8,436)
<u>4,157,409</u>	<u>4,158,909</u>	<u>3,237,462</u>	<u>921,447</u>
(2,421,409)	(2,422,909)	(552,190)	1,870,719
<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
(1,421,409)	(1,422,909)	447,810	1,870,719
<u>3,408,332</u>	<u>3,408,332</u>	<u>3,408,332</u>	<u>-</u>
<u>\$ 1,986,923</u>	<u>\$ 1,985,423</u>	<u>\$ 3,856,142</u>	<u>\$ 1,870,719</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 Sheriff's Office
County Attorney Hot Check	Donations Constable 4
Law Library	Donations Emergency Management
County Clerk Records Management	L.E.O.S.E. Funds
Records Preservation	District Attorney Abell Hanger
District Clerk Records Management	District Attorney Drug Forfeiture
Juvenile Probation Fees	Sheriff Abell Hanger
Courthouse Security	Sheriff Local Drug Forfeiture
County Clerk Records Archive	Sheriff Federal Forfeiture
County Clerk Vital Statistics	Crime Victims Coordinator
Voter Registration Chapter 19	Indigent Defense Improvement Grant
Employee Activity	Office of Court Administration Grant
Dealer Inventory	High Intensity Drug Trafficking Area Grant
Justice Court Building Security	Other Victims Assistance Grant
Juvenile Case Management	Mental Health Deputies
County Attorney State Supplement	Colonia Housing 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 Dare Lioness Club
Court Records Preservation	Donation CIU Volunteer Support
Scofflaw Implementation Fee	Donation Teen Leadership Account
Child Abuse Prevention	Donation Constable
Appellate Justice System	Donation Fire Marshall
Guardianship	Title IV-E Federal Foster Care
Abandoned Motor Vehicles	Juvenile Probation State Grants
Rabies Control	Helping America Vote Act Grant
District Court Records Technology	Justice Assistance Grants
County and District Court Technology	ALA Lincoln Exhibit Grant
Justice Court Technology	Gates Public Access Comp HUG
Donations SO Mounted Patrol	Donation Cemetery Care
Donations Constable 4 Bulletproof Vest	Donation Library
Donation Horseshoe	Lone Star Libraries Grant

**MIDLAND COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012**

Revenues

Property tax, penalties and interest
Investment income

Total revenues

Expenditures

Debt service
2004 Certificates of obligation - principal
2004 Certificates of obligation - interest and fiscal charges
2009 Certificates of obligation - principal
2009 Certificates of obligation - interest and fiscal charges

Total expenditures

Net change in fund balance

FUND BALANCE, beginning of year

FUND BALANCE, end of year

Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ 2,538,900	\$ 2,538,900	\$ 2,604,093	\$ 65,193
1,100	1,100	2,093	993
<u>2,540,000</u>	<u>2,540,000</u>	<u>2,606,186</u>	<u>66,186</u>
440,000	440,000	440,000	-
327,000	327,000	324,508	2,492
820,000	820,000	820,000	-
953,000	953,000	950,844	2,156
<u>2,540,000</u>	<u>2,540,000</u>	<u>2,535,352</u>	<u>4,648</u>
-	-	70,834	70,834
<u>562,466</u>	<u>562,466</u>	<u>562,466</u>	<u>-</u>
<u>\$ 562,466</u>	<u>\$ 562,466</u>	<u>\$ 633,300</u>	<u>\$ 70,834</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, 2012**

Revenues

Investment income

Total revenues

Expenditures

Highways and roads

Capital outlay

Total expenditures

Deficiency of revenues

over expenditures

Other financing sources (uses)

Transfers in

Total other financing sources

Net change in fund balance

FUND BALANCE, beginning of year

FUND BALANCE, end of year

Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ 4,358	\$ 4,358
-	-	4,358	4,358
113,604	113,604	50,000	63,604
17,634,198	17,314,045	6,376,640	10,937,405
17,747,802	17,427,649	6,426,640	11,001,009
(17,747,802)	(17,427,649)	(6,422,282)	11,005,367
15,300,000	15,557,517	14,319,135	(1,238,382)
15,300,000	15,557,517	14,319,135	(1,238,382)
(2,447,802)	(1,870,132)	7,896,853	9,766,985
4,279,189	4,279,189	4,279,189	-
<u>\$ 1,831,387</u>	<u>\$ 2,409,057</u>	<u>\$ 12,176,042</u>	<u>\$ 9,766,985</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

	<u>District Attorney Hot Check</u>	<u>County Attorney Hot Check</u>	<u>Law Library</u>	<u>County Clerk Records Management</u>
ASSETS				
Cash	\$ -	\$ -	\$ 50	\$ -
Investments	205,991	-	80,058	350,304
Accounts receivable	-	-	-	-
Due from other funds	6,906	-	4,100	7,228
Due from other governmental agencies	-	-	-	-
Prepaid expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 212,897</u>	<u>\$ -</u>	<u>\$ 84,208</u>	<u>\$ 357,532</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 53	\$ -	\$ 3,023	\$ 38
Benefits payable	1,807	-	821	997
Due to other funds	1,416	-	-	-
Deferred grant revenue	-	-	-	-
Total liabilities	<u>3,276</u>	<u>-</u>	<u>3,844</u>	<u>1,035</u>
Fund balances				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Legislation	192,034	-	23,707	295,956
Federal and state grants	-	-	-	-
Committed				
Donations	-	-	-	-
Assigned				
Subsequent year's expenditures	17,587	-	56,657	60,541
Unassigned	-	-	-	-
Total fund balances	<u>209,621</u>	<u>-</u>	<u>80,364</u>	<u>356,497</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 212,897</u>	<u>\$ -</u>	<u>\$ 84,208</u>	<u>\$ 357,532</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
211,543	-	66,166	4,670	419,443	119,130
-	-	-	-	-	-
2,777	99,226	623	3,929	7,062	454
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 214,320</u>	<u>\$ 99,226</u>	<u>\$ 66,789</u>	<u>\$ 8,599</u>	<u>\$ 426,505</u>	<u>\$ 119,584</u>
\$ 5,137	\$ -	\$ -	\$ -	\$ 81,863	\$ -
-	-	-	1,046	264	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,137</u>	<u>-</u>	<u>-</u>	<u>1,046</u>	<u>82,127</u>	<u>-</u>
-	-	-	-	-	-
209,183	66,626	66,789	2,593	266,678	119,584
-	-	-	-	-	-
-	-	-	-	-	-
-	32,600	-	4,960	77,700	-
-	-	-	-	-	-
<u>209,183</u>	<u>99,226</u>	<u>66,789</u>	<u>7,553</u>	<u>344,378</u>	<u>119,584</u>
<u>\$ 214,320</u>	<u>\$ 99,226</u>	<u>\$ 66,789</u>	<u>\$ 8,599</u>	<u>\$ 426,505</u>	<u>\$ 119,584</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012
(CONTINUED)**

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory	Justice Court Building Security	Juvenile Case Management
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	3,506	29,149	-	-
Accounts receivable	-	1,007	-	-	-
Due from other funds	-	1,018	697	59,520	18,406
Due from other governmental agencies	4,194	-	-	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,194</u>	<u>\$ 5,531</u>	<u>\$ 29,846</u>	<u>\$ 59,520</u>	<u>\$ 18,406</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 54	\$ 371	\$ -	\$ -	\$ -
Benefits payable	-	-	63	-	1,019
Due to other funds	4,140	-	-	-	-
Deferred grant revenue	-	-	-	-	-
Total liabilities	<u>4,194</u>	<u>371</u>	<u>63</u>	<u>-</u>	<u>1,019</u>
Fund balances					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	-	13,383	55,220	13,887
Federal and state grants	-	-	-	-	-
Committed					
Donations	-	-	-	-	-
Assigned					
Subsequent year's expenditures	-	5,160	16,400	4,300	3,500
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>5,160</u>	<u>29,783</u>	<u>59,520</u>	<u>17,387</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,194</u>	<u>\$ 5,531</u>	<u>\$ 29,846</u>	<u>\$ 59,520</u>	<u>\$ 18,406</u>

County Attorney State Supplement	Juvenile Delinquency Prevention	Pretrial Intervention Program	Election Contracts	Unclaimed Juvenile Restitution	Court Records Preservation	Scofflaw Implementation Fee	Child Abuse Prevention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	7,623	-	-	-	-
120,216	95	333,106	34,347	259	65,251	6,710	2,516
-	-	-	9,300	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 120,216</u>	<u>\$ 95</u>	<u>\$ 333,106</u>	<u>\$ 51,270</u>	<u>\$ 259</u>	<u>\$ 65,251</u>	<u>\$ 6,710</u>	<u>\$ 2,516</u>
\$ 4,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113	-	1,387	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,925</u>	<u>-</u>	<u>1,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
54,591	-	299,590	51,270	259	65,251	6,710	1,837
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
60,700	95	32,129	-	-	-	-	679
-	-	-	-	-	-	-	-
<u>115,291</u>	<u>95</u>	<u>331,719</u>	<u>51,270</u>	<u>259</u>	<u>65,251</u>	<u>6,710</u>	<u>2,516</u>
<u>\$ 120,216</u>	<u>\$ 95</u>	<u>\$ 333,106</u>	<u>\$ 51,270</u>	<u>\$ 259</u>	<u>\$ 65,251</u>	<u>\$ 6,710</u>	<u>\$ 2,516</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012
(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	\$ -	\$ -	\$ 27,394	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	1,105	44,029	-	38,177	34,934
Due from other governmental agencies	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,105</u>	<u>\$ 44,029</u>	<u>\$ 27,394</u>	<u>\$ 38,177</u>	<u>\$ 34,934</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,105	\$ 650	\$ -	\$ -	\$ -
Benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-
Total liabilities	<u>1,105</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	17,379	27,394	28,177	34,934
Federal and state grants	-	-	-	-	-
Committed					
Donations	-	-	-	-	-
Assigned					
Subsequent year's expenditures	-	26,000	-	10,000	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>43,379</u>	<u>27,394</u>	<u>38,177</u>	<u>34,934</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,105</u>	<u>\$ 44,029</u>	<u>\$ 27,394</u>	<u>\$ 38,177</u>	<u>\$ 34,934</u>

<u>County and District Court Technology</u>	<u>Justice Court Technology</u>	<u>Donations SO Mounted Patrol</u>	<u>Donations Const 4 Bulletproof Vest</u>	<u>Donations Horseshoe</u>	<u>Donations Sheriff's Office</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	29
12,356	204,640	7,087	500	182,616	85,703
-	-	-	-	-	-
<u>\$ 12,356</u>	<u>\$ 204,640</u>	<u>\$ 7,087</u>	<u>\$ 500</u>	<u>\$ 182,616</u>	<u>\$ 85,732</u>
\$ -	\$ -	\$ 200	\$ -	\$ 10,410	\$ 2,302
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>10,410</u>	<u>2,302</u>
-	-	-	-	-	-
2,896	170,725	-	-	-	-
-	-	-	-	-	-
-	-	1,519	500	22,206	53,430
9,460	33,915	5,368	-	150,000	30,000
-	-	-	-	-	-
<u>12,356</u>	<u>204,640</u>	<u>6,887</u>	<u>500</u>	<u>172,206</u>	<u>83,430</u>
<u>\$ 12,356</u>	<u>\$ 204,640</u>	<u>\$ 7,087</u>	<u>\$ 500</u>	<u>\$ 182,616</u>	<u>\$ 85,732</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012
(CONTINUED)**

	<u>Donations Constable 4</u>	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Abell Hanger</u>	<u>District Attorney Drug Forfeiture</u>
ASSETS					
Cash	\$ -	\$ -	\$ 3,319	\$ -	\$ -
Investments	-	-	-	4,430	104,795
Accounts receivable	-	-	-	-	-
Due from other funds	481	8,558	11,440	-	18,210
Due from other governmental agencies	-	-	-	-	-
Prepaid expenses	-	-	-	-	234
TOTAL ASSETS	<u>\$ 481</u>	<u>\$ 8,558</u>	<u>\$ 14,759</u>	<u>\$ 4,430</u>	<u>\$ 123,239</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 12,748
Benefits payable	-	-	-	-	170
Due to other funds	-	-	-	-	98
Deferred grant revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,016</u>
Fund balances					
Nonspendable					
Prepays	-	-	-	-	234
Restricted					
Legislation	-	-	10,232	-	62,767
Federal and state grants	-	-	-	-	-
Committed					
Donations	-	-	-	1,330	-
Assigned					
Subsequent year's expenditures	481	8,558	4,527	3,100	47,222
Unassigned	-	-	-	-	-
Total fund balances	<u>481</u>	<u>8,558</u>	<u>14,759</u>	<u>4,430</u>	<u>110,223</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 481</u>	<u>\$ 8,558</u>	<u>\$ 14,759</u>	<u>\$ 4,430</u>	<u>\$ 123,239</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Crime Victims Coordinator</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
778	-	199,954	-	-	-
-	-	795	-	-	-
-	4,963	120,781	-	6,033	-
-	-	-	-	-	5,575
-	-	200	-	-	-
<u>\$ 778</u>	<u>\$ 4,963</u>	<u>\$ 321,730</u>	<u>\$ -</u>	<u>\$ 6,033</u>	<u>\$ 5,575</u>
\$ -	\$ 4,963	\$ 22,702	\$ -	\$ -	\$ -
-	-	-	-	-	222
-	-	-	-	-	5,353
-	-	-	-	-	-
-	4,963	22,702	-	-	5,575
-	-	200	-	-	-
-	-	115,998	-	-	-
-	-	-	-	-	-
65	-	-	-	-	-
713	-	182,830	-	6,033	-
-	-	-	-	-	-
<u>778</u>	<u>-</u>	<u>299,028</u>	<u>-</u>	<u>6,033</u>	<u>-</u>
<u>\$ 778</u>	<u>\$ 4,963</u>	<u>\$ 321,730</u>	<u>\$ -</u>	<u>\$ 6,033</u>	<u>\$ 5,575</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012
(CONTINUED)**

	<u>High Intensity Drug Trafficking Area</u>	<u>Other Victims' Assistance Grant</u>	<u>Mental Health Deputies</u>	<u>Colonia Housing Grant</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	135	-	-	-
Due from other governmental agencies	-	4,821	11,667	84,363
Prepaid expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 135</u>	<u>\$ 4,821</u>	<u>\$ 11,667</u>	<u>\$ 84,363</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 135	\$ -	\$ -	\$ 84,363
Benefits payable	-	742	2,043	-
Due to other funds	-	4,079	9,624	-
Deferred grant revenue	-	-	-	-
Total liabilities	<u>135</u>	<u>4,821</u>	<u>11,667</u>	<u>84,363</u>
Fund balances				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Legislation	-	-	-	-
Federal and state grants	-	-	-	-
Committed				
Donations	-	-	-	-
Assigned				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 135</u>	<u>\$ 4,821</u>	<u>\$ 11,667</u>	<u>\$ 84,363</u>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation Dare Lioness Club</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	3,283	-	924	4,586	10
-	7,111	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 7,111</u>	<u>\$ 3,283</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 4,586</u>	<u>\$ 10</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	478	-	-	-	-	-
-	6,633	-	-	-	-	-
-	-	-	-	-	-	-
-	7,111	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	10
-	-	3,283	-	924	4,586	-
-	-	-	-	-	-	-
-	-	3,283	-	924	4,586	10
<u>\$ -</u>	<u>\$ 7,111</u>	<u>\$ 3,283</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 4,586</u>	<u>\$ 10</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012
(CONTINUED)**

	<u>Donation Fire Marshall</u>	<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>Helping America Vote Act Grant</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	233,425	-	-
Accounts receivable	-	-	-	-
Due from other funds	1,244	-	2,472	-
Due from other governmental agencies	-	1,526	77,201	-
Prepaid expenses	-	-	450	-
TOTAL ASSETS	<u>\$ 1,244</u>	<u>\$ 234,951</u>	<u>\$ 80,123</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 44,795	\$ -
Benefits payable	-	-	-	-
Due to other funds	-	-	35,328	-
Deferred grant revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>80,123</u>	<u>-</u>
Fund balances				
Nonspendable				
Prepays	-	-	450	-
Restricted				
Legislation	-	-	-	-
Federal and state grants	-	234,951	-	-
Committed				
Donations	-	-	-	-
Assigned				
Subsequent year's expenditures	1,244	-	-	-
Unassigned	-	-	(450)	-
Total fund balances	<u>1,244</u>	<u>234,951</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,244</u>	<u>\$ 234,951</u>	<u>\$ 80,123</u>	<u>\$ -</u>

<u>Justice Assistance Grants</u>	<u>ALA Lincoln Exhibit Grant</u>	<u>Gates Public Access Comp HUG</u>	<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,763
-	-	-	-	-	-	2,033,342
-	-	-	-	-	-	9,454
14,560	-	1,233	793	17,403	18	1,602,720
-	-	-	-	-	-	205,758
-	-	-	-	-	-	884
<u>\$ 14,560</u>	<u>\$ -</u>	<u>\$ 1,233</u>	<u>\$ 793</u>	<u>\$ 17,403</u>	<u>\$ 18</u>	<u>\$ 3,882,921</u>

\$ -	\$ -	\$ -	\$ -	\$ 1,126	\$ -	\$ 280,850
-	-	-	-	-	-	11,172
-	-	-	-	-	-	66,671
14,500	-	-	-	-	-	14,500
<u>14,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>-</u>	<u>373,193</u>

-	-	-	-	-	-	884
-	-	-	-	-	-	2,275,650
60	-	1,233	-	-	18	236,262
-	-	-	793	4,381	-	84,234
-	-	-	-	11,896	-	913,148
-	-	-	-	-	-	(450)
<u>60</u>	<u>-</u>	<u>1,233</u>	<u>793</u>	<u>16,277</u>	<u>18</u>	<u>3,509,728</u>
<u>\$ 14,560</u>	<u>\$ -</u>	<u>\$ 1,233</u>	<u>\$ 793</u>	<u>\$ 17,403</u>	<u>\$ 18</u>	<u>\$ 3,882,921</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2012**

	<u>District Attorney Hot Check</u>	<u>County Attorney Hot Check</u>	<u>Law Library</u>	<u>County Clerk Records Management</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,500	-	-	-
Charges for services	69,070	-	97,668	148,235
Investment income	-	-	-	379
Other revenue	-	-	-	-
Total revenues	<u>91,570</u>	<u>-</u>	<u>97,668</u>	<u>148,614</u>
EXPENDITURES				
Current				
General administration	-	-	-	-
Judicial	81,036	-	113,884	100,553
Financial administration	-	-	-	-
Elections	-	-	-	-
Public safety and corrections	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	28,358
Total expenditures	<u>81,036</u>	<u>-</u>	<u>113,884</u>	<u>128,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,534</u>	<u>-</u>	<u>(16,216)</u>	<u>19,703</u>
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	(4,500)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,534	(4,500)	(16,216)	19,703
FUND BALANCES, beginning of year	<u>199,087</u>	<u>4,500</u>	<u>96,580</u>	<u>336,794</u>
FUND BALANCES, end of year	<u>\$ 209,621</u>	<u>\$ -</u>	<u>\$ 80,364</u>	<u>\$ 356,497</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
64,916	13,928	10,332	82,040	143,433	11,767
222	-	5	12	868	250
-	-	-	-	29,452	-
<u>65,138</u>	<u>13,928</u>	<u>10,337</u>	<u>82,052</u>	<u>173,753</u>	<u>12,017</u>
-	-	-	-	-	-
13,193	-	-	83,718	223,276	1,159
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,007	-	-	-	-	-
<u>42,200</u>	<u>-</u>	<u>-</u>	<u>83,718</u>	<u>223,276</u>	<u>1,159</u>
<u>22,938</u>	<u>13,928</u>	<u>10,337</u>	<u>(1,666)</u>	<u>(49,523)</u>	<u>10,858</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
22,938	13,928	10,337	(1,666)	(49,523)	10,858
186,245	85,298	56,452	9,219	393,901	108,726
<u>\$ 209,183</u>	<u>\$ 99,226</u>	<u>\$ 66,789</u>	<u>\$ 7,553</u>	<u>\$ 344,378</u>	<u>\$ 119,584</u>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory	Justice Court Building Security	Juvenile Case Management
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ 2,326	\$ 9,540	\$ 47,707
Intergovernmental	-	-	-	-	-
Charges for services	34,909	10,715	-	-	-
Investment income	-	-	3,529	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>34,909</u>	<u>10,715</u>	<u>5,855</u>	<u>9,540</u>	<u>47,707</u>
EXPENDITURES					
Current					
General administration	-	13,846	-	-	-
Judicial	-	-	-	555	-
Financial administration	-	-	12,476	-	-
Elections	34,909	-	-	-	-
Public safety and corrections	-	-	-	-	65,371
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>34,909</u>	<u>13,846</u>	<u>12,476</u>	<u>555</u>	<u>65,371</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,131)</u>	<u>(6,621)</u>	<u>8,985</u>	<u>(17,664)</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	-	(3,131)	(6,621)	8,985	(17,664)
FUND BALANCES, beginning of year	<u>-</u>	<u>8,291</u>	<u>36,404</u>	<u>50,535</u>	<u>35,051</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 5,160</u>	<u>\$ 29,783</u>	<u>\$ 59,520</u>	<u>\$ 17,387</u>

<u>County Attorney State Supplement</u>	<u>Juvenile Delinquency Prevention</u>	<u>Pretrial 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>
\$ -	\$ -	\$ -	\$ -	\$ 259	\$ -	\$ 6,710	\$ -
125,000	-	-	-	-	-	-	-
-	-	168,546	43,527	-	25,481	-	1,136
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>125,000</u>	<u>-</u>	<u>168,546</u>	<u>43,527</u>	<u>259</u>	<u>25,481</u>	<u>6,710</u>	<u>1,136</u>
-	-	-	-	-	-	-	-
71,919	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	39,570	-	-	-	-
-	-	182,533	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>71,919</u>	<u>-</u>	<u>182,533</u>	<u>39,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
53,081	-	(13,987)	3,957	259	25,481	6,710	1,136
-	-	-	-	-	-	-	-
<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
51,581	-	(13,987)	3,957	259	25,481	6,710	1,136
63,710	95	345,706	47,313	-	39,770	-	1,380
<u>\$ 115,291</u>	<u>\$ 95</u>	<u>\$ 331,719</u>	<u>\$ 51,270</u>	<u>\$ 259</u>	<u>\$ 65,251</u>	<u>\$ 6,710</u>	<u>\$ 2,516</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

	<u>Appellate Justice System</u>	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>	<u>District Court Records Technology</u>
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	10,525	-	-	-
Charges for services	-	-	16,678	-	12,323
Investment income	-	-	125	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>10,525</u>	<u>16,803</u>	<u>-</u>	<u>12,323</u>
EXPENDITURES					
Current					
General administration	-	-	-	-	-
Judicial	-	650	-	-	-
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	-	2,546	-	-
Health and welfare	-	-	-	10,362	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>650</u>	<u>2,546</u>	<u>10,362</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>9,875</u>	<u>14,257</u>	<u>(10,362)</u>	<u>12,323</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	-	9,875	14,257	(10,362)	12,323
FUND BALANCES, beginning of year	<u>-</u>	<u>33,504</u>	<u>13,137</u>	<u>48,539</u>	<u>22,611</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 43,379</u>	<u>\$ 27,394</u>	<u>\$ 38,177</u>	<u>\$ 34,934</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>
\$ -	\$ 39,062	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
6,348	-	-	-	-	-
-	-	-	-	-	-
-	-	8,080	-	-	61,867
<u>6,348</u>	<u>39,062</u>	<u>8,080</u>	<u>-</u>	<u>-</u>	<u>61,867</u>
-	-	-	-	-	-
-	15,180	-	-	-	-
-	-	-	-	-	-
-	-	5,947	-	-	24,450
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	10,410	2,679
<u>-</u>	<u>15,180</u>	<u>5,947</u>	<u>-</u>	<u>10,410</u>	<u>27,129</u>
<u>6,348</u>	<u>23,882</u>	<u>2,133</u>	<u>-</u>	<u>(10,410)</u>	<u>34,738</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
6,348	23,882	2,133	-	(10,410)	34,738
<u>6,008</u>	<u>180,758</u>	<u>4,754</u>	<u>500</u>	<u>182,616</u>	<u>48,692</u>
<u>\$ 12,356</u>	<u>\$ 204,640</u>	<u>\$ 6,887</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 83,430</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

	<u>Donations Constable 4</u>	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Abell Hanger</u>	<u>District Attorney Drug Forfeiture</u>
REVENUES					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 26,676
Intergovernmental	-	-	2,633	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	110	-	93
Other revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>2,743</u>	<u>-</u>	<u>26,769</u>
EXPENDITURES					
Current					
General administration	-	-	-	-	-
Judicial	-	-	-	-	17,609
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	420	5,240	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>420</u>	<u>5,240</u>	<u>-</u>	<u>17,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(420)</u>	<u>(2,497)</u>	<u>-</u>	<u>9,160</u>
Other financing sources (uses)					
Operating transfers in	-	-	-	-	24,361
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,361</u>
Net change in fund balances	-	(420)	(2,497)	-	33,521
FUND BALANCES, beginning of year	<u>481</u>	<u>8,978</u>	<u>17,256</u>	<u>4,430</u>	<u>76,702</u>
FUND BALANCES, end of year	<u>\$ 481</u>	<u>\$ 8,558</u>	<u>\$ 14,759</u>	<u>\$ 4,430</u>	<u>\$ 110,223</u>

Sheriff Abell Hanger	Sheriff Local Drug Forfeiture	Sheriff Federal Forfeiture	Crime Victims Coordinator	Indigent Defense Improvement Grant	Office of Court Administration Grant
\$ -	\$ -	\$ 240,980	\$ -	\$ -	\$ -
-	-	-	-	-	24,254
-	-	-	-	-	-
-	-	157	-	-	1
-	-	-	-	-	-
-	-	241,137	-	-	24,255
-	-	-	-	-	-
-	-	-	-	-	24,255
-	-	-	-	-	-
-	-	-	-	-	-
58	5,898	85,575	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	14,220	576	-	-	-
58	20,118	86,151	-	-	24,255
(58)	(20,118)	154,986	-	-	-
-	-	72,024	-	-	-
-	(96,385)	-	-	-	-
-	(96,385)	72,024	-	-	-
(58)	(116,503)	227,010	-	-	-
836	116,503	72,018	-	6,033	-
<u>\$ 778</u>	<u>\$ -</u>	<u>\$ 299,028</u>	<u>\$ -</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, 2012
(CONTINUED)**

	<u>High Intensity Drug Trafficking Area</u>	<u>Other Victims' Assistance Grant</u>	<u>Mental Health Deputies</u>	<u>Colonia Housing Grant</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,404	42,246	70,000	84,363
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>15,404</u>	<u>42,246</u>	<u>70,000</u>	<u>84,363</u>
EXPENDITURES				
Current				
General administration	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Elections	-	-	-	-
Public safety and corrections	15,404	-	-	-
Health and welfare	-	42,246	164,341	84,363
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>15,404</u>	<u>42,246</u>	<u>164,341</u>	<u>84,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(94,341)</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers in	-	-	94,341	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>94,341</u>	<u>-</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 Dare Lioness Club</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,085	42,055	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,488	-	740	1,650	-
<u>2,085</u>	<u>42,055</u>	<u>1,488</u>	<u>-</u>	<u>740</u>	<u>1,650</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	707	-	580	-	-
2,085	42,055	-	-	-	4,737	-
-	-	-	100	-	-	-
-	-	-	-	-	-	-
<u>2,085</u>	<u>42,055</u>	<u>707</u>	<u>100</u>	<u>580</u>	<u>4,737</u>	<u>-</u>
-	-	781	(100)	160	(3,087)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	781	(100)	160	(3,087)	-
-	-	2,502	100	764	7,673	10
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,283</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 4,586</u>	<u>\$ 10</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2012
(CONTINUED)**

	<u>Donation Fire Marshall</u>	<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>Helping America Vote Act Grant</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	19,646	886,637	52,557
Charges for services	-	-	-	-
Investment income	-	481	-	-
Other revenue	1,000	-	-	-
Total revenues	<u>1,000</u>	<u>20,127</u>	<u>886,637</u>	<u>52,557</u>
EXPENDITURES				
Current				
General administration	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Elections	-	-	-	52,557
Public safety and corrections	287	-	886,637	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>287</u>	<u>-</u>	<u>886,637</u>	<u>52,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>713</u>	<u>20,127</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	713	20,127	-	-
FUND BALANCES, beginning of year	<u>531</u>	<u>214,824</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 1,244</u>	<u>\$ 234,951</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Justice Assistance Grants</u>	<u>ALA Lincoln Exhibit Grant</u>	<u>Gates Public Access Comp HUG</u>	<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373,260
1,417	750	-	-	-	-	1,402,072
-	-	-	-	-	-	961,052
69	-	-	-	-	-	6,301
-	-	-	-	15,502	-	119,779
<u>1,486</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>15,502</u>	<u>-</u>	<u>2,862,464</u>
-	-	-	-	-	-	13,846
1,571	-	-	-	-	-	748,558
-	-	-	-	-	-	12,476
-	-	-	-	-	-	127,036
-	-	-	-	-	-	1,281,653
-	-	-	-	-	-	350,189
-	750	-	-	10,839	-	11,689
-	-	-	-	-	-	85,250
<u>1,571</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>10,839</u>	<u>-</u>	<u>2,630,697</u>
<u>(85)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,663</u>	<u>-</u>	<u>231,767</u>
-	-	-	-	-	-	190,726
-	-	-	-	-	-	(102,385)
-	-	-	-	-	-	88,341
<u>(85)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,663</u>	<u>-</u>	<u>320,108</u>
<u>145</u>	<u>-</u>	<u>1,233</u>	<u>793</u>	<u>11,614</u>	<u>18</u>	<u>3,189,620</u>
<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 1,233</u>	<u>\$ 793</u>	<u>\$ 16,277</u>	<u>\$ 18</u>	<u>\$ 3,509,728</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 ASSETS
SEPTEMBER 30, 2012**

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
ASSETS				
Cash	\$ 840	\$ -	\$ -	\$ 840
Investments	4,751,578	1,666,595	-	6,418,173
Accounts receivable	11,903	78,689	-	90,592
Due from other funds	2,776	-	216,066	218,842
Prepaid assets	-	-	26,662	26,662
Total assets	<u>4,767,097</u>	<u>1,745,284</u>	<u>242,728</u>	<u>6,755,109</u>
LIABILITIES				
Accounts payable	224,407	673,482	35,469	933,358
Due to other funds	-	196,529	-	196,529
Total liabilities	<u>224,407</u>	<u>870,011</u>	<u>35,469</u>	<u>1,129,887</u>
NET ASSETS				
Unrestricted	<u>4,542,690</u>	<u>875,273</u>	<u>207,259</u>	<u>5,625,222</u>
Total net assets	<u><u>\$ 4,542,690</u></u>	<u><u>\$ 875,273</u></u>	<u><u>\$ 207,259</u></u>	<u><u>\$ 5,625,222</u></u>

**MIDLAND COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012**

OPERATING REVENUES

Charges for services

Total operating revenues

OPERATING EXPENSES

Fleet maintenance

Claims expense

Administration costs

Premium cost

Professional services

Total operating expenses

OPERATING INCOME (LOSS)

NONOPERATING REVENUES

Investment income

Miscellaneous income

Total nonoperating revenues

Income (loss) before transfers

TRANSFERS IN

CHANGE IN NET ASSETS

NET ASSETS, beginning of year

NET ASSETS, end of year

Risk Management	Health Care	Fleet Maintenance	Totals
\$ 981,664	\$ 5,021,712	\$ 456,600	\$ 6,459,976
981,664	5,021,712	456,600	6,459,976
-	-	442,015	442,015
-	4,596,527	-	4,596,527
152,499	549,432	-	701,931
370,621	368,438	-	739,059
30,742	-	-	30,742
553,862	5,514,397	442,015	6,510,274
427,802	(492,685)	14,585	(50,298)
9,800	783	-	10,583
-	3,475	-	3,475
9,800	4,258	-	14,058
437,602	(488,427)	14,585	(36,240)
-	1,000,000	-	1,000,000
437,602	511,573	14,585	963,760
4,105,088	363,700	192,674	4,661,462
<u>\$ 4,542,690</u>	<u>\$ 875,273</u>	<u>\$ 207,259</u>	<u>\$ 5,625,222</u>

**MIDLAND COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from charges for services
Cash paid for services

Net cash provided by operating activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers in

Net cash provided by noncapital financing activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments
Investment income received
Miscellaneous income received

Net cash used in investing activities

Net change in cash

CASH, beginning of year

CASH, end of year

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating income (loss)

Adjustments to reconcile operating income (loss) to net cash

Provided (used) by operating activities

Accounts receivable
Due from other funds
Prepaid assets
Accounts payable
Due to other funds

Total adjustments

Net cash provided by (used in) operating activities

Risk Management	Health Care	Fleet Maintenance	Totals
\$ 981,664 (671,508)	\$ 4,953,084 (4,540,766)	\$ 456,600 (456,600)	\$ 6,391,348 (5,668,874)
<u>310,156</u>	<u>412,318</u>	<u>-</u>	<u>722,474</u>
-	1,000,000	-	1,000,000
-	1,000,000	-	1,000,000
(319,947) 9,800 -	(1,416,576) 783 3,475	- - -	(1,736,523) 10,583 3,475
<u>(310,147)</u>	<u>(1,412,318)</u>	<u>-</u>	<u>(1,722,465)</u>
9	-	-	9
<u>831</u>	<u>-</u>	<u>-</u>	<u>831</u>
<u>\$ 840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840</u>
<u>\$ 427,802</u>	<u>\$ (492,685)</u>	<u>\$ 14,585</u>	<u>\$ (50,298)</u>
(11,903) (2,776) 37,500 (140,467) -	(68,628) 855,796 - (78,694) 196,529	- (43,721) - 29,136 -	(80,531) 809,299 37,500 (190,025) 196,529
<u>(117,646)</u>	<u>905,003</u>	<u>(14,585)</u>	<u>772,772</u>
<u>\$ 310,156</u>	<u>\$ 412,318</u>	<u>\$ -</u>	<u>\$ 722,474</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 Court Residential Treatment Center
CS&CD Substance Abuse Continuum
CS&CD Midland Outpatient Treatment Center
CS&CD Federal RSTAT
Bail Security Fund

**MIDLAND COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2012**

	<u>District Clerk</u>	<u>County Clerk</u>	<u>District Attorney</u>	<u>Sheriff</u>
ASSETS				
Cash	\$ 3,190,572	\$ 831,388	\$ 168,897	\$ 663,932
Investments	10,520,704	1,536,512	-	-
Accounts receivable	-	1,110	-	-
Due from other funds	-	32	-	-
Due from other governmental agencies	-	-	-	-
Total assets	<u>\$13,711,276</u>	<u>\$ 2,369,042</u>	<u>\$ 168,897</u>	<u>\$ 663,932</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	21,656	4,934	30,126	3,924
Due to other governmental agencies	-	-	-	-
Other liabilities	-	10,036	-	-
Funds held for others	<u>13,689,620</u>	<u>2,354,072</u>	<u>138,771</u>	<u>660,008</u>
Total liabilities	<u>\$13,711,276</u>	<u>\$ 2,369,042</u>	<u>\$ 168,897</u>	<u>\$ 663,932</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>
\$ 29,841	\$ 21,667	\$ 20,423	\$ 5,025	\$ 10,388
-	-	-	-	-
-	-	-	-	-
-	570	-	228	-
-	-	-	-	-
<u>\$ 29,841</u>	<u>\$ 22,237</u>	<u>\$ 20,423</u>	<u>\$ 5,253</u>	<u>\$ 10,388</u>
\$ -	\$ -	\$ -	\$ -	\$ -
14,116	19,908	5,762	4,942	163
-	-	-	-	-
-	3	-	-	-
<u>15,725</u>	<u>2,326</u>	<u>14,661</u>	<u>311</u>	<u>10,225</u>
<u>\$ 29,841</u>	<u>\$ 22,237</u>	<u>\$ 20,423</u>	<u>\$ 5,253</u>	<u>\$ 10,388</u>

**MIDLAND COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2012
(CONTINUED)**

	<u>Tax Assessor Collector</u>	<u>Constable Precinct 3</u>	<u>Constable Precinct 4</u>	<u>Unclaimed Property Fund</u>
ASSETS				
Cash	\$ 1,279,977	\$ 3,320	\$ 104	\$ -
Investments	-	-	-	21,849
Accounts receivable	214,499	-	-	-
Due from other funds	-	-	-	374
Due from other governmental agencies	-	-	-	-
Total assets	<u>\$ 1,494,476</u>	<u>\$ 3,320</u>	<u>\$ 104</u>	<u>\$ 22,223</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	269,526	-	-	-
Due to other governmental agencies	445,430	-	-	-
Other liabilities	14	-	101	-
Funds held for others	<u>779,506</u>	<u>3,320</u>	<u>3</u>	<u>22,223</u>
Total liabilities	<u>\$ 1,494,476</u>	<u>\$ 3,320</u>	<u>\$ 104</u>	<u>\$ 22,223</u>

<u>CS&CD Basic Supervision</u>	<u>CS&CD Court Residential Treatment Center</u>	<u>CS&CD Substance Abuse Continuum</u>	<u>CS&CD Midland Outpatient Treatment Center</u>	<u>CS&CD Federal RSTAT</u>	<u>Bail Security Fund</u>	<u>Totals</u>
\$ 300	\$ 131,346	\$ 23,918	\$ 35,153	\$ -	\$ 82,418	\$ 6,498,669
89,980	-	-	-	-	-	12,169,045
1,478	209	-	-	13,743	-	231,039
403,892	174,151	36,716	26,179	-	-	642,142
22,972	3,413	-	-	-	-	26,385
<u>\$ 518,622</u>	<u>\$ 309,119</u>	<u>\$ 60,634</u>	<u>\$ 61,332</u>	<u>\$ 13,743</u>	<u>\$ 82,418</u>	<u>\$ 19,567,280</u>
\$ 32,063	\$ 17,714	\$ 2,899	\$ 1,501	\$ 1,962	\$ -	\$ 56,139
-	-	-	-	11,781	-	386,838
-	-	-	-	-	-	445,430
-	-	-	-	-	-	10,154
486,559	291,405	57,735	59,831	-	82,418	18,668,719
<u>\$ 518,622</u>	<u>\$ 309,119</u>	<u>\$ 60,634</u>	<u>\$ 61,332</u>	<u>\$ 13,743</u>	<u>\$ 82,418</u>	<u>\$ 19,567,280</u>

STATISTICAL DATA

(Unaudited)

MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

Governmental Activities	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Invested in capital assets, net of related debt	\$ 9,000,353	\$ 10,868,218	\$ 12,122,531	\$ 18,721,143	\$ 41,600,943	\$ 49,483,673	\$ 55,495,757	\$ 64,661,102	\$ 65,543,884	\$ 68,648,802
Restricted, debt service	102,178	125,457	172,698	255,630	290,012	334,702	-	-	439,114	515,403
Unrestricted	<u>22,516,541</u>	<u>26,358,912</u>	<u>35,030,589</u>	<u>38,853,407</u>	<u>46,236,268</u>	<u>54,228,563</u>	<u>58,367,497</u>	<u>55,514,056</u>	<u>74,121,687</u>	<u>95,759,386</u>
Total governmental activities net assets	<u>\$ 31,619,072</u>	<u>\$ 37,352,587</u>	<u>\$ 47,325,818</u>	<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>\$ 164,923,591</u>

Source: Current and prior years' financial statements

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

MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General administration	\$ 709,445	\$ 635,184	\$ 651,414	\$ 655,213	\$ 852,800	\$ 657,461	\$ 645,373	\$ 659,537	\$ 775,489	\$ 970,332
Judicial	3,375,799	4,002,898	4,142,704	4,790,859	5,610,758	5,877,651	5,289,739	4,691,923	6,863,427	5,682,820
Financial administration	-	-	-	-	-	-	-	-	-	-
Elections	-	-	-	33,367	29,581	38,585	43,444	39,300	36,258	43,527
Public safety and corrections	804,873	812,878	758,877	950,413	1,158,026	1,485,117	1,512,307	1,303,540	1,275,375	1,334,539
Health and welfare	41,801	24,191	22,400	91,812	23,225	25,000	33,268	26,875	26,500	24,800
Culture and recreation	34,043	36,238	29,934	15,950	184,077	253,525	313,888	41,782	315,229	393,712
Conservation and natural resources	-	-	-	-	-	-	-	-	-	-
Highways and roads	2,202,961	2,267,191	2,303,724	2,840,532	2,557,178	2,584,791	2,492,414	2,126,853	2,443,223	2,369,145
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,692,429	1,787,502	1,919,582	2,123,384	1,712,774	1,929,944	1,886,721	2,723,498	1,897,441	2,284,436
Capital grants and contributions	-	-	1,583,440	131,996	-	596,536	109,478	-	20,000	17,502
Total primary government program revenues	8,861,351	9,566,082	11,412,075	11,633,526	12,128,419	13,448,610	12,326,632	11,613,308	13,652,942	13,120,813
Expenses										
Governmental activities:										
General administration	3,944,207	3,899,665	4,604,171	4,598,481	5,018,395	5,842,303	6,412,572	8,774,777	7,805,076	9,161,103
Judicial	7,605,271	7,608,017	7,892,786	8,839,459	9,404,107	9,477,608	10,439,343	11,493,494	11,668,648	11,883,961
Financial administration	1,716,008	1,749,850	1,860,240	1,746,971	1,983,328	2,029,845	2,149,279	2,141,795	2,208,608	2,420,644
Elections	323,222	334,939	263,873	486,447	361,518	639,164	446,817	505,182	446,412	571,875
Public safety and corrections	12,041,794	12,311,822	13,304,994	14,653,714	16,129,867	15,492,378	17,293,520	18,123,535	17,053,222	17,858,374
Health and welfare	298,878	306,437	320,623	328,326	305,340	1,442,134	872,397	824,170	703,140	788,022
Culture and recreation	1,306,096	1,307,112	1,415,549	2,286,966	2,811,288	2,885,955	3,050,567	2,893,345	2,734,693	2,965,887
Conservation and natural resources	165,655	177,897	170,982	193,120	228,454	226,154	198,467	238,694	223,153	223,305
Highways and roads	2,193,532	2,039,546	2,188,735	2,345,030	2,325,364	3,881,097	4,216,759	4,536,358	5,003,580	4,664,655
Interest on long-term debt	305,910	299,746	608,892	541,794	511,488	479,385	867,549	1,529,113	1,272,932	1,271,344
Total primary government expenses	29,900,573	30,035,031	32,630,845	36,020,308	39,079,149	42,396,023	45,947,270	51,050,463	49,119,464	51,809,170
Net Expense										
Governmental activities	(21,039,222)	(20,468,949)	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,357)
Total primary government net expense	(21,039,222)	(20,468,949)	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,357)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	14,108,144	16,063,957	17,556,992	19,413,568	19,974,748	21,331,835	22,993,225	24,896,103	26,740,020	26,420,493
Sales tax	7,940,800	8,987,925	10,442,192	13,036,196	16,075,863	20,037,587	18,268,325	18,822,713	26,506,605	34,304,031
Bingo tax	45,624	63,751	58,947	61,508	59,877	104,935	81,934	85,129	94,410	118,837
Mixed beverage tax	207,301	242,014	240,484	286,278	246,808	457,680	397,514	419,508	436,503	458,722
Occupancy tax	-	-	-	-	57,708	373,465	351,198	310,784	494,607	708,461
Unrestricted investment earnings	309,171	304,431	988,386	1,695,942	2,237,413	1,744,727	852,730	499,822	252,690	255,530
Gain on sale of assets	-	35,713	42,994	116,742	-	41,710	-	-	-	-
Miscellaneous	311,766	504,673	445,304	250,911	307,846	775,189	492,028	715,000	871,214	1,241,189
Total governmental activities	22,922,806	26,202,464	29,775,299	34,861,145	38,960,263	44,867,129	43,436,954	45,749,059	55,396,049	63,507,263
Change in Net Assets										
Governmental activities	1,883,584	5,733,515	8,556,529	10,474,363	12,009,533	15,919,716	9,816,316	6,311,904	19,929,527	24,818,906
Total primary government	\$ 1,883,584	\$ 5,733,515	\$ 8,556,529	\$ 10,474,363	\$ 12,009,533	\$ 15,919,716	\$ 9,816,316	\$ 6,311,904	\$ 19,929,527	\$ 24,818,906

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 148,335	\$ 285,443	\$ 611,373	\$ 309,507	\$ 371,250	\$ 427,825	\$ 402,973	\$ 112,354	\$ -	\$ -
Unreserved	12,050,713	16,268,113	21,427,980	27,835,459	32,137,292	35,019,362	36,961,858	38,659,881	-	-
Nonspendable	-	-	-	-	-	-	-	-	72,757	23,340
Restricted	-	-	-	-	-	-	-	-	494,607	708,461
Committed	-	-	-	-	-	-	-	-	15,672,750	-
Assigned	-	-	-	-	-	-	-	-	12,125,663	34,380,378
Unassigned	-	-	-	-	-	-	-	-	27,400,331	31,177,361
Total general fund	\$ 12,199,048	\$ 16,553,556	\$ 22,039,353	\$ 28,144,966	\$ 32,508,542	\$ 35,447,187	\$ 37,364,831	\$ 38,772,235	\$ 55,766,108	\$ 66,289,540
All Other Governmental Funds:										
Reserved	\$ 270,029	\$ 206,371	\$ 3,230,220	\$ 316,825	\$ 755,605	\$ 434,493	\$ 355,992	\$ 1,288,660	\$ -	\$ -
Unreserved, reported in:										
Road and bridge fund	1,237,691	1,535,099	1,605,866	2,012,075	2,522,149	2,708,620	2,610,223	2,395,820	-	-
Capital projects fund	2,100,518	10,486,144	1,334,839	153,224	407,115	4,840,875	26,234,801	15,688,318	-	-
Nonmajor governmental funds	1,484,598	1,828,923	1,859,824	2,329,011	2,752,969	3,020,470	3,094,439	2,648,669	-	-
Road and bridge fund										
Nonspendable	-	-	-	-	-	-	-	-	436,058	680,620
Restricted	-	-	-	-	-	-	-	-	1,550,865	1,958,108
Assigned	-	-	-	-	-	-	-	-	1,421,409	1,217,414
Debt service fund										
Restricted	-	-	-	-	-	-	-	-	562,466	633,300
Capital projects fund										
Nonspendable	-	-	-	-	-	-	-	-	-	365
Restricted	-	-	-	-	-	-	-	-	4,142,259	2,989,712
Committed	-	-	-	-	-	-	-	-	136,930	9,185,965
Nonmajor governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	884
Restricted	-	-	-	-	-	-	-	-	2,294,315	2,511,462
Committed	-	-	-	-	-	-	-	-	895,305	84,234
Assigned	-	-	-	-	-	-	-	-	-	913,148
Total all other governmental funds	\$ 5,092,836	\$ 14,056,537	\$ 8,030,749	\$ 4,811,135	\$ 6,437,838	\$ 11,004,458	\$ 32,295,455	\$ 22,021,467	\$ 11,439,607	\$ 20,175,212
Total governmental funds	\$ 17,291,884	\$ 30,610,093	\$ 30,070,102	\$ 32,956,101	\$ 38,946,380	\$ 46,451,645	\$ 69,660,286	\$ 60,793,702	\$ 67,205,715	\$ 86,464,752

Source: Current and past years' financial statements

¹ The County implemented GASB 54 in fiscal year 2011.

MIDLAND COUNTY, TEXAS STATISTICAL DATA

Table 4
MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUNDS - CHANGES IN FUND BALANCES
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Tax, Penalties and Interest	\$ 14,111,047	\$ 16,065,568	\$ 17,556,696	\$ 19,339,640	\$ 19,872,329	\$ 21,398,919	\$ 22,867,523	\$ 24,889,309	\$ 26,559,793	\$ 26,615,931
Sales Tax	7,940,800	8,987,925	10,442,192	13,036,196	16,075,863	20,037,587	18,268,325	18,822,713	26,506,605	34,304,031
Hotel-Motel Tax	-	-	-	-	-	373,465	351,198	310,784	494,607	708,461
Fines and Forfeitures	1,335,858	1,639,732	1,710,630	1,994,165	2,268,117	2,332,403	2,151,251	2,009,637	2,475,877	2,559,947
Licenses and Permits	2,408,457	2,507,605	2,542,968	2,736,608	2,802,386	3,040,871	2,889,928	2,546,362	2,625,248	2,827,867
Intergovernmental Charges	1,934,682	1,939,937	3,658,269	2,414,811	1,875,990	2,640,635	2,567,444	2,377,312	2,351,464	2,175,915
Charges for Current Services	2,900,009	3,228,839	3,267,007	4,096,699	4,606,567	4,800,892	4,748,265	4,524,215	4,893,693	5,428,681
Investment Income	266,379	268,368	927,672	1,579,069	2,059,858	1,613,680	813,005	489,633	245,318	244,947
Other Revenue	472,899	580,849	564,702	691,084	788,040	758,784	1,037,094	1,364,435	1,032,478	1,215,376
Total Revenues	\$ 31,370,131	\$ 35,218,823	\$ 40,670,136	\$ 45,888,272	\$ 50,349,150	\$ 56,997,236	\$ 55,694,033	\$ 57,334,400	\$ 67,185,083	\$ 76,081,156
Expenditures										
Current										
General Administration	\$ 3,292,868	\$ 3,202,774	\$ 3,886,077	\$ 3,928,284	\$ 4,322,255	\$ 5,021,117	\$ 5,439,838	\$ 7,744,207	\$ 6,926,425	\$ 7,459,722
Judicial	7,414,913	7,435,146	7,548,230	8,691,508	9,275,626	9,454,647	10,230,743	11,048,000	11,427,052	11,680,071
Financial Administration	1,696,175	1,742,143	1,853,654	1,742,756	1,945,522	2,001,282	2,108,277	2,130,738	2,185,159	2,389,323
Elections	319,477	333,654	262,943	481,892	305,555	586,315	392,544	456,938	396,294	525,992
Public Safety and Corrections	11,626,222	11,951,854	12,566,393	14,101,058	15,764,953	15,166,751	16,556,160	16,903,747	16,533,458	17,353,802
Health and Welfare	282,004	292,825	303,097	316,154	294,213	1,431,383	846,705	801,852	688,733	771,465
Culture and Recreation	1,265,390	1,266,353	1,312,559	2,010,642	2,327,600	2,325,765	2,374,571	2,115,396	2,051,510	2,331,975
Conservation and Natural Resources	163,734	176,612	170,379	196,706	212,250	213,994	186,067	233,535	220,514	219,145
Highways and Roads	1,797,055	1,791,842	1,873,173	2,031,230	2,053,548	2,346,135	2,308,222	2,480,858	2,849,046	2,702,726
Capital Outlay	4,181,447	1,347,095	9,708,134	7,727,397	6,132,830	9,955,488	12,651,896	18,047,307	13,941,374	7,862,296
Debt Service	1,161,255	2,466,086	1,175,488	1,174,646	1,174,520	1,172,606	1,487,296	2,615,393	2,483,516	2,541,602
Total Expenditures	\$ 33,200,540	\$ 32,006,384	\$ 40,660,127	\$ 42,402,273	\$ 43,808,872	\$ 49,675,483	\$ 54,582,319	\$ 64,577,971	\$ 59,703,081	\$ 55,838,119
Other Financing Sources (Uses)										
Certificates of Obligation Issued	\$ -	\$ 8,920,000	\$ -	\$ -	\$ -	\$ -	\$ 21,995,000	\$ -	\$ -	\$ -
Reoffering Premium	-	-	-	-	-	-	401,927	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-	-	16,000
Transfers In	133,226	1,225,411	1,637,029	2,292,389	5,205,212	12,842,482	10,147,679	6,856,515	2,218,670	15,509,861
Transfers (Out)	(133,226)	(50,411)	(2,187,029)	(2,892,389)	(5,755,212)	(12,658,970)	(10,447,679)	(8,479,528)	(3,288,659)	(16,509,861)
Total Other Financing Sources (Uses)	\$ -	\$ 10,095,000	\$ (550,000)	\$ (600,000)	\$ (550,000)	\$ 183,512	\$ 22,096,927	\$ (1,623,013)	\$ (1,069,989)	\$ (984,000)
NET CHANGE IN FUND BALANCES	\$ (1,830,409)	\$ 13,307,439	\$ (539,991)	\$ 2,885,999	\$ 5,990,278	\$ 7,505,265	\$ 23,208,641	\$ (8,866,584)	\$ 6,412,013	\$ 19,259,037
Debt Service as a percent of non-capital expenditures										
	4.00%	8.04%	3.80%	3.39%	3.12%	2.95%	3.55%	5.62%	5.43%	5.30%

Source: Current and past years' financial statements

**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>
2003	\$ 4,232,777,819	\$ 1,042,887,604	\$ 5,275,665,423	0.263700
2004	4,374,423,221	1,038,504,910	5,412,928,131	0.293870
2005	4,742,525,022	1,149,318,001	5,891,843,023	0.293870
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

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				
	General	Road & Bridge	Debt Service	Total Funds	MISD	City of Midland	Hospital District	Midland College	Total all Entities
2003	0.2431	-	0.0206	0.2637	1.6050	0.6464	0.1412	0.1906	2.8469
2004	0.2722	-	0.0217	0.2939	1.6269	0.6464	0.1499	0.1906	2.9077
2005	0.2737	-	0.0202	0.2939	1.6425	0.6424	0.1715	0.1906	2.9409
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

Source: Midland County Budget

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

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

2012			2003		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pioneer Natural Res -WI-	\$ 1,045,848,710	7.92%	Pioneer Natural Resources	\$ 284,718,470	5.40%
Endeavor Energy Resources LP	474,092,490	3.59%	Chevron Texaco	65,525,240	1.24%
Fasken Oil & Ranch LTD	334,937,090	2.54%	BP America Production Company	59,520,850	1.13%
Chevron	295,259,840	2.23%	Oncor Electric Delivery	56,250,070	1.07%
COG Operating LLC	283,706,710	2.15%	Southwestern Bell Telephone	55,064,280	1.04%
Oxy USA WTP LP	213,844,850	1.62%	Endeavor Energy Resources LP	44,097,430	0.84%
Apache	159,485,380	1.21%	Mobil Production TX & NM-DEV/GAS	35,964,080	0.68%
Fasken Land & Mineral LTD	144,340,780	1.09%	Texaco E & P	34,803,670	0.66%
Henry Resources	121,243,560	0.92%	Oxy USA, Inc.	29,094,980	0.55%
Well Services Division STC	115,157,550	0.87%	Perenco, LLC	24,732,950	0.47%
Total	\$ 3,187,916,960	24.13%	Total	\$ 689,772,020	13.07%

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, 2003 through 2012

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
2003	\$ 5,275,665,423	\$ 0.263700	\$ 13,911,930	\$ 4,673,608	33.59%	\$ 8,606,924	61.87%	\$ 631,398	4.54%
2004	5,412,928,131	\$ 0.293870	15,906,996	5,002,121	31.45%	10,257,594	64.48%	647,281	4.07%
2005	5,891,843,023	\$ 0.293870	17,314,359	4,555,699	26.31%	12,138,634	70.11%	620,026	3.58%
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%

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>
2003	\$ 5,475,000	\$ 5,475,000	0.14%	46.06
2004	12,320,000	12,320,000	0.30%	102.37
2005	11,750,000	11,750,000	0.27%	98.21
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	NA ¹	221.28
2012	27,805,000	27,805,000	NA	NA

¹ Numbers are not yet available through the Bureau of Economic Analysis

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
And 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
2003	118,866	\$ 5,275,665,423	\$ 5,475,000	\$ 102,178	\$ 5,372,822	0.102	\$ 45.84
2004	120,344	5,412,928,131	12,320,000	125,457	12,194,543	0.225	104.05
2005	119,636	5,891,843,023	11,750,000	172,698	11,577,302	0.196	98.78
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

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

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

Table 11
MIDLAND COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2012

<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	\$ 37,080,864	100%	\$ 37,080,864
Midland Independent School District	108,685,730	100%	108,685,730
Midland Community College	32,595,346	100%	32,595,346
Midland County Hospital District	110,790,000	100%	110,790,000
Greenwood Independent School District	12,921,820	100%	12,921,820
City of Odessa	30,375,469	8%	2,470,732
Subtotal, overlapping debt			304,544,492
Midland County (direct debt)			27,805,000
Total direct and overlapping debt			<u><u>\$ 332,349,492</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 1,058,194,455	\$ 1,093,605,805	\$ 1,185,631,256	\$ 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
Total net debt applicable to limit	<u>5,372,822</u>	<u>12,194,543</u>	<u>11,577,302</u>	<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>
Debt margin	<u>\$ 1,052,821,633</u>	<u>\$ 1,081,411,262</u>	<u>\$ 1,174,053,954</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0.51%	1.13%	0.99%	0.82%	0.65%	0.48%	1.44%	1.32%	1.14%	1.03%

Debt Margin Calculation for Fiscal Year 2010

Assessed Value of Real Property	\$ 10,662,418,645
Assessed Value of Personal & Other Property	<u>2,548,822,720</u>
Total Assessed Value	<u>\$ 13,211,241,365</u>
Debt Limit, 25% of Real Property Assessed Value (1)	\$ 2,665,604,661
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	27,805,000
Less: Assets in Debt Service Funds Available for Payment of Principal	<u>633,300</u>
Total Amount of Debt Applicable to Debt Limit	<u>27,171,700</u>
Legal Debt Margin	<u>\$ 2,638,432,961</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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate Percentage
2003	118,866	\$ 3,951,614	\$ 33,900	4.9
2004	120,344	4,161,121	36,899	4.4
2005	119,636	4,390,316	40,855	3.7
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	N/A	65,173	4.9
2012	140,308	N/A	N/A	3.4

Sources: Population figures 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/scb/pdf/2010/09%20September/0910_metro.pdf

http://www.google.com/publicdata?ds=usunemployment&met=unemployment_rate&idim=county:CN483290&dl=en&hl=en&q=midland+tx+unemployment+rate

N/A - Not Available

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

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

<u>Function / Program</u>	Fiscal Year				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General administration	18	25	22	24	28
Judicial	118.5	128.5	151	154.5	141.5
Financial administration	38	34	26	25.5	42
Elections	4.5	6	5	5.5	5.5
Public safety and corrections	307	326	322	297.5	302
Health and welfare	3	3	3	3	3
Culture and recreation	40	36.5	33	32.5	33.5
Conservation and natural resources	6	6	6	5	6
Highways and roads	28	31	30	28	29
Total	<u>563</u>	<u>595.5</u>	<u>598.0</u>	<u>575.5</u>	<u>590.5</u>

Source: Midland County Treasurers Office

MIDLAND COUNTY, TEXAS STATISTICAL DATA

Table 15
MIDLAND COUNTY, TEXAS
OPERATION INDICATORS INFORMATION

FUNCTION / PROGRAM	Fiscal Year				
	2008	2009	2010	2011	2012
General Government					
Commissioners Court					
Number of Official Public Meetings					
Regular Sessions	26	24	26	24	26
Special Sessions (Work Sessions)	7	11	7	5	8
Public Safety					
Inmates Booked	10,527	10,380	10,458	10,093	11,233
Arrests	11,145	12,190	11,881	12,180	13,322
Judicial					
District Courts					
Civil Cases Filed	2,477	2,648	2,697	1,025	1,160
Civil Cases Disposed	2,093	2,843	2,617	1,167	978
Criminal Cases Filed	1,821	1,995	1,800	2,492	2,710
Criminal Cases Disposed	1,785	1,904	1,897	1,778	1,696
County Courts-at-Law					
Civil Cases Filed	712	1,728	1,725	1,336	748
Civil Cases Disposed	721	1,652	1,807	659	604
Criminal Cases Filed	5,189	4,932	4,801	8,147	4,556
Criminal Cases Disposed	5,641	5,085	5,153	5,101	4,868
Juvenile Cases Filed	149	155	138	181	52
Juvenile Cases Disposed	131	162	131	116	112
Probate and Mental Health Cases Filed	447	414	442	189	468
Probate and Mental Health Cases Disposed	N/A	N/A	N/A	117	48
Justice of the Peace Courts					
Civil Cases Filed	1,384	1,190	956	835	1,079
Civil Cases Disposed	260	496	572	703	882
Criminal Cases Filed	13,905	10,995	11,060	8,081	13,224
Criminal Cases Disposed	13,023	12,508	10,782	7,057	12,796
Juvenile Cases Filed	2,293	2,329	1,727	1,582	-
Culture and Recreation					
Events Held	106	121	112	132	165
Elections					
Number of Registered Voters	70,709	71,173	68,309	69,166	72,012
Highways					
Permits Granted	108	76	104	152	186
Work Requests	55	122	95	127	114

Sources: Office of Court Administration and various county departments

N/A Not Available

**MIDLAND COUNTY, TEXAS
STATISTICAL DATA**

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

<u>FUNCTION / PROGRAM</u>	Fiscal Years				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Buildings					
General admin	1	1	1	1	1
Judicial	3	3	3	3	4
Public safety	5	5	5	5	5
Highways	1	1	1	1	1
Culture and recreation	5	5	5	6	6
Patrol cars	33	31	32	31	31
Elections					
Electronic voting machines	250	252	252	252	272
Highways					
Miles of roads maintained	371	335	351	364	364

Source: Various county departments.

INTERNAL CONTROL AND COMPLIANCE REPORT



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 the 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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 23, 2013. 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.

Internal Control over Financial Reporting

Management of Midland County, Texas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Midland County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Midland County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Midland County, Texas' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

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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*.

This report is intended solely for the information and use of management, Commissioner's court and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
May 23, 2013