

**MIDLAND COUNTY, TEXAS  
MIDLAND, TEXAS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**SEPTEMBER 30, 2009**

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

**MIDLAND COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2009**

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ANNUAL FINANCIAL REPORT  
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' 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, 2009, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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 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.

The financial statements do not include and expense and related liability for "Other Post Employment Benefits" as required by the Governmental Accounting Standards Board Statement 45, which became effective for Midland County for the fiscal year ended September 30, 2009. The amount this departure would affect the liabilities, net assets and expenses of Midland County's governmental activities is \$2,539,638. For Further information see Note 8.

In our opinion, except for the effect of not recording Other 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, 2009, 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, 2009 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 June 29, 2010 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The "Management's Discussion and Analysis and budgetary comparison information" on pages 3 through 9 and 46 through 48 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The individual and combining statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis, and are not a required part of the basic financial statements of Midland County, Texas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Midland, Texas  
June 29, 2010

## 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, 2009. The 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 \$113,863,254 (net assets). Of this amount, \$58,367,497 (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 \$9,816,316.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$69,660,286. Of this total amount, \$68,901,321 or 99% is unreserved and available for use within the County's designation and fiscal policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$36,961,858 or 99% of the total general fund expenditures.
- The County's total debt increased by \$21,549,023. The key factor in this increase was the sale of the General Obligation Bond for the Jail remodel in the amount of \$21,995,000.

#### 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, except for the reporting of other postemployment benefits (OPEB) which is a departure from GAAP. This departure from GAAP is further explained in Note 8. These statements include all assets of the County, as well as all other 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.

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.

(Continued)

## **Government-wide financial statements (Continued)**

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, e.g., earned but unused vacation/holiday leave and accounts receivable.

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

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County maintains and reports eighty six individual governmental funds of which seventy six are special revenue funds, four capital projects funds, two 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 \$113,863,254 at the close of this fiscal year.

Statement of Net Assets Governmental Activities		
	2008	2009
Current and Other Assets	\$ 61,627,951	\$ 85,323,117
Capital Assets, Net of Accumulated Depreciation	59,238,673	67,293,465
 Total Assets	 120,866,624	 152,616,582
 Current and Other Liabilities	 4,980,930	 4,983,718
Noncurrent Liabilities	11,838,756	33,769,610
 Total Liabilities	 16,819,686	 38,753,328
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	49,483,673	55,495,757
Restricted Net Assets	352,046	-
Unrestricted Net Assets	54,211,219	58,367,497
 Total Net Assets	 \$ 104,046,938	 \$ 113,863,254

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, 51.3%, 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, 48.7%, 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.

Restricted net assets were reclassified from unrestricted net assets in the amount \$17,344 to conform to 2009 classification practices.

At the end of the fiscal year, the County reported positive net assets in all three categories of net assets. The net assets increased from the prior fiscal year by \$9,816,316. The following table provides a summary of the County's operations for years ended September 30, 2008 and 2009.

Statement of Activities  
For the Years Ended September 30, 2008 and 2009

	2008		2009	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues:				
Program Revenues:				
Charges for services	\$ 10,922,130	18.7%	\$ 10,330,433	18.5%
Operating grants and contributions	1,929,944	3.3%	1,886,721	3.4%
Capital grants and contributions	596,536	1.0%	109,478	0.2%
General Revenues				
Property taxes	21,331,835	36.6%	22,993,225	41.2%
Sales tax	20,037,587	34.4%	18,268,325	32.8%
Bingo tax	104,935	0.2%	81,934	0.1%
Mixed beverage tax	457,680	0.8%	397,514	0.7%
Hotel-Motel tax	373,465	0.6%	351,198	0.6%
Unrestricted investment earnings	1,744,727	3.0%	852,730	1.5%
Gain on sale of assets	-	0.0%	-	0.0%
Miscellaneous	816,899	1.4%	492,028	0.9%
<b>Total Revenues</b>	<b>58,315,738</b>	<b>100.0%</b>	<b>55,763,586</b>	<b>100.0%</b>
Expenses:				
General administration	5,842,303	13.8%	6,412,572	14.0%
Judicial	9,477,608	22.4%	10,439,343	22.7%
Financial administration	2,029,845	4.8%	2,149,279	4.7%
Elections	639,164	1.5%	446,817	1.0%
Public safety and corrections	15,492,378	36.5%	17,293,520	37.6%
Health and welfare	1,442,134	3.4%	872,397	1.9%
Cultural and recreation	2,885,955	6.8%	3,050,567	6.6%
Conservation and natural resources	226,154	0.5%	198,467	0.4%
Highways and roads	3,881,097	9.2%	4,216,759	9.2%
Interest on long-term debt	479,385	1.1%	867,549	1.9%
<b>Total Expenses</b>	<b>42,396,023</b>	<b>100.0%</b>	<b>45,947,270</b>	<b>100.0%</b>
<b>Change in Net Assets</b>	<b>15,919,715</b>		<b>9,816,316</b>	
<b>Net Assets - Beginning of the Year</b>	<b>88,127,223</b>		<b>104,046,938</b>	
<b>Net Assets - End of the Year</b>	<b>\$ 104,046,938</b>		<b>\$ 113,863,254</b>	

**Governmental Funds** – Net assets of the governmental activities increased \$ 9,816,316 during the year. In General Revenues, property taxes increased by \$1,661,390 or 7.7% primarily due to an increase in the taxable value of property in Midland County and sales tax decreased by \$1,769,262. Unrestricted investment earnings decreased by 51.1% due to lower interest rates in the global financial markets. There was a decrease in charges for services of \$591,697 or 5.4% due to aggressive collections being made in fiscal year 2008 and slowing down a little in fiscal year 2009.

Total Expenses increased from the prior year by 8.3% primarily due to the Judicial and Public Safety and Corrections expenses. With an increase in population in Midland County, there has been also been an increase in Judicial and Public Safety and Correction services.

## **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

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.

**Governmental Funds** – 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 \$69,660,286. The unreserved fund balances of \$68,901,321, used as a management and budgetary tool, are available for spending at the County's discretion. The remainder of the fund balances is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service, \$346,824 and to pay prior period encumbrances, \$412,141.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$36,961,858 as compared to \$35,019,362 in the prior year. As a measure of the general fund's liquidity, we compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 78% of total fund expenditures, while total fund balance represents 79% of total fund expenditures.

The Road and Bridge Fund reflects a fund balance of \$2,614,823, which represents a decrease of \$104,460 as compared with the prior year.

The Debt Service Fund has a total fund balance of \$346,824 as compared to \$334,702 in the prior year. The increase of \$12,122 is minimal. All of the Debt Service Fund fund balance is reserved 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 \$26,239,369 an increase of \$21,309,366. The increase resulted from the transfer from General Fund due to the expenses associated with the renovations to the new courthouse building.

## GENERAL FUND BUDGETARY HIGHLIGHTS

A deficit budget was adopted for fiscal year 2009 in the amount of \$7,904,075. The deficit was to be appropriated from the unreserved fund balance.

However, the actual revenues exceeded the final budget by \$5,326,586. Included in this amount are \$2,768,325 in unanticipated sales tax revenue and an increase in intergovernmental charges of \$660,690.

The original budgeted expenditures differ from the final budgeted expenditures by \$210,483 which is attributable to the encumbrances coming forward to the current year. The favorable variance of \$4,890,594 between actual and final 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, 2009, the County had a total long-term debt outstanding in the amount of \$33,769,610. According to the Texas statutes, the County has a debt limit of \$2,166,486,767.

The County's total debt increased by \$21,930,854. The key factor in this increase was the purchase of the General Obligation bond for the jail remodel in the amount of \$21,995,000.

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

The following represents the activity of the long-term debt of the County for FY2009:

Governmental Activities:				
Certificates of obligation	\$ 1,835,000	\$ -	\$ 580,000	\$ 1,255,000
General obligation bond	7,920,000	21,995,000	150,000	29,765,000
Unamortized Premium on				
General obligation bonds	-	401,927	20,096	381,831
Compensated absences	2,083,756	284,023	-	2,367,779
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total</b>	<b>\$ 11,838,756</b>	<b>\$ 22,680,950</b>	<b>\$ 750,096</b>	<b>\$ 33,769,610</b>

**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, 2009, net capital assets of the governmental activities totaled \$67,293,465 reflecting a net increase of \$8,054,792 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 \$4,354,957.

## Capital Assets (Continued)

### County's Capital Assets (net of depreciation)

	<u>2008</u>	<u>2009</u>
Governmental Activities:		
Land	\$ 2,737,603	\$ 2,734,366
Buildings and Improvements	19,094,397	18,298,082
Infrastructure	18,506,696	16,656,180
Machinery and Equipment	6,554,664	6,660,723
Construction in Progress	12,345,313	22,944,114
Total	<u>\$ 59,238,673</u>	<u>\$ 67,293,465</u>

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 FY2010 budget was adopted on September 2, 2009 with total general fund expenditures of \$51,205,853 a 1% decrease from the FY2009 budgeted expenditures. The County's combined tax rate is .2118 for FY2010. However, the Commissioners Court adopted a deficit budget of \$7,771,353 with the deficit to be appropriated from the unreserved fund balance.

## REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the County Auditor at P.O. Box 421, Midland, Texas 79702, 432-688-4860, or visit the County's web site at [www.co.midland.tx.us](http://www.co.midland.tx.us).

**MIDLAND COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,683,313
Certificates of Deposit	27,175,096
Investments	44,768,994
Receivables (Net of Allowance for Uncollectibles)	7,106,402
Prepaid Expenses	80,322
Due from Other Governments	3,123,614
Deferred Charge	385,376
Capital Assets (Net of Accumulated Depreciation):	
Land	2,734,366
Buildings and Improvements	18,298,082
Construction in Progress	22,944,114
Infrastructure	16,656,180
Machinery and Equipment	<u>6,660,723</u>
TOTAL ASSETS	<u>152,616,582</u>
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	3,820,769
Accrued Interest Payable	468,110
Due to Other Governments	381,300
Other Liabilities	313,539
Noncurrent Liabilities:	
Due Within One Year	1,265,000
Due in More Than One Year	<u>32,504,610</u>
TOTAL LIABILITIES	<u>38,753,328</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	55,495,757
Unrestricted	<u>58,367,497</u>
TOTAL NET ASSETS	<u>\$113,863,254</u>

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

**MIDLAND COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Functions/Programs**

**Primary Government:**

**Certificates of Deposit**

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 Net Assets</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Total</u>
\$ 6,412,572	\$ 645,373	\$ 134,022	\$ -	\$ (5,633,177)
10,439,343	5,289,739	399,947	20,000	(4,729,657)
2,149,279	-	-	-	(2,149,279)
446,817	43,444	42,723	-	(360,650)
17,293,520	1,512,307	1,310,029	-	(14,471,184)
872,397	33,268	-	-	(839,129)
3,050,567	313,888	-	72,838	(2,663,841)
198,467	-	-	-	(198,467)
4,216,759	2,492,414	-	16,640	(1,707,705)
867,549	-	-	-	(867,549)
<u>45,947,270</u>	<u>10,330,433</u>	<u>1,886,721</u>	<u>109,478</u>	<u>(33,620,638)</u>
<u>\$ 45,947,270</u>	<u>\$ 10,330,433</u>	<u>\$ 1,886,721</u>	<u>\$ 109,478</u>	<u>(33,620,638)</u>
General Revenues:				
Property Taxes				22,993,225
Sales Tax				18,268,325
Bingo Tax				81,934
Mixed Beverage Tax				397,514
Hotel-Motel Tax				351,198
Unrestricted Investment Earnings				852,730
Miscellaneous				492,028
<b>TOTAL GENERAL REVENUES</b>				<u>43,436,954</u>
<b>CHANGE IN NET ASSETS</b>				9,816,316
<b>NET ASSETS - BEGINNING OF THE YEAR</b>				<u>104,046,938</u>
<b>NET ASSETS - END OF THE YEAR</b>				<u>\$ 113,863,254</u>

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

**MIDLAND COUNTY, TEXAS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2009**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 548,419
Certificates of Deposit	11,601,685
Investments	25,609,676
Property Taxes Receivable (Net of Allowance for Uncollectibles)	968,181
Accounts Receivable (Net of Allowance for Uncollectibles)	5,782,169
Due from Other Funds	144,126
Due from Other Governmental Agencies	2,908,160
Prepaid Expenses	15,311
TOTAL ASSETS	<u>\$ 47,577,727</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES:</b>	
Due to Pooled Cash	\$ 1,665,580
Accounts Payable	1,095,918
Benefits Payable	378,305
Due to Other Funds	-
Due to Other Governmental Agencies	380,019
Deferred Tax Revenue	899,038
Deferred Other Revenue	5,721,899
Other Liabilities	72,137
TOTAL LIABILITIES	<u>10,212,896</u>
<b>FUND BALANCES:</b>	
Reserved for Encumbrances	402,973
Reserved for Debt Service	-
Unreserved	
Designated for Subsequent Year's Expenditures	7,771,353
Undesignated	29,190,505
TOTAL FUND BALANCES	<u>37,364,831</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,577,727</u>

Road and Bridge Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 199,776	\$ 6,252	\$ 2,183,086	\$ 1,118,472	\$ 4,056,005
-	-	15,573,411	-	27,175,096
2,574,718	578,818	9,570,327	2,026,519	40,360,058
-	67,671	-	-	1,035,852
604	-	-	10,005	5,792,778
16,771	1,197	83,336	25,491	270,921
7,085	-	-	208,369	3,123,614
-	-	-	9,030	24,341
<u>\$ 2,798,954</u>	<u>\$ 653,938</u>	<u>\$ 27,410,160</u>	<u>\$ 3,397,886</u>	<u>\$ 81,838,665</u>
\$ -	\$ -	\$ -	\$ 130,868	\$ 1,796,448
169,775	-	1,170,791	95,761	2,532,245
14,356	-	-	12,351	405,012
-	83,336	-	111	83,447
-	-	-	1,281	381,300
-	63,911	-	-	962,949
-	-	-	63,075	5,784,974
-	159,867	-	-	232,004
<u>184,131</u>	<u>307,114</u>	<u>1,170,791</u>	<u>303,447</u>	<u>12,178,379</u>
4,600	-	4,568	-	412,141
-	346,824	-	-	346,824
1,709,238	-	26,234,801	1,361,316	37,076,708
900,985	-	-	1,733,123	31,824,613
<u>2,614,823</u>	<u>346,824</u>	<u>26,239,369</u>	<u>3,094,439</u>	<u>69,660,286</u>
<u>\$ 2,798,954</u>	<u>\$ 653,938</u>	<u>\$ 27,410,160</u>	<u>\$ 3,397,886</u>	

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 funds.

67,293,465

Other long-term assets, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

6,666,388

Internal service funds are used by management to charge the costs of fleet management and self-insurance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

4,095,459

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(33,852,344)

Net Assets of Governmental Activities

\$ 113,863,254

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

**MIDLAND COUNTY, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2009**

**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)**

Certificates of Obligation Issued  
Reoffering Premium  
Transfers In  
Transfers (Out)  
TOTAL OTHER FINANCING SOURCES (USES)

NET CHANGE IN FUND BALANCE

**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
\$ 21,687,672	\$ -	\$ 1,179,851	\$ -	\$ -	\$ 22,867,523
18,268,325	-	-	-	-	18,268,325
351,198	-	-	-	-	351,198
1,982,547	-	-	-	168,704	2,151,251
397,514	2,492,414	-	-	-	2,889,928
1,115,690	24,683	-	-	1,427,071	2,567,444
3,882,404	-	-	-	865,861	4,748,265
596,473	23,065	5,976	172,840	14,651	813,005
912,263	38,450	-	-	86,381	1,037,094
<u>49,194,086</u>	<u>2,578,612</u>	<u>1,185,827</u>	<u>172,840</u>	<u>2,562,668</u>	<u>55,694,033</u>
5,430,784	-	-	-	9,054	5,439,838
9,500,549	-	-	-	730,194	10,230,743
2,100,622	-	-	-	7,655	2,108,277
311,793	-	-	-	80,751	392,544
15,420,699	-	-	-	1,135,461	16,556,160
344,496	-	-	-	502,209	846,705
2,352,266	-	-	-	22,305	2,374,571
186,067	-	-	-	-	186,067
-	2,308,222	-	-	-	2,308,222
1,200,188	541,403	-	10,818,810	91,495	12,651,896
-	-	1,173,705	313,591	-	1,487,296
<u>36,847,464</u>	<u>2,849,625</u>	<u>1,173,705</u>	<u>11,132,401</u>	<u>2,579,124</u>	<u>54,582,319</u>
<u>12,346,622</u>	<u>(271,013)</u>	<u>12,122</u>	<u>(10,959,561)</u>	<u>(16,456)</u>	<u>1,111,714</u>
-	-	-	21,995,000	-	21,995,000
-	-	-	401,927	-	401,927
-	166,553	-	9,872,000	109,126	10,147,679
<u>(10,428,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,701)</u>	<u>(10,447,679)</u>
<u>(10,428,978)</u>	<u>166,553</u>	<u>-</u>	<u>32,268,927</u>	<u>90,425</u>	<u>22,096,927</u>
1,917,644	(104,460)	12,122	21,309,366	73,969	23,208,641
<u>35,447,187</u>	<u>2,719,283</u>	<u>334,702</u>	<u>4,930,003</u>	<u>3,020,470</u>	<u>46,451,645</u>
<u>\$ 37,364,831</u>	<u>\$ 2,614,823</u>	<u>\$ 346,824</u>	<u>\$ 26,239,369</u>	<u>\$ 3,094,439</u>	<u>\$ 69,660,286</u>

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

**MIDLAND COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Amounts reported for governmental activities in the statement of activities (page 11) are different because:

Net change in fund balances-total governmental funds (page 13)	\$ 23,208,641
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.	8,296,939
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(242,145)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	595,245
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.	(21,354,785)
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.	(706,420)
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 certain activities of internal service funds is reported with governmental activities	<u>18,841</u>
Change in net assets of governmental activities (page 11)	<u>\$ 9,816,316</u>

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

**MIDLAND COUNTY, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009**

	<u>Governmental            Activities            Internal            Service            Funds</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 423,756
Investments	4,408,936
Accounts Receivable	90,298
Prepaid Assets	<u>55,981</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>4,978,971</b></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	<u>883,512</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>883,512</b></u>
<b>NET ASSETS</b>	
Unrestricted	<u>4,095,459</u>
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 4,095,459</b></u></u>

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

**MIDLAND COUNTY, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 YEAR ENDED SEPTEMBER 30, 2009**

	<u>Governmental Activities Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for Current Services	\$ 5,191,417
 TOTAL OPERATING REVENUES	 <u>5,191,417</u>
<b>OPERATING EXPENSES</b>	
Fleet Maintenance	444,223
Claims Expense	3,549,115
Administration Costs	474,067
Premium Costs	1,043,927
Professional Services	<u>969</u>
 TOTAL OPERATING EXPENSES	 <u>5,512,301</u>
 OPERATING (LOSS)	 <u>(320,884)</u>
<b>OTHER FINANCING SOURCES</b>	
Investment Income	39,725
Operating Transfers In	<u>300,000</u>
 TOTAL OTHER FINANCIAL SOURCES	 <u>339,725</u>
 CHANGES IN NET ASSETS	 18,841
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,076,618</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 4,095,459</u>

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

**MIDLAND COUNTY, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Governmental            Activities            Internal            Service            Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Charges for Services	\$ 5,131,578
Cash Paid for Services	<u>(5,564,094)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(432,516)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer In (Out)	<u>300,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>300,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Investments	(39,344)
Investment Income Received	39,725
Proceeds from Sale of Investments	<u>364,236</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>364,617</u>
NET INCREASE IN CASH	232,101
<b>CASH AT BEGINNING OF YEAR</b>	<u>191,655</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 423,756</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH            (USED) BY OPERATING ACTIVITIES</b>	
Operating (Loss)	<u>\$ (320,884)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
(Increase) Decrease in Accounts Receivable	(59,838)
Decrease (Increase) in Prepaid Assets	61,440
Increase (Decrease) in Accounts Payable	<u>(113,234)</u>
TOTAL ADJUSTMENTS	<u>(111,632)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (432,516)</u>

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

**MIDLAND COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
SEPTEMBER 30, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 3,103,840
Accounts Receivable	542
Due from Other Funds	61,846
Investments	<u>3,680,251</u>
 TOTAL ASSETS	 <u><u>\$ 6,846,479</u></u>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 58,957
Due to Other Funds	249,320
Due to Other Governmental Agencies	337,255
Other Liabilities	480
Funds Held for Others	<u>6,200,467</u>
 TOTAL LIABILITIES	 <u><u>\$ 6,846,479</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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 applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature. The following is a summary of the more significant policies:

GASB Statement 34, as amended by Statement 37, requires that the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of:

- Management's Discussion and Analysis (MD&A) – MD&A is RSI presented before the basic financial statements, which introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- Basic Financial Statements – The basic financial statements, including notes to the financial statements that are essential to a user's understanding of the statements, are presented on two basic levels:
  1. The government-wide level where all statements are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements present all assets, liabilities, revenues, expenses and gains and losses of the County and distinguish between governmental and business-type activities of the County.
  2. The fund level, where governmental fund statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting, and proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements focus on information about the County's major governmental funds. Information presented about the County's funds at this level is similar to prior financial statements, with some modification to financial statement format as prescribed by GASB Statement No. 34.
- Required Supplementary Information - RSI, other than MD&A, includes budgetary comparison schedules for the General Fund and any major special revenue funds and other data, such as pension related data, required by other GASB statements. The budgetary comparison schedules for the General Fund and Road and Bridge Fund have been reported as part of the required supplementary information. Pension related data and trend information is disclosed in Note 7.
- As noted in the independent auditor's report, Midland County did not implement GASB Statement 45 on Other Post Employment Benefits.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. REPORTING ENTITY**

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

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

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

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

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

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 financial information for the discretely presented component unit is included in Note 9 to the financial statements.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

As previously discussed, 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 whereas financial statements prior to GASB No. 34 focused on reporting by fund type. 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.

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 of 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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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.

**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, 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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

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 on going operations.

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

**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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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).

Other Governmental Funds – the non major governmental funds include:

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

**OTHER FUND TYPES**

Internal Service Funds account for the fleet management services and insurance provided to other departments or agencies of the County or to other governments, on a cost reimbursement basis.

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.

D. INVESTMENTS

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).

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

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

**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.

**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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. 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

**G. 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 received for purposes normally financed through the governmental general fund 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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. 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.

**I. 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.

**J. FUND EQUITY**

In the fund financial statements, the County records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. Designations of fund balance set aside portions of fund balance for possible future uses.

The following is a list of all reserved and designated fund equity balances used by the County in their fund financial statements and a description of each:

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. FUND EQUITY (Continued)

Reserve for Encumbrances - represents encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

Reserve for Debt Service - represents assets in excess of legally required minimums to be used for long-term debt principal and interest payments.

Designated for Subsequent Years Expenditures - funds designated by the County Commissioners Court for use in the budget for the year ending September 30, 2010.

K. REVENUE RECOGNITION – PROPERTY TAXES

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

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

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, 2009 has been reported. The tax is levied based on the estimated market values as determined by the Midland County Appraisal District.

L. 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.” The details of this \$(33,852,344) difference are as follows:

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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)

Bonds and Certifications of Obligations Payable	\$ (31,020,000)
Deferred Charge for Issuance Cost	385,376
Accrued Interest Payable	(468,110)
Bond Premium Liability	(381,831)
Compensated Absences	<u>(2,367,779)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (33,852,344)</u></u>

Another element of that reconciliation states that "other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred funds." The details of this \$6,666,388 difference are as follows:

Property Taxes Receivable	\$ 962,949
Court Fines Receivable	<u>5,703,439</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 6,666,388</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation *between net changes in fund balances - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$8,296,939 difference are as follows:

Capital Outlay	\$ 12,651,896
Depreciation Expense	<u>(4,354,957)</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><u>\$ 8,296,939</u></u>

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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 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 \$(242,145) difference are as follows:

The statement of activities reports gains/losses arising from the trade-in of capital assets. Conversely, governmental funds do not report any gain or loss on trade-ins	\$ (278,785)
Donation of Capital Assets	<u>36,640</u>
<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (242,145)</u>

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 \$(21,354,785) difference are as follows:

Bond Proceeds	\$ (21,995,000)
Bond Premium Proceeds	(401,927)
Bond Issuance Costs	313,591
Principal Repayments:	
General Obligation Refunding Bonds	730,000
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>\$ (21,354,785)</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 \$(706,420) difference are as follows:

Net Change in Interest Accrual	\$ (422,397)
Compensated Absences	<u>(284,023)</u>
<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (706,420)</u>

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**DEFICIT FUND EQUITY**

The 2006 Justice Assist Grant had a deficit balance at September 30, 2009 of \$5. The deficit arose due to a decrease in anticipated grant income during the current year. Grant income went from \$1,455 in fiscal year 2008 to \$105 in fiscal year 2009.

**NOTE 4: CASH AND INVESTMENTS**

For purposes of the statements of cash flows, the County considers highly liquid debt instruments which have an original maturity of less than three months to be cash equivalents.

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, 2009. At year-end, the carrying amount of the County's deposits was \$6,255,323 in cash and cash equivalents; (\$2,683,313 in pooled cash and \$3,103,840 in agency funds cash). Certificates of Deposits of \$27,175,096 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 \$36,104,078. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$2,000,000 and \$34,104,078 was covered by collateral held by the pledging bank's agent for the County in the County's name. The County also held \$3,572,012 of Certificates of Deposit and Money Market accounts, 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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 4: CASH AND INVESTMENTS (Continued)**

	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Credit Risk</u>
Investments:			
U. S. Treasury Bills	\$ 7,993,552	6 Months	
Investment Pools:			
TexPool	5,853,418		AAAm - S & F
TexStar	11,340,234		AAAm - S & F
MBIA Municipal Investors	<u>19,690,128</u>		AAAm - S & F
Total Fair Value:	<u>\$44,877,332</u>		
Portfolio Duration:		<u>6 to 24 Months</u>	

Of the \$44,877,332 in total investments, \$108,338 is MBIA monies held by the Agency funds, leaving \$44,768,994 in government-wide investments.

Interest Rate Risk – In compliance with the County’s investment policy, as of September 30, 2009, 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, 2009, 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, 2009 for the County's individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible amounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Non Major and Other Funds</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 1,008,521	\$ 70,491	\$ -	\$ 1,079,012
Accounts Receivable	23,079,876	-	100,990	23,180,866
Gross Receivables	<u>24,088,397</u>	<u>70,491</u>	<u>100,990</u>	<u>24,259,878</u>
Less: Allowance for Uncollectibles	<u>(17,150,657)</u>	<u>(2,819)</u>	<u>-</u>	<u>(17,153,476)</u>
Net Total Receivables	<u>\$ 6,937,740</u>	<u>\$ 67,672</u>	<u>\$ 100,990</u>	<u>\$ 7,106,402</u>

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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, 2009 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,737,603	\$ -	\$ (3,237)	\$ 2,734,366
Construction in Progress	12,345,313	10,673,793	(74,992)	22,944,114
Total Capital Assets, Not Being Depreciated	<u>15,082,916</u>	<u>10,673,793</u>	<u>(78,229)</u>	<u>25,678,480</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	40,528,792	99,968	-	40,628,760
Infrastructure	35,972,154	704,265	(712,423)	35,963,996
Machinery and Equipment	16,117,321	1,604,382	(449,483)	17,272,220
Total Assets Being Depreciated	<u>92,618,267</u>	<u>2,408,615</u>	<u>(1,161,906)</u>	<u>93,864,976</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(21,434,395)	(896,283)	-	(22,330,678)
Infrastructure	(17,465,458)	(1,991,562)	149,204	(19,307,816)
Machinery and Equipment	(9,562,657)	(1,467,112)	418,272	(10,611,497)
Total Accumulated Depreciation	<u>(48,462,510)</u>	<u>(4,354,957)</u>	<u>567,476</u>	<u>(52,249,991)</u>
Total Capital Assets, Being Depreciated, Net	<u>44,155,751</u>	<u>(1,946,342)</u>	<u>(594,430)</u>	<u>41,614,979</u>
Governmental Activities Capital Assets, Net	<u>\$ 59,238,673</u>	<u>\$ 8,727,451</u>	<u>\$ (672,659)</u>	<u>\$ 67,293,465</u>

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

Governmental Activities:	
General Administration	\$ 894,264
Judicial	42,896
Financial Administration	26,204
Elections	51,487
Public Safety and Corrections	475,482
Health and Welfare	13,071
Cultural and Recreation	627,133
Highways and Roads	2,213,326
Conservation and Natural Resources	11,094
Total Depreciation Expense - Governmental Activities	<u>\$ 4,354,957</u>

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, 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.

The employer contribution rates for 2008 and 2009 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 9.50% for the months of the fiscal year in 2009, and 9.50% for the months of the fiscal year in 2008.

The deposit rate payable by the employee members for calendar year 2009 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** - For the employer's accounting year ended September 30, 2009 the required annual pension cost determined by TCDRS for the plan for the County's employees was \$1,948,235 and the County's actual contributions were \$1,948,235.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 7: EMPLOYEE RETIREMENT BENEFITS (Continued)**

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2004 and December 31, 2005, the basis for determining the contribution rates for calendar years 2007 and 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial Valuation Date	12/31/06	12/31/07	12/31/08
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	11.5	12.8	20.0
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
<b>Actuarial Assumptions:</b>			
Investment Return <sup>1</sup>	8.0%	8.0%	8.0%
Projected Salary Increases <sup>1</sup>	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living Adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes Inflation at the Stated Rate

**Trend Information  
for the Retirement Plan for the Employees of Midland County**

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2007	\$1,755,586	100%	\$ -0-
September 30, 2008	1,899,306	100	-0-
September 30, 2009	1,948,235	100	-0-

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 7: EMPLOYEE RETIREMENT BENEFITS (Continued)**

**Schedule of Funding Progress for the Retirement Plan  
for the Employees of Midland County**

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 <sup>1</sup> (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/02	\$37,084,091	\$45,271,503	\$8,187,412	81.91%	\$16,123,517	50.78%
12/31/03	40,573,770	47,954,663	7,380,894	84.60	16,470,262	44.81
12/31/04	43,979,666	52,243,547	8,263,881	84.18	16,818,753	49.13
12/31/05	47,492,310	56,471,030	8,978,720	84.10	17,590,412	51.04
12/31/06	53,880,626	61,138,951	7,258,325	88.13	19,028,497	38.14
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

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

**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, 88 retirees meet those eligibility requirements and participate in the plan. The plan provides medical and prescription drug, and dental benefits.

Funding Policy

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to 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 72 retirees eligible to receive the post-employment health care benefits. During the year, the County contributed approximately \$626,320 to the health care fund for post-retirement health care. Additionally, a medical supplement for 16 employees was paid by the County in approximate amount of \$40,159.

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, 2009. However, the County is providing all required disclosures related to other postemployment benefits.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Annual OPEB Cost

For 2009, the County's annual OPEB cost (expense) of \$3,165,958 for the postemployment healthcare plan was equal to the annual required contributions (ARC). The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

Midland County Trend Information			
Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
\$ 3,165,958	\$ 626,320	19.8%	\$2,539,638

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2009 was as follows:

Schedule of Funding

Actuarial Accrued Liability (AAL)	\$32,495,398
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	32,495,398
Funded ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	N/A
Unfunded Actuarial Accrued Liability (UAAL) as Percentage of Covered Payroll	N/A

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. Due to this being the first year of required implementation, fiscal year ended September 30, 2009, prior year information is unavailable.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The County did not implement GASB 45 during fiscal year 2009. 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.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
10/1/2008	\$ -	\$ 32,495,398	\$ 32,495,398	0.00%	N/A	N/A

Note: This is the first year of required implementation of GASB 45, which requires 3 years of data in this table. Additional years will be added to the disclosure as they become available.

**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, 2009, 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, 2009 the bond issue still outstanding had an approximate principal balance of \$265,000, 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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 10: INTERFUND TRANSACTIONS (Continued)**

Individual fund interfund receivable and payable balances at September 30, 2009, arising from these transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 144,126	\$ -
Special Revenue Funds		
Road and Bridge Fund	16,771	-
District Attorney Hot Check Fund	7,297	53
County Clerk Hot Check Fund	-	2
Law Library Fund	455	26
County Clerk Records Management Fund	1,225	-
Records Preservation Fund	75	-
District Clerk Records Management Fund	45	-
Juvenile Probation Fee Account Fund	-	13
Courthouse Security Fund	591	-
County Clerk Records Archive Fund	1,225	-
County Clerk Vital Stat Preservation Fund	83	-
Dealer Inventory Fund	61	-
Employee Activity Fund	-	4
Justice Court Building Security Fund	86	-
Juvenile Case Management Fund	430	-
Pretrial Intervention Program Fund	9,500	-
Appellate Justice System Fund	45	-
Guardianship Fund	20	-
Justice Court Technology Fund	360	-
District Attorney Drug Forfeiture Fund	3,993	12
Sheriff - Abell Hanger Fund	-	1
Debt Service Fund	1,197	83,336
Capital Projects Fund	83,336	-
Agency Funds		
District Clerk	-	3,088
County Clerk	-	10,709
District Attorney	-	21,360
Sheriff	-	3,498
Justice of the Peace Precinct #1	-	9,680
Justice of the Peace Precinct #2	-	8,513
Justice of the Peace Precinct #3	-	3,543
Justice of the Peace Precinct #4	-	2,077
Tax Collector Assessor	47,648	172,656
CS & CD Supervision	-	14,196
CS & CD Court Residential Treatment Center	13,013	-
CS & CD Community Corrections	1,185	-
<b>TOTAL</b>	<b>\$ 332,767</b>	<b>\$ 332,767</b>

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 10: INTERFUND TRANSACTIONS (Continued)**

Interfund transfers for the year ended September 30, 2009 are as follows:

	Interfund	
	Transfers In	Transfers Out
General Fund	\$ -	\$ 10,428,978
Road and Bridge	166,553	-
Special Revenue Funds		
Donation Teen Leadership Account	1,500	-
Juvenile Case Management		18,701
Juvenile Accountability Incentive Block Grants	25,201	-
Mental Health Deputies	17,779	-
Oilfield Theft Task Force Grant	64,646	-
Internal Service Fund	300,000	-
Capital Projects Fund	9,872,000	-
<b>TOTAL</b>	<b>\$ 10,447,679</b>	<b>\$ 10,447,679</b>

**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, 2009:

	Balance			Balance		Due Within One Year
	October 1, 2008	Additions	Reductions	September 30, 2009		
Certificates of Obligation-Series 1996	\$ 1,835,000	\$ -	\$ 580,000	\$ 1,255,000	\$ 610,000	
General Obligation Bonds-Series 2004	7,920,000	-	150,000	7,770,000	155,000	
General Obligation Bonds-Series 2009	-	21,995,000	-	21,995,000	-	
Unamortized Premium on General Obligation Bonds Series 2009	-	401,927	20,096	381,831	-	
Compensated Absences	2,083,756	284,023	-	2,367,779	500,000	
	<u>\$ 11,838,756</u>	<u>\$ 22,680,950</u>	<u>\$ 750,096</u>	<u>\$ 33,769,610</u>	<u>\$ 1,265,000</u>	

Certificates of Obligation and Refunding Bonds at September 30, 2009 consist of the following:

\$3,400,000 Certificates of Obligation, Series 1996, annual installments beginning 2006 with final installment in 2011, interest at 5.10% to 5.65%	\$ 1,255,000
\$8,920,000 General Obligation Bonds, Series 2004, annual installments beginning 2005 through 2024, interest at 3.50% to 4.65%	7,770,000
\$21,995,000 General Obligation Bonds, Series 2009, annual installments beginning 2011 through 2029, interest at 4.00% to 5.00%	<u>21,995,000</u>
<b>TOTAL</b>	<b><u>\$ 31,020,000</u></b>

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, 2009 follows:

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 11: LONG-TERM DEBT (Continued)**

<u>Certificates of Obligation Bonds, Series 1996</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2010	\$ 610,000	\$ 70,297	\$ 680,297
2011	645,000	36,443	681,443
	<u>\$ 1,255,000</u>	<u>\$ 106,740</u>	<u>\$ 1,361,740</u>

<u>Certificates of Obligation Bonds, Series 2004</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2010	\$ 155,000	\$ 335,233	\$ 490,233
2011	160,000	329,808	489,808
2012	440,000	324,208	764,208
2013-2017	2,500,000	1,337,238	3,837,238
2018-2022	3,080,000	756,958	3,836,958
2023-2024	1,435,000	100,555	1,535,555
	<u>\$ 7,770,000</u>	<u>\$ 3,184,000</u>	<u>\$ 10,954,000</u>

<u>Certificates of Obligation Bonds, Series 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2010	\$ -	\$ 1,555,536	\$ 1,555,536
2011	385,000	974,744	1,359,744
2012	820,000	950,644	1,770,644
2013	850,000	917,244	1,767,244
2014-2018	4,725,000	4,106,482	8,831,482
2019-2023	5,820,000	3,018,324	8,838,324
2024-2029	9,395,000	1,470,616	10,865,616
	<u>\$ 21,995,000</u>	<u>\$ 12,993,590</u>	<u>\$ 34,988,590</u>

The County issued the Series 2009 General Obligation Bond 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  
SEPTEMBER 30, 2009**

**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.

**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 \$75,000 per covered individual and approximately \$3,853,135 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. Changes in the balances of claims liabilities during the past two years are as follows:

Unpaid Claims, September 30, 2007	\$ 399,407
Insured Claims (including IBNRs)	3,185,428
Claims Payments	<u>(3,162,263)</u>
Unpaid Claims, September 30, 2008	422,570
Insured Claims (including IBNRs)	3,580,536
Claims Payments	<u>(3,435,799)</u>
Unpaid Claims, September 30, 2009	<u>\$ 567,307</u>

**NOTE 14: CONTINGENCIES**

Federally Assisted Programs - Compliance Audits

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

(Continued)

**MIDLAND COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE 14: CONTINGENCIES (Continued)**

Federally Assisted Programs - Compliance Audits (Continued)

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 exist. 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.

**NOTE 15: NEW PRONOUNCEMENTS**

GASB issued Statement No. 51 "Accounting and Financial Reporting for Intangible Assets," which establishes accounting and financial reporting requirements for intangible assets. This statement is effective for financial statements for periods beginning after June 15, 2009.

GASB issued Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments," which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is effective for financial statements for reporting periods beginning after June 15, 2009.

GASB issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying existing governmental fund type definitions. This statement is effective for financial statements for reporting period beginning after June 15, 2010.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MIDLAND COUNTY, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2009**

**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
- TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

**OTHER FINANCING SOURCES (USES)**

- Transfers (Out)
- 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)
\$ 21,540,000	\$ 21,540,000	\$ 21,687,672	\$ 147,672
15,500,000	15,500,000	18,268,325	2,768,325
360,000	360,000	351,198	(8,802)
1,600,000	1,605,000	1,982,547	377,547
306,000	210,000	397,514	187,514
370,000	455,000	1,115,690	660,690
3,282,400	3,083,400	3,882,404	799,004
700,000	700,000	596,473	(103,527)
209,100	414,100	912,263	498,163
<u>43,867,500</u>	<u>43,867,500</u>	<u>49,194,086</u>	<u>5,326,586</u>
7,310,189	7,250,803	5,430,784	1,820,019
10,199,843	10,300,644	9,500,549	800,095
2,210,299	2,210,599	2,100,622	109,977
426,684	441,858	311,793	130,065
16,174,389	16,548,226	15,420,699	1,127,527
430,363	384,012	344,496	39,516
2,498,314	2,512,913	2,352,266	160,647
213,435	240,935	186,067	54,868
2,064,059	1,848,068	1,200,188	647,880
<u>41,527,575</u>	<u>41,738,058</u>	<u>36,847,464</u>	<u>4,890,594</u>
2,339,925	2,129,442	12,346,622	10,217,180
<u>(10,244,000)</u>	<u>(10,432,150)</u>	<u>(10,428,978)</u>	<u>3,172</u>
<u>(10,244,000)</u>	<u>(10,432,150)</u>	<u>(10,428,978)</u>	<u>3,172</u>
(7,904,075)	(8,302,708)	1,917,644	10,220,352
<u>35,447,187</u>	<u>35,447,187</u>	<u>35,447,187</u>	<u>-</u>
<u>\$ 27,543,112</u>	<u>\$ 27,144,479</u>	<u>\$ 37,364,831</u>	<u>\$ 10,220,352</u>

The notes to the required supplementary information  
are an integral part of this schedule.

**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, 2009**

**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

EXCESS (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)
\$ 2,103,000	\$ 2,104,100	\$ 2,492,414	\$ 388,314
24,000	24,000	24,683	683
15,000	15,000	23,065	8,065
11,600	10,500	38,450	27,950
<u>2,153,600</u>	<u>2,153,600</u>	<u>2,578,612</u>	<u>425,012</u>
921,600	926,100	873,699	52,401
536,000	536,000	421,672	114,328
232,900	288,058	181,545	106,513
199,500	213,726	200,072	13,654
320,000	256,408	187,173	69,235
5,960	23,960	18,749	5,211
1,250,000	1,118,947	425,312	693,635
399,490	613,882	541,403	72,479
<u>3,865,450</u>	<u>3,977,081</u>	<u>2,849,625</u>	<u>1,127,456</u>
(1,711,850)	(1,823,481)	(271,013)	1,552,468
-	166,553	166,553	-
-	166,553	166,553	-
(1,711,850)	(1,656,928)	(104,460)	1,552,468
<u>2,719,283</u>	<u>2,719,283</u>	<u>2,719,283</u>	<u>-</u>
<u>\$ 1,007,433</u>	<u>\$ 1,062,355</u>	<u>\$ 2,614,823</u>	<u>\$ 1,552,468</u>

The notes to the required supplementary information are an integral part of this schedule.

**MIDLAND COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**SEPTEMBER 30, 2009**

**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 appropriation balances and encumbrance appropriation 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 cash basis which management believes to be not materially different than if the budgets were 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	District Attorney Abell Hanger
County Attorney Hot Check	District Attorney Drug Forfeiture
Law Library	Sheriff Abell Hanger
County Clerk Records Management	Sheriff Local Drug Forfeiture
Records Preservation	Sheriff Federal Forfeiture
District Clerk Records Management	Paving Projects
Juvenile Probation Fees	Juvenile Accountability Incentive Block Grants
Courthouse Security	Indigent Defense Improvement Grant
County Clerk Records Archive	Office of Court Administration Grant
County Clerk Vital Statistics	High Intensity Drug Trafficking Area Grant
Voter Registration Chapter 19	Other Victims Assistance Grant
Employee Activity	Mental Health Deputies
Dealer Inventory	Oilfield Theft Task Force Grant
Justice Court Building Security	Texas Vine Grant
Juvenile Case Management	Crime Victim Services Grant
County Attorney State Supplement	2005 Byrne Justice Assistance Grant
Juvenile Delinquency Prevention	2007 JAG Discretionary Grant
Pre-Trial Intervention Program	Donation SO Bulletproof Vest
Election Contracts	Donation Dare Lioness Club
Child Abuse Prevention	Donation CIU Volunteer Support
Appellate Justice System	Donation Teen Leadership Account
Guardianship	Donation Constable
Abandoned Motor Vehicles	Donation Fire Marshall
Rabies Control	Title IV-E Federal Foster Care
Justice Court Technology	Juvenile Probation State Grants
Local Emergency Planning Commission	Helping America Vote Act Grant
Donations SO Mounted Patrol	JAG 2006/2008 Justice Assistance Grant
Donations Constable 4 Bullet Proof Vest	Gates Public Access Comp HUG
Donation Horseshoe Proctor	Donation Cemetery Care
Donations Sheriff's Office	Donation Library
Donations Constable 4	Lone Star Libraries Grant
Donations Emergency Management	
L.E.O.S.E. Funds	

**MIDLAND COUNTY, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2009**

**REVENUES**

Property Tax, Penalties and Interest  
Investment Income

TOTAL REVENUES

**EXPENDITURES**

Debt Service  
1996 Certificates of Obligation - Principal  
1996 Certificates of Obligation - Interest and Fiscal Charges  
2004 Certificates of Obligation - Principal  
2004 Certificates of Obligation - Interest and Fiscal Charges

TOTAL EXPENDITURES

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>
\$ 1,163,000	\$ 1,166,000	\$ 1,179,851	\$ 13,851
16,000	13,000	5,976	(7,024)
<u>1,179,000</u>	<u>1,179,000</u>	<u>1,185,827</u>	<u>6,827</u>
580,000	580,000	580,000	-
104,000	104,000	102,623	1,377
150,000	150,000	150,000	-
<u>345,000</u>	<u>345,000</u>	<u>341,082</u>	<u>3,918</u>
<u>1,179,000</u>	<u>1,179,000</u>	<u>1,173,705</u>	<u>5,295</u>
-	-	12,122	12,122
<u>334,702</u>	<u>334,702</u>	<u>334,702</u>	<u>-</u>
<u>\$ 334,702</u>	<u>\$ 334,702</u>	<u>\$ 346,824</u>	<u>\$ 12,122</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, 2009**

**REVENUES**

Investment Income

TOTAL REVENUES

**EXPENDITURES**

Highways and Roads

Capital Outlay

Bond Issuance Costs

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES  
OVER EXPENDITURES

**OTHER FINANCING SOURCES**

Certificates of Obligation Issued

Reoffering Premium

Transfers In

TOTAL OTHER FINANCING SOURCES

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>
\$ -	\$ -	\$ 172,840	\$ 172,840
-	-	172,840	172,840
-	663,432	-	663,432
38,535,432	37,962,128	10,818,810	27,143,318
-	-	313,591	(313,591)
<u>38,535,432</u>	<u>38,625,560</u>	<u>11,132,401</u>	<u>27,493,159</u>
<u>(38,535,432)</u>	<u>(38,625,560)</u>	<u>(10,959,561)</u>	<u>27,665,999</u>
-	-	21,995,000	21,995,000
-	-	401,927	401,927
<u>31,872,000</u>	<u>31,962,000</u>	<u>9,872,000</u>	<u>(22,090,000)</u>
<u>31,872,000</u>	<u>31,962,000</u>	<u>32,268,927</u>	<u>306,927</u>
(6,663,432)	(6,663,560)	21,309,366	27,972,926
<u>4,930,003</u>	<u>4,930,003</u>	<u>4,930,003</u>	<u>-</u>
<u>\$ (1,733,429)</u>	<u>\$ (1,733,557)</u>	<u>\$ 26,239,369</u>	<u>\$ 27,972,926</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2009**

	<u>District Attorney Hot Check</u>	<u>County Attorney Hot Check</u>	<u>Law Library</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 561
Investments	238,921	8,278	115,273
Accounts Receivable	-	-	-
Due from Other Governmental Agencies	1,400	-	-
Due from Other Funds	7,297	-	455
Prepaid Expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 247,618</u>	<u>\$ 8,278</u>	<u>\$ 116,289</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Pooled Cash	\$ 1,503	\$ -	\$ -
Accounts Payable	-	-	5,975
Salaries Payable	-	-	-
Benefits Payable	1,435	-	668
Due to Other Funds	53	2	26
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,991</u>	<u>2</u>	<u>6,669</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	22,000	-	43,358
Undesignated	222,627	8,276	66,262
	<u>244,627</u>	<u>8,276</u>	<u>109,620</u>
TOTAL FUND BALANCES	<u>244,627</u>	<u>8,276</u>	<u>109,620</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 247,618</u>	<u>\$ 8,278</u>	<u>\$ 116,289</u>

<u>County Clerk Records Management</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>
\$ 342	\$ 1,081	\$ 73,929	\$ 48	\$ -	\$ 474	\$ 110
290,322	294,955	-	61,382	144,880	349,130	88,662
1,309	-	-	83	-	5,726	-
-	-	-	-	-	-	-
1,225	75	45	-	591	1,225	83
-	-	-	-	-	-	-
<u>\$ 293,198</u>	<u>\$ 296,111</u>	<u>\$ 73,974</u>	<u>\$ 61,513</u>	<u>\$ 145,471</u>	<u>\$ 356,555</u>	<u>\$ 88,855</u>
\$ -	\$ -	\$ -	\$ -	\$ 34	\$ -	\$ -
-	3,413	-	-	839	-	-
-	-	-	-	876	-	-
1,206	-	-	-	-	236	21
-	-	-	13	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,206</u>	<u>3,413</u>	<u>-</u>	<u>13</u>	<u>1,749</u>	<u>236</u>	<u>21</u>
-	-	-	-	-	-	-
79,091	212,100	34,200	-	143,722	83,096	-
212,901	80,598	39,774	61,500	-	273,223	88,834
<u>291,992</u>	<u>292,698</u>	<u>73,974</u>	<u>61,500</u>	<u>143,722</u>	<u>356,319</u>	<u>88,834</u>
<u>\$ 293,198</u>	<u>\$ 296,111</u>	<u>\$ 73,974</u>	<u>\$ 61,513</u>	<u>\$ 145,471</u>	<u>\$ 356,555</u>	<u>\$ 88,855</u>

(Continued)

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2009**

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 23
Investments	-	17,811	46,181
Accounts Receivable	-	1,200	-
Due from Other Governmental Agencies	1,332	-	-
Due from Other Funds	-	-	61
Prepaid Expenses	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,332</u>	<u>\$ 19,011</u>	<u>\$ 46,265</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Pooled Cash	\$ 1,332	\$ 4	\$ -
Accounts Payable	-	378	-
Salaries Payable	-	-	-
Benefits Payable	-	-	55
Due to Other Funds	-	4	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>1,332</u>	<u>386</u>	<u>55</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	-	-	12,800
Undesignated	-	18,625	33,410
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>-</u>	<u>18,625</u>	<u>46,210</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,332</u>	<u>\$ 19,011</u>	<u>\$ 46,265</u>

<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>	<u>County Attorney State Supplement</u>	<u>Juvenile Delinquency Prevention</u>	<u>Pretrial Intervention Program</u>	<u>Election Contracts</u>	<u>Child Abuse Prevention</u>	<u>Appellate Justice System</u>
\$ 32,798	\$ 110,109	\$ 127,134	\$ 45	\$ 134,000	\$ 40,444	\$ 400	\$ 992
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
86	430	-	-	9,500	-	-	45
-	-	-	-	-	-	-	-
<u>\$ 32,884</u>	<u>\$ 110,539</u>	<u>\$ 127,134</u>	<u>\$ 45</u>	<u>\$ 143,500</u>	<u>\$ 40,444</u>	<u>\$ 400</u>	<u>\$ 1,037</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,470	-	-	-	-	1,037
-	-	99	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	62,500	-	-	-	-	-
-	-	64,069	-	-	-	-	1,037
-	-	-	-	-	-	-	-
28,000	110,539	37,316	-	50,000	19,709	300	-
4,884	-	25,749	45	93,500	20,735	100	-
<u>32,884</u>	<u>110,539</u>	<u>63,065</u>	<u>45</u>	<u>143,500</u>	<u>40,444</u>	<u>400</u>	<u>-</u>
<u>\$ 32,884</u>	<u>\$ 110,539</u>	<u>\$ 127,134</u>	<u>\$ 45</u>	<u>\$ 143,500</u>	<u>\$ 40,444</u>	<u>\$ 400</u>	<u>\$ 1,037</u>

(Continued)

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2009**

	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>
<b>ASSETS</b>			
Cash	\$ 13,609	\$ 30,309	\$ 15,876
Investments	-	-	-
Accounts Receivable	-	-	1,320
Due from Other Governmental Agencies	-	-	-
Due from Other Funds	20	-	-
Prepaid Expenses	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 13,629</u>	<u>\$ 30,309</u>	<u>\$ 17,196</u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>			
Due to Pooled Cash	\$ -	\$ -	\$ -
Accounts Payable	-	-	325
Salaries Payable	-	-	-
Benefits Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>325</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	9,000	-	-
Undesignated	4,629	30,309	16,871
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>13,629</u>	<u>30,309</u>	<u>16,871</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,629</u>	<u>\$ 30,309</u>	<u>\$ 17,196</u>

<u>Justice Court Technology</u>	<u>Local Emergency Planning Commission</u>	<u>Donations SO Mounted Patrol</u>	<u>Donations Const 4 Bullet Proof Vest</u>	<u>Donation Horseshoe Proctor</u>	<u>Donations Sheriff's Office</u>	<u>Donations Constable 4</u>
\$ 213,242	\$ 424	\$ 4,911	\$ 500	\$ 171,339	\$ 28,604	\$ 481
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
360	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 213,602</u>	<u>\$ 424</u>	<u>\$ 4,911</u>	<u>\$ 500</u>	<u>\$ 171,339</u>	<u>\$ 28,604</u>	<u>\$ 481</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,300	424	-	500	50,000	28,000	81
188,302	-	4,911	-	121,339	604	400
<u>213,602</u>	<u>424</u>	<u>4,911</u>	<u>500</u>	<u>171,339</u>	<u>28,604</u>	<u>481</u>
<u>\$ 213,602</u>	<u>\$ 424</u>	<u>\$ 4,911</u>	<u>\$ 500</u>	<u>\$ 171,339</u>	<u>\$ 28,604</u>	<u>\$ 481</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2009**

	Donations Emergency Management	L.E.O.S.E. Funds	District Attorney Abell Hanger	District Attorney Drug Forfeiture
<b>ASSETS</b>				
Cash	\$ 52	\$ 19,381	\$ -	\$ 452
Investments	-	-	4,661	55,257
Accounts Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Due from Other Funds	-	-	-	3,993
Prepaid Expenses	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 52</u>	<u>\$ 19,381</u>	<u>\$ 4,661</u>	<u>\$ 59,702</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Pooled Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	2	226	-
Salaries Payable	-	-	-	-
Benefits Payable	-	-	-	-
Due to Other Funds	-	-	-	12
Due to Other Governmental Agencies	-	-	-	-
Deferred Grant Revenue	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>-</u>	<u>2</u>	<u>226</u>	<u>12</u>
<b>FUND BALANCES</b>				
Reserved for Encumbrances	-	-	-	-
Unreserved				
Designated for Subsequent Year's Expenditures	2	8,231	3,100	26,000
Undesignated	50	11,148	1,335	33,690
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>52</u>	<u>19,379</u>	<u>4,435</u>	<u>59,690</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52</u>	<u>\$ 19,381</u>	<u>\$ 4,661</u>	<u>\$ 59,702</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Paving Projects</u>	<u>Juvenile Accountability Incentive Block Grants</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ -	\$ 18,152	\$ -	\$19,500	\$ -	\$ 6,757	\$ -
3,413	-	43,493	-	-	-	-
-	-	-	-	-	-	-
-	-	977	-	21,594	-	3,407
-	-	-	-	-	-	-
-	3,390	3,064	-	-	-	-
<u>\$ 3,413</u>	<u>\$ 21,542</u>	<u>\$ 47,534</u>	<u>\$19,500</u>	<u>\$ 21,594</u>	<u>\$ 6,757</u>	<u>\$ 3,407</u>
\$ 1	\$ -	\$ 11,778	\$ -	\$ 18,649	\$ -	\$ 3,236
-	-	3,793	-	444	-	-
-	-	-	-	-	-	-
-	-	-	-	2,501	-	171
1	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2</u>	<u>-</u>	<u>15,571</u>	<u>-</u>	<u>21,594</u>	<u>-</u>	<u>3,407</u>
-	-	-	-	-	-	-
3,411	5,000	-	-	-	6,757	-
-	16,542	31,963	19,500	-	-	-
<u>3,411</u>	<u>21,542</u>	<u>31,963</u>	<u>19,500</u>	<u>-</u>	<u>6,757</u>	<u>-</u>
<u>\$ 3,413</u>	<u>\$ 21,542</u>	<u>\$ 47,534</u>	<u>\$19,500</u>	<u>\$ 21,594</u>	<u>\$ 6,757</u>	<u>\$ 3,407</u>

(Continued)

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2009**

	High Intensity Drug Trafficking Area	Other Victims' Assistance Grant	Mental Health Deputies
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Accounts Receivable	-	-	-
Due from Other Governmental Agencies	11,611	3,580	9,558
Due from Other Funds	-	-	-
Prepaid Expenses	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 11,611</u>	<u>\$ 3,580</u>	<u>\$ 9,558</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Pooled Cash	\$ 11,377	\$ 2,961	\$ 7,827
Accounts Payable	234	-	-
Salaries Payable	-	-	-
Benefits Payable	-	619	1,731
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>11,611</u>	<u>3,580</u>	<u>9,558</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	-	-	-
Undesignated	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,611</u>	<u>\$ 3,580</u>	<u>\$ 9,558</u>

<u>Oilfield Theft Task Force Grant</u>	<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>2005 Byrne Justice Asst Grant</u>	<u>2007 JAG Discretionary Grant</u>	<u>Donation SO Bullet Proof Vest</u>	<u>Donation Dare Lioness Club</u>	<u>Donation CIU Volunteer Support</u>
\$ -	\$ -	\$ -	\$ -	\$ 184	\$ 1,165	\$ 100	\$ 655
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,258	25,817	4,221	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,258</u>	<u>\$ 25,817</u>	<u>\$ 4,221</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 1,165</u>	<u>\$ 100</u>	<u>\$ 655</u>
\$ 2,336	\$ 25,817	\$ 3,678	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
922	-	543	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,258</u>	<u>25,817</u>	<u>4,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	1,164	100	655
-	-	-	-	184	1	-	-
-	-	-	-	184	1,165	100	655
<u>\$ 3,258</u>	<u>\$ 25,817</u>	<u>\$ 4,221</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 1,165</u>	<u>\$ 100</u>	<u>\$ 655</u>

(Continued)

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2009**

	Donation Teen Leadership Account	Donation Constable	Donation Fire Marshall
<b>ASSETS</b>			
Cash	\$ 12,542	\$ 10	\$ 70
Investments	-	-	-
Accounts Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 12,542</u>	<u>\$ 10</u>	<u>\$ 70</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Pooled Cash	\$ -	\$ -	\$ -
Accounts Payable	-	-	-
Salaries Payable	-	-	-
Benefits Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	12,542	-	-
Undesignated	-	10	70
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>12,542</u>	<u>10</u>	<u>70</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,542</u>	<u>\$ 10</u>	<u>\$ 70</u>

<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>Helping America Vote Act Grant</u>	<u>JAG 2006/2008 Justice Assist Grant</u>	<u>Gates Public Access Comp HUG</u>	<u>Donation Cemetery Care</u>
\$ 8,063	\$ -	\$ -	\$ 570	\$ 1,281	\$ 743
263,900	-	-	-	-	-
-	367	-	-	-	-
50,328	42,920	28,366	-	-	-
-	-	-	-	-	-
175	2,401	-	-	-	-
<u>\$ 322,466</u>	<u>\$ 45,688</u>	<u>\$ 28,366</u>	<u>\$ 570</u>	<u>\$ 1,281</u>	<u>\$ 743</u>
\$ -	\$ 12,425	\$ 27,910	\$ -	\$ -	\$ -
22,650	32,363	456	-	-	-
-	-	-	-	-	-
368	900	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,281	-
-	-	-	575	-	-
<u>23,018</u>	<u>45,688</u>	<u>28,366</u>	<u>575</u>	<u>1,281</u>	<u>-</u>
-	-	-	-	-	-
299,448	-	-	-	-	658
-	-	-	(5)	-	85
<u>299,448</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>743</u>
<u>\$ 322,466</u>	<u>\$ 45,688</u>	<u>\$ 28,366</u>	<u>\$ 570</u>	<u>\$ 1,281</u>	<u>\$ 743</u>

(Continued)

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS -  
COMBINING BALANCE SHEET (CONTINUED)  
SEPTEMBER 30, 2009**

	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 7,563	\$19,447	\$ 1,118,472
Investments	-	-	2,026,519
Accounts Receivable	-	-	10,005
Due from Other Governmental Agencies	-	-	208,369
Due from Other Funds	-	-	25,491
Prepaid Expenses	-	-	9,030
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 7,563</u>	<u>\$19,447</u>	<u>\$ 3,397,886</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Pooled Cash	\$ -	\$ -	\$ 130,868
Accounts Payable	2,709	19,447	95,761
Salaries Payable	-	-	876
Benefits Payable	-	-	11,475
Due to Other Funds	-	-	111
Due to Other Governmental Agencies	-	-	1,281
Deferred Grant Revenue	-	-	63,075
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>2,709</u>	<u>19,447</u>	<u>303,447</u>
<b>FUND BALANCES</b>			
Resrvd for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	4,712		1,361,316
Undesignated	142	-	1,733,123
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>4,854</u>	<u>-</u>	<u>3,094,439</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,563</u>	<u>\$19,447</u>	<u>\$ 3,397,886</u>

**MIDLAND COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2009**

	District Attorney Hot Check	County Attorney Hot Check	Law Library
<b>REVENUES</b>			
Charges for Services	\$ 114,765	\$ -	\$ 95,102
Investment Income	-	5	-
Fines and Forfeitures	-	-	-
Intergovernmental	34,450	-	-
Miscellaneous	-	-	-
	<u>149,215</u>	<u>5</u>	<u>95,102</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current			
General Administration	-	-	-
Judicial	190,038	-	100,490
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<u>190,038</u>	<u>-</u>	<u>100,490</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(40,823)</u>	<u>5</u>	<u>(5,388)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<u>(40,823)</u>	<u>5</u>	<u>(5,388)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>285,450</u>	<u>8,271</u>	<u>115,008</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 244,627</u>	<u>\$ 8,276</u>	<u>\$ 109,620</u>

<u>County Clerk Records Management</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>
\$ 139,029	\$ 65,945	\$ 13,236	\$ 12,687	\$ 78,941	\$ 133,260	\$ 13,555
2,129	2,177	-	-	1,278	2,410	663
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,127	-
<u>141,158</u>	<u>68,122</u>	<u>13,236</u>	<u>12,687</u>	<u>80,219</u>	<u>140,797</u>	<u>14,218</u>
-	-	-	-	-	-	-
121,076	19,331	-	3,795	96,348	112,800	2,487
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,400	47,107	-	-	-	-	-
-	-	-	-	-	-	-
<u>143,476</u>	<u>66,438</u>	<u>-</u>	<u>3,795</u>	<u>96,348</u>	<u>112,800</u>	<u>2,487</u>
<u>(2,318)</u>	<u>1,684</u>	<u>13,236</u>	<u>8,892</u>	<u>(16,129)</u>	<u>27,997</u>	<u>11,731</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,318)	1,684	13,236	8,892	(16,129)	27,997	11,731
<u>294,310</u>	<u>291,014</u>	<u>60,738</u>	<u>52,608</u>	<u>159,851</u>	<u>328,322</u>	<u>77,103</u>
<u>\$ 291,992</u>	<u>\$ 292,698</u>	<u>\$ 73,974</u>	<u>\$ 61,500</u>	<u>\$ 143,722</u>	<u>\$ 356,319</u>	<u>\$ 88,834</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
YEAR ENDED SEPTEMBER 30, 2009**

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory
<b>REVENUES</b>			
Charges for Other Services	\$ 11,479	\$ 14,550	\$ -
Investment Income	-	-	2,072
Fines and Forfeitures	-	-	-
Intergovernmental	-	-	-
Miscellaneous	-	-	-
	<u>11,479</u>	<u>14,550</u>	<u>2,072</u>
<b>TOTAL REVENUES</b>			
	<u>11,479</u>	<u>14,550</u>	<u>2,072</u>
<b>EXPENDITURES</b>			
Current			
General Administration	-	9,054	-
Judicial	-	-	-
Financial Administration	-	-	7,655
Elections	11,479	-	-
Public Safety and Corrections	-	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<u>11,479</u>	<u>9,054</u>	<u>7,655</u>
<b>TOTAL EXPENDITURES</b>			
	<u>11,479</u>	<u>9,054</u>	<u>7,655</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>5,496</u>	<u>(5,583)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>			
	<u>-</u>	<u>5,496</u>	<u>(5,583)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			
	<u>-</u>	<u>13,129</u>	<u>51,793</u>
<b>FUND BALANCE - END OF YEAR</b>			
	<u>\$ -</u>	<u>\$ 18,625</u>	<u>\$ 46,210</u>

<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>	<u>County Attorney State Supplement</u>	<u>Juvenile Delinquency Prevention</u>	<u>Pretrial Intervention Program</u>	<u>Election Contracts</u>	<u>Child Abuse Prevention</u>	<u>Appellate Justice System</u>
\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ 43,445	\$ 236	\$ -
-	-	-	-	-	-	-	-
9,285	44,676	-	-	-	-	-	-
-	-	62,500	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,285</u>	<u>44,676</u>	<u>62,500</u>	<u>-</u>	<u>115,000</u>	<u>43,445</u>	<u>236</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	51,598	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	38,028	-	-
-	23	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>23</u>	<u>51,598</u>	<u>-</u>	<u>-</u>	<u>38,028</u>	<u>-</u>	<u>-</u>
<u>9,285</u>	<u>44,653</u>	<u>10,902</u>	<u>-</u>	<u>115,000</u>	<u>5,417</u>	<u>236</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	(18,701)	-	-	-	-	-	-
<u>-</u>	<u>(18,701)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,285	25,952	10,902	-	115,000	5,417	236	-
23,599	84,587	52,163	45	28,500	35,027	164	-
<u>\$ 32,884</u>	<u>\$ 110,539</u>	<u>\$ 63,065</u>	<u>\$ 45</u>	<u>\$ 143,500</u>	<u>\$ 40,444</u>	<u>\$ 400</u>	<u>\$ -</u>

**MIDLAND COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**YEAR ENDED SEPTEMBER 30, 2009**

	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>
<b>REVENUES</b>			
Charges for Other Services	\$ -	\$ 3,703	\$ 10,928
Investment Income	-	114	-
Fines and Forfeitures	-	-	-
Intergovernmental	7,853	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	<u>7,853</u>	<u>3,817</u>	<u>10,928</u>
<b>EXPENDITURES</b>			
Current			
General Administration	-	-	-
Judicial	-	-	-
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	5,824	-
Health and Welfare	-	-	630
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>-</u>	<u>5,824</u>	<u>630</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,853</u>	<u>(2,007)</u>	<u>10,298</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	7,853	(2,007)	10,298
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>5,776</u>	<u>32,316</u>	<u>6,573</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 13,629</u>	<u>\$ 30,309</u>	<u>\$ 16,871</u>

<u>Justice Court Technology</u>	<u>Local Emergency Planning Commission</u>	<u>Donations SO Mounted Patrol</u>	<u>Donations Const 4 Bullet Proof Vest</u>	<u>Donation Horseshoe Proctor</u>	<u>Donations Sheriff's Office</u>	<u>Donations Constable 4</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
37,487	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,010	-	50,000	20,000	-
<u>37,487</u>	<u>-</u>	<u>3,010</u>	<u>-</u>	<u>50,000</u>	<u>20,000</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,771	-	-	20,156	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,771	-	-	20,156	-
<u>37,487</u>	<u>-</u>	<u>1,239</u>	<u>-</u>	<u>50,000</u>	<u>(156)</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>37,487</u>	<u>-</u>	<u>1,239</u>	<u>-</u>	<u>50,000</u>	<u>(156)</u>	<u>-</u>
<u>176,115</u>	<u>424</u>	<u>3,672</u>	<u>500</u>	<u>121,339</u>	<u>28,760</u>	<u>481</u>
<u>\$ 213,602</u>	<u>\$ 424</u>	<u>\$ 4,911</u>	<u>\$ 500</u>	<u>\$ 171,339</u>	<u>\$ 28,604</u>	<u>\$ 481</u>

**MIDLAND COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Donations Emergency Management	L.E.O.S.E. Funds	District Attorney Abell Hanger	District Attorney Drug Forfeiture
<b>REVENUES</b>				
Charges for Other Services	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
Fines and Forfeitures	-	-	-	16,017
Intergovernmental	-	14,133	-	-
Miscellaneous	50	-	-	-
<b>TOTAL REVENUES</b>	<u>50</u>	<u>14,133</u>	<u>-</u>	<u>16,017</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Judicial	-	-	411	7,512
Financial Administration	-	-	-	-
Elections	-	-	-	-
Public Safety and Corrections	-	10,248	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Highways and Roads	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>10,248</u>	<u>411</u>	<u>7,512</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>50</u>	<u>3,885</u>	<u>(411)</u>	<u>8,505</u>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	50	3,885	(411)	8,505
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2</u>	<u>15,494</u>	<u>4,846</u>	<u>51,185</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 52</u>	<u>\$ 19,379</u>	<u>\$ 4,435</u>	<u>\$ 59,690</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Paving Projects</u>	<u>Juvenile Accountability Incentive Block Grants</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	411	-	-	-	-
-	40,050	21,189	-	-	-	-
-	-	-	-	149,159	-	19,883
-	-	-	-	-	-	-
<u>-</u>	<u>40,050</u>	<u>21,600</u>	<u>-</u>	<u>149,159</u>	<u>-</u>	<u>19,883</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	19,883
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,811	463	66,632	-	174,360	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,988	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,811</u>	<u>22,451</u>	<u>66,632</u>	<u>-</u>	<u>174,360</u>	<u>-</u>	<u>19,883</u>
<u>(1,811)</u>	<u>17,599</u>	<u>(45,032)</u>	<u>-</u>	<u>(25,201)</u>	<u>-</u>	<u>-</u>
-	-	-	-	25,201	-	-
-	-	-	-	-	-	-
-	-	-	-	25,201	-	-
<u>(1,811)</u>	<u>17,599</u>	<u>(45,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,222</u>	<u>3,943</u>	<u>76,995</u>	<u>19,500</u>	<u>-</u>	<u>6,757</u>	<u>-</u>
<u>\$ 3,411</u>	<u>\$ 21,542</u>	<u>\$ 31,963</u>	<u>\$ 19,500</u>	<u>\$ -</u>	<u>\$ 6,757</u>	<u>\$ -</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
YEAR ENDED SEPTEMBER 30, 2009**

	High Intensity Drug Trafficking Area	Other Victims' Assistance Grant	Mental Health Deputies
<b>REVENUES</b>			
Charges for Other Services	\$ -	\$ -	\$ -
Investment Income	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	22,982	34,409	131,250
Miscellaneous	-	-	-
	<u>22,982</u>	<u>34,409</u>	<u>131,250</u>
<b>TOTAL REVENUES</b>	<u>22,982</u>	<u>34,409</u>	<u>131,250</u>
<b>EXPENDITURES</b>			
Current			
General Administration	-	-	-
Judicial	-	-	-
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	22,982	-	-
Health and Welfare	-	34,409	149,029
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<u>22,982</u>	<u>34,409</u>	<u>149,029</u>
<b>TOTAL EXPENDITURES</b>	<u>22,982</u>	<u>34,409</u>	<u>149,029</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(17,779)</u>
<b>OTHER FINANCING SOURCES</b>			
Operating Transfers In	-	-	17,779
Operating Transfers (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>17,779</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>17,779</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Oilfield Theft Task Force Grant</u>	<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>2005 Byrne Justice Asst Grant</u>	<u>2007 JAG Discretionary Grant</u>	<u>Donation SO Bullet Proof Vest</u>	<u>Donation Dare Lioness Club</u>	<u>Donation CIU Volunteer Support</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	184	-	-	-
-	-	-	-	-	-	-	-
15,705	51,634	36,035	-	-	-	-	-
-	-	-	-	-	4,803	-	-
<u>15,705</u>	<u>51,634</u>	<u>36,035</u>	<u>-</u>	<u>184</u>	<u>4,803</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
80,351	-	-	26	-	4,167	-	-
-	51,634	36,035	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>80,351</u>	<u>51,634</u>	<u>36,035</u>	<u>26</u>	<u>-</u>	<u>4,167</u>	<u>-</u>	<u>-</u>
<u>(64,646)</u>	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>184</u>	<u>636</u>	<u>-</u>	<u>-</u>
64,646	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>64,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(26)	184	636	-	-
-	-	-	26	-	529	100	655
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 1,165</u>	<u>\$ 100</u>	<u>\$ 655</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
YEAR ENDED SEPTEMBER 30, 2009**

	Donation Teen Leadership Account	Donation Constable	Donation Fire Marshall
<b>REVENUES</b>			
Charges for Other Services	\$ -	\$ -	\$ -
Investment Income	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	-	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	-	-	-
<b>EXPENDITURES</b>			
Current			
General Administration	-	-	-
Judicial	-	-	-
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	-	-
Health and Welfare	26,118	-	-
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
TOTAL EXPENDITURES	26,118	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,118)	-	-
<b>OTHER FINANCING SOURCES</b>			
Operating Transfers In	1,500	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES	1,500	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(24,618)	-	-
FUND BALANCE - BEGINNING OF YEAR	37,160	10	70
FUND BALANCE - END OF YEAR	\$ 12,542	\$ 10	\$ 70

<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>Helping America Vote Act Grant</u>	<u>JAG 2006/2008 Justice Assist Grant</u>	<u>Gates Public Access Comp HUG</u>	<u>Donation Cemetery Care</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,203	-	-	5	-	-
-	-	-	-	-	-
46,711	745,366	31,244	4,310	-	-
-	-	-	-	-	-
<u>49,914</u>	<u>745,366</u>	<u>31,244</u>	<u>4,315</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	4,425	-	-
-	-	-	-	-	-
-	-	31,244	-	-	-
-	745,366	-	-	1,281	-
204,354	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>204,354</u>	<u>745,366</u>	<u>31,244</u>	<u>4,425</u>	<u>1,281</u>	<u>-</u>
<u>(154,440)</u>	<u>-</u>	<u>-</u>	<u>(110)</u>	<u>(1,281)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(154,440)</u>	<u>-</u>	<u>-</u>	<u>(110)</u>	<u>(1,281)</u>	<u>-</u>
<u>453,888</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>1,281</u>	<u>743</u>
<u>\$ 299,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 743</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
YEAR ENDED SEPTEMBER 30, 2009**

	Donation Library	Lone Star Libraries Grant	Totals
<b>REVENUES</b>			
Charges for Other Services	\$ -	\$ -	\$ 865,861
Investment Income	-	-	14,651
Fines and Forfeitures	-	-	168,704
Intergovernmental	-	19,447	1,427,071
Miscellaneous	3,391	-	86,381
<b>TOTAL REVENUES</b>	<b>3,391</b>	<b>19,447</b>	<b>2,562,668</b>
<b>EXPENDITURES</b>			
Current			
General Administration	-	-	9,054
Judicial	-	-	730,194
Financial Administration	-	-	7,655
Elections	-	-	80,751
Public Safety and Corrections	-	-	1,135,461
Health and Welfare	-	-	502,209
Culture and Recreation	2,858	19,447	22,305
Highways and Roads	-	-	-
Capital Outlay	-	-	91,495
Debt Service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,858</b>	<b>19,447</b>	<b>2,579,124</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>533</b>	<b>-</b>	<b>(16,456)</b>
<b>OTHER FINANCING SOURCES</b>			
Operating Transfers In	-	-	109,126
Operating Transfers (Out)	-	-	(18,701)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>90,425</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<b>533</b>	<b>-</b>	<b>73,969</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>4,321</b>	<b>-</b>	<b>3,020,470</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 4,854</b>	<b>\$ -</b>	<b>\$ 3,094,439</b>

### **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, 2009**

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 24,356	\$ 251,110	\$ 148,290	\$ 423,756
Investments	3,508,590	900,346	-	4,408,936
Accounts Receivable	-	63,636	26,662	90,298
Prepaid Assets	55,981	-	-	55,981
<b>TOTAL ASSETS</b>	<u>3,588,927</u>	<u>1,215,092</u>	<u>174,952</u>	<u>4,978,971</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>304,329</u>	<u>577,150</u>	<u>2,033</u>	<u>883,512</u>
<b>TOTAL LIABILITIES</b>	<u>304,329</u>	<u>577,150</u>	<u>2,033</u>	<u>883,512</u>
<b>NET ASSETS</b>				
Unrestricted	<u>3,284,598</u>	<u>637,942</u>	<u>172,919</u>	<u>4,095,459</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,284,598</u>	<u>\$ 637,942</u>	<u>\$ 172,919</u>	<u>\$ 4,095,459</u>

**MIDLAND COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2009**

**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)

**OTHER FINANCING SOURCES**

Investment Income

Operating Transfers In

TOTAL OTHER FINANCING SOURCES

CHANGES IN NET ASSETS

**NET ASSETS , BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Totals</u>
<u>\$ 884,182</u>	<u>\$ 3,853,135</u>	<u>\$ 454,100</u>	<u>\$ 5,191,417</u>
<u>884,182</u>	<u>3,853,135</u>	<u>454,100</u>	<u>5,191,417</u>
-	-	444,223	444,223
-	3,549,115	-	3,549,115
88,250	385,817	-	474,067
670,301	373,626	-	1,043,927
-	969	-	969
<u>758,551</u>	<u>4,309,527</u>	<u>444,223</u>	<u>5,512,301</u>
<u>125,631</u>	<u>(456,392)</u>	<u>9,877</u>	<u>(320,884)</u>
28,963	10,762	-	39,725
-	300,000	-	300,000
<u>28,963</u>	<u>310,762</u>	<u>-</u>	<u>339,725</u>
154,594	(145,630)	9,877	18,841
<u>3,130,004</u>	<u>783,572</u>	<u>163,042</u>	<u>4,076,618</u>
<u>\$ 3,284,598</u>	<u>\$ 637,942</u>	<u>\$ 172,919</u>	<u>\$ 4,095,459</u>

**MIDLAND COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Charges for Services  
Cash Paid for Services

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfer In (Out)

NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments  
Investment Income Received  
Proceeds from Sale of Investments

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

NET CHANGE IN CASH

**CASH AT BEGINNING OF YEAR**

**CASH AT END OF YEAR**

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

Operating Income (Loss)

Adjustments to Reconcile Operating Income (Loss) to Net Cash  
Provided (Used) by Operating Activities  
(Increase) Decrease in Accounts Receivable  
(Increase) Decrease in Prepaid Assets  
(Decrease) Increase in Accounts Payable

TOTAL ADJUSTMENTS

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Totals</u>
\$ 884,182	\$ 3,793,296	\$ 454,100	\$ 5,131,578
(965,823)	(4,155,286)	(442,985)	(5,564,094)
<u>(81,641)</u>	<u>(361,990)</u>	<u>11,115</u>	<u>(432,516)</u>
-	300,000	-	300,000
-	300,000	-	300,000
(39,344)	-	-	(39,344)
28,963	10,762	-	39,725
-	364,236	-	364,236
<u>(10,381)</u>	<u>374,998</u>	<u>-</u>	<u>364,617</u>
(92,022)	313,008	11,115	232,101
116,378	(61,898)	137,175	191,655
<u>\$ 24,356</u>	<u>\$ 251,110</u>	<u>\$ 148,290</u>	<u>\$ 423,756</u>
\$ 125,631	\$ (456,392)	\$ 9,877	\$ (320,884)
-	(59,838)	-	(59,838)
61,440	-	-	61,440
(268,712)	154,240	1,238	(113,234)
<u>(207,272)</u>	<u>94,402</u>	<u>1,238</u>	<u>(111,632)</u>
<u>\$ (81,641)</u>	<u>\$ (361,990)</u>	<u>\$ 11,115</u>	<u>\$ (432,516)</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
- Justice of the Peace Clearing
- CS&CD Supervision
- CS&CD Court Residential Treatment Center
- CS&CD Community Corrections
- CS&CD Treatment Alternative Incarceration Program
- Bail Security Fund

**MIDLAND COUNTY, TEXAS  
 AGENCY FUNDS  
 COMBINING STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009**

	<u>District Clerk</u>	<u>County Clerk</u>	<u>District Attorney</u>
<b>ASSETS</b>			
Cash	\$ 498,148	\$ 812,634	\$ 221,550
Accounts Receivable	-	83	-
Due from Other Funds	-	-	-
Investments	<u>1,834,831</u>	<u>1,737,181</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,332,979</u></u>	<u><u>\$ 2,549,898</u></u>	<u><u>\$ 221,550</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	3,088	10,709	21,360
Due to Other Governmental Agencies	-	-	-
Other Liabilities	-	156	-
Funds Held for Others	<u>2,329,891</u>	<u>2,539,033</u>	<u>200,190</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,332,979</u></u>	<u><u>\$ 2,549,898</u></u>	<u><u>\$ 221,550</u></u>

<u>Sheriff</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>
\$ 250,187	\$ 18,706	\$ 12,005	\$ 9,134	\$ 3,824	\$ 3,557
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 250,187</u>	<u>\$ 18,706</u>	<u>\$ 12,005</u>	<u>\$ 9,134</u>	<u>\$ 3,824</u>	<u>\$ 3,557</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,498	9,680	8,513	3,543	2,077	-
-	-	-	-	-	-
-	165	3	-	-	-
<u>246,689</u>	<u>8,861</u>	<u>3,489</u>	<u>5,591</u>	<u>1,747</u>	<u>3,557</u>
<u>\$ 250,187</u>	<u>\$ 18,706</u>	<u>\$ 12,005</u>	<u>\$ 9,134</u>	<u>\$ 3,824</u>	<u>\$ 3,557</u>

(Continued)

**MIDLAND COUNTY, TEXAS  
AGENCY FUNDS  
COMBINING STATEMENT OF NET ASSETS (CONTINUED)  
SEPTEMBER 30, 2009**

	Tax Assessor Collector	Constable Precinct 3	Constable Precinct 4	Unclaimed Property Fund
<b>ASSETS</b>				
Cash	\$ 773,247	\$ 3,633	\$ 104	\$ -
Accounts Receivable	459	-	-	-
Due from Other Funds	47,648	-	-	-
Investments	-	-	-	108,239
<b>TOTAL ASSETS</b>	<b><u>\$ 821,354</u></b>	<b><u>\$ 3,633</u></b>	<b><u>\$ 104</u></b>	<b><u>\$ 108,239</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	172,656	-	-	-
Due to Other Governmental Agencies	277,254	-	-	-
Other Liabilities	-	-	-	-
Funds Held for Others	371,444	3,633	104	108,239
<b>TOTAL LIABILITIES</b>	<b><u>\$ 821,354</u></b>	<b><u>\$ 3,633</u></b>	<b><u>\$ 104</u></b>	<b><u>\$ 108,239</u></b>

<u>Justice of the Peace Clearing</u>	<u>CS&amp;CD Supervision</u>	<u>CS&amp;CD Court Residential Treatment Center</u>	<u>CS&amp;CD Community Corrections</u>	<u>CS&amp;CD Treatment Alternative Incarceration Program</u>	<u>Bail Security Fund</u>	<u>Totals</u>
\$ 11,183	\$ 262,734	\$ 83,196	\$ -	\$ 459	\$ 139,539	\$ 3,103,840
-	-	-	-	-	-	542
-	-	13,013	1,185	-	-	61,846
-	-	-	-	-	-	3,680,251
<u>\$ 11,183</u>	<u>\$ 262,734</u>	<u>\$ 96,209</u>	<u>\$ 1,185</u>	<u>\$ 459</u>	<u>\$ 139,539</u>	<u>\$ 6,846,479</u>
\$ -	\$ 21,105	\$ 37,393	\$ -	\$ 459	\$ -	\$ 58,957
-	14,196	-	-	-	-	249,320
-	-	58,816	1,185	-	-	337,255
-	156	-	-	-	-	480
<u>11,183</u>	<u>227,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,539</u>	<u>6,200,467</u>
<u>\$ 11,183</u>	<u>\$ 262,734</u>	<u>\$ 96,209</u>	<u>\$ 1,185</u>	<u>\$ 459</u>	<u>\$ 139,539</u>	<u>\$ 6,846,479</u>

# **STATISTICAL DATA**

(Unaudited)

Table 1  
MIDLAND COUNTY, TEXAS  
NET ASSET INFORMATION <sup>1,2</sup>  
Last Seven Fiscal Years

Governmental Activities	Fiscal Year						
	2003 <sup>3</sup>	2004	2005	2006	2007	2008	2009
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
Restricted	102,178	125,457	172,698	255,630	290,012	352,046	-
Unrestricted	22,516,541	26,358,912	35,030,589	38,853,407	46,236,268	54,211,219	58,367,497
Total governmental activities net assets	\$ 31,619,072	\$ 37,352,587	\$ 47,325,818	\$ 57,830,180	\$ 88,127,223	\$ 104,046,938	\$ 113,863,254

Source: Current and prior years' financial statements

<sup>1</sup> This schedule reports using the modified accrual basis of accounting.

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

<sup>3</sup> The County implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

Table 2  
MIDLAND COUNTY, TEXAS  
CHANGES IN NET ASSETS INFORMATION  
Last Seven Fiscal Years <sup>1</sup>

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Program Revenues</b>							
Governmental Activities:							
Fees, fines, and charges for services:							
General Administration	\$ 709,445	\$ 635,184	\$ 651,414	\$ 655,213	\$ 852,800	\$ 657,461	\$ 645,373
Judicial	3,375,799	4,002,898	4,142,704	4,790,859	5,610,758	5,877,651	5,289,739
Financial Administration	-	-	-	-	-	-	-
Elections	-	-	-	33,367	29,581	38,585	43,444
Public Safety and Corrections	804,873	812,878	758,877	950,413	1,158,026	1,485,117	1,512,307
Health and Welfare	41,801	24,191	22,400	91,812	23,225	25,000	33,268
Culture and Recreation	34,043	36,238	29,934	15,950	184,077	253,525	313,888
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
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
Capital Grants and Contributions	-	-	1,583,440	131,996	-	596,536	109,478
<b>Total Primary Government Program Revenues</b>	<b>8,861,351</b>	<b>9,566,082</b>	<b>11,412,075</b>	<b>11,633,526</b>	<b>12,128,419</b>	<b>13,448,610</b>	<b>12,326,632</b>
<b>Expenses</b>							
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
Judicial	7,605,271	7,608,017	7,892,786	8,839,459	9,404,107	9,477,608	10,439,343
Financial Administration	1,716,008	1,749,850	1,860,240	1,746,971	1,983,328	2,029,845	2,149,279
Elections	323,222	334,939	263,873	486,447	361,518	639,164	446,817
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
Health and Welfare	298,878	306,437	320,623	328,326	305,340	1,442,134	872,397
Culture and Recreation	1,306,096	1,307,112	1,415,549	2,286,966	2,811,288	2,885,955	3,050,567
Conservation and Natural Resources	165,655	177,897	170,982	193,120	228,454	226,154	198,467
Highways and Roads	2,193,532	2,039,546	2,188,735	2,345,030	2,325,364	3,881,097	4,216,759
Interest on Long-Term Debt	305,910	299,746	608,892	541,794	511,488	479,385	867,549
<b>Total Primary Government Expenses</b>	<b>29,900,573</b>	<b>30,035,031</b>	<b>32,630,845</b>	<b>36,020,308</b>	<b>39,079,149</b>	<b>42,396,023</b>	<b>45,947,270</b>
<b>Net Expense</b>							
Governmental Activities	(21,039,222)	(20,468,949)	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)
<b>Total Primary Government Net Expense</b>	<b>(21,039,222)</b>	<b>(20,468,949)</b>	<b>(21,218,770)</b>	<b>(24,386,782)</b>	<b>(26,950,730)</b>	<b>(28,947,413)</b>	<b>(33,620,638)</b>
<b>General Revenues and Other Changes in Net Assets</b>							
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
Sales Tax	7,940,800	8,987,925	10,442,192	13,036,196	16,075,863	20,037,587	18,268,325
Bingo Tax	45,624	63,751	58,947	61,508	59,877	104,935	81,934
Mixed Beverage Tax	207,301	242,014	240,484	286,278	246,808	457,680	397,514
Occupancy Tax	-	-	-	-	57,708	373,465	351,198
Unrestricted Investment Earnings	309,171	304,431	988,386	1,695,942	2,237,413	1,744,727	852,730
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
<b>Total Governmental Activities</b>	<b>22,922,806</b>	<b>26,202,464</b>	<b>29,775,299</b>	<b>34,861,145</b>	<b>38,960,264</b>	<b>44,867,129</b>	<b>43,436,954</b>
<b>Change in Net Assets</b>							
Governmental Activities	1,883,584	5,733,515	8,556,529	10,474,363	12,009,533	15,919,715	9,816,316
<b>Total Primary Government</b>	<b>\$ 1,883,584</b>	<b>\$ 5,733,515</b>	<b>\$ 8,556,529</b>	<b>\$ 10,474,363</b>	<b>\$ 12,009,533</b>	<b>\$ 15,919,715</b>	<b>\$ 9,816,316</b>

Source: Current and prior years' financial statements

<sup>1</sup> The County implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

<sup>2</sup> Midland County began collecting the Hotel Occupancy tax August 2007.

Table 3  
MIDLAND COUNTY, TEXAS  
GOVERNMENTAL FUND BALANCES  
Last Six Fiscal Years<sup>1</sup>  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
General Fund:							
Reserved	\$ 148,335	\$ 285,443	\$ 611,373	\$ 309,507	\$ 371,250	\$ 427,825	\$ 402,973
Unreserved	12,050,713	16,268,113	21,427,980	27,835,459	32,137,292	35,019,362	36,961,858
Total General Fund	<u>12,199,048</u>	<u>16,553,556</u>	<u>22,039,353</u>	<u>28,144,966</u>	<u>32,508,542</u>	<u>35,447,187</u>	<u>37,364,831</u>
All Other Governmental Funds:							
Reserved	270,029	206,371	3,230,220	316,825	755,605	434,493	355,992
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
Special Revenue	-	-	-	-	-	-	-
Capital Projects Fund	2,100,518	10,486,144	1,334,839	153,224	407,115	4,840,875	26,234,801
Nonmajor Governmental Funds	1,484,598	1,828,923	1,859,824	2,329,011	2,752,969	3,020,470	3,094,439
Total All Other Governmental Funds	<u>5,092,836</u>	<u>14,056,537</u>	<u>8,030,749</u>	<u>4,811,135</u>	<u>6,437,838</u>	<u>11,004,458</u>	<u>32,295,455</u>
Total Governmental Funds	<u>\$ 17,291,884</u>	<u>\$ 30,610,093</u>	<u>\$ 30,070,102</u>	<u>\$ 32,956,101</u>	<u>\$ 38,946,380</u>	<u>\$ 46,451,645</u>	<u>\$ 69,660,286</u>

Source: Current and past years' financial statements

<sup>1</sup> The County implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>							
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
Sales Tax	7,940,800	8,987,925	10,442,192	13,036,196	16,075,863	20,037,587	18,268,325
Hotel-Motel Tax	-	-	-	-	-	373,465	351,198
Fines and Forfeitures	1,335,858	1,639,732	1,710,630	1,994,165	2,268,117	2,332,403	2,151,251
Licenses and Permits	2,408,457	2,507,605	2,542,968	2,736,608	2,802,386	3,040,871	2,889,928
Intergovernmental Charges	1,934,682	1,939,937	3,658,269	2,414,811	1,875,990	2,640,635	2,567,444
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
Investment Income	266,379	268,368	927,672	1,579,069	2,059,858	1,613,680	813,005
Other Revenue	472,899	580,849	564,702	691,084	788,040	758,784	1,037,094
<b>Total Revenues</b>	<b>31,370,131</b>	<b>35,218,823</b>	<b>40,670,136</b>	<b>45,888,272</b>	<b>50,349,150</b>	<b>56,997,236</b>	<b>55,694,033</b>
<b>Expenditures</b>							
Current							
General Administration	3,292,868	3,202,774	3,886,077	3,928,284	4,322,255	5,021,117	5,439,838
Judicial	7,414,913	7,435,146	7,548,230	8,691,508	9,275,626	9,454,647	10,230,743
Financial Administration	1,696,175	1,742,143	1,853,654	1,742,756	1,945,522	2,001,282	2,108,277
Elections	319,477	333,654	262,943	481,892	305,555	586,315	392,544
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
Health and Welfare	282,004	292,825	303,097	316,154	294,213	1,431,383	846,705
Culture and Recreation	1,265,390	1,266,353	1,312,559	2,010,642	2,327,600	2,325,765	2,374,571
Conservation and Natural Resources	163,734	176,612	170,379	196,706	212,250	213,994	186,067
Highways and Roads	1,797,055	1,791,842	1,873,173	2,031,230	2,053,548	2,346,135	2,308,222
Capital Outlay	4,181,447	1,347,095	9,708,134	7,727,397	6,132,830	9,955,488	12,651,896
Debt Service	1,161,255	2,466,086	1,175,488	1,174,646	1,174,520	1,172,606	1,487,296
<b>Total Expenditures</b>	<b>33,200,540</b>	<b>32,006,384</b>	<b>40,660,127</b>	<b>42,402,273</b>	<b>43,808,872</b>	<b>49,675,483</b>	<b>54,582,319</b>
<b>Other Financing Sources (Uses)</b>							
Certificates of Obligation Issued	-	8,920,000	-	-	-	-	21,995,000
Reoffering Premium	-	-	-	-	-	-	401,927
Transfers In	133,226	1,225,411	1,637,029	2,292,389	5,205,212	12,842,482	10,147,679
Transfers (Out)	(133,226)	(50,411)	(2,187,029)	(2,892,389)	(5,755,212)	(12,658,970)	(10,447,679)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>10,095,000</b>	<b>(550,000)</b>	<b>(600,000)</b>	<b>(550,000)</b>	<b>183,512</b>	<b>22,096,927</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,830,409)</b>	<b>\$ 13,307,439</b>	<b>\$ (539,991)</b>	<b>\$ 2,885,999</b>	<b>\$ 5,990,278</b>	<b>\$ 7,505,265</b>	<b>23,208,641</b>
Debt Service as a percent of non-capital expenditures	4.00%	8.04%	3.80%	3.39%	3.12%	2.95%	3.55%

Source: Current and past years' financial statements

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

Fiscal Year	Real Property	Personal Property	Total Assessed Value	Total Direct Tax Rate
2000	\$ 3,586,134,781	\$ 1,002,219,407	\$ 4,588,354,188	0.257000
2001	3,681,639,278	995,212,201	4,676,851,479	0.257000
2002	4,353,539,246	1,029,669,003	5,383,208,249	0.232500
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

Source: Midland County Appraisal District

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

Fiscal Year	Midland County Texas				Overlapping Rates				Total all Entities
	General	Road & Bridge	Debt Service	Total Funds	MISD	City of Midland	Hospital District	Midland College	
2000	\$ 0.229792	-	\$ 0.027208	\$ 0.257000	\$ 1.5687	\$ 0.6520	\$ 0.1544	\$ 0.1633	\$ 2.7954
2001	0.234841	-	0.022159	0.257000	1.6390	0.6510	0.1571	0.1633	2.8674
2002	0.210763	-	0.021737	0.232500	1.6100	0.6510	0.1381	0.1832	2.8148
2003	0.243133	-	0.020567	0.263700	1.6050	0.6464	0.1412	0.1906	2.8469
2004	0.272179	-	0.021691	0.293870	1.6269	0.6464	0.1499	0.1906	2.9077
2005	0.273669	-	0.020201	0.293870	1.6425	0.6424	0.1715	0.1906	2.9409
2006	0.270674	-	0.015027	0.288500	1.6275	0.6420	0.1684	0.2247	2.9511
2007	0.233745	-	0.015027	0.248772	1.4575	0.5870	0.1571	0.2062	2.6566
2008	0.217664	-	0.012841	0.230505	1.1681	0.5386	0.14225	0.19112	2.2705
2009	0.196757	-	0.010698	0.207455	1.1651	0.4859	0.1202	0.1729	2.1515

Source: Midland County Budget

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

	2009		2000		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pioneer Natural Res -WI-	\$ 679,082,310	8.65%	Pioneer Natural Resources	\$ 162,332,360	3.67%
Endeavor Energy Resources LP	199,755,660	2.55%	Southwestern Bell Telephone	61,479,130	1.39%
Chevron	157,484,850	2.01%	Texas Utilities Electric Co	55,952,600	1.26%
LCX Energy LLC	138,121,560	1.76%	Arco Permian	51,524,300	1.16%
BP America Prod Co	111,643,510	1.42%	Texaco E & P Inc	36,448,840	0.82%
Oxy USA	93,377,880	1.19%	Mobil Production TX & NM	31,897,510	0.72%
TRA Midland Properties	71,205,700	0.91%	Texaco E & P Inc	28,740,700	0.65%
COG Operating	66,863,280	0.85%	Simon Property Group	24,339,770	0.55%
TXU	66,303,650	0.84%	AT&T Communications	24,029,340	0.54%
Borets-Weatherford	56,909,050	0.73%	Duke Energy Field Services	18,885,730	0.43%
Total	\$ 1,640,747,450	20.91%	Total	\$ 495,630,280	11.20%

Source: Midland County Tax Office

Table 8  
 Midland County, Texas  
 Property Tax Levies and Collections  
 and Fiscal Years ended September 30, 2000 through 2009

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
2000	\$ 4,588,354,188	0.25700	\$ 11,792,070	\$ 3,995,648	33.88%	\$ 7,276,986	61.71%	\$ 519,436	4.40%
2001	4,676,851,479	0.25700	12,019,508	4,204,883	34.98%	7,337,788	61.05%	476,837	3.97%
2002	5,383,208,249	0.23250	12,515,959	5,056,602	40.40%	6,915,992	55.26%	543,365	4.34%
2003	5,275,665,423	0.26370	13,911,930	4,673,608	33.59%	8,606,924	61.87%	631,398	4.54%
2004	5,412,928,131	0.29387	15,906,996	5,002,121	31.45%	10,257,594	64.48%	647,281	4.07%
2005	5,891,843,023	0.29387	17,314,359	4,555,699	26.31%	12,138,634	70.11%	620,026	3.58%
2006	6,618,003,083	0.28850	19,092,939	6,984,395	36.58%	11,617,115	60.85%	491,429	2.57%
2007	7,685,270,069	0.248772	19,118,800	4,290,975	22.44%	14,741,485	77.10%	86,340	0.45%
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	22,753,430	6,714,509	29.51%	15,200,289	66.80%	838,632	3.69%

Source: Midland County Tax Office

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>
2000	\$ 7,980,000	\$ 7,980,000	0.21%	\$ 68.79
2001	7,135,000	7,135,000	0.19%	61.46
2002	6,325,000	6,325,000	0.17%	53.85
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% <sup>1</sup>	82.41
2008	9,755,000	9,755,000	N/A <sup>2</sup>	77.17
2009	31,020,000	31,020,000	N/A	239.55

<sup>1</sup> Estimated numbers; see Table 13.

<sup>2</sup> 2008 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.

Table 10

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service		Ratio of Net Bonded Debt to Assessed	Net Bonded Debt per Capita
				Designated Funds	Net Bonded Debt		
2000	116,009	\$ 4,588,354,188	\$ 7,980,000	\$ 246,378	\$ 7,733,622	0.169	\$ 66.66
2001	116,086	4,676,851,479	7,135,000	107,794	7,027,206	0.150	60.53
2002	117,448	5,383,208,249	6,325,000	141,142	6,183,858	0.115	52.65
2003	118,866	5,275,665,423	5,475,000	102,178	5,372,822	0.102	45.20
2004	120,344	5,412,928,131	12,320,000	125,457	12,194,543	0.225	101.33
2005	119,636	5,891,843,023	11,750,000	225,631	11,577,302	0.196	96.77
2006	124,380	6,618,003,083	11,115,000	172,698	10,889,369	0.165	87.55
2007	126,801	7,848,375,530	10,450,000	290,012	10,159,988	0.129	80.13
2008	126,408	9,179,553,579	9,025,000	334,702	8,690,298	0.095	68.75
2009	129,494	10,966,354,588	31,020,000	346,824	30,673,176	0.280	236.87

Source: US Census Bureau, Current and past years' financial statements

Table 11  
MIDLAND COUNTY, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Midland	\$ 138,685,400	100%	\$ 138,685,400
Midland Independent School District	128,712,541	100%	128,712,541
Midland Community College	37,267,626	100%	37,267,626
Midland County Hospital District	115,000,000	100%	115,000,000
Greenwood Independent School District	14,760,000	100%	14,760,000
<u>City of Odessa</u>	<u>35,002,783</u>	<u>8%</u>	<u>2,847,116</u>
Subtotal, overlapping debt			437,272,683
<b>Midland County (direct debt)</b>			31,020,000
<b>Total direct and overlapping debt</b>			<u><u>\$ 468,292,683</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.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$896,533,695	\$920,409,820	\$ 1,058,194,455	\$ 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
Total net debt applicable to limit	7,733,622	7,027,206	6,183,858	5,372,822	12,194,543	11,577,302	10,889,369	10,159,988	8,690,297	30,673,176
Debt margin	\$888,800,073	\$913,382,614	\$ 1,052,010,597	\$ 1,052,821,633	\$ 1,081,411,262	\$ 1,174,053,954	\$ 1,329,820,067	\$ 1,564,711,595	\$ 1,817,311,885	\$ 2,135,813,591
Total net debt applicable to the limit as a percentage of debt limit	0.87%	0.77%	0.59%	0.51%	1.13%	0.99%	0.82%	0.65%	0.48%	1.44%

**Debt Margin Calculation for Fiscal Year 2009**

Assessed Value of Real Property	\$8,665,947,088
Assessed Value of Personal & Other Property	2,300,407,520
Total Assessed Value	\$10,966,354,588
Debt Limit, 25% of Real Property Assessed Value	\$2,166,486,767
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$31,020,000
Less: Assets in Debt Service Funds Available for Payment of Principal	346,824
Total Amount of Debt Applicable to Debt Limit	30,673,176
Legal Debt Margin	\$2,135,813,591

Source: Current and past years' financial statements

Note 1: Limit is set by provisions under Article III, Section 52 of the Texas State Constitution

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	116,009	\$ 3,880,192	\$ 35,417	4.2
2001	116,086	3,673,893	34,798	3.8
2002	117,448	3,783,321	32,344	4.8
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 <sup>1</sup>	52,294 <sup>1</sup>	2.9
2008	126,408	N/A	N/A	2.2
2009	129,494	N/A	N/A	5.4

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.

<sup>1</sup> Estimated Values from <http://www.bea.gov/newsreleases/regional/mpi/2007/mpi0807.htm>

N/A - Not Available

Table 14  
MIDLAND COUNTY, TEXAS  
PRINCIPAL EMPLOYERS  
Current Year and Ten Years Ago

	2009		2000		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Midland Independent School District	2,887	4.12%	Midland Independent School District	2,805	4.36%
Midland Memorial Hospital	1,645	2.35%	Midland Memorial Hospital	1,300	2.02%
City of Midland	937	1.34%	City of Midland	895	1.39%
Midland College	787	1.12%	Midland County	524	0.81%
Warren Equipment	620	0.88%	Wal-Mart Super Center	425	0.66%
Midland County	608	0.87%	Albertson's	420	0.65%
Key Energy	480	0.68%	Dawson Geophysical	400	0.62%
Texas Health and Human Services	440	0.63%	U.S. Postal Service	364	0.57%
Basic Energy	429	0.61%	Timber/Sharp Drilling Inc.	344	0.53%
Schlumberger	400	0.57%	Westwood Medical Center	283	0.44%
Total	9,233	13.17%		7,760	0.12

Source: Midland Economic Development Board/City of Midland

Table 15  
MIDLAND COUNTY, TEXAS  
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM  
Last Five Fiscal Years

Function / Program	Fiscal Year				
	2005	2006	2007	2008	2009
General Administration	19	18	20	18	25
Judicial	114	115	117	118.5	128.5
Financial Administration	31	30	32.5	38	34
Elections	4	4	4	4.5	5.5
Public Safety and Corrections	300	308	306	307	326
Health and Welfare	3	3	3	3	3
Culture and Recreation	36	39	37.5	40	36.5
Conservation and Natural Resources	6	6	6	6	6
Highways and Roads	25	21	21	28	31
Total	<u>538</u>	<u>544</u>	<u>547</u>	<u>563</u>	<u>595.5</u>

Source: Midland County Treasurers Office

Table 16  
MIDLAND COUNTY, TEXAS  
OPERATION INDICATORS INFORMATION

FUNCTION / PROGRAM	Fiscal Years				
	2005	2006	2007	2008	2009
<b>General Government</b>					
Commissioners Court					
Number of Official Public Meetings					
Regular Sessions	26	26	26	26	24
Special Sessions (Work Sessions)	10	10	7	7	11
<b>Public Safety <sup>1</sup></b>					
Inmates Booked	9,840	11,216	11,183	10,527	10,380
Arrests	10,278	11,921	11,914	11,145	12,190
<b>Judicial</b>					
District Courts					
Civil Cases Filed	2,017	2,721	2,438	2,477	2,648
Civil Cases Disposed	3,136	2,511	2,303.00	2,093	2,843
Criminal Cases Filed	1,629	1,869	2,118	1,821	1,995
Criminal Cases Disposed	1,544	1,728	2,303	1,785	1,904
County Courts-at-Law					
Civil Cases Filed	1,123	1,958	2,030	712	1,728
Civil Cases Disposed	1,079	1,720	1,545	721	1,652
Criminal Cases Filed	5,406	5,276	6,307	5,189	4,932
Criminal Cases Disposed	4,740	5,167	5,684	5,641	5,085
Juvenile Cases Filed	224	163	157	149	155
Juvenile Cases Disposed	189	214	183	131	162
Probate and Mental Health Cases Filed	421	454	462	447	414
Probate and Mental Health Cases Disposed	454	417	376	N/A	N/A
Justice of the Peace Courts					
Civil Cases Filed	867	694	714	1,384	1,190
Civil Cases Disposed	148	272	182	260	496
Criminal Cases Filed	14,265	14,268	13,228	13,905	10,995
Criminal Cases Disposed	12,211	13,068	12,992	13,023	12,508
Juvenile Cases Filed	757	1,357	1,515	2,293	2,329
<b>Culture and Recreation</b>					
Events Held <sup>2</sup>	0	32	87	106	121
<b>Elections</b>					
Number of Registered Voters	70,317	71,965	70,521	70,709	71,173
<b>Highways</b>					
Permits Granted	145	141	174	108	76
Work Requests	58	70	89	55	122

Sources: Office of Court Administration and various county departments

N/A Not Available

Table 17  
MIDLAND COUNTY, TEXAS  
CAPITAL ASSETS INFORMATION BY FUNCTION / PROGRAM

FUNCTION / PROGRAM	2005	2006	2007	2008	2009
Buildings					
General Admin	1	1	1	1	1
Judicial	2	2	3	3	3
Public Safety	5	5	5	5	5
Highways	1	1	1	1	1
Culture and Recreation	4	5	5	5	5
Patrol Cars	25	30	34	33	31
Elections					
Electronic Voting Machines	50	150	150	250	252
Highways					
Miles of Roads Maintained	371	371	369	371	335

Source: Various county departments.

**MIDLAND COUNTY, TEXAS**  
**SUPPLEMENTAL GRANT AUDIT REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**MIDLAND COUNTY, TEXAS  
SUPPLEMENTAL GRANT AUDIT REPORTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

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

We have audited the financial statements of the governmental activities of Midland County, Texas as of and for the year ended September 30, 2009, and have issued our qualified report (due to non-implementation of Governmental Accounting Standards Board Statement 45, "Other Post Employment Benefits") thereon dated June 29, 2010. In addition, we have audited the financial statements of each major fund and the aggregate remaining fund information of Midland County, Texas as of and for the year ended September 30, 2009, and have issued our unqualified report thereon dated June 29, 2010. 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

In planning and performing our audit, we considered Midland County's 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 Midland County, Texas' internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal controls that might be 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Midland County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act, 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 the audit committee, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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

Midland, Texas  
June 29, 2010



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE FINANCIAL AWARDS**

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

Compliance

We have audited the compliance of Midland County (the "County") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Midland County, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

### Schedule of Expenditures of Federal/State Financial Awards

We have audited the financial statements of the governmental activities Midland County, Texas as of and for the year ended September 30, 2009, and have issued our qualified report (due to non-implementation of Governmental Accounting Standards Board Statement 45, "Other Post Employment Benefits") thereon dated June 29, 2010. In addition, we have audited the financial statements of each major fund, and the aggregate remaining fund information of Midland County, Texas as of and for the year ended September 30, 2009, and have issued our unqualified report thereon dated June 29, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal/state financial awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, and federal/state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

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

Midland, Texas

June 29, 2010

**MIDLAND COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF  
FEDERAL/STATE FINANCIAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor Program Title	Fund No.	Grant period	Federal CFDA #	Total FY 08-09 Expenditures
<b>Federal:</b>				
<b>U.S. Election Commission:</b>				
<b>Pass-through State of Texas, Office of the Secretary of State</b>				
General HAVA Title III Compliance	373	11/8/00 to 12/31/10	90.401	\$ 26,236
Voter and Election Worker Education	373	9/1/04 to 8/31/10	90.401	300
Opportunity for Access	373	1/1/05 to 12/31/09	93.617	93
Polling Place Accessibility	373	1/1/05 to 12/31/09	93.617	4,615
<b>U.S. Department of Justice:</b>				
State Criminal Alien Assistance Program 2009	100	7/1/08 to 6/30/09	16.606	58,055
<b>Pass-through State of Texas, Governor's Office, Criminal Justice Division:</b>				
Justice Court Alternative Sentencing Program	314	9/1/08 to 8/31/10	16.523	9,295
Justice Court Alternative Sentencing Program	315	8/1/08 to 8/31/09	16.523	139,863
Edward Byrne Memorial Justice Assistance Program - Com-Automatic Vehicle Locator Project	351	10/1/04 to 9/30/08	16.738	26
Assistance Program - Com-Automatic Vehicle Locator Project	375	10/1/05 to 9/30/09	16.738	110
Assistance Program - Com-Automatic Vehicle Locator Project	376	10/1/08 to 9/30/12	16.738	4,314
<b>U.S. Department of Homeland Security, Pass-through Texas Department of Public Safety's Division of Emergency Management:</b>				
EMPG	100	10/1/08 to 9/30/09	97.042	54,092
<b>U.S. Dept of Health and Human Services: Pass-through Texas Juvenile Probation Commission</b>				
Title IV-E Federal Foster Care	360	9/1/07 to 8/31/09	93.658	177,423
Title IV-E Federal Foster Care	360	9/1/08 to 8/31/11	93.658	26,931
<b>Pass-through Texas Dept of Family and Protective Services:</b>				
Title IV-E Child Maintenance Services	100	9/1/07 to 9/30/08	93.645	3,180
<b>Pass-through Office of Texas Attorney General</b>				
Title IV-D Child Support Inquiries	100	9/1/07 to 8/31/09	93.563	3,339
Title IV-D Child Support Inquiries	100	9/1/09 to 8/31/11	93.563	1,856
<b>Executive Office of the President:</b>				
<b>Pass-through Office of National Drug Control Policy</b>				
FY2008 High Intensity Drug Trafficking Area Grant	333	3/1/08 to 2/28/10	07.000	16,417
FY2009 High Intensity Drug Trafficking Area Grant	332	1/1/09 to 12/31/10	07.000	6,565
<b>Subtotal of Federal</b>				532,710

(Continued)

**MIDLAND COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF (CONTINUED)  
FEDERAL/STATE FINANCIAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor Program Title	Fund No.	Grant period	Federal CFDA #	Total FY 08-09 Expenditures
<b>State of Texas:</b>				
<b>Texas Commission on Criminal Justice</b>				
<b>Pass-Through Permian Basin Centers for MHMR</b>				
Mental Health Deputies Pilot Program	339	9/1/07 to 8/31/09	N/A	\$ 136,631
Mental Health Deputies Pilot Program	339	9/1/09 TO 8/31/11	N/A	12,398
<b>Texas State Libraries and Archives Commission</b>				
Loan Star Libraries Grant	387	9/1/08 to 8/31/09	N/A	19,447
<b>Office of the Attorney General State of Texas, Crime Victim Services</b>				
Victim Coordinator Liason Grant	350	9/1/07 to 8/31/09	N/A	32,603
Victim Coordinator Liason Grant	350	9/1/09 TO 8/31/11	N/A	3,433
Other Victim Assistance Grant	337	9/1/07 to 8/31/09	N/A	30,829
Other Victim Assistance Grant	347	9/1/09 TO 8/31/11	N/A	3,580
Texas Victim Notification Everyday Grant	345	9/1/08 to 8/31/09	N/A	25,817
<b>Texas Juvenile Probation Commission *</b>				
Juvenile Probation - State Aid - A	361	9/1/08 to 8/31/09	N/A	108,058
Juvenile Probation - State Aid - A	362	9/1/07 to 8/31/08	N/A	11,161
Juvenile Probation - Community Corrections - Y	363	9/1/08 to 8/31/09	N/A	222,057
Juvenile Probation - Community Corrections - Y	364	9/1/07 to 8/31/08	N/A	10,998
Juvenile Probation - Salary Adjustments - Z	365	9/1/08 to 8/31/09	N/A	6,057
Juvenile Probation - Salary Adjustments - Z	365	9/1/09 to 8/31/10	N/A	65,207
Juvenile Probation - Progressive Sanctions - F	366	9/1/08 to 8/31/09	N/A	86,262
Juvenile Probation - Progressive Sanctions - F	366	9/1/09 to 8/31/10	N/A	7,842
Juvenile Probation - Progressive Sanctions - G	367	9/1/08 to 8/31/09	N/A	37,536
Juvenile Probation - Progressive Sanctions - O	368	9/1/08 to 8/31/09	N/A	24,970
Juvenile Probation - Progressive Sanctions - O	368	9/1/09 to 8/31/10	N/A	2,270
Juvenile Probation - Intensive Community - X	371	9/1/08 to 8/31/09	N/A	53,492
Juvenile Probation - Intensive Community - X	372	9/1/09 to 8/31/10	N/A	4,592
Juvenile Probation - TYC Div Placement - H	374	9/1/09 to 8/31/10	N/A	104,865
Juvenile Probation - Progressive Sanctions - L	100	9/1/08 to 8/31/09	N/A	62,279
Juvenile Probation - Progressive Sanctions - L	100	9/1/09 to 8/31/10	N/A	8,340
<b>Office of Court Administration</b>				
Presiding Judges Assistance Project	331	9/1/07 to 8/31/09	N/A	1,654
Presiding Judges Assistance Project	331	9/1/09 to 8/31/11	N/A	18,229
Indigent Defense Formula Grant	100	10/1/08 to 9/30/09	N/A	62,085
Indigent Defense Equalization Disbursement	100	N/A	N/A	5,754
<b>Subtotal of State</b>				1,168,446
<b>Totals</b>				\$ 1,701,156

\* Not considered in determination of State Single Audit - See Note 4

**MIDLAND COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL/STATE FINANCIAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2009**

1. General

The accompanying Schedule of Expenditures of Federal/State Financial Awards presents the activity of all applicable federal/state awards of Midland County (the County). The County's reporting entity is defined in Note 1 of the general purpose financial statements. Federal/state financial assistance received directly from federal/state agencies, as well as federal/state financial assistance passed through other governmental agencies, is included on the Schedule of Expenditures of Federal/State Awards.

2. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, (i.e., both measurable and available) and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term-debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal/state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. Relationship to Basic Financial Statements

Federal/state financial assistance programs are reported in the County's basic financial statements in the general fund and special revenue funds.

4. State Single Audit

For the purpose of determining state awards subject to the single audit, TJPC funds (in the amount of \$815,986) are excluded because they are audited separately as required by the regulatory agency.

**MIDLAND COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION I - SUMMARY OF AUDITORS' RESULTS  
YEAR ENDED SEPTEMBER 30, 2009**

<b>FINANCIAL STATEMENTS</b>	
Type of auditor's report issued	Unqualified as to Governmental Funds Qualified as to Governmental Activities
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance Material to the Financial Statements noted?	No
<b>FEDERAL AWARDS</b>	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No
Major Federal Programs	16.523 Juvenile Accountability Incentive Block Grant  93.658 Title IV-E Foster Care
Major State Programs	None
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

**MIDLAND COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2009**

<u>PROGRAM</u>	<u>STATUS OF PRIOR FINDING/NONCOMPLIANCE</u>
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There were no matters reported.