

**MIDLAND COUNTY, TEXAS
MIDLAND, TEXAS**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2008

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

**MIDLAND COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008**

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FINANCIAL SECTION



ELMS, FARIS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2008, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Midland County, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, 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 17, 2009 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 Audit 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 42 through 44 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 Midland County, Texas' basic financial statements. The individual and combining fund financial statements, 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. 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.

Elms, Faris & Company, LLP

Midland, Texas
June 17, 2009

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, 2008. 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 \$104,046,938 (net assets). Of this amount, \$54,228,563 (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 \$15,919,715.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$46,451,645. Of this total amount, \$45,471,771 or 98% 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 \$35,019,362 or 100% of the total general fund expenditures.
- The County's total debt decreased by \$646,156. The key factor in this decrease was the principal payment of \$695,000 on the Certificates of Obligation for the Midland County Multi-Purpose Facility and Culver Detention Facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how net assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, e.g., earned but unused vacation/holiday leave and accounts receivable.

(Continued)

MIDLAND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements (Continued) - 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.

MIDLAND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$104,046,938 at the close of this fiscal year.

Statement of Net Assets Governmental Activities

	<u>2007</u>	<u>2008</u>
Current and Other Assets	\$ 52,270,572	\$ 61,627,951
Capital Assets, Net of Accumulated Depreciation	<u>52,050,943</u>	<u>59,238,673</u>
Total Assets	<u>104,321,515</u>	<u>120,866,624</u>
Current and Other Liabilities	3,709,380	4,980,930
Noncurrent Liabilities	<u>12,484,912</u>	<u>11,838,756</u>
Total Liabilities	<u>16,194,292</u>	<u>16,819,686</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	41,600,943	49,483,673
Restricted Net Assets	290,012	334,702
Unrestricted Net Assets	<u>46,236,268</u>	<u>54,228,563</u>
Total Net Assets	<u>\$ 88,127,223</u>	<u>\$ 104,046,938</u>

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, 52.1%, 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, 47.6%, 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.

The remaining balance of the County's net assets, .3%, represents Debt Service Fund assets which are restricted resources to repay future debt.

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MIDLAND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

At the end of the fiscal year, the County reported positive net assets in all three categories of net assets. The net assets increased from the prior fiscal year by \$15,919,715. The following table provides a summary of the County's operations for years ended September 30, 2007 and 2008.

Statement of Activities
For the Years Ended September 30, 2007 and 2008

	2007		2008	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues:				
Program Revenues:				
Charges for services	\$ 10,415,645	20.4%	\$ 10,922,130	18.7%
Operating grants and contributions	1,712,774	3.4%	1,929,944	3.3%
Capital grants and contributions	-	0.0%	596,536	1.0%
General Revenues				
Property Taxes	19,974,748	39.1%	21,331,835	36.6%
Sales Tax	16,075,863	31.5%	20,037,587	34.4%
Bingo Tax	59,877	0.1%	104,935	0.2%
Mixed Beverage Tax	246,808	0.5%	457,680	0.8%
Hotel-Motel Tax	57,708	0.1%	373,465	0.6%
Unrestricted Investment Earnings	2,237,413	4.4%	1,744,727	3.0%
Gain on Sale of Assets	-	0.0%	-	0.0%
Miscellaneous	307,846	0.6%	816,899	1.4%
Total Revenues	51,088,682	100.0%	58,315,738	100.0%
Expenses:				
General Administration	5,018,395	12.8%	5,842,303	13.8%
Judicial	9,404,107	24.1%	9,477,608	22.4%
Financial Administration	1,983,328	5.1%	2,029,845	4.8%
Elections	361,518	0.9%	639,164	1.5%
Public Safety and Corrections	16,129,867	41.3%	15,492,378	36.5%
Health and Welfare	305,340	0.8%	1,442,134	3.4%
Cultural and Recreation	2,811,288	7.2%	2,885,955	6.8%
Conservation and Natural Resources	228,454	0.6%	226,154	0.5%
Highways and Roads	2,325,364	6.0%	3,881,097	9.2%
Interest on Long-term Debt	511,488	1.3%	479,385	1.1%
Total Expenses	39,079,149	100.0%	42,396,023	100.0%
Change in Net Assets	12,009,533		15,919,715	
Net Assets - Beginning of the Year	57,800,181		88,127,223	
Retroactive Infrastructure Implementation	18,317,509		-	
Net Assets - End of the Year	\$ 88,127,223		\$ 104,046,938	

MIDLAND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – The increase in net assets of the governmental activities is primarily due an increase of 25% in sales tax. It is also due to an 85% increase in fines and forfeitures and a 66% increase in licenses and permits. Sales tax increased due to a more prosperous economy and the fines and forfeitures increased due to more aggressive collection efforts by our collection office and an increase in current year case load. Licenses and permits increased both because of legislative changes having to do with motor vehicle fees and overall increase in judicial fees.

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 \$46,451,645. The unreserved fund balances of \$45,471,771, 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, \$334,702 and to pay prior period encumbrances, \$645,172.

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 \$35,019,362 as compared to \$32,137,292 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 100% of total fund expenditures, while total fund balance represents 101.7% of total fund expenditures.

The Road and Bridge Fund reflect a fund balance of \$2,719,283, which represents an increase of \$197,109 as compared with the prior year.

The Debt Service Fund has a total fund balance of \$334,702 as compared to \$290,012 in the prior year. The increase of \$44,690 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 \$4,930,003, an increase of \$4,057,320. The increase resulted from the transfer from General Fund due to the expenses associated with the purchase of the new courthouse building and renovations to the building.

MIDLAND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

A deficit budget was adopted for fiscal year 2008 in the amount of \$12,003,741. The deficit was to be appropriated from the unreserved fund balance.

However, the actual revenues exceeded the final budget by \$11,269,001. Included in this amount are \$6,537,587 in unanticipated sales tax revenue and an increase in charges for services for \$1,190,597 due to a better economic situation in the Permian Basin and an increase of \$725,689 in depository interest due to increasing interest rates.

The original budgeted expenditures differ from the final budgeted expenditures by \$966,937 which is attributable to the encumbrances coming forward to the current year. The favorable variance of \$4,240,093 between actual and budgeted expenditures is mainly due to the county departments being conservative, holding expenditures to a minimum to support the overall County budget.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt – At September 30, 2008, the County had a total long-term debt outstanding in the amount of \$11,838,756. According to the Texas statutes, the County has a debt limit of \$1,826,002,182.

The County's total debt decreased by \$646,156. The key factor in this decrease was the principal payment on Certificates of Obligation for the Midland County Multi-Purpose Facility.

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

The following represents the activity of the long-term debt of the County for FY2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Certificates of Obligation	\$ 2,385,000	\$ -	\$ 550,000	\$ 1,835,000
General Obligation Bond	8,065,000	-	145,000	7,920,000
Compensated Absences	<u>2,034,912</u>	<u>48,844</u>	<u>-</u>	<u>2,083,756</u>
Total	<u>\$ 12,484,912</u>	<u>\$ 48,844</u>	<u>\$ 695,000</u>	<u>\$ 11,838,756</u>

Capital Assets – The capital assets of the County are those assets (land, buildings and improvements, roads, machinery and equipment and construction in progress), which are used in the performance of the County's functions including infrastructure assets. At September 30, 2008, net capital assets of the governmental activities totaled \$59,238,673 reflecting a net increase of \$7,187,731 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 \$3,525,743.

(Continued)

MIDLAND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets (Continued)

	County's Capital Assets (Net of Depreciation)	
	2007	2008
Governmental Activities:		
Land	\$ 2,644,512	\$ 2,737,603
Buildings and Improvements	20,240,515	19,094,397
Infrastructure	19,288,047	18,506,696
Machinery and Equipment	5,450,358	6,554,664
Construction in Progress	4,427,510	12,345,313
Total	\$ 52,050,942	\$ 59,238,673

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 FY2009 budget was adopted on September 3, 2008 with total general fund expenditures of \$51,771,575 a 2% increase from the FY2008 budgeted expenditures. The County's combined tax rate is .207455 for FY2009. However, the Commissioners Court adopted a deficit budget of \$7,904,075 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.

BASIC FINANCIAL STATEMENTS

**MIDLAND COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 332,633
Certificates of Deposit	11,714,777
Investments	37,872,969
Receivables (Net of Allowance for Uncollectibles)	6,746,048
Prepaid Expenses	138,239
Due from Other Governments	4,729,957
Deferred Charge	93,328
Capital Assets (Net of Accumulated Depreciation):	
Land	2,737,603
Buildings and Improvements	19,094,397
Construction in Progress	12,345,313
Infrastructure	18,506,696
Machinery and Equipment	<u>6,554,664</u>
TOTAL ASSETS	<u>120,866,624</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	4,388,186
Accrued Interest Payable	45,713
Due to Other Governments	405,866
Other Liabilities	141,165
Noncurrent Liabilities:	
Due Within One Year	1,230,000
Due in More Than One Year	<u>10,608,756</u>
TOTAL LIABILITIES	<u>16,819,686</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	49,483,673
Restricted for:	
Debt Service	334,702
Unrestricted	<u>54,228,563</u>
TOTAL NET ASSETS	<u><u>\$104,046,938</u></u>

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

**MIDLAND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

Expenses	Program Revenues			Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total
\$ 5,842,303	\$ 657,461	\$ 190,709	\$ -	\$ (4,994,133)
9,477,608	5,877,651	457,729	-	(3,142,228)
2,029,845	-	-	-	(2,029,845)
639,164	38,585	254,954	-	(345,625)
15,492,378	1,485,117	953,286	-	(13,053,975)
1,442,134	25,000	815	-	(1,416,319)
2,885,955	253,525	72,451	-	(2,559,979)
226,154	-	-	-	(226,154)
3,881,097	2,584,791	-	596,536	(699,770)
479,385	-	-	-	(479,385)
<u>42,396,023</u>	<u>10,922,130</u>	<u>1,929,944</u>	<u>596,536</u>	<u>(28,947,413)</u>
<u>\$ 42,396,023</u>	<u>\$ 10,922,130</u>	<u>\$ 1,929,944</u>	<u>\$ 596,536</u>	<u>(28,947,413)</u>
General Revenues:				
Property Taxes				21,331,835
Sales Tax				20,037,587
Bingo Tax				104,935
Mixed Beverage Tax				457,680
Hotel-Motel Tax				373,465
Unrestricted Investment Earnings				1,744,727
Miscellaneous				816,899
TOTAL GENERAL REVENUES				<u>44,867,128</u>
CHANGE IN NET ASSETS				15,919,715
NET ASSETS - BEGINNING OF THE YEAR				<u>88,127,223</u>
NET ASSETS - END OF THE YEAR				<u>\$ 104,046,938</u>

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

**MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2008**

	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 85,240
Certificates of Deposit	11,714,777
Investments	27,784,516
Property Taxes Receivable	864,146
Accounts Receivable	214,500
Due from Other Funds	248,545
Due from Other Governmental Agencies	4,324,880
Prepaid Expenses	20,818
TOTAL ASSETS	\$ 45,257,422
 LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Due to Pooled Cash	\$ 7,090,508
Accounts Payable	1,008,221
Benefits Payable	416,363
Due to Other Funds	323
Due to Other Governmental Agencies	405,866
Deferred Tax Revenue	811,403
Deferred Grant Revenue	-
Other Liabilities	77,551
TOTAL LIABILITIES	9,810,235
 FUND BALANCES:	
Reserved for Encumbrances	427,825
Reserved for Debt Service	-
Unreserved	
Designated for Subsequent Year's Expenditures	7,904,075
Undesignated	27,115,287
TOTAL FUND BALANCES	35,447,187
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,257,422

Road and Bridge Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 40,923	\$ 20,546	\$ 6,577,321	\$ 844,562	\$ 7,568,592
-	-	-	-	11,714,777
2,668,180	357,159	127,930	2,201,356	33,139,141
-	66,168	-	-	930,314
353	-	-	54,391	269,244
49,276	1,864	-	19,985	319,670
7,159	-	-	397,918	4,729,957
-	-	-	-	20,818
<u>\$ 2,765,891</u>	<u>\$ 445,737</u>	<u>\$ 6,705,251</u>	<u>\$ 3,518,212</u>	<u>\$ 58,692,513</u>

\$ -	\$ -	\$ -	\$ 337,106	\$ 7,427,614
33,283	-	1,775,248	131,500	2,948,252
13,325	-	-	13,500	443,188
-	-	-	-	323
-	-	-	-	405,866
-	63,057	-	-	874,460
-	-	-	15,636	15,636
-	47,978	-	-	125,529
<u>46,608</u>	<u>111,035</u>	<u>1,775,248</u>	<u>497,742</u>	<u>12,240,868</u>

10,663	-	89,128	117,556	645,172
-	334,702	-	-	334,702
1,711,850	-	4,840,875	606,450	15,063,250
996,770	-	-	2,296,464	30,408,521
<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>\$ 2,765,891</u>	<u>\$ 445,737</u>	<u>\$ 6,705,251</u>	<u>\$ 3,518,212</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.

59,238,673

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

6,071,143

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.

4,076,618

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

(11,791,141)

Net Assets of Governmental Activities

\$ 104,046,938

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, 2008**

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)

Transfers In
Transfers (Out)
TOTAL OTHER FINANCING SOURCES (USES)

NET CHANGE IN FUND BALANCE

FUND BALANCES, BEGINNING OF YEAR

FUND BALANCES, END OF YEAR

<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 20,207,129	\$ -	\$ 1,191,790	\$ -	\$ -	\$ 21,398,919
20,037,587	-	-	-	-	20,037,587
373,465	-	-	-	-	373,465
2,162,916	-	-	-	169,487	2,332,403
457,680	2,583,191	-	-	-	3,040,871
1,082,253	24,622	-	-	1,533,760	2,640,635
3,895,247	-	-	-	905,645	4,800,892
1,425,689	89,613	25,506	5,207	67,665	1,613,680
600,294	35,498	-	-	122,992	758,784
<u>50,242,260</u>	<u>2,732,924</u>	<u>1,217,296</u>	<u>5,207</u>	<u>2,799,549</u>	<u>56,997,236</u>
5,006,160	-	-	-	14,957	5,021,117
8,833,018	-	-	-	621,629	9,454,647
1,987,322	-	-	-	13,960	2,001,282
294,815	-	-	-	291,500	586,315
14,746,976	-	-	-	419,775	15,166,751
353,909	-	-	-	1,077,474	1,431,383
2,303,276	-	-	-	22,489	2,325,765
213,994	-	-	-	-	213,994
-	2,309,821	-	36,314	-	2,346,135
1,103,865	252,245	-	8,500,333	99,045	9,955,488
-	-	1,172,606	-	-	1,172,606
<u>34,843,335</u>	<u>2,562,066</u>	<u>1,172,606</u>	<u>8,536,647</u>	<u>2,560,829</u>	<u>49,675,483</u>
15,398,925	170,858	44,690	(8,531,440)	238,720	7,321,753
183,512	26,251	-	12,588,760	43,959	12,842,482
(12,643,792)	-	-	-	(15,178)	(12,658,970)
<u>(12,460,280)</u>	<u>26,251</u>	<u>-</u>	<u>12,588,760</u>	<u>28,781</u>	<u>183,512</u>
2,938,645	197,109	44,690	4,057,320	267,501	7,505,265
32,508,542	2,522,174	290,012	872,683	2,752,969	38,946,380
<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>

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, 2008**

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)	\$ 7,505,265
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,429,745
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	757,986
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	429,468
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.	689,137
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.	(44,762)
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	152,876
Change in net assets of governmental activities (page 11)	\$ 15,919,715

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

**MIDLAND COUNTY, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2008**

	<u>Governmental Activities Internal Service Funds</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 253,553
Investments	4,733,828
Accounts Receivable	30,460
Prepaid Assets	<u>117,421</u>
TOTAL CURRENT ASSETS	<u>5,135,262</u>
LIABILITIES	
CURRENT LIABILITIES	
Due to Pooled Cash	61,898
Accounts Payable	<u>996,746</u>
TOTAL CURRENT LIABILITIES	<u>1,058,644</u>
NET ASSETS	
Unrestricted	<u>4,076,618</u>
TOTAL NET ASSETS	<u>\$ 4,076,618</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, 2008**

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges for Current Services	\$ 5,135,866
Investment Income	131,047
TOTAL OPERATING REVENUES	5,266,913
 OPERATING EXPENSES	
Fleet Maintenance	407,931
Claims Expense	3,422,935
Administration Costs	181,765
Premium Costs	917,434
Professional Services	460
TOTAL OPERATING EXPENSES	4,930,525
OPERATING INCOME	336,388
 OTHER FINANCING SOURCES (USES)	
Operating Transfers In (Out)	(183,512)
CHANGES IN NET ASSETS	152,876
 NET ASSETS, BEGINNING OF YEAR	3,923,742
NET ASSETS, END OF YEAR	\$ 4,076,618

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, 2008
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

Governmental
 Activities
 Internal
 Service
 Funds

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Charges for Services	\$ 5,132,202
Cash Received from Investment Income	131,047
Cash Paid for Services	<u>(4,587,395)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>675,854</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfer In (Out)	<u>(183,512)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(183,512)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	<u>(979,669)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(979,669)</u>

NET INCREASE (DECREASE) IN CASH (487,327)

CASH AT BEGINNING OF YEAR

678,982

CASH AT END OF YEAR

\$ 191,655

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

Operating Income	<u>\$ 336,388</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
(Increase) Decrease in Accounts Receivable	(3,664)
Decrease (Increase) in Prepaid Assets	3,196
Increase (Decrease) in Accounts Payable	<u>339,934</u>
TOTAL ADJUSTMENTS	<u>339,466</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ 675,854

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

**MIDLAND COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
SEPTEMBER 30, 2008**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 3,839,249
Accounts Receivable	129,291
Due from Other Funds	14,519
Investments	<u>4,843,836</u>
 TOTAL ASSETS	 <u><u>\$ 8,826,895</u></u>
 LIABILITIES	
Accounts Payable	\$ 31,496
Due to Other Funds	333,866
Due to Other Governmental Agencies	573,167
Other Liabilities	2,867
Funds Held for Others	<u>7,885,499</u>
 TOTAL LIABILITIES	 <u><u>\$ 8,826,895</u></u>

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

BASIC FINANCIAL STATEMENTS

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**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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. 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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Lemman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. TexPool operates in a manner consistent with the SEC's 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net 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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. CAPITAL ASSETS (Continued)

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.

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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. ACCRUED EMPLOYEE BENEFITS PAYABLE (Continued)

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:

Fund Balance

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, 2009.

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 30th and the balance is due on the following June 30th. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. REVENUE RECOGNITION - PROPERTY TAXES (Continued)

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

For fund financial statements, property taxes are reserved as uncollectible if not received within sixty days after the end of the fiscal year. For government-wide financial statements, an allowance equal to 4% of the outstanding taxes at September 30, 2008 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 \$(11,791,141) difference are as follows:

Bonds and Certifications of Obligations Payable	\$ (9,755,000)
Deferred Charge for Issuance Costs	93,328
Accrued Interest Payable	(45,713)
Compensated Absences	<u>(2,083,756)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$(11,791,141)</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 \$6,071,143 difference are as follows:

Property Taxes Receivable	\$ 837,247
Court Fines Receivable	<u>5,233,896</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$ 6,071,143</u></u>

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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.

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 \$6,429,745 difference are as follows:

Capital Outlay	\$ 9,955,488
Depreciation Expense	<u>(3,525,743)</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>\$ 6,429,745</u>

Another element of that reconciliation states that, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The details of this \$757,986 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	\$ 161,450
Donation of Capital Assets	<u>596,536</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 757,986</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 \$689,137 difference are as follows:

Principal Repayments:	
General Obligation Refunding Bonds	\$ 695,000
Amortization	<u>(5,863)</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>\$ 689,137</u>

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(44,762) difference are as follows:

Reversal of Prior Year Interest Accrual	\$ 4,084
Compensated Absences	<u>(48,846)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (44,762)</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

DEFICIT FUND EQUITY

There were no deficit fund balances at September 30, 2008.

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, 2008. At year-end, the carrying amount of the County's deposits was \$4,171,882 in cash and cash equivalents; (\$332,633 in pooled cash and \$3,839,249 in agency funds cash). Certificates of Deposits of \$11,714,777 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 \$16,251,045. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$200,000 and \$16,051,045 was covered by collateral held by the pledging bank's agent for the County in the County's name. The County also held \$4,790,897 of Certificates of Deposit and Money Market accounts, in trust, that are covered under separate individual's collateralization.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 4: CASH AND INVESTMENTS (Continued)

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

	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Credit Risk</u>
Investments:			
U. S. Treasury Note	\$ 1,500,000	24 Months	
U. S. Treasury Bills	9,930,042	6 Months	
Investment Pools:			
TexPool	4		AAAm - S & P
TexStar	11,319,192		AAAm - S & P
MBIA Municipal Investors	15,176,670		AAAm - S & P
 Total Fair Value:	 <u>\$37,925,908</u>		

Portfolio Duration: 6 to 24 Months

Of the \$37,925,908 in total investments, \$52,939 is MBIA monies held by the Agency funds, leaving \$37,872,969 in government-wide investments.

Interest Rate Risk – In compliance with the County's investment policy, as of September 30, 2008, 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, 2008, 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, AA+, and Aaa by Standard & Poor's, Fitch and Moody's, respectively, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 5: RECEIVABLES

Receivables as of September 30, 2008 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>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 864,146	\$ 66,168	\$ -	\$ 930,314
Accounts Receivable	<u>21,469,431</u>	<u>-</u>	<u>85,204</u>	<u>21,554,635</u>
Gross Receivables	22,333,577	66,168	85,204	22,484,949
Less: Allowance for Uncollectibles	<u>(15,736,254)</u>	<u>(2,647)</u>	<u>-</u>	<u>(15,738,901)</u>
Net Total Receivables	<u>\$ 6,597,323</u>	<u>\$ 63,521</u>	<u>\$ 85,204</u>	<u>\$ 6,746,048</u>

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, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,644,512	\$ 2,259	\$ 90,832	\$ 2,737,603
Construction in Progress	<u>4,427,510</u>	<u>8,037,765</u>	<u>(119,962)</u>	<u>12,345,313</u>
Total Capital Assets, Not Being Depreciated	<u>7,072,022</u>	<u>8,040,024</u>	<u>(29,130)</u>	<u>15,082,916</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	40,798,659	585,265	(855,132)	40,528,792
Infrastructure	35,468,708	594,278	(90,832)	35,972,154
Machinery and Equipment	<u>14,278,130</u>	<u>1,595,838</u>	<u>243,353</u>	<u>16,117,321</u>
Total Assets Being Depreciated	<u>90,545,497</u>	<u>2,775,381</u>	<u>702,611</u>	<u>92,618,267</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(20,558,144)	(876,251)	-	(21,434,395)
Infrastructure	(16,180,661)	(1,284,797)	-	(17,465,458)
Machinery and Equipment	<u>(8,827,772)</u>	<u>(1,364,695)</u>	<u>629,810</u>	<u>(9,562,657)</u>
Total Accumulated Depreciation	<u>(45,566,577)</u>	<u>(3,525,743)</u>	<u>629,810</u>	<u>48,462,510</u>
Total Capital Assets, Being Depreciated, Net	<u>44,978,920</u>	<u>(750,362)</u>	<u>(72,801)</u>	<u>44,155,751</u>
Governmental Activities Capital Assets, Net	<u>\$52,050,942</u>	<u>\$7,289,662</u>	<u>\$ (101,931)</u>	<u>\$ 59,238,673</u>

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 6: CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Administration	\$ 829,671
Judicial	27,738
Financial Administration	26,033
Elections	52,107
Public Safety and Corrections	426,424
Health and Welfare	11,491
Cultural and Recreation	563,712
Highways and Roads	1,576,675
Conservation and Natural Resources	<u>11,892</u>
Total Depreciation Expense – Governmental Activities	<u>\$3,525,743</u>

NOTE 7: EMPLOYEE RETIREMENT BENEFITS

Plan Description - Midland County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 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 2007 and 2008 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.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7: EMPLOYEE RETIREMENT BENEFITS (Continued)

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 9.82% for the months of the fiscal year in 2008, and 9.82% for the months of the fiscal year in 2007.

The deposit rate payable by the employee members for calendar year 2008 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, 2008 the annual pension cost for the TCDRS plan for its employees was \$1,899,306 and the actual contributions were \$1,899,306.

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, 2003 and December 31, 2004, the basis for determining the contribution rates for calendar years 2006 and 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	12/31/05	12/31/06	12/31/07
Actuarial Cost Method	entry age	entry age	entry age
Amortization Method	level percentage of payroll, open	level percentage of payroll, closed	level percentage of payroll, closed
Amortization Period	20	11.5	9.8
Asset Valuation Method	long-term appreciation with adjustments	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment Return ¹	8.0%	8.0%	8.0%
Projected Salary Increases ¹	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living Adjustments	0.0%	0.0%	0.0%

¹Includes Inflation at the Stated Rate

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7: EMPLOYEE RETIREMENT BENEFITS (Continued)

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

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2006	\$1,455,856	100%	\$ -0-
September 30, 2007	1,755,568	100	-0-
September 30, 2008	1,899,306	100	-0-

**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 ¹ (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/01	\$34,292,589	\$41,899,282	\$7,606,693	81.85%	\$15,369,589	49.49%
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	58,811,094	66,002,005	7,190,911	89.11	20,988,650	34.26

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

NOTE 8: POST-EMPLOYMENT HEALTH CARE BENEFITS

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, 84 retirees meet those eligibility requirements and participate in the plan. 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 83 retirees eligible to receive the post-employment health care benefits. During the year, the County contributed approximately \$252,882 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 \$44,214.

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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, 2008, 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, 2008 the bond issue still outstanding had an approximate principal balance of \$275,000, 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.

Individual fund interfund receivable and payable balances at September 30, 2008, arising from these transactions were as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 248,545	\$ 323
Special Revenue Funds		
Road and Bridge	49,276	-
District Attorney Hot Check Fund	10,540	-
Law Library	265	-
County Clerk Records Management Fund	883	-
Records Preservation Fund	1,072	-
District Clerk Records Management	46	-
Courthouse Security Fund	750	-
Tax Collector Dealer Inventory Fund	806	-
Justice Court Building Security Fund	133	-
Juvenile Case Management	600	-
Appellate Justice System	35	-

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 10: INTERFUND TRANSACTIONS (Continued)

	Interfund	
	Receivable	Payable
Guardianship Fund	\$ 20	\$ -
Justice Court Technology	518	-
Pretrial Intervention Program	3,500	-
County Clerk Records Archive Fund	795	-
County Clerk Vital Stat Preservation	23	-
Debt Service Fund	1,864	-
Agency Funds		
District Clerk	-	28,573
County Clerk	-	27,087
District Attorney	-	15,240
Sheriff	-	4,659
Justice of the Peace Precinct #1	300	16,946
Justice of the Peace Precinct #2	-	7,358
Justice of the Peace Precinct #3	-	5,336
Justice of the Peace Precinct #4	-	3,198
Tax Collector Assessor	23	211,274
CS & CD Supervision	-	14,196
CS & CD Court Residential Treatment Center	13,014	-
CS & CD Community Corrections	1,182	-
 TOTAL	 \$ 334,189	 \$ 334,189

Interfund transfers for the year ended September 30, 2008 are as follows:

	Interfund	
	Transfers In	Transfers Out
General Fund	\$ 183,512	\$12,643,792
Road and Bridge		
Special Revenue Funds	26,251	-
Juvenile Case Management	-	15,178
Juvenile Accountability Incentive Block Grants	15,178	-
Auto Theft Task Force Grant	28,781	-
Internal Service Fund	-	183,512
Capital Projects Fund	12,588,760	-
	 \$ 12,842,482	 \$12,842,482

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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, 2008:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Certificates of Obligation - Series 1996	\$ 2,385,000	\$ -	\$ 550,000	\$ 1,835,000	\$ 580,000
General Obligation Bonds - Series 2004	8,065,000	-	145,000	7,920,000	150,000
Compensated Absences	2,034,912	48,844	-	2,083,756	500,000
	<u>\$ 12,484,912</u>	<u>\$ 48,844</u>	<u>\$ 695,000</u>	<u>\$ 11,838,756</u>	<u>\$ 1,230,000</u>

Certificates of Obligation and Refunding Bonds at September 30, 2008 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%	\$ 1,835,000
\$8,920,000 General Obligation Bonds, Series 2004, annual installments beginning 2005 through 2024, interest at 3.50% to 4.65%	<u>7,920,000</u>
TOTAL	<u>\$ 9,755,000</u>

Principal payments are due annually for Certificates of Obligation and Refunding Bonds on February 15 and interest payments are due semiannually on February 15 and August 15. The annual requirements to amortize all bonded debt outstanding as of September 30, 2008 follows:

<u>Certificates of Obligation, Series 1996</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2009	\$ 580,000	\$ 101,908	\$ 681,908
2010	610,000	70,297	680,297
2011	<u>645,000</u>	<u>36,443</u>	<u>681,443</u>
	<u>\$ 1,835,000</u>	<u>\$ 208,648</u>	<u>\$ 2,043,648</u>

<u>General Obligation Bonds, Series 2004</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2009	\$ 150,000	\$ 340,482	\$ 490,482
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	<u>1,435,000</u>	<u>100,555</u>	<u>1,535,555</u>
	<u>\$ 7,920,000</u>	<u>\$ 3,524,482</u>	<u>\$11,444,482</u>

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, 2008**

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 \$3,565,701 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, 2006	\$ 470,143
Insured Claims (including IBNRs)	2,750,056
Claims Payments	<u>(2,820,792)</u>
Unpaid Claims, September 30, 2007	399,407
Insured Claims (including IBNRs)	3,185,426
Claims Payments	<u>(3,162,263)</u>
Unpaid Claims, September 30, 2008	<u>\$ 422,570</u>

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 14: CONTINGENCIES

Federally Assisted Programs - Compliance Audits

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

In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures 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. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension," which establishes standards of accounting and financial reporting for post-employment health care and other benefits. The effective date for Statement No. 45 relates to phases as did Statement No. 34. For the County, this statement will be effective for fiscal year ending September 30, 2009.

GASB issued Statement No. 47, "Accounting for Termination Benefits," which establishes standards of accounting and financial reporting for terminated benefits. The County will implement this statement for termination benefits that effect its obligation for defined benefit OPEB simultaneously with GASB 45.

GASB issued Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations," which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new standard become effective for fiscal periods beginning after December 15, 2007.

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. 52 "Land and Other Real Estate Held as Investments by Endowments," which established consistent standards for the reporting of land and other real estate held as investments be essentially similar entities. This statement is effective for financial statements for periods beginning after June 15, 2008.

(Continued)

**MIDLAND COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 15: NEW PRONOUNCEMENTS (Continued)

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, 2008**

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 In
- 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)
\$ 19,390,000	\$ 19,390,000	\$ 20,207,129	\$ 817,129
13,500,000	13,500,000	20,037,587	6,537,587
250,000	250,000	373,465	123,465
1,500,000	1,500,000	2,162,916	662,916
306,000	210,000	457,680	247,680
420,500	429,009	1,082,253	653,244
2,418,650	2,704,650	3,895,247	1,190,597
700,000	700,000	1,425,689	725,689
229,600	289,600	600,294	310,694
<u>38,714,750</u>	<u>38,973,259</u>	<u>50,242,260</u>	<u>11,269,001</u>
6,430,319	6,939,822	5,006,160	1,933,662
9,383,175	9,538,689	8,833,018	705,671
2,094,300	2,113,935	1,987,322	126,613
402,371	406,630	294,815	111,815
15,531,759	15,628,558	14,746,976	881,582
404,772	366,152	353,909	12,243
2,403,760	2,391,740	2,303,276	88,464
198,575	224,975	213,994	10,981
1,267,460	1,472,927	1,103,865	369,062
<u>38,116,491</u>	<u>39,083,428</u>	<u>34,843,335</u>	<u>4,240,093</u>
598,259	(110,169)	15,398,925	15,509,094
-	-	183,512	183,512
<u>(12,602,000)</u>	<u>(12,660,760)</u>	<u>(12,643,792)</u>	<u>16,968</u>
<u>(12,602,000)</u>	<u>(12,660,760)</u>	<u>(12,460,280)</u>	<u>200,480</u>
(12,003,741)	(12,770,929)	2,938,645	15,709,574
<u>32,508,542</u>	<u>32,508,542</u>	<u>32,508,542</u>	<u>-</u>
<u>\$ 20,504,801</u>	<u>\$ 19,737,613</u>	<u>\$ 35,447,187</u>	<u>\$ 15,709,574</u>

The notes to the required supplementary information are an integral part of these financial statements.

**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, 2008**

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
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)
\$ 2,103,000	\$ 2,103,000	\$ 2,583,191	\$ 480,191
-	-	24,622	24,622
15,000	15,000	89,613	74,613
11,600	14,700	35,498	20,798
<u>2,129,600</u>	<u>2,132,700</u>	<u>2,732,924</u>	<u>600,224</u>
902,600	902,600	761,293	141,307
524,000	524,000	435,843	88,157
174,700	226,725	194,093	32,632
195,400	195,335	187,231	8,104
275,000	238,144	197,538	40,606
5,000	6,425	5,094	1,331
1,000,000	986,597	528,729	457,868
420,000	420,000	252,245	167,755
<u>3,496,700</u>	<u>3,499,826</u>	<u>2,562,066</u>	<u>937,760</u>
(1,367,100)	(1,367,126)	170,858	1,537,984
-	-	26,251	26,251
-	-	-	-
-	-	<u>26,251</u>	<u>26,251</u>
(1,367,100)	(1,367,126)	197,109	1,564,235
<u>2,522,174</u>	<u>2,522,174</u>	<u>2,522,174</u>	<u>-</u>
<u>\$ 1,155,074</u>	<u>\$ 1,155,048</u>	<u>\$ 2,719,283</u>	<u>\$ 1,564,235</u>

The notes to the required supplementary information are an integral part of these financial statements.

MIDLAND COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
SEPTEMBER 30, 2008

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 Drug Forfeiture
County Attorney Hot Check	Sheriff Abell Hanger
Law Library	Sheriff Local Drug Forfeiture
County Clerk Records Management	Sheriff Federal Forfeiture
Records Preservation	Paving Projects
District Clerk Records Management	Juvenile Accountability Incentive Block Grants
Juvenile Probation Fees	Indigent Defense Improvement Grant
Courthouse Security	Office of Court Administration Grant
County Clerk Records Archive	Crisis Intervention Grants
County Clerk Vital Statistics	Other Victims Assistance Grant
Voter Registration Chapter 19	Mental Health Deputies
Employee Activity	Auto Theft Task Force Grant
Dealer Inventory	Solid Waste Grant
Justice Court Building Security	Texas Vine Grant
Juvenile Case Management	Local Law Enforcement Block Grants
County Attorney State Supplement	Crime Victim Services Grant
Juvenile Delinquency Prevention	2005 Byrne Justice Assistance Grant
Pre-Trial Intervention Program	2007 JAG Discretionary Grant
Election Contracts	Donation SO Bulletproof Vest
Child Abuse	Donation Dare Lioness Club
Appellate Justice System	Donation CIU Volunteer Support
Guardianship	Donation Teen Leadership Account
Abandoned Motor Vehicles	Donation Constable
Rabies Control	Donation Fire Marshall
Justice Court Technology	Title IV-E Federal Foster Care
Local Emergency Planning Commission	Juvenile Probation State Grants
Donations SO Mounted Patrol	State Homeland Security Grant
Donations Constable 4 Bullet Proof Vest	Helping America Vote Act Grant
Donation Horseshoe Proctor	JAG 2006 Justice Assistance Grant
Donations Sheriff's Office	Gates Public Access Comp HUG
Donations Constable 4	Donation Cemetery Care
Donations Emergency Management	Donation Library
L.E.O.S.E. Funds	Lone Star Libraries Grant
District Attorney Abell Hanger	

**MIDLAND COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2008**

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>
\$ 1,141,000	\$ 1,152,000	\$ 1,191,790	\$ 39,790
35,000	24,000	25,506	1,506
<u>1,176,000</u>	<u>1,176,000</u>	<u>1,217,296</u>	<u>41,296</u>
550,000	550,000	550,000	-
133,000	133,000	132,048	952
145,000	145,000	145,000	-
348,000	348,000	345,558	2,442
<u>1,176,000</u>	<u>1,176,000</u>	<u>1,172,606</u>	<u>3,394</u>
-	-	44,690	44,690
<u>290,012</u>	<u>290,012</u>	<u>290,012</u>	<u>-</u>
<u>\$ 290,012</u>	<u>\$ 290,012</u>	<u>\$ 334,702</u>	<u>\$ 44,690</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, 2008**

REVENUES

Investment Income

TOTAL REVENUES

EXPENDITURES

Highways and Roads

Capital Outlay

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES

OTHER FINANCING SOURCES (USES)

Transfers In

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>
\$ -	\$ -	\$ 5,207	\$ 5,207
-	-	5,207	5,207
-	-	36,314	
<u>12,716,381</u>	<u>13,390,709</u>	<u>8,500,333</u>	<u>4,890,376</u>
<u>12,716,381</u>	<u>13,390,709</u>	<u>8,536,647</u>	<u>4,890,376</u>
(12,716,381)	(13,390,709)	(8,531,440)	4,859,269
<u>12,530,000</u>	<u>12,500,000</u>	<u>12,588,760</u>	<u>88,760</u>
(186,381)	(890,709)	4,057,320	4,948,029
<u>872,683</u>	<u>872,683</u>	<u>872,683</u>	<u>-</u>
<u>\$ 686,302</u>	<u>\$ (18,026)</u>	<u>\$ 4,930,003</u>	<u>\$ 4,948,029</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

	District Attorney Hot Check	County Attorney Hot Check	Law Library
ASSETS			
Cash	\$ -	\$ -	\$ 3,190
Investments	279,383	8,271	118,820
Accounts Receivable	280	-	32
Due from Other Governmental Agencies	-	-	-
Due from Other Funds	10,540	-	265
	<u>\$ 290,203</u>	<u>\$ 8,271</u>	<u>\$ 122,307</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to Pooled Cash	\$ 3,103	\$ -	\$ -
Accounts Payable	-	-	6,561
Salaries Payable	131	-	102
Benefits Payable	1,519	-	636
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>4,753</u>	<u>-</u>	<u>7,299</u>
FUND BALANCES			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	22,000	-	34,558
Undesignated	263,450	8,271	80,450
	<u>285,450</u>	<u>8,271</u>	<u>115,008</u>
TOTAL FUND BALANCES	<u>285,450</u>	<u>8,271</u>	<u>115,008</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 290,203</u>	<u>\$ 8,271</u>	<u>\$ 122,307</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>
\$ 11,487	\$ 1,773	\$ 60,692	\$ 305	\$ 3,018	\$ 10,359	\$ 956
281,752	288,169	-	52,093	158,498	317,238	76,146
1,715	-	-	210	-	599	-
-	-	-	-	-	-	-
882	1,072	46	-	750	795	23
<u>\$ 295,836</u>	<u>\$ 291,014</u>	<u>\$ 60,738</u>	<u>\$ 52,608</u>	<u>\$ 162,266</u>	<u>\$ 328,991</u>	<u>\$ 77,125</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,578	-	-
-	-	-	-	-	440	-
1,526	-	-	-	837	229	22
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,526	-	-	-	2,415	669	22
6,740	9,528	-	-	-	93,772	-
120,712	188,000	23,200	-	86,751	-	-
166,858	93,486	37,538	52,608	73,100	234,550	77,103
294,310	291,014	60,738	52,608	159,851	328,322	77,103
<u>\$ 295,836</u>	<u>\$ 291,014</u>	<u>\$ 60,738</u>	<u>\$ 52,608</u>	<u>\$ 162,266</u>	<u>\$ 328,991</u>	<u>\$ 77,125</u>

(Continued)

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2008**

	<u>Voter Registration Chapter 19</u>	<u>Employee Activity</u>	<u>Dealer Inventory</u>
ASSETS			
Cash	\$ 1,200	\$ -	\$ -
Investments	-	13,574	54,580
Accounts Receivable	-	-	-
Due from Other Governmental Agencies	1,580	1,050	-
Due from Other Funds	-	-	806
	<u>-</u>	<u>-</u>	<u>806</u>
TOTAL ASSETS	<u>\$ 2,780</u>	<u>\$ 14,624</u>	<u>\$ 55,386</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to Pooled Cash	\$ -	\$ -	\$ 36
Accounts Payable	2,780	1,495	3,499
Salaries Payable	-	-	-
Benefits Payable	-	-	58
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,780</u>	<u>1,495</u>	<u>3,593</u>
FUND BALANCES			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	-	-	10,400
Undesignated	-	13,129	41,393
	<u>-</u>	<u>13,129</u>	<u>41,393</u>
TOTAL FUND BALANCES	<u>-</u>	<u>13,129</u>	<u>51,793</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,780</u>	<u>\$ 14,624</u>	<u>\$ 55,386</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>
\$ 23,466	\$ 84,162	\$ 53,120	\$ 45	\$ 25,000	\$ 36,495	\$ 164	\$ 1,010
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
133	600	-	-	3,500	-	-	35
<u>\$ 23,599</u>	<u>\$ 84,762</u>	<u>\$ 53,120</u>	<u>\$ 45</u>	<u>\$ 28,500</u>	<u>\$ 36,495</u>	<u>\$ 164</u>	<u>\$ 1,045</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	175	936	-	-	1,467	-	1,045
-	-	-	-	-	-	-	-
-	-	21	-	-	1	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	175	957	-	-	1,468	-	1,045
-	-	-	-	-	-	-	-
15,700	10,000	8,366	-	-	-	-	-
7,899	74,587	43,797	45	28,500	35,027	164	-
23,599	84,587	52,163	45	28,500	35,027	164	-
<u>\$ 23,599</u>	<u>\$ 84,762</u>	<u>\$ 53,120</u>	<u>\$ 45</u>	<u>\$ 28,500</u>	<u>\$ 36,495</u>	<u>\$ 164</u>	<u>\$ 1,045</u>

(Continued)

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2008**

	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>
ASSETS			
Cash	\$ 5,756	\$ 32,316	\$ 6,573
Investments	-	-	-
Accounts Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Due from Other Funds	20	-	-
	<u>5,776</u>	<u>32,316</u>	<u>6,573</u>
TOTAL ASSETS	<u>\$ 5,776</u>	<u>\$ 32,316</u>	<u>\$ 6,573</u>

LIABILITIES AND FUND BALANCES

LIABILITIES			
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>
FUND BALANCES			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	-	-	-
Undesignated	5,776	32,316	6,573
	<u>5,776</u>	<u>32,316</u>	<u>6,573</u>
TOTAL FUND BALANCES	<u>5,776</u>	<u>32,316</u>	<u>6,573</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,776</u>	<u>\$ 32,316</u>	<u>\$ 6,573</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>
\$ 179,717	\$ 424	\$ 3,672	\$ 500	\$ 121,339	\$ 30,343	\$ 481
-	-	-	-	-	-	-
-	-	-	-	-	-	-
518	-	-	-	-	-	-
<u>\$ 180,235</u>	<u>\$ 424</u>	<u>\$ 3,672</u>	<u>\$ 500</u>	<u>\$ 121,339</u>	<u>\$ 30,343</u>	<u>\$ 481</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,120	-	-	-	-	1,583	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,583</u>	<u>-</u>
-	-	-	-	-	2,846	-
-	-	-	-	-	25,914	431
<u>176,115</u>	<u>424</u>	<u>3,672</u>	<u>500</u>	<u>121,339</u>	<u>-</u>	<u>50</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>\$ 180,235</u>	<u>\$ 424</u>	<u>\$ 3,672</u>	<u>\$ 500</u>	<u>\$ 121,339</u>	<u>\$ 30,343</u>	<u>\$ 481</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2008**

	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Abell Hanger</u>	<u>District Attorney Drug Forfeiture</u>
ASSETS				
Cash	\$ 1,565	\$ 15,496	\$ -	\$ 14,732
Investments	-	-	6,212	50,065
Accounts Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Due from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,565</u>	<u>\$ 15,496</u>	<u>\$ 6,212</u>	<u>\$ 64,797</u>

LIABILITIES AND FUND BALANCES

LIABILITIES				
Due to Pooled Cash	\$ -	\$ -	\$ 1,366	\$ -
Accounts Payable	1,563	2	-	13,612
Salaries Payable	-	-	-	-
Benefits Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governmental Agencies	-	-	-	-
Deferred Grant Revenue	-	-	-	-
	<u>1,563</u>	<u>2</u>	<u>1,366</u>	<u>13,612</u>
TOTAL LIABILITIES				
FUND BALANCES				
Reserved for Encumbrances	-	-	-	-
Unreserved				
Designated for Subsequent Year's Expenditures	-	5,690	-	10,000
Undesignated	2	9,804	4,846	41,185
	<u>2</u>	<u>15,494</u>	<u>4,846</u>	<u>51,185</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,565</u>	<u>\$ 15,496</u>	<u>\$ 6,212</u>	<u>\$ 64,797</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>
\$ -	\$ 3,943	\$ 2,530	\$ 19,500	\$ -	\$ 6,757	\$ -
5,321	-	46,732	-	-	-	-
-	-	-	-	192	-	1,664
-	-	30,249	-	43,285	-	1,752
-	-	-	-	-	-	-
<u>\$ 5,321</u>	<u>\$ 3,943</u>	<u>\$ 79,511</u>	<u>\$ 19,500</u>	<u>\$ 43,477</u>	<u>\$ 6,757</u>	<u>\$ 3,416</u>
\$ -	\$ -	\$ -	\$ -	\$ 40,931	\$ -	\$ 3,237
99	-	2,516	-	541	-	-
-	-	-	-	2,005	-	-
-	-	-	-	-	-	179
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>99</u>	<u>-</u>	<u>2,516</u>	<u>-</u>	<u>43,477</u>	<u>-</u>	<u>3,416</u>
-	-	4,670	-	-	-	-
4,656	-	-	-	-	-	-
566	3,943	72,325	19,500	-	6,757	-
<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>\$ 5,321</u>	<u>\$ 3,943</u>	<u>\$ 79,511</u>	<u>\$ 19,500</u>	<u>\$ 43,477</u>	<u>\$ 6,757</u>	<u>\$ 3,416</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2008**

	<u>Other Victims' Assistance Grant</u>	<u>Mental Health Deputies</u>	<u>Auto Theft Task Force Grant</u>
ASSETS			
Cash	\$ -	\$ -	\$ 2,001
Investments	-	-	-
Accounts Receivable	714	-	-
Due from Other Governmental Agencies	6,127	14,583	-
Due from Other Funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 6,841</u>	<u>\$ 14,583</u>	<u>\$ 2,001</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to Pooled Cash	\$ 6,232	\$ 13,054	\$ -
Accounts Payable	-	-	-
Salaries Payable	-	-	-
Benefits Payable	609	1,529	2,001
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	-	-	-
Deferred Grant Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>6,841</u>	<u>14,583</u>	<u>2,001</u>
FUND BALANCES			
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>\$ 6,841</u>	<u>\$ 14,583</u>	<u>\$ 2,001</u>

<u>Solid Waste 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>
\$ -	\$ -	\$ -	\$ 1,126	\$ 1,638	\$ 1,221	\$ 100	\$ 655
-	-	-	-	-	-	-	-
760	-	3,470	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 3,470</u>	<u>\$ 1,126</u>	<u>\$ 1,638</u>	<u>\$ 1,221</u>	<u>\$ 100</u>	<u>\$ 655</u>
\$ 760	\$ -	\$ 2,966	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,100	1,455	692	-	-
-	-	-	-	-	-	-	-
-	-	504	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	183	-	-	-
<u>760</u>	<u>-</u>	<u>3,470</u>	<u>1,100</u>	<u>1,638</u>	<u>692</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	655
-	-	-	26	-	529	100	-
-	-	-	26	-	529	100	655
<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 3,470</u>	<u>\$ 1,126</u>	<u>\$ 1,638</u>	<u>\$ 1,221</u>	<u>\$ 100</u>	<u>\$ 655</u>

(Continued)

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2008**

	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>	<u>Donation Fire Marshall</u>
ASSETS			
Cash	\$ 37,160	\$ 10	\$ 70
Investments	-	-	-
Accounts Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Due from Other Funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 37,160</u>	<u>\$ 10</u>	<u>\$ 70</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
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>
FUND BALANCES			
Reserved for Encumbrances	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	35,000	-	-
Undesignated	2,160	10	70
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>37,160</u>	<u>10</u>	<u>70</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,160</u>	<u>\$ 10</u>	<u>\$ 70</u>

<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>State Homeland Security Grant</u>	<u>Helping America Vote Act Grant</u>	<u>JAG 2006 Justice Assist Grant</u>	<u>Gates Public Access Comp HUG</u>
\$ -	\$ 28,870	\$ -	\$ -	\$ 371	\$ 1,281
444,502	-	-	-	-	-
-	48,985	-	-	-	-
51,650	16,694	-	226,718	-	-
-	-	-	-	-	-
<u>\$ 496,152</u>	<u>\$ 94,549</u>	<u>\$ -</u>	<u>\$ 226,718</u>	<u>\$ 371</u>	<u>\$ 1,281</u>
\$ 38,703	\$ -	\$ -	\$ 226,718	\$ -	\$ -
2,966	78,540	-	-	266	-
-	-	-	-	-	-
595	556	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15,453	-	-	-	-
<u>42,264</u>	<u>94,549</u>	<u>-</u>	<u>226,718</u>	<u>266</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	96	-
453,888	-	-	-	9	1,281
<u>453,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>1,281</u>
<u>\$ 496,152</u>	<u>\$ 94,549</u>	<u>\$ -</u>	<u>\$ 226,718</u>	<u>\$ 371</u>	<u>\$ 1,281</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2008**

	Donation Cemetery Care	Donation Library	Lone Star Libraries Grant	Totals
ASSETS				
Cash	\$ 1,233	\$ 5,359	\$ 1,381	\$ 844,562
Investments	-	-	-	2,201,356
Accounts Receivable	-	-	-	54,391
Due from Other Governmental Agencies	-	-	-	397,918
Due from Other Funds	-	-	-	19,985
	<u>\$ 1,233</u>	<u>\$ 5,359</u>	<u>\$ 1,381</u>	<u>\$ 3,518,212</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Pooled Cash	\$ -	\$ -	\$ -	\$ 337,106
Accounts Payable	490	1,038	1,381	131,500
Salaries Payable	-	-	-	2,678
Benefits Payable	-	-	-	10,822
Due to Other Funds	-	-	-	-
Due to Other Governmental Agencies	-	-	-	-
Deferred Grant Revenue	-	-	-	15,636
	<u>490</u>	<u>1,038</u>	<u>1,381</u>	<u>497,742</u>
FUND BALANCES				
Resrved for Encumbrances	-	-	-	117,556
Unreserved				
Designated for Subsequent Year's Expenditures	-	4,321	-	606,450
Undesignated	743	-	-	2,296,464
	<u>743</u>	<u>4,321</u>	<u>-</u>	<u>3,020,470</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,233</u>	<u>\$ 5,359</u>	<u>\$ 1,381</u>	<u>\$ 3,518,212</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2008**

	District Attorney Hot Check	County Attorney Hot Check	Law Library
REVENUES			
Charges for Services	\$ 138,304	\$ -	\$ 102,779
Investment Income	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	34,450	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	172,754	-	102,779
EXPENDITURES			
Current			
General Administration	-	-	-
Judicial	173,528	25	97,606
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
TOTAL EXPENDITURES	173,528	25	97,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(774)	(25)	5,173
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(774)	(25)	5,173
FUND BALANCE - BEGINNING OF YEAR	286,224	8,296	109,835
FUND BALANCE - END OF YEAR	\$ 285,450	\$ 8,271	\$ 115,008

<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>
\$ 159,378	\$ 77,296	\$ 13,584	\$ 11,713	\$ 86,697	\$ 148,414	\$ 18,113
8,236	9,003	-	-	5,330	9,295	2,250
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>167,614</u>	<u>86,299</u>	<u>13,584</u>	<u>11,713</u>	<u>92,027</u>	<u>157,709</u>	<u>20,363</u>
-	-	-	-	-	-	-
116,069	25,056	-	96	-	118,684	2,488
-	-	-	-	-	-	-
-	-	-	-	100,475	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	40,264	-	-	-	-	6,735
-	-	-	-	-	-	-
<u>116,069</u>	<u>65,320</u>	<u>-</u>	<u>96</u>	<u>100,475</u>	<u>118,684</u>	<u>9,223</u>
<u>51,545</u>	<u>20,979</u>	<u>13,584</u>	<u>11,617</u>	<u>(8,448)</u>	<u>39,025</u>	<u>11,140</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
51,545	20,979	13,584	11,617	(8,448)	39,025	11,140
<u>242,765</u>	<u>270,035</u>	<u>47,154</u>	<u>40,991</u>	<u>168,299</u>	<u>289,297</u>	<u>65,963</u>
<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>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008

	Voter Registration Chapter 19	Employee Activity	Dealer Inventory
REVENUES			
Charges for Other Services	\$ 25,403	\$ 14,270	\$ 2,109
Investment Income	-	-	16,435
Fines and Forfeitures	-	-	-
Intergovernmental	-	-	-
Miscellaneous	-	-	-
	<u>25,403</u>	<u>14,270</u>	<u>18,544</u>
EXPENDITURES			
Current			
General Administration	-	14,957	-
Judicial	-	-	-
Financial Administration	-	-	13,960
Elections	25,403	-	-
Public Safety and Corrections	-	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<u>25,403</u>	<u>14,957</u>	<u>13,960</u>
TOTAL EXPENDITURES	<u>25,403</u>	<u>14,957</u>	<u>13,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(687)</u>	<u>4,584</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>-</u>	<u>(687)</u>	<u>4,584</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>13,816</u>	<u>47,209</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 13,129</u>	<u>\$ 51,793</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>
\$ -	\$ -	\$ -	\$ 5	\$ 28,500	\$ 38,585	\$ 105	\$ -
-	-	-	-	-	-	-	-
9,813	49,001	-	-	-	-	-	-
-	-	62,500	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,813</u>	<u>49,001</u>	<u>62,500</u>	<u>5</u>	<u>28,500</u>	<u>38,585</u>	<u>105</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	43,153	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	36,545	-	-
-	175	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>175</u>	<u>43,153</u>	<u>-</u>	<u>-</u>	<u>36,545</u>	<u>-</u>	<u>-</u>
9,813	48,826	19,347	5	28,500	2,040	105	-
-	-	-	-	-	-	-	-
-	(15,178)	-	-	-	-	-	-
-	(15,178)	-	-	-	-	-	-
9,813	33,648	19,347	5	28,500	2,040	105	-
13,786	50,939	32,816	40	-	32,987	59	-
<u>\$ 23,599</u>	<u>\$ 84,587</u>	<u>\$ 52,163</u>	<u>\$ 45</u>	<u>\$ 28,500</u>	<u>\$ 35,027</u>	<u>\$ 164</u>	<u>\$ -</u>

MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008

	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>
REVENUES			
Charges for Other Services	\$ -	\$ 40,390	\$ -
Investment Income	-	1,573	-
Fines and Forfeitures	-	-	-
Intergovernmental	5,776	-	-
Miscellaneous	-	-	-
	<u>5,776</u>	<u>41,963</u>	<u>-</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Administration	-	-	-
Judicial	-	-	-
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	19,413	-
Health and Welfare	-	-	779
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<u>-</u>	<u>19,413</u>	<u>779</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>5,776</u>	<u>22,550</u>	<u>(779)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES			
	5,776	22,550	(779)
FUND BALANCE - BEGINNING OF YEAR			
	<u>-</u>	<u>9,766</u>	<u>7,352</u>
FUND BALANCE - END OF YEAR			
	<u>\$ 5,776</u>	<u>\$ 32,316</u>	<u>\$ 6,573</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
42,505	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,775	-	50,000	33,000	50
<u>42,505</u>	<u>-</u>	<u>7,775</u>	<u>-</u>	<u>50,000</u>	<u>33,000</u>	<u>50</u>
-	-	-	-	-	-	-
14,014	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,198	-	-	24,748	537
-	-	-	-	-	-	-
-	-	-	-	30,950	-	-
-	-	-	-	-	-	-
<u>14,014</u>	<u>-</u>	<u>6,198</u>	<u>-</u>	<u>30,950</u>	<u>24,748</u>	<u>537</u>
<u>28,491</u>	<u>-</u>	<u>1,577</u>	<u>-</u>	<u>19,050</u>	<u>8,252</u>	<u>(487)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,491	-	1,577	-	19,050	8,252	(487)
<u>147,624</u>	<u>424</u>	<u>2,095</u>	<u>500</u>	<u>102,289</u>	<u>20,508</u>	<u>968</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>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008**

	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Abell Hanger</u>	<u>District Attorney Drug Forfeiture</u>
REVENUES				
Charges for Other Services	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
Fines and Forfeitures	-	-	-	9,383
Intergovernmental	-	14,064	-	-
Miscellaneous	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>2,000</u>	<u>14,064</u>	<u>-</u>	<u>9,383</u>
EXPENDITURES				
Current				
General Administration	-	-	-	-
Judicial	-	-	17	10,930
Financial Administration	-	-	-	-
Elections	-	-	-	-
Public Safety and Corrections	1,998	7,815	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Highways and Roads	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,998</u>	<u>7,815</u>	<u>17</u>	<u>10,930</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2</u>	<u>6,249</u>	<u>(17)</u>	<u>(1,547)</u>
OTHER FINANCING SOURCES				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	2	6,249	(17)	(1,547)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>9,245</u>	<u>4,863</u>	<u>52,732</u>
FUND BALANCE - END OF YEAR	<u>\$ 2</u>	<u>\$ 15,494</u>	<u>\$ 4,846</u>	<u>\$ 51,185</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	1,555	57,230	-	-	-	-
-	-	2,379	-	163,175	6,757	19,963
-	-	-	-	-	-	-
<u>-</u>	<u>1,555</u>	<u>59,609</u>	<u>-</u>	<u>163,175</u>	<u>6,757</u>	<u>19,963</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	19,963
-	-	-	-	-	-	-
520	-	54,447	-	178,352	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,800	-	-	-	-
-	-	-	-	-	-	-
<u>520</u>	<u>-</u>	<u>57,247</u>	<u>-</u>	<u>178,352</u>	<u>-</u>	<u>19,963</u>
(520)	1,555	2,362	-	(15,177)	6,757	-
-	-	-	-	15,177	-	-
-	-	-	-	-	-	-
-	-	-	-	15,177	-	-
(520)	1,555	2,362	-	-	6,757	-
<u>5,742</u>	<u>2,388</u>	<u>74,633</u>	<u>19,500</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>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008**

	Other Victims' Assistance Grant	Mental Health Deputies	Auto Theft Task Force Grant
REVENUES			
Charges for Other Services	\$ -	\$ -	\$ -
Investment Income	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	39,864	143,107	31,326
Miscellaneous	-	-	-
	<u>39,864</u>	<u>143,107</u>	<u>31,326</u>
TOTAL REVENUES	<u>39,864</u>	<u>143,107</u>	<u>31,326</u>
EXPENDITURES			
Current			
General Administration	-	-	-
Judicial	-	-	-
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	-	-
Health and Welfare	39,864	143,107	60,108
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
	<u>39,864</u>	<u>143,107</u>	<u>60,108</u>
TOTAL EXPENDITURES	<u>39,864</u>	<u>143,107</u>	<u>60,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(28,782)</u>
OTHER FINANCING SOURCES			
Operating Transfers In	-	-	28,782
Operating Transfers (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>28,782</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>28,782</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Solid Waste 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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	93	-	-	-	-
-	-	-	-	-	-	-	-
18,622	25,817	36,061	-	16,686	-	-	-
-	-	-	-	-	3,411	-	50
<u>18,622</u>	<u>25,817</u>	<u>36,061</u>	<u>93</u>	<u>16,686</u>	<u>3,411</u>	<u>-</u>	<u>50</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,220	16,686	2,077	-	-
5,006	25,817	36,061	-	-	-	-	-
-	-	-	-	-	-	-	-
13,616	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,622</u>	<u>25,817</u>	<u>36,061</u>	<u>4,220</u>	<u>16,686</u>	<u>2,077</u>	<u>-</u>	<u>-</u>
-	-	-	(4,127)	-	1,334	-	50
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(4,127)	-	1,334	-	50
-	-	-	4,153	-	(805)	100	605
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 529</u>	<u>\$ 100</u>	<u>\$ 655</u>

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008**

	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>	<u>Donation Fire Marshall</u>
REVENUES			
Charges for Other Services	\$ -	\$ -	\$ -
Investment Income	-	-	-
Fines and Forfeitures	-	-	-
Intergovernmental	-	-	-
Miscellaneous	<u>22,550</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>22,550</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
General Administration	-	-	-
Judicial	-	-	-
Financial Administration	-	-	-
Elections	-	-	-
Public Safety and Corrections	-	740	-
Health and Welfare	3,809	-	-
Culture and Recreation	-	-	-
Highways and Roads	-	-	-
Capital Outlay	-	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,809</u>	<u>740</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>18,741</u>	<u>(740)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Operating Transfers In	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	18,741	(740)	-
FUND BALANCE - BEGINNING OF YEAR	<u>18,419</u>	<u>750</u>	<u>70</u>
FUND BALANCE - END OF YEAR	<u>\$ 37,160</u>	<u>\$ 10</u>	<u>\$ 70</u>

<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>	<u>State Homeland Security Grant</u>	<u>Helping America Vote Act Grant</u>	<u>JAG 2006 Justice Assist Grant</u>	<u>Gates Public Access Comp HUG</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,326	-	-	-	24	-
-	-	-	-	-	-
80,501	576,634	4,680	229,552	1,455	1,281
-	-	-	-	-	-
<u>95,827</u>	<u>576,634</u>	<u>4,680</u>	<u>229,552</u>	<u>1,479</u>	<u>1,281</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	229,552	-	-
-	-	-	-	1,374	-
181,229	580,964	-	-	-	-
-	-	-	-	-	-
-	-	4,680	-	-	-
-	-	-	-	-	-
<u>181,229</u>	<u>580,964</u>	<u>4,680</u>	<u>229,552</u>	<u>1,374</u>	<u>-</u>
<u>(85,402)</u>	<u>(4,330)</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>1,281</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(85,402)	(4,330)	-	-	105	1,281
539,290	4,330	-	-	-	-
<u>\$ 453,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 1,281</u>

(Continued)

**MIDLAND COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008**

	Donation Cemetery Care	Donation Library	Lone Star Libraries Grant	Totals
REVENUES				
Charges for Other Services	\$ -	\$ -	\$ -	\$ 905,645
Investment Income	-	-	100	67,665
Fines and Forfeitures	-	-	-	169,487
Intergovernmental	-	-	19,110	1,533,760
Miscellaneous	815	3,341	-	122,992
TOTAL REVENUES	815	3,341	19,210	2,799,549
EXPENDITURES				
Current				
General Administration	-	-	-	14,957
Judicial	-	-	-	621,629
Financial Administration	-	-	-	13,960
Elections	-	-	-	291,500
Public Safety and Corrections	-	-	-	419,775
Health and Welfare	730	-	-	1,077,474
Culture and Recreation	-	3,179	19,310	22,489
Highways and Roads	-	-	-	-
Capital Outlay	-	-	-	99,045
Debt Service	-	-	-	-
TOTAL EXPENDITURES	730	3,179	19,310	2,560,829
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	85	162	(100)	238,720
OTHER FINANCING SOURCES				
Operating Transfers In	-	-	-	43,959
Operating Transfers (Out)	-	-	-	(15,178)
TOTAL OTHER FINANCING SOURCES	-	-	-	28,781
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	85	162	(100)	267,501
FUND BALANCE - BEGINNING OF YEAR	658	4,159	100	2,752,969
FUND BALANCE - END OF YEAR	\$ 743	\$ 4,321	\$ -	\$ 3,020,470

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, 2008**

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
ASSETS				
Cash	\$ 116,378	\$ -	\$ 137,175	\$ 253,553
Investments	3,469,246	1,264,582	-	4,733,828
Accounts Receivable	-	3,798	26,662	30,460
Prepaid Assets	<u>117,421</u>	<u>-</u>	<u>-</u>	<u>117,421</u>
 TOTAL ASSETS	 <u>3,703,045</u>	 <u>1,268,380</u>	 <u>163,837</u>	 <u>5,135,262</u>
 LIABILITIES				
Due to Pooled Cash	-	61,898	-	61,898
Accounts Payable	<u>573,041</u>	<u>422,910</u>	<u>795</u>	<u>996,746</u>
 TOTAL LIABILITIES	 <u>573,041</u>	 <u>484,808</u>	 <u>795</u>	 <u>1,058,644</u>
 NET ASSETS				
Unrestricted	<u>3,130,004</u>	<u>783,572</u>	<u>163,042</u>	<u>4,076,618</u>
 TOTAL NET ASSETS	 <u>\$ 3,130,004</u>	 <u>\$ 783,572</u>	 <u>\$ 163,042</u>	 <u>\$ 4,076,618</u>

**MIDLAND COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2008**

OPERATING REVENUES

Charges for Services
Investment Income

TOTAL OPERATING REVENUES

OPERATING EXPENSES

Fleet Maintenance
Claims Expense
Administration Costs
Premium Cost
Professional Services

TOTAL OPERATING EXPENSES

OPERATING INCOME (LOSS)

OTHER FINANCING SOURCES (USES)

Operating Transfers In (Out)

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>
\$ 1,179,992	\$ 3,512,374	\$ 443,500	\$ 5,135,866
98,874	32,173	-	131,047
<u>1,278,866</u>	<u>3,544,547</u>	<u>443,500</u>	<u>5,266,913</u>
-	-	407,931	407,931
260,672	3,162,263	-	3,422,935
28,406	153,359	-	181,765
620,256	297,178	-	917,434
-	460	-	460
<u>909,334</u>	<u>3,613,260</u>	<u>407,931</u>	<u>4,930,525</u>
<u>369,532</u>	<u>(68,713)</u>	<u>35,569</u>	<u>336,388</u>
<u>(183,512)</u>	<u>-</u>	<u>-</u>	<u>(183,512)</u>
186,020	(68,713)	35,569	152,876
<u>2,943,984</u>	<u>852,285</u>	<u>127,473</u>	<u>3,923,742</u>
<u>\$ 3,130,004</u>	<u>\$ 783,572</u>	<u>\$ 163,042</u>	<u>\$ 4,076,618</u>

**MIDLAND COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2008
INCREASE (DECREASE) IN CASH**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Charges for Services
Cash Received from Investment Income
Cash Paid for Services

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfer In (Out)

NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase 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>
\$ 1,180,126	\$ 3,508,576	\$ 443,500	\$ 5,132,202
98,874	32,173	-	131,047
<u>(551,998)</u>	<u>(3,589,757)</u>	<u>(445,640)</u>	<u>(4,587,395)</u>
<u>727,002</u>	<u>(49,008)</u>	<u>(2,140)</u>	<u>675,854</u>
<u>(183,512)</u>	<u>-</u>	<u>-</u>	<u>(183,512)</u>
<u>(183,512)</u>	<u>-</u>	<u>-</u>	<u>(183,512)</u>
<u>(429,199)</u>	<u>(550,470)</u>	<u>-</u>	<u>(979,669)</u>
<u>(429,199)</u>	<u>(550,470)</u>	<u>-</u>	<u>(979,669)</u>
114,291	(599,478)	(2,140)	(487,327)
<u>2,087</u>	<u>537,580</u>	<u>139,315</u>	<u>678,982</u>
<u>\$ 116,378</u>	<u>\$ (61,898)</u>	<u>\$ 137,175</u>	<u>\$ 191,655</u>
<u>\$ 369,532</u>	<u>\$ (68,713)</u>	<u>\$ 35,569</u>	<u>\$ 336,388</u>
134	(3,798)	-	(3,664)
3,196	-	-	3,196
<u>354,140</u>	<u>23,503</u>	<u>(37,709)</u>	<u>339,934</u>
<u>357,470</u>	<u>19,705</u>	<u>(37,709)</u>	<u>339,466</u>
<u>\$ 727,002</u>	<u>\$ (49,008)</u>	<u>\$ (2,140)</u>	<u>\$ 675,854</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, 2008**

	<u>District Clerk</u>	<u>County Clerk</u>	<u>District Attorney</u>
ASSETS			
Cash	\$ 674,592	\$ 770,266	\$ 240,213
Accounts Receivable	-	83	-
Due from Other Funds	-	-	-
Investments	<u>3,582,597</u>	<u>1,208,299</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 4,257,189</u></u>	<u><u>\$ 1,978,648</u></u>	<u><u>\$ 240,213</u></u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	28,573	27,087	15,240
Due to Other Governmental Agencies	-	264	-
Other Liabilities	-	38	-
Funds Held for Others	<u>4,228,616</u>	<u>1,951,259</u>	<u>224,973</u>
TOTAL LIABILITIES	<u><u>\$ 4,257,189</u></u>	<u><u>\$ 1,978,648</u></u>	<u><u>\$ 240,213</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>
\$ 346,428	\$ 30,205	\$ 12,863	\$ 15,968	\$ 6,303	\$ 3,139
-	-	-	-	-	-
-	300	-	-	-	-
-	-	-	-	-	-
<u>\$ 346,428</u>	<u>\$ 30,505</u>	<u>\$ 12,863</u>	<u>\$ 15,968</u>	<u>\$ 6,303</u>	<u>\$ 3,139</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,659	16,947	7,358	5,336	3,198	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>341,769</u>	<u>13,558</u>	<u>5,505</u>	<u>10,632</u>	<u>3,105</u>	<u>3,139</u>
<u>\$ 346,428</u>	<u>\$ 30,505</u>	<u>\$ 12,863</u>	<u>\$ 15,968</u>	<u>\$ 6,303</u>	<u>\$ 3,139</u>

**MIDLAND COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2008**

	Tax Assessor Collector	Constable Precinct 3	Constable Precinct 4	Unclaimed Property Fund
ASSETS				
Cash	\$ 1,291,590	\$ 2,962	\$ 579	\$ 21,580
Accounts Receivable	102,868	-	-	-
Due from Other Funds	23	-	-	-
Investments	-	-	-	52,940
TOTAL ASSETS	<u>\$ 1,394,481</u>	<u>\$ 2,962</u>	<u>\$ 579</u>	<u>\$ 74,520</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	211,274	-	-	-
Due to Other Governmental Agencies	572,903	-	-	-
Other Liabilities	-	-	-	-
Funds Held for Others	610,304	2,962	579	74,520
TOTAL LIABILITIES	<u>\$ 1,394,481</u>	<u>\$ 2,962</u>	<u>\$ 579</u>	<u>\$ 74,520</u>

<u>Justice of the Peace Clearing</u>	<u>CS&CD Supervision</u>	<u>CS&CD Court Residential Treatment Center</u>	<u>CS&CD Community Corrections</u>	<u>CS&CD Treatment Alternative Incarceration Program</u>	<u>Bail Security Fund</u>	<u>Totals</u>
\$ 11,197	\$215,287	\$ 46,123	\$ 15,106	\$ 309	\$ 134,539	\$ 3,839,249
-	-	26,340	-	-	-	129,291
-	-	13,014	1,182	-	-	14,519
-	-	-	-	-	-	4,843,836
<u>\$ 11,197</u>	<u>\$215,287</u>	<u>\$ 85,477</u>	<u>\$ 16,288</u>	<u>\$ 309</u>	<u>\$ 134,539</u>	<u>\$ 8,826,895</u>
\$ -	\$ 10,766	\$ 20,580	\$ 150	\$ -	\$ -	\$ 31,496
-	14,194	-	-	-	-	333,866
-	-	-	-	-	-	573,167
-	2,829	-	-	-	-	2,867
<u>11,197</u>	<u>187,498</u>	<u>64,897</u>	<u>16,138</u>	<u>309</u>	<u>134,539</u>	<u>7,885,499</u>
<u>\$ 11,197</u>	<u>\$215,287</u>	<u>\$ 85,477</u>	<u>\$ 16,288</u>	<u>\$ 309</u>	<u>\$ 134,539</u>	<u>\$ 8,826,895</u>

STATISTICAL DATA

(Unaudited)

Table 1
MIDLAND COUNTY, TEXAS
NET ASSET INFORMATION ^{1,2}
Last Six Fiscal Years

	Fiscal Year					
	2003 ³	2004	2005	2006	2007	2008
Governmental Activities						
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
Restricted	102,178	125,457	172,698	225,630	290,012	334,702
Unrestricted	22,516,541	26,358,912	35,030,589	38,853,407	46,236,268	54,228,563
Total governmental activities net assets	\$ 31,619,072	\$ 37,352,587	\$ 47,325,818	\$ 57,800,180	\$ 88,127,223	\$ 104,046,938

Source: Current and prior years' financial statements

¹ This schedule reports using the modified accrual basis of accounting.

² 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.

³ 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 Six Fiscal Years ¹

	2003	2004	2005	2006	2007	2008
Program Revenues						
Governmental Activities:						
Fees, fines, and charges for services:						
General Administration	\$ 709,445	\$ 635,184	\$ 651,414	\$ 655,213	\$ 852,800	\$ 657,461
Judicial	3,375,799	4,002,898	4,142,704	4,790,859	5,610,758	5,877,651
Financial Administration	-	-	-	-	-	-
Elections	-	-	-	33,367	29,581	38,585
Public Safety and Corrections	804,873	812,878	758,877	950,413	1,158,026	1,485,117
Health and Welfare	41,801	24,191	22,400	91,812	23,225	25,000
Culture and Recreation	34,043	36,238	29,934	15,950	184,077	253,525
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
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
Capital Grants and Contributions	-	-	1,583,440	131,996	-	596,536
Total Primary Government Program Revenues	8,861,351	9,566,082	11,412,075	11,633,526	12,128,419	13,448,610
Expenses						
Governmental Activities:						
General Administration	3,944,207	3,899,665	4,604,171	4,598,481	5,018,395	5,842,303
Judicial	7,605,271	7,608,017	7,892,786	8,839,459	9,404,107	9,477,608
Financial Administration	1,716,008	1,749,850	1,860,240	1,746,971	1,983,328	2,029,845
Elections	323,222	334,939	263,873	486,447	361,518	639,164
Public Safety and Corrections	12,041,794	12,311,822	13,304,994	14,653,714	16,129,867	15,492,378
Health and Welfare	298,878	306,437	320,623	328,326	305,340	1,442,134
Culture and Recreation	1,306,096	1,307,112	1,415,549	2,286,966	2,811,288	2,885,955
Conservation and Natural Resources	165,655	177,897	170,982	193,120	228,454	226,154
Highways and Roads	2,193,532	2,039,546	2,188,735	2,345,030	2,325,364	3,881,097
Interest on Long-Term Debt	305,910	299,746	608,892	541,794	511,488	479,385
Total Primary Government Expenses	29,900,573	30,035,031	32,630,845	36,020,308	39,079,149	42,396,023
Net Expense						
Governmental Activities	(21,039,222)	(20,468,949)	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)
Total Primary Government Net Expense	(21,039,222)	(20,468,949)	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Property Taxes	14,108,144	16,063,957	17,556,992	19,413,568	19,974,748	21,331,835
Sales Tax	7,940,800	8,987,925	10,442,192	13,036,196	16,075,863	20,037,587
Bingo Tax	45,624	63,751	58,947	61,508	59,877	104,935
Mixed Beverage Tax	207,301	242,014	240,484	286,278	246,808	457,680
Hotel-Motel Tax	-	-	-	-	57,708	373,465
Unrestricted Investment Earnings	309,171	304,431	988,386	1,695,942	2,237,413	1,744,727
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
Total Governmental Activities	22,922,806	26,202,464	29,775,299	34,861,145	38,960,264	44,867,129
Change in Net Assets						
Governmental Activities	1,883,584	5,733,515	8,556,529	10,474,363	12,009,533	15,919,715
Total Primary Government	\$ 1,883,584	\$ 5,733,515	\$ 8,556,529	\$ 10,474,363	\$ 12,009,533	\$ 15,919,715

Source: Current and prior years' financial statements

¹ 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.

² Midland County began collecting the Hotel Occupancy tax August 2007.

Table 3
MIDLAND COUNTY, TEXAS
GOVERNMENTAL FUND BALANCES
Last Six Fiscal Years¹
(modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund:						
Reserved	\$ 148,335	\$ 285,443	\$ 611,373	\$ 309,507	\$ 371,250	\$ 427,825
Unreserved	12,050,713	16,268,113	21,427,980	27,835,459	32,137,292	35,019,362
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>
All Other Governmental Funds:						
Reserved	270,029	206,371	3,230,220	316,825	755,605	434,493
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
Special Revenue	-	-	-	-	-	-
Capital Projects Fund	2,100,518	10,486,144	1,334,839	153,224	407,115	4,840,875
Nonmajor Governmental Funds	1,484,598	1,828,923	1,859,824	2,329,011	2,752,969	3,020,470
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>
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>

Source: Current and past years' financial statements

¹ 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 Six Fiscal Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Property Tax, Penalties and Interest	\$ 14,111,047	\$ 16,065,568	\$ 17,556,696	\$ 19,339,640	\$ 19,872,329	\$ 21,398,919
Sales Tax	7,940,800	8,987,925	10,442,192	13,036,196	16,075,863	20,037,587
Hotel-Motel Tax						373,465
Fines and Forfeitures	1,335,858	1,639,732	1,710,630	1,994,165	2,268,117	2,332,403
Licenses and Permits	2,408,457	2,507,605	2,542,968	2,736,608	2,802,386	3,040,871
Intergovernmental Charges	1,934,682	1,939,937	3,658,269	2,414,811	1,875,990	2,640,635
Charges for Current Services	2,900,009	3,228,839	3,267,007	4,096,699	4,606,567	4,800,892
Investment Income	266,379	268,368	927,672	1,579,069	2,059,858	1,613,680
Other Revenue	472,899	580,849	564,702	691,084	788,040	758,784
Total Revenues	31,370,131	35,218,823	40,670,136	45,888,272	50,349,150	56,997,236
Expenditures						
Current						
General Administration	3,292,868	3,202,774	3,886,077	3,928,284	4,322,255	5,021,117
Judicial	7,414,913	7,435,146	7,548,230	8,691,508	9,275,626	9,454,647
Financial Administration	1,696,175	1,742,143	1,853,654	1,742,756	1,945,522	2,001,282
Elections	319,477	333,654	262,943	481,892	305,555	586,315
Public Safety and Corrections	11,626,222	11,951,854	12,566,393	14,101,058	15,764,953	15,166,751
Health and Welfare	282,004	292,825	303,097	316,154	294,213	1,431,383
Culture and Recreation	1,265,390	1,266,353	1,312,559	2,010,642	2,327,600	2,325,765
Conservation and Natural Resource	163,734	176,612	170,379	196,706	212,250	213,994
Highways and Roads	1,797,055	1,791,842	1,873,173	2,031,230	2,053,548	2,346,135
Capital Outlay	4,181,447	1,347,095	9,708,134	7,727,397	6,132,830	9,955,488
Debt Service	1,161,255	2,466,086	1,175,488	1,174,646	1,174,520	1,172,606
Total Expenditures	33,200,540	32,006,384	40,660,127	42,402,273	43,808,872	49,675,483
Other Financing Sources (Uses)						
Certificates of Obligation Issued	-	8,920,000	-	-	-	-
Transfers In	133,226	1,225,411	1,637,029	2,292,389	5,205,212	12,842,482
Transfers (Out)	(133,226)	(50,411)	(2,187,029)	(2,892,389)	(5,755,212)	(12,658,970)
Total Other Financing Sources (Uses)	-	10,095,000	(550,000)	(600,000)	(550,000)	183,512
NET CHANGE IN FUND BALANCES	\$ (1,830,409)	\$ 13,307,439	\$ (539,991)	\$ 2,885,999	\$ 5,990,278	\$ 7,505,266
Debt Service as a percent of non-capital expenditures	4.00%	8.04%	3.80%	3.39%	3.12%	2.95%

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
1999	\$ 3,710,848,409	\$ 975,678,167	\$ 4,686,526,576	0.227500
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

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	
1999	\$0.200740	\$ -	\$0.026760	\$ 0.227500	\$1.5287	\$ 0.6540	\$0.1507	\$0.1633	\$ 2.7242
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

Source: Midland County Budget

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

Taxpayer	2008		1999		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Pioneer Natural Res -WI-	\$ 568,900,801	7.25%	Pioneer Natural Resources	\$ 160,070,910	3.62%
Chevron USA Inc	174,540,953	2.22%	Texaco E & P Inc	72,167,350	1.63%
Endeavor Energy Resources LP	153,530,940	1.96%	Southwestern Bell Telephone	63,664,190	1.44%
LCX Energy LLC	136,819,192	1.74%	Texas Utilities Electric Co	52,837,360	1.19%
BP America Prod Co	77,701,554	0.99%	Arco Permian	44,846,990	1.01%
Dawson Geophysical	66,965,679	0.85%	GPM Gas Corporation	31,970,720	0.72%
TXU Electric Delivery Co	62,313,721	0.79%	AT & T Communications	27,700,110	0.63%
Henry Petroleum LP	56,593,206	0.72%	Mobil Production TX & NM	26,307,160	0.59%
Southwestern Bell Telephone	45,809,987	0.58%	Simon Property Group	24,339,240	0.55%
Mobil Prod TX & NM -DEV/Gas	43,727,445	0.56%	Duke Energy Field Services	18,284,410	0.41%
Total	\$ 1,386,903,478	17.67%	Total	\$ 522,188,440	11.80%

Source: Midland County Tax Office

Table 8
 Midland County, Texas
 Property Tax Levies and Collections
 and Fiscal Years ended September 30, 1999 through 2008

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
1999	\$ 4,686,526,576	\$ 0.2275	\$ 10,661,848	\$3,616,603	33.92%	\$6,488,687	60.86%	\$ 556,558	5.22%
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%

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>
1999	\$ 8,801,216	\$ 8,801,216	0.24%	\$ 74.41
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% ¹	82.41
2008	9,755,000	9,755,000	N/A ²	78.04

¹ Estimated numbers; see Table 14.

² 2008 numbers are not yet available through the Bureau of Economic Analysis

Sources: Current and past years' financial statements
See Table 14 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 Designated Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed	Net Bonded Debt per Capita
1999	118,274	\$ 4,686,526,576	\$ 8,801,216	\$ 200,138	\$ 8,601,078	0.184	\$ 72.72
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	172,698	11,577,302	0.196	96.77
2006	124,380	6,618,003,083	11,115,000	225,631	10,889,369	0.165	87.55
2007	126,801	7,848,375,530	10,450,000	290,012	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

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, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
City of Midland	\$ 24,358,474	100%	\$ 24,358,474
Midland Independent School District	134,329,050	100%	134,329,050
Midland Community College	38,671,288	100%	38,671,288
Midland County Hospital District	-	100%	-
Greenwood Independent School District	15,485,000	100%	15,485,000
City of Odessa	36,454,055	8%	2,965,162
Subtotal, overlapping debt			215,808,974
Midland County (direct debt)			9,755,000
Total direct and overlapping debt			<u><u>\$ 225,563,974</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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 927,712,102	\$ 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
Total net debt applicable to limit	8,601,078	7,733,822	7,027,206	6,183,858	5,372,822	12,194,543	11,577,302	10,889,369	10,159,988	8,690,297
Debt margin	\$ 919,111,024	\$ 888,800,073	\$913,382,614	\$1,052,010,597	\$1,052,821,633	\$ 1,081,411,262	\$ 1,174,053,954	\$ 1,329,820,066	\$1,564,647,213	\$ 1,817,311,885
Total net debt applicable to the limit as a percentage of debt limit	0.94%	0.87%	0.77%	0.59%	0.51%	1.13%	0.99%	0.82%	0.65%	0.48%

Debt Margin Calculation for Fiscal Year 2007

Assessed Value of Real Property	\$7,304,008,729
Assessed Value of Personal and Other Property	1,875,544,850
Total Assessed Value	\$9,179,553,579
Debt Limit, 25% of Real Property Assessed Value (1)	\$1,826,002,182
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	9,025,000
Less: Assets in Debt Service Funds Available for Payment of Principal	334,703
Total Amount of Debt Applicable to Debt Limit	8,690,297
Legal Debt Margin	\$1,817,311,885

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>
1999	118,274	\$ 3,638,417	\$ 30,562	7.1
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 ¹	52,294 ¹	2.9
2008	125,000	N/A	N/A	2.2

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.

¹ 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 Nine Years Ago

Employer	2008		1999	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Midland Independent School District	2,826	4.03%	2,805	4.36%
Warren Equipment Company	1,920	2.74%	1,300	2.02%
Midland Memorial Hospital	1,500	2.14%	895	1.39%
Dawson Geophysical	1,200	1.71%	524	0.81%
Midland College	1,200	1.71%	425	0.66%
City of Midland	962	1.37%	420	0.65%
Patterson-UTI Drilling Co	750	1.07%	400	0.62%
Cingular Wireless	600	0.86%	364	0.57%
Midland County	583	0.83%	344	0.53%
Key Energy Services	500	0.71%	283	0.44%
Total	12,041	17.18%	7,760	12.06%

Source: Midland Economic Development Board

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

Function / Program	Fiscal Year					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2008</u>
General Administration	18	19	18	20	18	18
Judicial	114.5	114	115	117	115	118.5
Financial Administration	30.5	31	30	32.5	30	38
Elections	4	4	4	4	4	4.5
Public Safety and Corrections	307.5	300	308	306	308	307
Health and Welfare	3	3	3	3	3	3
Culture and Recreation	35.5	36	39	37.5	39	40
Conservation and Natural Resources	6	6	6	6	6	6
Highways and Roads	<u>24</u>	<u>25</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>28</u>
Total	<u>543</u>	<u>538</u>	<u>544</u>	<u>547</u>	<u>544</u>	<u>563</u>

Source: Midland County Treasurers' Office

Table 16
MIDLAND COUNTY, TEXAS
OPERATION INDICATORS INFORMATION

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

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

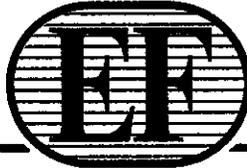
Source: Various county departments.

MIDLAND COUNTY, TEXAS
SUPPLEMENTAL GRANT AUDIT REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**MIDLAND COUNTY, TEXAS
SUPPLEMENTAL GRANT AUDIT REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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ELMS, FARIS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' 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 Midland County, Texas as of and for the year ended September 30, 2008, and have issued our report thereon dated June 17, 2009. 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, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

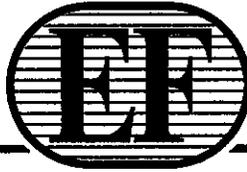
Compliance and Other Matters

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, regulations, contracts and grants, including the Public Funds Investment Act, 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/state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Elms, Faris & Company, LLP

Midland, Texas
June 17, 2009



ELMS, FARIS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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, 2008. 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, 2008.

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 exist 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 non compliance with a type of compliance required 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 requirements of a federal program will not be prevented or detected by any 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 basic financial statements of Midland County, Texas as of and for the year ended September 30, 2008, and have issued our report thereon dated June 17, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal/state 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.

Elms, Faris & Company, LLP

Midland, Texas
June 17, 2009

**MIDLAND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND OTHER GRANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/Pass-through Grantor Program Title	Fund No.	Grant period	Federal CFDA #	Total FY 07-08 Expenditures
Federal:				
U.S. Election Commission:				
Pass-through State of Texas, Office of the Secretary of State				
General HAVA Title III Compliance	373	11/8/00 to 12/31/09	90.401	\$ 225,672
County Education Fund	373	6/1/04 to 12/31/09	39.011	1,045
Opportunity for Access	373	1/1/05 to 12/31/09	93.617	2,834
U.S. Department of Justice:				
State Criminal Alien Assistance Program 2008	100	7/1/07 to 6/30/08	16.606	36,568
Pass-through State of Texas, Governor's Office, Criminal Justice Division:				
Justice Court Alternative Sentencing Program	314	8/1/07 to 7/31/08	16.523	149,902
Justice Court Alternative Sentencing Program	315	8/1/08 to 8/31/09	16.523	28,450
Edward Byrne Memorial Justice Assistance Program - Com-Automatic Vehicle Locator Project	351	10/1/04 to 9/30/08	16.738	4,220
Assistance Program - Com-Automatic Vehicle Locator Project	375	10/1/05 to 9/30/09	16.738	1,374
Assistance Program - Com-Automatic Vehicle Locator Project	352	10/1/07 to 9/30/10	16.738	16,685
U.S. Department of Homeland Security, Pass-through State Homeland Security Grant Program				
Homeland Security Grant Program	370	7/1/06 to 2/28/08	97.073	4,680
Pass-through Texas Department of Public Safety's Division of Emergency Management:				
EMPG	100	10/1/07 to 9/30/08	97.042	54,092
U.S. Dept of Health and Human Services: Pass-through Texas Juvenile Probation Commission				
Title IV-E Federal Foster Care	360	9/1/07 to 9/30/08	93.658	76,059
Pass-through Texas Dept of Family and Protective Services:				
Title IV-E Child Maintenance Services	100	9/1/07 to 9/30/08	93.645	3,030
Pass-through Office of Texas Attorney General				
Title IV-D Child Support Inquiries	100	9/1/07 to 8/31/09	93.563	2,497
Subtotal of Federal				607,108

(Continued)

**MIDLAND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF (CONTINUED)
FEDERAL AWARDS AND OTHER GRANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/Pass-through Grantor Program Title	Fund No.	Grant period	Federal CFDA #	Total FY 06-07 Expenditures
State of Texas:				
Texas Commission on Criminal Justice				
Pass-Through Permian Basin Centers for MHMR				
Mental Health Deputies Pilot Program	339	9/1/07 to 8/31/09	N/A	\$ 143,107
Texas Commission on Environmental Quality				
Pass-Through Permian Basin Regional Planning Commission				
Regional Solid Waster Grants Program	342	5/1/08 to 8/31/09	N/A	18,622
Office of the Governor, Texas Auto Theft Prevention Authority				
Midessa Metro Auto Theft Task Force	340	9/1/07 to 8/31/08	N/A	31,326
Texas State Libraries and Archives Commission				
Loan Star Libraries Grant	387	9/1/07 to 8/31/08	N/A	19,310
Office of the Attorney General State of Texas, Crime Victim Services				
Victim Coordinator Liason Grant	350	9/1/07 to 8/31/09	N/A	36,061
Other Victim Assistance Grant	337	9/1/07 to 8/31/09	N/A	39,864
Texas Victim Notification Everyday Grant	345	9/1/07 to 8/31/08	N/A	25,817
Texas Juvenile Probation Commission *				
Juvenile Probation - State Aid - A	361	9/1/08 to 8/31/09	N/A	8,724
Juvenile Probation - State Aid - A	362	9/1/07 to 8/31/08	N/A	100,679
Juvenile Probation - Community Corrections - Y	363	9/1/08 to 8/31/09	N/A	8,747
Juvenile Probation - Community Corrections - Y	364	9/1/07 to 8/31/08	N/A	206,755
Juvenile Probation - Salary Adjustments - Z	365	9/1/07 to 8/31/08	N/A	65,872
Juvenile Probation - Salary Adjustments - Z	365	9/1/08 to 8/31/09	N/A	5,581
Juvenile Probation - Progressive Sanctions - F	366	9/1/07 to 8/31/08	N/A	86,102
Juvenile Probation - Progressive Sanctions - F	366	9/1/08 to 8/31/09	N/A	7,842
Juvenile Probation - Progressive Sanctions - G	367	9/1/07 to 8/31/08	N/A	26,355
Juvenile Probation - Progressive Sanctions - O	368	9/1/07 to 8/31/08	N/A	24,354
Juvenile Probation - Progressive Sanctions - O	368	9/1/08 to 8/31/09	N/A	2,270
Juvenile Probation - Intensive Commuinity - X	371	9/1/08 to 8/31/09	N/A	8,159
Juvenile Probation - Intensive Commuinity - X	372	9/1/07 to 8/31/08	N/A	29,714
Juvenile Probation - Progressive Sanctions - L	100	9/1/07 to 8/31/08	N/A	61,500
Office of Court Administration				
Presiding Judges Assistance Project	331	9/1/07 to 8/31/09	N/A	19,826
Indigent Defense Formula Grant	100	10/1/07 to 9/30/08	N/A	60,709
Indigent Defense Equalization Disbursement	100	N/A	N/A	54,787
Subtotal of State				<u>1,092,083</u>
Totals				<u>\$ 1,699,191</u>

* 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, 2008**

1. General

The accompanying Schedule of Expenditures of Federal/State 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 are excluded because they are audited separately as required by the regulatory agency.

**MIDLAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

PROGRAM	DESCRIPTION
Type of Report of Financial Statements	Unqualified
Significant Deficiencies-Financial Statements	None
Material Weaknesses Involving Significant Deficiencies	None
Noncompliance Material to the Financial Statements	None
Type of Report on Compliance with Major Programs	Unqualified opinion
Findings and Questioned Costs for Federal Awards as Defined in OMB Circular A-133	None
Major Federal Programs	90.401 Help America Vote Act
Major State Programs	None
Dollar Threshold Considered Between Type A and B Federal Programs	\$300,000
Low Risk Auditee Statements	Midland County was classified as a low-risk auditee in the context of OMB Circular A-133
Findings Relating to the Financial Statements Required to be Reported Under GAGAS	None
Findings and Questioned Costs for Federal/State Awards	None

**MIDLAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

PROGRAM

STATUS OF PRIOR
FINDING/NONCOMPLIANCE

There were no findings in the prior year.