

**MIDLAND COUNTY, TEXAS**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2014**

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

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Midland County, Texas, as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Qualified Opinion on Governmental Activities***

Management has not recorded a liability for post-employment benefits and the related expense in the governmental activities. Accounting principles generally accepted in the United States of America require that a liability for post-employment benefits and the related expense be recorded.

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

The recording of post-employment benefits would increase liabilities by \$19,120,122, decrease net position by \$19,120,122 as of September 30, 2014 and increase expenses for the year then ended by \$3,248,583 for governmental activities.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Midland County, Texas, as of September 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Midland County, Texas, as of September 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

During 2014, as discussed in Notes 1 and 15 to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning net position has been restated to reflect the change in accounting principle resulting from GASB No. 65. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the schedule of funding progress and budget (GAAP basis) and actual comparison information on pages 4 through 12 and 59 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Other Information*

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

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
June 3, 2015

## **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, 2014. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying basic financial statements and notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$210,858,474 (net position). Of this amount, \$97,354,499 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the County's fund designation and fiscal policies. The County's total net position increased by \$24,750,609.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$92,989,390. Of this total amount, \$28,312,942 or 30% is unassigned and available for use within the County's designation and fiscal policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$28,312,942 or 51% of the total general fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



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

**OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED**

**Government-Wide Financial Statements – Continued**

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

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

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED**

**Governmental Funds – Continued**

The County maintains and reports 77 individual governmental funds of which 66 are special revenue funds, four capital projects funds, two debt service funds, three internal service funds, the Road and Bridge Fund and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Capital Projects Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund, a component of proprietary funds, is used to report activities that provide supplies and services for other programs and activities – such as the County's risk management fund, health care fund and fleet maintenance fund. Because these services benefit governmental functions, the Internal Service Fund is reported with governmental activities in the government-wide financial statements.

**Notes to the Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the general fund and other major fund budgetary schedules and also includes notes to the supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$210,858,474 at the close of this fiscal year.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED**

Statement of Net Position  
Governmental Activities

	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 113,686,261	\$ 120,921,237
Capital assets, net of accumulated depreciation	126,707,205	100,251,584
 Total assets	 240,393,466	 221,172,821
 Current and other liabilities	 7,763,950	 5,778,046
Noncurrent liabilities	21,771,042	28,987,707
 Total liabilities	 29,534,992	 34,765,753
 Net position		
Net investment in capital assets	108,066,451	74,455,972
Restricted, legislation and grants	5,152,937	-
Restricted, debt service	284,587	6,875,870
Unrestricted net position	97,346,743	105,075,226
 Total net position	 \$ 210,850,718	 \$ 186,407,068

The County's unrestricted net position, 46%, represents those assets which may be used to meet the ongoing obligations to the County's citizens or creditors.

An additional portion of the County's net position, 51%, reflects its net investment in capital assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED**

At the end of the fiscal year, the County reported positive net position in all categories of net position. The net position increased from the prior fiscal year by \$24,750,609. The following table provides a summary of the County's operations for years ended September 30, 2014 and 2013.

Statement of Activities				
Years Ended September 30, 2014 and 2013				
	2014		2013	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$ 11,623,560	12.5%	\$ 9,639,388	12.0%
Operating grants and contributions	2,634,399	2.8%	2,184,688	2.7%
Capital grants and contributions	3,814,514	4.1%	69,987	0.1%
<b>General revenues</b>				
Property taxes	26,110,285	28.0%	25,393,305	31.5%
Sales tax	44,018,335	47.3%	36,900,900	45.8%
Bingo tax	132,239	0.1%	132,391	0.2%
Mixed beverage tax	753,884	0.8%	535,106	0.7%
Hotel-motel tax	990,278	1.1%	838,466	1.0%
Motor vehicle sales and use tax	1,789,228	1.9%	1,505,898	1.9%
Unrestricted investment earnings	386,725	0.4%	386,454	0.5%
Gain on sale of capital assets	-	0.0%	2,309,548	2.9%
Miscellaneous	856,564	0.9%	754,050	0.9%
<b>Total revenues</b>	<b>93,110,011</b>	<b>100.0%</b>	<b>80,650,181</b>	<b>100.0%</b>
<b>Expenses</b>				
General administration	11,700,816	17.1%	10,057,877	17.0%
Judicial	15,000,485	21.9%	12,986,637	21.9%
Financial administration	2,949,724	4.3%	2,735,855	4.6%
Elections	564,981	0.8%	506,899	0.9%
Public safety and corrections	23,491,340	34.4%	20,950,248	35.4%
Health and welfare	2,515,521	3.7%	979,296	1.7%
Cultural and recreation	4,433,045	6.5%	4,533,049	7.7%
Conservation and natural resources	2,167,721	3.2%	178,396	0.3%
Highways and roads	4,629,443	6.8%	5,018,322	8.5%
Interest on long-term debt	906,326	1.3%	1,220,125	2.1%
<b>Total expenses</b>	<b>68,359,402</b>	<b>100.0%</b>	<b>59,166,704</b>	<b>100.0%</b>
Change in net position	24,750,609		21,483,477	
Net position, beginning of year	186,407,068		164,923,591	
Change in accounting principle	(299,203)		-	
Net position, beginning of year, as restated	186,107,865		164,923,591	
<b>Net position, end of year</b>	<b>\$ 210,858,474</b>		<b>\$ 186,407,068</b>	

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED**

**Governmental Activities** – Net position of the governmental activities increased \$24,750,609 during the year. In General Revenues, sales tax increased by \$7,117,435 or 19% due to an increase in consumer spending in the County. Capital grants and contributions increased by \$3,744,527 or 5350% due to donation of capital assets.

Total expenses increased from the prior year by \$9,192,698 or 16% due to general public safety and corrections and judicial expenses. The increase is largely due to the increase in personnel as well as planned salary increases for County employees.

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the County's fiscal management and accountability.

The general government functions are reported in the general, road and bridge, debt service, capital project, and nonmajor governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$92,989,390. The unassigned fund balance, \$28,312,942, is used as a management and budgetary tool and is available for spending at the County's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned to indicate that it has already been earmarked. The majority of the restricted amount is attributable to road improvements and special revenue funds whose restrictions are stipulated by enabling legislation. The committed amount represents the Commissioners Court's formal action to use the funds for debt service and capital projects. The assigned amount is attributable to funds set aside to cover outstanding encumbrances, compensated absence liability, future capital projects and subsequent year expenditures in excess of revenues.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,312,942 as compared to \$31,052,919 in unassigned funds in the prior year. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51% of total fund expenditures, while total fund balance represents 120% of total fund expenditures.

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

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS – CONTINUED**

The road and bridge fund reflects a fund balance of \$6,802,612 which represents an increase of \$2,398,675 as compared with the prior year. The increase is due to a transfer from the General Fund for the purchase of capital outlay.

The debt service fund has a total fund balance of \$360,419 as compared to \$6,934,835 in the prior year. The decrease of \$6,574,416 is due to repayment of the County's debt. All of the fund balance within the debt service fund is restricted for the payment of debt service.

The capital projects fund accounts for receipts and disbursements relating to the acquisition and construction of major capital projects. At the end of the fiscal year, the fund balance is \$15,272,292 a decrease of \$1,418,140. The decrease resulted from the expenditure of capital outlay for the horseshoe multi-purpose facility expansion and the construction of the new Pretrial Bonding building.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

A deficit amended budget was approved for fiscal year 2014 in the amount of \$31,300,233 as compared to the original budget which planned for an increase in fund balance of \$294,262. The deficit was to be appropriated from the unassigned fund balance. However, the actual revenues exceeded the final budget by \$19,373,660. Included in this amount are \$14,118,335 in unanticipated sales tax revenue and an increase in charges for services of \$1,921,024.

The original budgeted expenditures differ from the final budgeted expenditures by an increase of \$1,719,495 which is attributable to the rolling forward of the prior year budget to cover the purchase of two ambulances for the City of Midland covered by the proceeds of the sale of the old courthouse as well as a budgetary amendment to cover costs associated with the funding of the Community Residential Treatment Center. The favorable variance of \$8,059,274 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, 2014, the County had a total long-term debt outstanding in the amount of \$21,771,042. According to the Texas statutes, the County has a debt margin of \$3,587,967,517.

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

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

**DEBT ADMINISTRATION AND CAPITAL ASSETS – CONTINUED**

The following represents the activity of the long-term debt of the County for fiscal year 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
General obligation bonds	\$ 26,495,000	\$ -	\$7,440,000	\$ 19,055,000
Unamortized premium on general obligation bonds Series 2009	301,446	-	20,096	281,350
Capital lease obligation	2,250	-	2,250	-
Compensated absences	<u>2,189,011</u>	<u>245,681</u>	<u>-</u>	<u>2,434,692</u>
<b>Total</b>	<u><u>\$ 28,987,707</u></u>	<u><u>\$ 245,681</u></u>	<u><u>\$7,462,346</u></u>	<u><u>\$ 21,771,042</u></u>

**Capital Assets** – The capital assets of the County are those assets (land, buildings and improvements, roads, machinery and equipment and construction in progress), which are used in the performance of the County's functions including infrastructure assets. At September 30, 2014, net capital assets of the governmental activities totaled \$126,707,205 reflecting a net increase of \$26,455,621 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 \$6,738,865.

Additional information on the County's capital assets and debt can be found in Notes 5 and 10 in the notes to financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The annual budget is developed to provide efficient, effective and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities.

The final fiscal year 2015 budget was adopted on September 8, 2014 with total general fund expenditures of \$64,952,985 a 6% increase from the fiscal year 2014 budgeted expenditures. The County's combined tax rate is \$0.126523 for fiscal year 2015. Commissioners' Court adopted a budget net loss of \$14,231,985 with the deficit to be appropriated from the unassigned fund balance.

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

**REQUEST FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

**MIDLAND COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,696,632
Certificates of deposit	25,669,259
Investments	63,682,053
Receivables (net of allowance for uncollectibles)	7,427,362
Inventory	1,901,890
Other assets	161,454
Due from other governments	9,147,611
Capital assets (net of accumulated depreciation)	
Land	2,734,366
Buildings and improvements	70,768,584
Construction in progress	24,023,481
Infrastructure	19,188,755
Machinery and equipment	9,992,019
	<u>240,393,466</u>
<b>Total assets</b>	
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	7,142,955
Accrued interest payable	102,912
Due to other governments	443,327
Unearned revenue	74,756
Noncurrent liabilities	
Due within one year	1,415,500
Due in more than one year	20,355,542
	<u>29,534,992</u>
<b>Total liabilities</b>	
<b>NET POSITION</b>	
Net investment in capital assets	108,066,451
Restricted, legislation and grants	5,152,937
Restricted, debt service	284,587
Unrestricted	97,354,499
	<u>\$ 210,858,474</u>
<b>Total net position</b>	

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

**MIDLAND COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Expenses</b>
Functions/programs	
<b>Primary Government</b>	
Governmental activities	
General administration	\$ 11,700,816
Judicial	15,000,485
Financial administration	2,949,724
Elections	564,981
Public safety and corrections	23,491,340
Health and welfare	2,515,521
Culture and recreation	4,433,045
Conservation and natural resources	2,167,721
Highways and roads	4,629,443
Interest on long-term debt	906,326
	68,359,402
<b>Total governmental activities</b>	<b>68,359,402</b>
	<b>\$ 68,359,402</b>
<b>Total primary government</b>	<b>\$ 68,359,402</b>

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

Charges for Services	Program Revenues		Changes in Net Position
	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total
\$ 1,202,492	\$ 282,486	\$ -	\$ (10,215,838)
5,223,333	685,184	-	(9,091,968)
-	-	-	(2,949,724)
51,806	7,147	-	(506,028)
1,719,351	1,344,750	3,809,757	(16,617,482)
23,275	289,135	-	(2,203,111)
27,237	-	-	(4,405,808)
-	-	-	(2,167,721)
3,376,066	25,697	4,757	(1,222,923)
-	-	-	(906,326)
<u>11,623,560</u>	<u>2,634,399</u>	<u>3,814,514</u>	<u>(50,286,929)</u>
<u>\$ 11,623,560</u>	<u>\$ 2,634,399</u>	<u>\$ 3,814,514</u>	<u>(50,286,929)</u>

**GENERAL REVENUES**

Property taxes	26,110,285
Sales tax	44,018,335
Bingo tax	132,239
Mixed beverage tax	753,884
Hotel-motel tax	990,278
Motor vehicle sales and use tax	1,789,228
Unrestricted investment earnings	386,725
Miscellaneous	856,564
<b>Total general revenues</b>	<u>75,037,538</u>
Change in net position	24,750,609
Net position, beginning of year, as previously reported	186,407,068
Change in accounting principle	<u>(299,203)</u>
Net position, beginning of year, as restated	186,107,865
<b>Net position, end of year</b>	<u>\$ 210,858,474</u>

**MIDLAND COUNTY, TEXAS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>
<b>ASSETS</b>		
Assets		
Cash and cash equivalents	\$ 2,397,353	\$ 25,319
Certificates of deposit	25,669,259	-
Investments	32,659,649	5,005,092
Property taxes receivable, (net of allowance for uncollectibles)	763,751	-
Accounts receivable, (net of allowance for uncollectibles)	6,275,696	375
Due from other funds	358,605	15,209
Due from other governmental agencies	8,746,021	5,896
Inventory	-	1,901,890
Prepaid expenses	129,295	-
<b>TOTAL ASSETS</b>	<u>\$ 76,999,629</u>	<u>\$ 6,953,781</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 1,835,450	\$ 132,493
Benefits payable	549,779	18,676
Due to other funds	1,127,844	-
Due to other governmental agencies	443,327	-
Unearned revenue	74,756	-
Other liabilities	6,489	-
<b>Total liabilities</b>	<u>4,037,645</u>	<u>151,169</u>
Deferred inflows		
Deferred tax revenue	661,673	-
Other deferred inflows	6,201,119	-
<b>Total deferred inflows</b>	<u>6,862,792</u>	<u>-</u>
Fund balances		
Nonspendable		
Prepays	129,295	-
Inventories	-	1,901,890
Restricted		
Road improvements	-	2,075,488
Debt service	-	-
Unspent bond proceeds	-	-
Hotel occupancy revenue	990,278	-
Legislation	-	-
Federal and state grants	-	-
Committed		
Capital projects	-	-
Employee motivation	-	-
Donations	-	-
Assigned		
Compensated absences	2,434,692	-
Capital projects	20,000,000	-
Subsequent year's expenditures	14,231,985	2,825,234
Unassigned	28,312,942	-
<b>Total fund balances</b>	<u>66,099,192</u>	<u>6,802,612</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 76,999,629</u>	<u>\$ 6,953,781</u>

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

<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,435	\$ 2,057,313	\$ 1,073,806	\$ 5,555,226
-	-	-	25,669,259
351,228	16,321,089	2,780,432	57,117,490
34,836	-	-	798,587
-	-	7,888	6,283,959
-	319,144	702,251	1,395,209
-	-	214,617	8,966,534
-	-	-	1,901,890
-	-	5,497	134,792
<b>\$ 387,499</b>	<b>\$ 18,697,546</b>	<b>\$ 4,784,491</b>	<b>\$ 107,822,946</b>
\$ -	\$ 3,425,254	\$ 233,972	\$ 5,627,169
-	-	13,575	582,030
-	-	82,069	1,209,913
-	-	-	443,327
-	-	-	74,756
-	-	-	6,489
<b>-</b>	<b>3,425,254</b>	<b>329,616</b>	<b>7,943,684</b>
27,080	-	-	688,753
-	-	-	6,201,119
27,080	-	-	6,889,872
-	-	4,666	133,961
-	-	-	1,901,890
-	-	-	2,075,488
360,419	-	-	360,419
-	695,596	-	695,596
-	-	-	990,278
-	-	3,882,471	3,882,471
-	-	280,188	280,188
-	14,576,696	-	14,576,696
-	-	11,127	11,127
-	-	276,423	276,423
-	-	-	2,434,692
-	-	-	20,000,000
-	-	-	17,057,219
-	-	-	28,312,942
<b>360,419</b>	<b>15,272,292</b>	<b>4,454,875</b>	<b>92,989,390</b>
<b>\$ 387,499</b>	<b>\$ 18,697,546</b>	<b>\$ 4,784,491</b>	<b>\$ 107,822,946</b>

**MIDLAND COUNTY, TEXAS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

Total fund balances - governmental funds (page 17)	\$ 92,989,390
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	126,518,106
Certain assets, such as fines and fees receivable, are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds.	6,889,872
Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	6,335,060
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(21,873,954)</u>
Net position of governmental activities (page 13)	<u><u>\$ 210,858,474</u></u>

**MIDLAND COUNTY, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>
<b>REVENUES</b>		
Property tax, penalties and interest	\$ 24,441,509	\$ -
Sales tax	44,018,335	-
Hotel-motel tax	990,278	-
Fines and forfeitures	2,675,497	-
Licenses and permits	753,884	2,377,696
Intergovernmental charges	940,057	25,697
Charges for current services	6,019,174	-
Investment income	363,845	1,761
Other revenue	986,091	1,029,675
<b>Total revenues</b>	<u>81,188,670</u>	<u>3,434,829</u>
<b>EXPENDITURES</b>		
Current		
General administration	8,630,837	-
Judicial	13,976,035	-
Financial administration	2,921,822	-
Elections	503,138	-
Public safety and corrections	20,054,224	-
Health and welfare	1,761,147	-
Culture and recreation	3,274,472	-
Conservation and natural resources	126,123	-
Highways and roads	-	2,909,475
Capital outlay	3,928,171	9,126,679
Debt service	-	-
<b>Total expenditures</b>	<u>55,175,969</u>	<u>12,036,154</u>
Excess (deficiency) of revenues over expenditures	<u>26,012,701</u>	<u>(8,601,325)</u>
<b>Other financing sources (uses)</b>		
Proceeds from sale of assets	212	-
Transfers in	-	11,000,000
Transfers out	(29,889,140)	-
<b>Total other financing sources (uses)</b>	<u>(29,888,928)</u>	<u>11,000,000</u>
<b>Net change in fund balances</b>	<u>(3,876,227)</u>	<u>2,398,675</u>
<b>FUND BALANCES, beginning of year</b>	<u>69,975,419</u>	<u>4,403,937</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 66,099,192</u>	<u>\$ 6,802,612</u>

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



<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,801,943	\$ -	\$ -	\$ 26,243,452
-	-	-	44,018,335
-	-	-	990,278
-	-	401,157	3,076,654
-	-	-	3,131,580
-	-	1,649,337	2,615,091
-	-	1,210,922	7,230,096
1,624	1,467	8,199	376,896
-	-	135,580	2,151,346
<u>1,803,567</u>	<u>1,467</u>	<u>3,405,195</u>	<u>89,833,728</u>
-	-	4,393	8,635,230
-	-	747,205	14,723,240
-	-	9,818	2,931,640
-	-	54,243	557,381
-	-	1,466,924	21,521,148
-	-	732,299	2,493,446
-	-	2,398	3,276,870
-	-	-	126,123
-	561	-	2,910,036
-	19,044,046	40,370	32,139,266
<u>8,377,983</u>	<u>-</u>	<u>-</u>	<u>8,377,983</u>
<u>8,377,983</u>	<u>19,044,607</u>	<u>3,057,650</u>	<u>97,692,363</u>
<u>(6,574,416)</u>	<u>(19,043,140)</u>	<u>347,545</u>	<u>(7,858,635)</u>
-	-	-	212
-	17,625,000	264,140	28,889,140
-	-	-	(29,889,140)
-	<u>17,625,000</u>	<u>264,140</u>	<u>(999,788)</u>
<u>(6,574,416)</u>	<u>(1,418,140)</u>	<u>611,685</u>	<u>(8,858,423)</u>
<u>6,934,835</u>	<u>16,690,432</u>	<u>3,843,190</u>	<u>101,847,813</u>
<u>\$ 360,419</u>	<u>\$ 15,272,292</u>	<u>\$ 4,454,875</u>	<u>\$ 92,989,390</u>

**MIDLAND COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2014**

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

Net change in fund balances-total governmental funds (page 20)	\$ (8,858,423)
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.	24,548,600
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	1,736,544
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(743,886)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,462,346
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.	(254,992)
Internal service funds are used by management to charge the costs of the garage, warehouse and self-insurance funds to individual funds. The net income of activities of internal service funds is reported with governmental activities.	<u>860,420</u>
Change in net position of governmental activities (page 15)	<u><u>\$24,750,609</u></u>

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

**MIDLAND COUNTY, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2014**

	<b>Governmental            Activities            Internal            Service            Funds</b>
<b>ASSETS</b>	
Current assets	
Cash	\$ 141,406
Investments	6,564,563
Accounts receivable	344,816
Due from other funds	16,460
<b>Total current assets</b>	<b>7,067,245</b>
Non current assets	
Other assets	26,662
Vehicles, net of accumulated depreciaton	189,099
<b>Total non current assets</b>	<b>215,761</b>
<b>TOTAL ASSETS</b>	<b>7,283,006</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	927,267
Due to other funds	20,679
<b>Total current liabilities</b>	<b>947,946</b>
<b>NET POSITION</b>	
Unrestricted	6,335,060
<b>TOTAL NET POSITION</b>	<b>\$ 6,335,060</b>

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

**MIDLAND COUNTY, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 YEAR ENDED SEPTEMBER 30, 2014**

	<b>Governmental            Activities            Internal            Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for current services	\$ 8,263,051
<b>Total operating revenues</b>	8,263,051
<b>OPERATING EXPENSES</b>	
Fleet maintenance	546,544
Claims expense	5,809,928
Administration costs	802,647
Premium costs	1,181,281
Professional services	74,060
<b>Total operating expenses</b>	8,414,460
<b>OPERATING LOSS</b>	(151,409)
<b>NONOPERATING REVENUES</b>	
Investment income	9,829
Miscellaneous income	2,000
<b>Total nonoperating revenues</b>	11,829
Loss before transfers	(139,580)
<b>TRANSFERS IN</b>	1,000,000
<b>CHANGE IN NET POSITION</b>	860,420
<b>NET POSITION, beginning of year</b>	5,474,640
<b>NET POSITION, end of year</b>	\$ 6,335,060

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

**MIDLAND COUNTY, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED SEPTEMBER 30, 2014**

	<b>Governmental            Activities            Internal            Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 8,045,116
Cash paid for services	<u>(8,305,908)</u>
<b>Net cash used in operating activities</b>	<u>(260,792)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of vehicles	
Purchase of vehicles	(401,819)
Sale of investments	(208,661)
Investment income received	9,829
Miscellaneous income received	<u>2,000</u>
<b>Net cash used in investing activities</b>	<u>(598,651)</u>
Net change in cash	140,557
<b>CASH, beginning of year</b>	<u>849</u>
<b>CASH, end of year</b>	<u><u>\$ 141,406</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH            USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (151,409)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	19,562
Accounts receivable	(217,935)
Due from other funds	226,846
Accounts payable	6,168
Due to other funds	<u>(144,024)</u>
<b>Total adjustments</b>	<u>(109,383)</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (260,792)</u></u>

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

**MIDLAND COUNTY, TEXAS  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2014**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash	\$ 11,288,317
Investments	12,181,748
Accounts receivable	1,280
Other receivables	281,457
Due from other funds	476,485
 <b>Total assets</b>	 <b>\$ 24,229,287</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 32,683
Due to other funds	657,562
Due to other governmental agencies	66,033
Other liabilities	866,052
Funds held for others	22,606,957
 <b>Total liabilities</b>	 <b>\$ 24,229,287</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**A. Reporting Entity – Continued**

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

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

The component units discussed in this note are included in the County's reporting entity because of the nature and significance of their operational or financial relationships with the County.

- Blended Component Units: There are no blended component units.
- Discrete Component Units: The Midland County Housing Finance Corporation (the Finance Corporation) is a nonprofit corporation created pursuant to the Development Corporation Act of 1979, as amended, to issue bonds and offer below market rates to qualifying individuals. A majority of the Finance Corporation's board is appointed by the County's Commissioners Court, and the Court can impose will. The Finance Corporation has no material assets of financial activity other than conduit debt thus are not included in the County's basic financial statements. The financial information for the discretely presented component unit's conduit debt is included in Note 9 to the financial statements.

**B. Government-Wide and Fund Financial Statements**

The basic financial statements of the County are presented at two basic levels, the government-wide level and the fund level. These statements focus on the County as a whole at the government-wide level and on major funds at the fund level. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities for the financial reporting entity of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-Wide and Fund Financial Statements – Continued**

The government-wide statement of net position reports all financial and capital resources of the County and is presented in an “assets plus deferred outflows minus liabilities and deferred inflows equal net position” format with net position reported in the order of relative liquidity. Also, assets and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the County’s functions (General Administration, Judicial, Financial Administration, Elections, Public Safety and Corrections, Health and Welfare, Cultural and Recreation, Conservation and Natural Resources, and Highways and Roads). Direct expenses are clearly identifiable expenses that can be specifically associated with a function or segment. Program revenues are revenues derived directly from the function or segment or from other sources which reduce the net cost of the function to be financed from general government revenues.

Program revenues are: 1) charges to customers who purchase, use, or directly benefit from services provided by a function or segment and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function or segment and, 3) grants and contributions restricted to capital requirements of a function or segment. Items such as taxes, investment earnings and non-specific grants are not included as program revenues but are instead reported as general revenues which normally cover the net cost of a function or segment.

The effect of internal service fund activities in the government-wide statements is eliminated to the extent possible to avoid the effect of “doubling up” internal service fund activity. Internal service funds report activities which provide goods or services to the financial reporting entity on a cost reimbursement basis. Any net profit or loss from these activities is allocated back to the function or segment that benefited from the goods or services provided based upon their proportionate benefit to the extent possible. Any residual assets of internal service funds are reported with governmental activities at the entity-wide level.

Fund level financial statements are presented for governmental funds and proprietary funds with a focus on major funds, and fiduciary funds, which are excluded from the government-wide financial statements because they do not represent assets which can be used to support the County’s programs.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-Wide and Fund Financial Statements – Continued**

A major fund is defined by GASB as a fund meeting certain specific asset, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined. Additionally, any fund deemed particularly important by the County may be reported as a major fund. The financial information for each major fund is presented in a separate column, with nonmajor funds aggregated and displayed in a single column, on either the governmental or proprietary fund financial statements. The fund level statements for proprietary funds also contain combined totals for all internal service funds.

**Governmental Funds**

The following major funds are used by the County:

General Fund – the General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Fund – this fund is used to account for funds restricted for use in improving County highways and lateral streets and roadways.

Debt Service Fund – the Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Financing is provided by property tax levies.

Capital Projects Fund – the Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type activities).

Non major funds used by the County include:

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-Wide and Fund Financial Statements – Continued**

**Other Fund Types**

Internal Service Funds account for the fleet management services and insurance provided to other departments or agencies of the County or to other governments, on a cost reimbursement basis. Internal service funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an internal service fund's principal ongoing operations. Operating expenses for the internal service funds include the cost of personnel and contractual services and supplies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expense.

Agency Funds are used to report assets which cannot be used to support County activities and are held in an agency capacity by the County for the benefit of others.

**C. Measurement Focus and Basis of Accounting**

The government-wide statements and proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Exchange and exchange-like transactions in which the County gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets or liabilities are recognized when the exchange occurs.

Nonexchange transactions in which the County gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets or liabilities are recognized in accordance with GASB. The treatment of nonexchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Capital assets are reported at historical cost and depreciated, except for inexhaustible assets such as land, in accordance with the County's depreciation policy.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Measurement Focus and Basis of Accounting – Continued**

Governmental fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of property taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property taxes received after the 60 day period are not considered available and, therefore, recorded as a deferred inflow of resources in the Governmental Funds Balance Sheet totaling \$661,673 in the General Fund and \$27,080 in the Debt Service Fund. Similarly, a portion of fines and fees are not expected to be are not considered measurable and available and have been recorded as a deferred outflow in the amount of \$6,201,119 in the General Fund. Grant revenues are considered to be available if they are to be received within one year. Expenditures are generally recorded when a liability is incurred. However, expenditures related to general long-term debt, compensated absences, and claims and judgments are recorded only when payment is due. Property taxes, fines, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental fund level revenues which have been accrued based upon the susceptible to accrual concept are:

- General Fund – ad valorem taxes, interest and federal and state grant proceeds, except where such grants are expenditure driven and other requirements related to the grant have not been met.
- Special Revenue Funds – federal and state grant proceeds and interest, except where such grants are expenditure driven and other requirements related to the grant have not been met.
- Debt Service Fund – ad valorem taxes and interest.
- Capital Projects Fund – interest.

Proprietary fund activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. This measurement focus includes all assets and liabilities on the balance sheet. Operating statements using this focus present a net total position view of increases (revenues) and decreases (expenses) in the fund.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Measurement Focus and Basis of Accounting – Continued**

Proprietary fund operating statements distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses generally are the result of providing or delivering goods or services in association with the fund's principal ongoing operations.

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

**D. Cash and Investments**

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

The County's investments 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.

**E. Receivables, Payables and Interfund Transactions**

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

**F. Inventories**

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**G. Capital Assets**

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

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

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

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

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

**H. Federal and State Grants and Entitlements**

Grants, entitlements and shared revenues may be accounted for within any of the fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that type provided that applicable legal restrictions can be appropriately satisfied. Such revenues are accounted for within the Special Revenue Funds.

Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds are accounted for in the applicable Capital Projects Fund.



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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**I. Accrued Employee Benefits Payable**

All regular full-time employees are eligible to accrue paid vacation leave by a prescribed formula based on the number of years of service. The maximum amount of vacation leave which may be carried forward by an employee from one year to the next is equal to the amount of leave accrued in the prior twelve month period. Upon leaving employment of the County, the employee is eligible to be paid for accrued unused vacation leave.

Eligible employees also accrue sick leave at an average rate of eight hours per month. Sick leave accumulates up to a maximum of 120 days and upon termination may be eligible for payment based upon a formula that is based on the number of years of service.

All employees of the County who are entitled to accrue sick leave and have completed twelve months of continuous service with the County are eligible to use and to be compensated for personal leave from a sick leave pool for catastrophic illnesses or injuries by the employee or a member of the employees' immediate family. Employees may use pool leave after exhausting all personal sick, vacation, and compensatory leave. An employee may receive up to 90 days or one-third of the balance of the hours in the sick leave pool, whichever is less. The sick leave pool consists of hours of sick leave contributed by County employees. Employees are not required to contribute sick leave to the pool and are not required to reimburse the pool for pool leave used.

Compensatory time is also accrued for eligible employees up to a maximum of 240 hours, and 480 hours for public safety employees. The employee is eligible to be paid for accrued compensatory time upon termination of employment.

**J. Long-Term Obligations**

General Obligation Bonds which have been issued to fund purchases and capital projects of the general government that are to be repaid from tax revenues of the County are reported in the government-wide statement of net position.

The government-wide level statements defer bond premiums and discounts and amortize these items over the life of the issue using the effective interest rate method. In the fund level statements, governmental fund types recognize these items in the current period. Bond issue costs are recognized as an expenditure/expense in both the fund level and government-wide level statements.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. Fund Balance**

The County classifies governmental fund balances in accordance with Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). Fund balance categories under GASB 54 are nonspendable and spendable. Classifications under the spendable category are restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the County classifies governmental fund balances as follows:

1. Nonspendable Fund Balance – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. Examples include inventories and prepaid items.
2. Spendable Fund Balance
  - a. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.
  - b. Committed Fund Balance – Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The Commissioners' Court must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.
  - c. Assigned Fund Balance – Includes amounts intended to be used by the County for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. The County has delegated to the County Auditor the ability to determine and define the amounts of those components of fund balance that are classified as assigned.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. Fund Balance – Continued**

- d. Unassigned Fund Balance – Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the County has implicitly assigned the funds for the purposes of those particular funds.

When an expenditure is made for a purpose in which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

**L. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**M. Revenue Recognition – Property Taxes**

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

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

An allowance equal to 4% of the outstanding taxes at September 30, 2014 has been reported on the County's property taxes. The tax is levied based on the estimated market values as determined by the Midland County Appraisal District.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**N. Use Of Estimates**

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

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

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

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

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$(21,873,954) difference are as follows:

Bonds and certifications of obligations payable	\$ (19,055,000)
Accrued interest payable	(102,912)
Bond premium liability	(281,350)
Compensated absences	<u>(2,434,692)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> .	<u><u>\$ (21,873,954)</u></u>

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

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

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

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred funds.” The details of this \$6,889,872 difference are as follows:

Deferred property taxes receivable	\$ 688,753
Deferred court fines receivable	<u>6,201,119</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> .	<u>\$ 6,889,872</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation *between net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$24,548,600 difference are as follows:

Capital outlay	\$ 31,267,903
Depreciation expense	<u>(6,719,303)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>\$ 24,548,600</u>

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

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

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

Another element of that reconciliation states that, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.”

The details of this \$1,736,544 difference are as follows:

The statement of activities reports gains/losses arising from the dispositions of capital assets. Conversely, governmental funds do not report any gain or loss on disposition of capital assets

Loss on disposition of assets	\$ (2,073,213)
Donated capital assets	<u>3,809,757</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u><u>\$ 1,736,544</u></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.

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 \$7,462,346 difference are as follows:

Principal repayments	\$ 7,442,250
Amortization of bond premium	<u>20,096</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u><u>\$ 7,462,346</u></u>

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

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

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

Another element of that reconciliation states that “some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(254,992) difference are as follows:

Net change in interest accrual	\$ (9,311)
Net change in compensated absences	<u>(245,681)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>\$ (254,992)</u>

Another element of that reconciliation states that “revenues in the statement of activities that did not provide current financial resources and therefore are not reported as revenues in governmental funds.” The details of this \$(743,886) difference are as follows:

Net change in property tax deferred revenue	\$ (133,167)
Net change in fines and fees deferred revenue	<u>(610,719)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>\$ (743,886)</u>

**NOTE 3. CASH AND INVESTMENTS**

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The County’s deposits were fully insured or collateralized as required by the state statutes at September 30, 2014. At year-end, the carrying amount of the County’s deposits was \$16,984,949 in cash and cash equivalents and \$25,669,259 in certificates of deposits. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$19,500,000 and \$34,633,760 was covered by collateral held by the pledging bank’s agent for the County in the County’s name

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

**NOTE 3. CASH AND INVESTMENTS – CONTINUED**

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

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

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

TexStar – TexStar is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. TexStar is a local government investment pool created under the Interlocal Cooperation Act and is rated AAAM by Standard and Poor’s. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Fund Investment Act.

Charles Schwab – Charles Schwab Corporation is a provider of financial services which includes securities brokerage, banking, money management and financial advisory services to individual investors, independent investment advisors, and corporate and retirement plan sponsors and participants. Charles Schwab maintains a high-quality investment portfolio with no subprime securities or collateralized debt obligations. Charles Schwab maintains A ratings from Standard & Poor’s and Fitch, and A2 rating from Moody’s. Charles Schwab is traded publicly on the New York Stock Exchange.



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

**NOTE 3. CASH AND INVESTMENTS – CONTINUED**

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

	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Risk</u>
Investments:			
U. S. Treasury Notes	\$ 17,693,122	12 to 72 Months	
Investment Pools:			
TexPool	7,166,502	51 days	AAAm - S & P
TexStar	8,969,965	50 days	AAAm - S & P
Charles Schwab	16,013,809	12 to 88 Months	A - S & P
MBIA Municipal Investors	13,838,655	60 days	AAAm - S & P
Total fair value:	<u>\$ 63,682,053</u>		

Interest Rate Risk – In compliance with the County's investment policy, as of September 30, 2014, 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, 2014, the County minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in US Treasury Notes and Bills that were rated AAA, AAA, and Aaa by Standard & Poor's, Fitch and Moody's, respectively, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

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

**NOTE 4. RECEIVABLES**

Receivables as of September 30, 2014 for the County's individual major funds, non-major funds in the aggregate and internal service funds, including applicable allowances for uncollectible amounts, are as follows:

	General	Road and Bridge	Debt Service	Capital Projects	Non Major Funds	Internal Service Funds	Total
Receivables:							
Property taxes	\$ 797,859	\$ -	\$ 36,213	\$ -	\$ -	\$ -	\$ 834,072
Accounts receivable	<u>35,945,772</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>7,888</u>	<u>344,816</u>	<u>36,298,851</u>
Gross receivables	36,743,631	375	36,213	-	7,888	344,816	37,132,923
Less: allowance for uncollectibles	<u>(29,704,184)</u>	<u>-</u>	<u>(1,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,705,561)</u>
Net total receivables	<u>\$ 7,039,447</u>	<u>\$ 375</u>	<u>\$ 34,836</u>	<u>\$ -</u>	<u>\$ 7,888</u>	<u>\$344,816</u>	<u>\$ 7,427,362</u>

**NOTE 5. CAPITAL ASSETS**

Capital asset acquisition and disposal of the reporting entity was restricted to activities of the primary government only capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,734,366	\$ -	\$ -	\$ 2,734,366
Construction in progress	<u>7,183,241</u>	<u>28,480,544</u>	<u>(11,640,304)</u>	<u>24,023,481</u>
Total capital assets, not being depreciated	<u>9,917,607</u>	<u>28,480,544</u>	<u>(11,640,304)</u>	<u>26,757,847</u>
Capital assets, being depreciated:				
Buildings and improvements	91,668,547	1,433,526	-	93,102,073
Infrastructure	36,114,471	12,822,338	(5,597,244)	43,339,565
Machinery and equipment	<u>22,451,037</u>	<u>4,171,807</u>	<u>(336,058)</u>	<u>26,286,786</u>
Total assets being depreciated	<u>150,234,055</u>	<u>18,427,671</u>	<u>(5,933,302)</u>	<u>162,728,424</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,381,091)	(2,952,398)	-	(22,333,489)
Infrastructure	(26,065,029)	(1,692,235)	3,606,454	(24,150,810)
Machinery and equipment	<u>(14,453,958)</u>	<u>(2,094,232)</u>	<u>253,423</u>	<u>(16,294,767)</u>
Total accumulated depreciation	<u>(59,900,078)</u>	<u>(6,738,865)</u>	<u>3,859,877</u>	<u>(62,779,066)</u>
Total capital assets, being depreciated, net	<u>65,427,524</u>	<u>11,688,806</u>	<u>(2,073,425)</u>	<u>75,042,905</u>
Governmental activities capital assets, net	<u>\$ 100,251,584</u>	<u>\$ 40,169,350</u>	<u>\$ (13,713,729)</u>	<u>\$ 126,707,205</u>

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

**NOTE 5. CAPITAL ASSETS – CONTINUED**

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

Governmental Activities:	
General administration	\$ 2,315,132
Judicial	100,374
Financial administration	13,829
Elections	5,812
Public safety and corrections	1,372,874
Health and welfare	15,043
Cultural and recreation	867,393
Highways and roads	2,038,572
Conservation and natural resources	9,836
Total depreciation expense - governmental activities	<u>\$ 6,738,865</u>

Internal service fund assets represent \$208,661 of the machinery and equipment balance with related depreciation expense of \$19,562 included within total depreciation expense.

**NOTE 6. 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 656 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.

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

**NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED**

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 2013 and 2014 were determined considering the commitment by the Midland County Hospital District to assume the obligation within the Midland County plan attributable to services performed by certain hospital district employees while they were County employees. This commitment is being carried out by an annual transfer from the hospital district's plan in TCDRS to the County's plan determined each year according to a written agreement.

**Funding Policy** - The employer has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 13.00% for the fiscal year 2014.

The deposit rate payable by the employee members for calendar year 2014 is the rate of 7.0% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Annual Pension Cost** – The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9%. Both (a) and (b) included an inflation component of 3%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2013 was 8.4 years. For the employer's accounting year ended September 30, 2014 the required annual pension cost determined by TCDRS for the plan for the County's employees was \$2,945,862 and the County's actual contributions were \$3,650,737.

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

**NOTE 6. EMPLOYEE RETIREMENT BENEFITS – CONTINUED**

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was 83.89% percent funded. The actuarial accrued liability for benefits was \$91,744,380, and the actual value of assets was \$76,968,794 resulting in an unfunded actuarial accrued liability (UAAL) of \$14,775,586. The covered payroll (annual payroll of active employees covered by the plan) was \$26,333,090 and the ratio of the UAAL to the covered payroll was 56.11% percent.

Actuarial Valuation Information

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	10.5	10.8	8.4
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 5-yr smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2012	\$ 2,807,060	100%	\$ -
9/30/2013	\$ 3,254,268	100%	\$ -
9/30/2014	\$ 3,650,737	100%	\$ -

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

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

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

In addition to providing pension benefits (described in Note 6), the County provides certain post-employment health care benefits. Substantially all of the County's employees may become eligible for those benefits if they are considered retired under TCDRS rules and requirements. Currently, 149 retirees meet those eligibility requirements and participate in the plan. The plan provides medical and prescription drug, and dental benefits.

**Funding Policy**

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to the Commissioners' Court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners' Court on a year-to-year basis.

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 149 retirees eligible to receive the post-employment health care benefits. During the year, the County contributed approximately \$742,796 to the health care fund for post-retirement health care for 132 employees. Additionally, a medical supplement for 19 employees was paid by the County in approximate amount of \$52,677.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, creating accounting standards for other postemployment benefits (OPEB) provided by governmental entities separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and if applicable required supplemental information (RSI) in the financial reports of state and local governments. The County has not implemented the requirements of GASB Statement No. 45 during the fiscal year ended September 30, 2014. However, the County did have its OPEB actuarial valuation performed annually beginning October 1, 2012 as required by GASB. The County is providing all required disclosures related to other postemployment benefits.

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

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

**Annual OPEB Cost and Net OPEB Obligation**

The County's 2014 annual OPEB cost (expense) of \$3,248,583 for the postemployment healthcare plan was equal to the annual required contributions (ARC). The County's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (NOO) for 2014 are as follows:

Annual required contribution	\$ 4,037,730
Interest on OPEB obligation	573,950
Adjustment to ARC	<u>(567,624)</u>
Annual OPEB cost (expense), end of year	4,044,056
Net employer contributions	<u>(795,473)</u>
Increase in net OPEB obligation (NOO)	3,248,583
Net OPEB obligation, beginning of the year	<u>15,871,539</u>
Net OPEB obligation, end of the year	<u><u>\$ 19,120,122</u></u>

Trend information for the past three years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 4,033,522	\$ 530,308	13.1%	\$ 12,731,455
9/30/2013	\$ 3,879,243	\$ 739,159	19.1%	\$ 15,871,539
9/30/2014	\$ 4,044,056	\$ 795,473	19.7%	\$ 19,120,122

**Funded Status and Funding Progress**

The funded status of the plan as of September 30, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
10/1/2011	-	\$42,229,870	\$ 42,229,870	0.00%	N/A	N/A
10/1/2012	-	\$40,476,766	\$ 40,476,766	0.00%	N/A	N/A
10/1/2013	-	\$43,401,543	\$ 43,401,543	0.00%	N/A	N/A

Under reporting parameters, the County's OPEB plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$43,401,543 at September 30, 2014.

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

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

**Funded Status and Funding Progress – Continued**

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

**Actuarial Methods and Assumptions**

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

Actuarial cost method:	Projected unit credit actuarial cost method
Amortization method:	Level percentage of payroll, closed
Amortization period in years:	30
Asset valuation method:	The fund is not prefunded
Actuarial assumptions:	
Discount rate:	Pay-as-you-go: 4.0% effective annual rate
Payroll growth rate:	3.5% per year
Healthcare trend rate:	7.66%

**Additional Disclosures**

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



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

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

**Additional Disclosures – Continued**

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

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

The County did not implement GASB 45 during fiscal year 2014. However, information and amounts presented in the County’s Financial Report relative to OPEB note disclosures and supplementary information are only intended to achieve compliance with the requirements of the state of Texas and does constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

**NOTE 8. DISCRETE COMPONENT UNIT**

As discussed in Note 1A, the Midland Housing Finance Corporation is a component unit of the County. The Finance Corporation issued several bond issues. As of September 30, 2014, 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, 2014 bond issue still outstanding had an approximate principal balance of \$60,000, at effective interest rates between 6.55% and 6.15%.

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

**NOTE 9. INTERFUND TRANSACTIONS**

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

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

Individual fund interfund receivable and payable balances at September 30, 2014 arising from these transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 358,605	\$ 1,127,844
Road and Bridge Fund	15,209	-
Special Revenue Funds		
District Attorney Hot Check Fund	2,333	-
Law Library Fund	15,625	-
County Clerk Records Management Fund	4,093	-
Records Preservation Fund	6,548	-
District Clerk Records Management Fund	52	-
Juvenile Probation Fee Account Fund	260	-
Courthouse Security Fund	6,703	-
County Clerk Record Archives	481	948
County Clerk Vital Stat Preservation Fund	153	-
Voter Registration Chapter 19 Fund	-	678
Employee Activity	1,091	-
Dealer Inventory Fund	512	4,800
Justice Court Building Security Fund	81,264	-
Juvenile Case Management Fund	8,676	-
Truancy Prevention Fund	6,107	-
County Attorney State Supplement	33,642	-
Juvenile Delinquency Prevention	95	-
Pretrial Intervention Program Fund	15,004	-
Election Contracts	70,759	-
Unclaimed Juvenile Restitution	259	-
Court Records Preservation	150	-
Scofflaw Implementation Fee	13,251	-
Child Abuse Prevention	4,633	-
Appellate Justice System Fund	3,295	-
Guardianship Fund	65,008	-
Rabies Control	52,486	-
District Court Records Technology Fund	69,893	-
County and District Court Technology Fund	27,506	-
Justice Court Technology Fund	676	-
Donations SO Mounted Patrol	11,342	-
Donations Constable 4 Bulletproof Vest	500	-
Donations Sheriff's Office	52,561	-
Donations Horseshoe	11,867	-

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

**NOTE 9. INTERFUND TRANSACTIONS – CONTINUED**

	Interfund	
	Receivable	Payable
Donations Constable 4	481	-
Donations Emergency Management	6,915	-
L.E.O.S.E. Funds	12,617	-
District Attorney Abell Hanger	-	-
District Attorney Drug Forfeiture	56,736	1,651
Sheriff - Local Drug Forfeiture	13,120	-
Sheriff - Federal Forfeiture Fund	-	6,066
Indigent Defense Improvement Grant	6,033	-
Office of Court Administration Fund	-	3,943
High Intensity Drug Trafficking Area	-	892
Other Victims' Assistance Fund	-	3,561
Mental Health Deputies Fund	-	7,397
Colonia Construction Grant	-	350
Crime Victim Services Fund	-	3,391
Donation SO Bulletproof Vest	8,974	-
Donation CIU Volunteer Support	1,111	-
Donation Teen Leadership	4,416	-
Donation Constable	10	-
Donation Fire Marshall	1,244	-
Title IV-E Federal Foster Care	-	98
Juvenile Probation Grants	10,335	47,123
Justice Assistance Grants	-	1,171
Gates Public Access Comp HUG	-	-
Donation Cemetery Care	793	-
Donation Library	12,641	-
Lone Star Libraries Grant	-	-
Debt Service Fund	-	-
Capital Projects Fund	319,144	-
Internal Service Fund	16,460	20,679
Agency Funds		
District Clerk	995	15,502
County Clerk	1,625	14,033
District Attorney	-	17,353
Sheriff	-	5,030
Justice of the Peace Precinct #1	-	8,366
Justice of the Peace Precinct #2	289	16,623
Justice of the Peace Precinct #3	-	6,552
Justice of the Peace Precinct #4	-	8,300
Juvenile Probation	-	-
Tax Collector Assessor	253,370	562,387
Unclaimed Property	1,797	-
Bail Security Fund	-	3,416
CSCD - Basic Supervision	130,511	-
CSCD - Court Residential Treatment Center	-	-
CSCD - Substance Abuse Continuum	53,717	-
CSCD - Midland Outpatient Treatment Center	34,181	-
CSCD - Federal RSAT	-	-
TOTAL	<u>\$ 1,888,154</u>	<u>\$ 1,888,154</u>

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

**NOTE 9. INTERFUND TRANSACTIONS – CONTINUED**

Interfund transfers for the year ended September 30, 2014 are as follows:

	Interfund	
	Transfers In	Transfers Out
General fund	\$ -	\$ 29,889,140
Road and bridge fund	11,000,000	-
Nonmajor governmental funds:		
Colonia Construction Grant	25,000	-
Mental health deputies	239,140	-
Capital projects fund	17,625,000	-
Internal service fund	1,000,000	-
Total	<u>\$ 29,889,140</u>	<u>\$ 29,889,140</u>

**NOTE 10. LONG-TERM DEBT**

Governmental Activities:

The following is a summary of debt transactions for governmental activities of the County for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Certificates of Obligation -					
Series 2004	\$ 6,555,000	\$ -	\$ 6,555,000	\$ -	\$ -
General Obligation Bonds-Series 2009	19,940,000	-	885,000	19,055,000	915,500
Unamortized premium on General					
Obligation Bonds Series 2009	301,446	-	20,096	281,350	-
Capital lease obligation	2,250		2,250	-	-
Compensated absences	2,189,011	245,681	-	2,434,692	500,000
	<u>\$ 28,987,707</u>	<u>\$ 245,681</u>	<u>\$ 7,462,346</u>	<u>\$ 21,771,042</u>	<u>\$1,415,500</u>

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

**NOTE 10. LONG-TERM DEBT – CONTINUED**

**Bonds**

Certificates of Obligation and General Obligation Bonds at September 30, 2014 consist of the following:

\$21,995,000 General Obligation Bonds, Series 2009, annual installments beginning 2011 through 2029, interest at 4.00% to 5.00%.	\$ 19,055,000
Total bonds outstanding	\$ 19,055,000

Principal payments are due annually for Certificates of Obligation and Refunding Bonds on February 15 and interest payments are due semiannually on February 15 and August 15. The annual requirements to amortize all bonded debt outstanding as of September 30, 2014 is as follows:

General Obligation Bonds, Series 2009	Principal	Interest	Total
Year Ending September 30, 2014			
2015	\$ 915,000	\$ 851,119	\$ 1,766,119
2016	940,000	823,294	1,763,294
2017	975,000	792,131	1,767,131
2018	1,010,000	757,394	1,767,394
2019	1,055,000	712,025	1,767,025
2020-2029	14,160,000	3,776,915	17,936,915
	\$19,055,000	\$ 7,712,878	\$26,767,878

The County issued the Series 2009 General Obligation Bonds for the purpose of constructing, improving, renovating and equipping existing County Jail facilities and the payment of costs of issuance related thereto.

There are a number of limitations and restrictions contained in the bond and note indentures. The County is in compliance with all significant limitations and restrictions.

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

**NOTE 11. DEFERRED COMPENSATION PLAN**

The County offers its officials and employees three deferred compensation plans established in accordance with Internal Revenue Code Section 457. Federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the County's plan are administered by a private corporation under contract with the County. The private administrator amended the plan as of January 1, 1997, to comply with the new federal law. Consequently, the plan's assets and liabilities are not included in the County's financial statements.

**NOTE 12. HEALTH CARE**

For several years the County has maintained a Medical/Dental Self-Insurance Fund. The purpose of this fund is to pay medical and dental claims for the County officials, employees, retirees and their covered dependents and to minimize the cost of medical and dental insurance for the employees and the County. Medical claims exceeding \$175,000 per covered individual are covered through a private insurance carrier. The County accrues liabilities for claims which are foreseeable and probable.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in each of the internal service funds as accounts payable.

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

Unpaid claims, September 30, 2012	\$ 643,869
Insured claims (including (IBNRs)	5,138,243
Claim payments	<u>(5,064,704)</u>
Unpaid claims, September 2013	717,408
Insured claims (including (IBNRs)	5,415,098
Claim payments	<u>(5,381,025)</u>
Unpaid claims, September 30, 2014	<u><u>\$ 751,481</u></u>

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

**NOTE 13. OPERATING LEASES**

The County's future minimum rental commitments for various equipment, accounted for as operating leases at September 30, 2014 are as follows:

Operating Leases		
Year Ending September 30,		
2015		\$ 197,030
2016		124,069
2017		61,667
2018		32,847
2019		16,405
Total future minimum rental commitments		\$ 432,018

Rental expense related to leased equipment totaled \$205,213 for the year ended September 30, 2014.

**NOTE 14. CONTINGENCIES**

**Federally Assisted Programs – Compliance Audits**

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

In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the County expects the resulting liability not to have a material adverse effect to its financial position.

**Litigation**

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

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

**NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE**

In accordance with Governmental Accounting Standards Board No. 65, Items Previously Reported as Assets and Liabilities, assets or liabilities that no longer meet the definition of an asset, deferred outflow, liability or deferred inflow should be reported as current outflow or inflow of resources. Debt issuance costs, previously reported as an asset, no longer meet that definition and will be reported as expenses in the current period. In accordance with GASB 65, the County has retroactively implemented the changed which resulted in a restatement of beginning net position as of September 30, 2014. The effect of the restatement is a decrease in beginning net position of \$299,203.

**NOTE 16. NEW PRONOUNCEMENTS**

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

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

The GASB also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which was effective simultaneously with GASB 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.



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

**NOTE 16. NEW PRONOUNCEMENTS – CONTINUED**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**MIDLAND COUNTY, TEXAS  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN  
FOR THE EMPLOYEES OF MIDLAND COUNTY  
YEAR ENDED SEPTEMBER 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll <sup>1</sup> (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/09	64,286,908	76,406,832	12,119,924	84.14	23,000,218	52.69
12/31/10	67,467,863	80,783,053	13,315,190	83.52	23,691,572	56.20
12/31/11	67,591,839	81,938,970	14,347,131	82.49	23,528,901	60.98
12/31/12 <sup>2</sup>	71,685,373	87,504,934	15,819,561	81.92	24,324,742	65.03
12/31/13	76,968,794	91,744,380	14,775,589	83.89	26,333,090	56.11

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

<sup>2</sup>Funding information may differ from prior year compliance data due to plan changes effective January 1, 2014.

**MIDLAND COUNTY, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Original Budget</b>
<b>Revenues</b>	
Property tax, penalties and interest	\$ 23,950,000
Sales tax	29,900,000
Hotel-motel tax	600,000
Fines and forfeitures	1,885,000
Licenses and permits	200,000
Intergovernmental charges	428,000
Charges for current services	4,098,150
Investment income	200,000
Other	553,860
	<b>61,815,010</b>
<b>Expenditures</b>	
Current	
General administration	13,052,743
Judicial	14,515,914
Financial administration	3,118,630
Elections	606,903
Public safety and corrections	20,236,584
Health and welfare	689,143
Culture and recreation	3,581,456
Conservation and natural resources	187,337
Capital outlay	5,527,038
	<b>61,515,748</b>
Excess of revenues (deficiency) over expenditures	299,262
<b>Other financing sources (uses)</b>	
Proceeds from sale of assets	(5,000)
Transfers out	-
	<b>(5,000)</b>
Net change in fund balance	294,262
<b>FUND BALANCE, beginning of year</b>	<b>69,975,419</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 70,269,681</b>

<b>Final Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
\$ 23,950,000	\$ 24,441,509	\$ 491,509
29,900,000	44,018,335	14,118,335
600,000	990,278	390,278
1,885,000	2,675,497	790,497
200,000	753,884	553,884
428,000	940,057	512,057
4,098,150	6,019,174	1,921,024
200,000	363,845	163,845
553,860	986,091	432,231
<u>61,815,010</u>	<u>81,188,670</u>	<u>19,373,660</u>
12,037,806	8,630,837	3,406,969
14,751,918	13,976,035	775,883
3,165,182	2,921,822	243,360
628,812	503,138	125,674
20,696,612	20,054,224	642,388
1,801,599	1,761,147	40,452
3,659,137	3,274,472	384,665
187,337	126,123	61,214
6,306,840	3,928,171	2,378,669
<u>63,235,243</u>	<u>55,175,969</u>	<u>8,059,274</u>
<u>(1,420,233)</u>	<u>26,012,701</u>	<u>27,432,934</u>
(5,000)	212	5,212
<u>(29,875,000)</u>	<u>(29,889,140)</u>	<u>(14,140)</u>
<u>(29,880,000)</u>	<u>(29,888,928)</u>	<u>(8,928)</u>
(31,300,233)	(3,876,227)	27,424,006
<u>69,975,419</u>	<u>69,975,419</u>	<u>-</u>
<u>\$ 38,675,186</u>	<u>\$ 66,099,192</u>	<u>\$ 27,424,006</u>

**MIDLAND COUNTY, TEXAS  
ROAD AND BRIDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Original Budget</b>
<b>Revenues</b>	
Licenses	\$ 1,704,000
Intergovernmental charges	24,000
Investment income	2,000
Other revenues	6,000
<b>Total revenues</b>	<b>1,736,000</b>
<b>Expenditures</b>	
Highways and roads	
Salaries	1,122,044
Employee benefits	597,000
Departmental supplies and expenses	261,435
Maintenance and repair	222,700
Contract services	166,200
Utilities	5,960
Road maintenance and materials	1,324,000
Capital outlay	9,010,000
<b>Total expenditures</b>	<b>12,709,339</b>
Deficiency of revenues over expenditures	<b>(10,973,339)</b>
<b>Other financing sources (uses)</b>	
Transfers in	-
<b>Total other financing sources (uses)</b>	-
Net change in fund balance	(10,973,339)
<b>FUND BALANCE, beginning of year</b>	<b>4,403,937</b>
<b>FUND BALANCE, end of year</b>	<b>\$ (6,569,402)</b>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 1,704,000	\$ 2,377,696	\$ 673,696
24,000	25,697	1,697
2,000	1,761	(239)
6,000	1,029,675	1,023,675
<u>1,736,000</u>	<u>3,434,829</u>	<u>1,698,829</u>
1,122,044	984,065	137,979
597,000	513,737	83,263
287,450	218,728	68,722
267,700	243,079	24,621
169,700	111,614	58,086
9,460	7,542	1,918
983,227	830,710	152,517
9,286,538	9,126,679	159,859
<u>12,723,119</u>	<u>12,036,154</u>	<u>686,965</u>
<u>(10,987,119)</u>	<u>(8,601,325)</u>	<u>2,385,794</u>
<u>11,000,000</u>	<u>11,000,000</u>	<u>-</u>
<u>11,000,000</u>	<u>11,000,000</u>	<u>-</u>
12,881	2,398,675	2,385,794
4,403,937	4,403,937	-
<u>\$ 4,416,818</u>	<u>\$ 6,802,612</u>	<u>\$ 2,385,794</u>

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

A. BUDGETARY INFORMATION

The County follows these procedures in establishing the budgets reflected in the financial statements:

- (1) Prior to the beginning of each fiscal year, the County Judge submits to the Commissioners' Court a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
- (3) The budget for the next fiscal year is legally enacted by the Commissioners' Court through the passage of a court order.
- (4) The Commissioners' Court has the authority to transfer balances or portions thereof, from one expenditure account to another within a single office, department or agency of the County. During the year, several supplementary appropriations were necessary. These changes are reflected in the budget amounts presented.
- (5) The level at which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for each fund in total.
- (6) Annual budgets are legally adopted for all governmental funds. These budgets are adopted on a generally accepted accounting principle (GAAP) basis.
- (7) At the close of each fiscal year, all appropriations lapse.



## **SUPPLEMENTARY INFORMATION**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds account for revenues derived from earmarked revenue sources that are legally restricted to expenditures for a specific purpose. The following are the County's Special Revenue Funds:

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

**MIDLAND COUNTY, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Original Budget</b>
<b>Revenues</b>	
Property tax, penalties and interest	\$ 1,767,000
Investment income	1,000
	<b>1,768,000</b>
<b>Total revenues</b>	<b>1,768,000</b>
<b>Expenditures</b>	
Debt service	
2004 Certificates of obligation - principal	6,555,000
2004 Certificates of obligation - interest and fiscal charges	100,000
2009 Certificates of obligation - principal	885,000
2009 Certificates of obligation - interest and fiscal charges	883,000
	<b>8,423,000</b>
<b>Total expenditures</b>	<b>8,423,000</b>
Deficiency of revenues over expenditures	<b>(6,655,000)</b>
<b>Net change in fund balance</b>	<b>(6,655,000)</b>
<b>FUND BALANCE, beginning of year</b>	<b>6,934,835</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 279,835</b>

<b>Final Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
\$ 1,767,000	\$ 1,801,943	\$ 34,943
1,000	1,624	624
<u>1,768,000</u>	<u>1,803,567</u>	<u>35,567</u>
6,555,000	6,555,000	-
100,000	55,240	44,760
885,000	885,000	-
<u>883,000</u>	<u>882,743</u>	<u>257</u>
<u>8,423,000</u>	<u>8,377,983</u>	<u>45,017</u>
<u>(6,655,000)</u>	<u>(6,574,416)</u>	<u>80,584</u>
(6,655,000)	(6,574,416)	80,584
<u>6,934,835</u>	<u>6,934,835</u>	<u>-</u>
<u><u>\$ 279,835</u></u>	<u><u>\$ 360,419</u></u>	<u><u>\$ 80,584</u></u>

**MIDLAND COUNTY, TEXAS  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Original Budget</b>
<b>Revenues</b>	
Investment income	\$ -
<b>Total revenues</b>	-
<b>Expenditures</b>	
Highways and roads	1,000,000
Capital outlay	25,514,586
<b>Total expenditures</b>	26,514,586
Deficiency of revenues over expenditures	(26,514,586)
<b>Other financing sources (uses)</b>	
Transfers in	-
<b>Total other financing sources</b>	-
Net change in fund balance	(26,514,586)
<b>FUND BALANCE, beginning of year</b>	16,690,432
<b>FUND BALANCE, end of year</b>	\$ (9,824,154)

<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ 1,467	\$ 1,467
<u>-</u>	<u>1,467</u>	<u>1,467</u>
1,000,000	561	999,439
<u>25,414,586</u>	<u>19,044,046</u>	<u>6,370,540</u>
<u>26,414,586</u>	<u>19,044,607</u>	<u>7,369,979</u>
<u>(26,414,586)</u>	<u>(19,043,140)</u>	<u>7,371,446</u>
<u>17,650,000</u>	<u>17,625,000</u>	<u>(25,000)</u>
<u>17,650,000</u>	<u>17,625,000</u>	<u>(25,000)</u>
(8,764,586)	(1,418,140)	7,346,446
<u>16,690,432</u>	<u>16,690,432</u>	<u>-</u>
<u>\$ 7,925,846</u>	<u>\$ 15,272,292</u>	<u>\$ 7,346,446</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014**

	<u>District Attorney Hot Check</u>	<u>Law Library</u>	<u>County Clerk Records Management</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 50	\$ -
Investments	202,436	16,015	600,948
Accounts receivable	-	300	-
Due from other funds	2,333	15,625	4,093
Due from other governmental agencies	280	-	-
Prepaid expenses	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 205,049</u>	<u>\$ 31,990</u>	<u>\$ 605,041</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 8,979	\$ 6,274
Benefits payable	694	984	1,169
Due to other funds	-	-	-
<b>Total liabilities</b>	<u>694</u>	<u>9,963</u>	<u>7,443</u>
<b>Fund balances</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	204,355	22,027	597,598
Federal and state grants	-	-	-
Committed			
Employee motivation	-	-	-
Donations	-	-	-
<b>Total fund balances</b>	<u>204,355</u>	<u>22,027</u>	<u>597,598</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 205,049</u>	<u>\$ 31,990</u>	<u>\$ 605,041</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>
\$ -	\$ 129,126	\$ -	\$ -	\$ -	\$ -
292,677	-	23,228	64	715,578	142,412
-	-	-	-	-	-
6,548	52	260	6,703	481	153
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 299,225</u>	<u>\$ 129,178</u>	<u>\$ 23,488</u>	<u>\$ 6,767</u>	<u>\$ 716,059</u>	<u>\$ 142,565</u>
\$ -	\$ -	\$ -	\$ -	\$ (930)	\$ -
-	-	-	1,254	420	6
-	-	-	-	948	-
-	-	-	1,254	438	6
-	-	-	-	-	-
299,225	129,178	23,488	5,513	715,621	142,559
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>299,225</u>	<u>129,178</u>	<u>23,488</u>	<u>5,513</u>	<u>715,621</u>	<u>142,559</u>
<u>\$ 299,225</u>	<u>\$ 129,178</u>	<u>\$ 23,488</u>	<u>\$ 6,767</u>	<u>\$ 716,059</u>	<u>\$ 142,565</u>



**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Voter Registration Chapter 19</u>	<u>Employee Activity</u>	<u>Dealer Inventory</u>	<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	8,340	31,865	-	-
Accounts receivable	-	1,755	-	-	-
Due from other funds	-	1,091	512	81,264	8,676
Due from other governmental agencies	715	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 715</u>	<u>\$ 11,186</u>	<u>\$ 32,377</u>	<u>\$ 81,264</u>	<u>\$ 8,676</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 37	\$ 59	\$ -	\$ -	\$ -
Benefits payable	-	-	35	-	1,199
Due to other funds	678	-	4,800	-	-
<b>Total liabilities</b>	<u>715</u>	<u>59</u>	<u>4,835</u>	<u>-</u>	<u>1,199</u>
<b>Fund balances</b>					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	-	27,542	81,264	7,477
Federal and state grants	-	-	-	-	-
Committed					
Employee motivation	-	11,127	-	-	-
Donations	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>11,127</u>	<u>27,542</u>	<u>81,264</u>	<u>7,477</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 715</u>	<u>\$ 11,186</u>	<u>\$ 32,377</u>	<u>\$ 81,264</u>	<u>\$ 8,676</u>

<b>County Attorney State Supplement</b>	<b>Truancy Prevention Fund</b>	<b>Juvenile Delinquency Prevention</b>	<b>Pre-Trial Intervention Program</b>	<b>Election Contracts</b>	<b>Unclaimed Juvenile Restitution</b>	<b>Court Records Preservation</b>	<b>Scofflaw Implementation Fee</b>	<b>Child Abuse Prevention</b>
\$ -	\$ -	\$ -	\$ 281,367	\$ -	\$ -	\$ 117,787	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
33,642	6,107	95	15,004	70,759	259	150	13,251	4,633
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>\$ 33,642</b>	<b>\$ 6,107</b>	<b>\$ 95</b>	<b>\$ 296,371</b>	<b>\$ 70,759</b>	<b>\$ 259</b>	<b>\$ 117,937</b>	<b>\$ 13,251</b>	<b>\$ 4,633</b>
\$ 1,394	\$ -	\$ -	\$ 221	\$ 8,541	\$ -	\$ -	\$ -	\$ -
104	-	-	1,431	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,498	-	-	1,652	8,541	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
32,144	6,107	95	294,719	62,218	259	117,937	13,251	4,633
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
32,144	6,107	95	294,719	62,218	259	117,937	13,251	4,633
<b>\$ 33,642</b>	<b>\$ 6,107</b>	<b>\$ 95</b>	<b>\$ 296,371</b>	<b>\$ 70,759</b>	<b>\$ 259</b>	<b>\$ 117,937</b>	<b>\$ 13,251</b>	<b>\$ 4,633</b>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Appellate Justice System</u>	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>	<u>District Court Records Technology</u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ 20,626	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	3,295	65,008	-	52,486	69,893
Due from other governmental agencies	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,295</u>	<u>\$ 65,008</u>	<u>\$ 20,626</u>	<u>\$ 52,486</u>	<u>\$ 69,893</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 3,295	\$ -	\$ -	\$ -	\$ -
Benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>3,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Nonspendable					
Prepays	-	-	-	-	-
Restricted					
Legislation	-	65,008	20,626	52,486	69,893
Federal and state grants	-	-	-	-	-
Committed					
Employee motivation	-	-	-	-	-
Donations	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>65,008</u>	<u>20,626</u>	<u>52,486</u>	<u>69,893</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,295</u>	<u>\$ 65,008</u>	<u>\$ 20,626</u>	<u>\$ 52,486</u>	<u>\$ 69,893</u>

<u>County and District Court Technology</u>	<u>Justice Court Technology</u>	<u>Donations SO Mounted Patrol</u>	<u>Donations Constable 4 Bulletproof Vest</u>	<u>Donations Horseshoe</u>	<u>Donations Sheriff's Office</u>
\$ -	\$ 258,810	\$ -	\$ -	\$ 160,339	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
27,506	676	11,342	500	11,867	52,561
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,506</u>	<u>\$ 259,486</u>	<u>\$ 11,342</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 52,561</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,398
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,398
-	-	-	-	-	-
27,506	259,486	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,342	500	172,206	51,163
<u>27,506</u>	<u>259,486</u>	<u>11,342</u>	<u>500</u>	<u>172,206</u>	<u>51,163</u>
<u>\$ 27,506</u>	<u>\$ 259,486</u>	<u>\$ 11,342</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 52,561</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Donations Constable 4</u>	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Abell Hanger</u>	<u>District Attorney Drug Forfeiture</u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ 4,014	\$ -	\$ -
Investments	-	-	-	4,379	151,047
Accounts receivable	-	-	-	-	-
Due from other funds	481	6,915	12,617	-	56,736
Due from other governmental agencies	-	-	-	-	-
Prepaid expenses	-	-	790	-	-
<b>TOTAL ASSETS</b>	<u>\$ 481</u>	<u>\$ 6,915</u>	<u>\$ 17,421</u>	<u>\$ 4,379</u>	<u>\$ 207,783</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 659
Benefits payable	-	-	-	-	206
Due to other funds	-	-	-	-	1,651
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,516</u>
<b>Fund balances</b>					
Nonspendable					
Prepays	-	-	790	-	-
Restricted					
Legislation	-	-	16,631	-	205,267
Federal and state grants	-	-	-	-	-
Committed					
Employee motivation	-	-	-	-	-
Donations	481	6,915	-	4,379	-
<b>Total fund balances</b>	<u>481</u>	<u>6,915</u>	<u>17,421</u>	<u>4,379</u>	<u>205,267</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 481</u>	<u>\$ 6,915</u>	<u>\$ 17,421</u>	<u>\$ 4,379</u>	<u>\$ 207,783</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ -	\$ -	\$ 101,687	\$ -	\$ -
748	-	282,258	-	-
-	-	-	-	-
-	13,120	-	6,033	-
-	-	-	-	4,187
-	-	3,876	-	-
<u>\$ 748</u>	<u>\$ 13,120</u>	<u>\$ 387,821</u>	<u>\$ 6,033</u>	<u>\$ 4,187</u>
\$ -	\$ -	\$ 12,641	\$ -	\$ -
-	-	-	-	244
-	-	6,066	-	3,943
-	-	18,707	-	4,187
-	-	3,876	-	-
-	13,120	365,238	-	-
-	-	-	6,033	-
-	-	-	-	-
748	-	-	-	-
<u>748</u>	<u>13,120</u>	<u>369,114</u>	<u>6,033</u>	<u>-</u>
<u>\$ 748</u>	<u>\$ 13,120</u>	<u>\$ 387,821</u>	<u>\$ 6,033</u>	<u>\$ 4,187</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>High Intensity Drug Trafficking Area</u>	<u>Other Victims' Assistance Grant</u>	<u>Mental Health Deputies</u>	<u>Colonia Construction Grant</u>
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	5,833	-
Due from other funds	-	-	-	-
Due from other governmental agencies	892	4,537	5,834	105,775
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 892</u>	<u>\$ 4,537</u>	<u>\$ 11,667</u>	<u>\$ 105,775</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 105,425
Benefits payable	-	976	4,270	-
Due to other funds	892	3,561	7,397	350
<b>Total liabilities</b>	<u>892</u>	<u>4,537</u>	<u>11,667</u>	<u>105,775</u>
<b>Fund balances</b>				
Nonspendable				
Prepays	-	-	-	-
Restricted				
Legislation	-	-	-	-
Federal and state grants	-	-	-	-
Committed				
Employee motivation	-	-	-	-
Donations	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 892</u>	<u>\$ 4,537</u>	<u>\$ 11,667</u>	<u>\$ 105,775</u>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,974	1,111	4,416	10
-	3,975	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,975</u>	<u>\$ 8,974</u>	<u>\$ 1,111</u>	<u>\$ 4,416</u>	<u>\$ 10</u>
\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -
-	583	-	-	-	-
-	3,391	-	-	-	-
-	3,974	-	-	500	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	-	-	-	-
-	-	-	-	-	-
-	-	8,974	1,111	3,916	10
-	1	8,974	1,111	3,916	10
<u>\$ -</u>	<u>\$ 3,975</u>	<u>\$ 8,974</u>	<u>\$ 1,111</u>	<u>\$ 4,416</u>	<u>\$ 10</u>



**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Donation Fire Marshall</u>	<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	308,437	-
Accounts receivable	-	-	-
Due from other funds	1,244	-	10,335
Due from other governmental agencies	-	-	87,251
Prepaid expenses	-	-	831
<b>TOTAL ASSETS</b>	<u>\$ 1,244</u>	<u>\$ 308,437</u>	<u>\$ 98,417</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 34,185	\$ 51,294
Benefits payable	-	-	-
Due to other funds	-	98	47,123
<b>Total liabilities</b>	<u>-</u>	<u>34,283</u>	<u>98,417</u>
<b>Fund balances</b>			
Nonspendable			
Prepays	-	-	-
Restricted			
Legislation	-	-	-
Federal and state grants	-	274,154	-
Committed			
Employee motivation	-	-	-
Donations	1,244	-	-
<b>Total fund balances</b>	<u>1,244</u>	<u>274,154</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,244</u>	<u>\$ 308,437</u>	<u>\$ 98,417</u>

<u>Justice Assistance Grants</u>	<u>Gates Public Access Comp HUG</u>	<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,073,806
-	-	-	-	-	2,780,432
-	-	-	-	-	7,888
-	-	793	12,641	-	702,251
1,171	-	-	-	-	214,617
-	-	-	-	-	5,497
<u>\$ 1,171</u>	<u>\$ -</u>	<u>\$ 793</u>	<u>\$ 12,641</u>	<u>\$ -</u>	<u>\$ 4,784,491</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,972
-	-	-	-	-	13,575
<u>1,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,069</u>
<u>1,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,616</u>

-	-	-	-	-	4,666
-	-	-	-	-	3,882,471
-	-	-	-	-	280,188
-	-	-	-	-	11,127
-	-	793	12,641	-	276,423
-	-	793	12,641	-	4,454,875
<u>\$ 1,171</u>	<u>\$ -</u>	<u>\$ 793</u>	<u>\$ 12,641</u>	<u>\$ -</u>	<u>\$ 4,784,491</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>District Attorney Hot Check</u>	<u>Law Library</u>	<u>County Clerk Records Management</u>
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	22,500	-	-
Charges for services	38,382	102,491	274,819
Investment income	-	-	328
Other revenue	-	-	-
<b>Total revenues</b>	<u>60,882</u>	<u>102,491</u>	<u>275,147</u>
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	74,473	138,033	109,379
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>74,473</u>	<u>138,033</u>	<u>109,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,591)</u>	<u>(35,542)</u>	<u>165,768</u>
<b>Other financing sources (uses)</b>			
Operating transfers in	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,591)	(35,542)	165,768
<b>FUND BALANCES, beginning of year</b>	<u>217,946</u>	<u>57,569</u>	<u>431,830</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 204,355</u>	<u>\$ 22,027</u>	<u>\$ 597,598</u>

<u>Records Preservation</u>	<u>District Clerk Records Management</u>	<u>Juvenile Probation Fees</u>	<u>Courthouse Security</u>	<u>County Clerk Records Archive</u>	<u>County Clerk Vital Statistics</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
63,469	15,068	8,217	87,936	268,536	11,454
184	-	-	16	1,043	260
-	-	-	-	86,468	-
<u>63,653</u>	<u>15,068</u>	<u>8,217</u>	<u>87,952</u>	<u>356,047</u>	<u>11,714</u>
-	-	-	-	-	-
20,975	-	7,436	92,022	145,934	56
-	-	-	-	-	-
-	-	-	-	-	-
-	-	36,101	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,975</u>	<u>-</u>	<u>43,537</u>	<u>92,022</u>	<u>145,934</u>	<u>56</u>
<u>42,678</u>	<u>15,068</u>	<u>(35,320)</u>	<u>(4,070)</u>	<u>210,113</u>	<u>11,658</u>
-	-	-	-	-	-
-	-	-	-	-	-
42,678	15,068	(35,320)	(4,070)	210,113	11,658
256,547	114,110	58,808	9,583	505,508	130,901
<u>\$ 299,225</u>	<u>\$ 129,178</u>	<u>\$ 23,488</u>	<u>\$ 5,513</u>	<u>\$ 715,621</u>	<u>\$ 142,559</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Voter Registration Chapter 19</u>	<u>Employee Activity</u>	<u>Dealer Inventory</u>	<u>Justice Court Building Security</u>	<u>Juvenile Case Management</u>
<b>REVENUES</b>					
Fines and forfeitures	\$ -	\$ -	\$ 2,737	\$ 10,905	\$ 54,473
Intergovernmental	-	-	-	-	-
Charges for services	7,147	10,129	-	-	-
Investment income	-	-	5,373	-	-
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<u>7,147</u>	<u>10,129</u>	<u>8,110</u>	<u>10,905</u>	<u>54,473</u>
<b>EXPENDITURES</b>					
Current					
General administration	-	4,393	-	-	-
Judicial	-	-	-	-	-
Financial administration	-	-	9,818	-	-
Elections	7,147	-	-	-	-
Public safety and corrections	-	-	-	-	46,996
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>7,147</u>	<u>4,393</u>	<u>9,818</u>	<u>-</u>	<u>46,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,736</u>	<u>(1,708)</u>	<u>10,905</u>	<u>7,477</u>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	5,736	(1,708)	10,905	7,477
<b>FUND BALANCES, beginning of year</b>	<u>-</u>	<u>5,391</u>	<u>29,250</u>	<u>70,359</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ 11,127</u>	<u>\$ 27,542</u>	<u>\$ 81,264</u>	<u>\$ 7,477</u>

<b>County Attorney State Supplement</b>	<b>Truancy Prevention Fund</b>	<b>Juvenile Delinquency Prevention</b>	<b>Pre-Trial Intervention Program</b>	<b>Election Contracts</b>	<b>Unclaimed Juvenile Restitution</b>	<b>Court Records Preservation</b>	<b>Scofflaw Implementation Fee</b>	<b>Child Abuse Prevention</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -
70,000	-	-	-	-	-	-	-	-
-	6,107	-	178,261	51,806	-	26,470	1,289	1,188
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>70,000</u>	<u>6,107</u>	<u>-</u>	<u>178,261</u>	<u>51,806</u>	<u>-</u>	<u>26,520</u>	<u>1,289</u>	<u>1,188</u>
-	-	-	-	-	-	-	-	-
81,600	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	47,096	-	-	-	-
-	-	-	173,743	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>81,600</u>	<u>-</u>	<u>-</u>	<u>173,743</u>	<u>47,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(11,600)	6,107	-	4,518	4,710	-	26,520	1,289	1,188
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(11,600)	6,107	-	4,518	4,710	-	26,520	1,289	1,188
43,744	-	95	290,201	57,508	259	91,417	11,962	3,445
<u>\$ 32,144</u>	<u>\$ 6,107</u>	<u>\$ 95</u>	<u>\$ 294,719</u>	<u>\$ 62,218</u>	<u>\$ 259</u>	<u>\$ 117,937</u>	<u>\$ 13,251</u>	<u>\$ 4,633</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Appellate Justice System</u>	<u>Guardianship</u>	<u>Abandoned Motor Vehicles</u>	<u>Rabies Control</u>	<u>District Court Records Technology</u>
<b>REVENUES</b>					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	10,643	-	-	-
Charges for services	-	-	13,914	14,652	21,824
Investment income	-	-	138	-	-
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>10,643</u>	<u>14,052</u>	<u>14,652</u>	<u>21,824</u>
<b>EXPENDITURES</b>					
Current					
General administration	-	-	-	-	-
Judicial	-	-	-	-	-
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	-	13,781	5,000	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>13,781</u>	<u>5,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>10,643</u>	<u>271</u>	<u>9,652</u>	<u>21,824</u>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	10,643	271	9,652	21,824
<b>FUND BALANCES, beginning of year</b>	<u>-</u>	<u>54,365</u>	<u>20,355</u>	<u>42,834</u>	<u>48,069</u>
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ 65,008</u>	<u>\$ 20,626</u>	<u>\$ 52,486</u>	<u>\$ 69,893</u>

<u>County and District Court Technology</u>	<u>Justice Court Technology</u>	<u>Donations SO Mounted Patrol</u>	<u>Donations Const 4 Bullet Proof Vest</u>	<u>Donations Horseshoe</u>	<u>Donations Sheriff's Office</u>
\$ -	\$ 44,015	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,763	-	-	-	-	-
-	-	-	-	-	-
-	-	7,400	-	-	33,000
<u>7,763</u>	<u>44,015</u>	<u>7,400</u>	<u>-</u>	<u>-</u>	<u>33,000</u>
-	-	-	-	-	-
-	21,094	-	-	-	-
-	-	-	-	-	-
-	-	5,244	-	-	66,273
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>21,094</u>	<u>5,244</u>	<u>-</u>	<u>-</u>	<u>66,273</u>
<u>7,763</u>	<u>22,921</u>	<u>2,156</u>	<u>-</u>	<u>-</u>	<u>(33,273)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,763</u>	<u>22,921</u>	<u>2,156</u>	<u>-</u>	<u>-</u>	<u>(33,273)</u>
<u>19,743</u>	<u>236,565</u>	<u>9,186</u>	<u>500</u>	<u>172,206</u>	<u>84,436</u>
<u>\$ 27,506</u>	<u>\$ 259,486</u>	<u>\$ 11,342</u>	<u>\$ 500</u>	<u>\$ 172,206</u>	<u>\$ 51,163</u>



**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Donations Constable 4</u>	<u>Donations Emergency Management</u>	<u>L.E.O.S.E. Funds</u>	<u>District Attorney Abell Hanger</u>	<u>District Attorney Drug Forfeiture</u>
<b>REVENUES</b>					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 118,049
Intergovernmental	-	-	9,049	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	24	-	97
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>9,073</u>	<u>-</u>	<u>118,146</u>
<b>EXPENDITURES</b>					
Current					
General administration	-	-	-	-	-
Judicial	-	-	-	41	31,641
Financial administration	-	-	-	-	-
Elections	-	-	-	-	-
Public safety and corrections	-	900	2,660	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>900</u>	<u>2,660</u>	<u>41</u>	<u>31,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(900)</u>	<u>6,413</u>	<u>(41)</u>	<u>86,505</u>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(900)	6,413	(41)	86,505
<b>FUND BALANCES, beginning of year</b>	<u>481</u>	<u>7,815</u>	<u>11,008</u>	<u>4,420</u>	<u>118,762</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 481</u>	<u>\$ 6,915</u>	<u>\$ 17,421</u>	<u>\$ 4,379</u>	<u>\$ 205,267</u>

<u>Sheriff Abell Hanger</u>	<u>Sheriff Local Drug Forfeiture</u>	<u>Sheriff Federal Forfeiture</u>	<u>Indigent Defense Improvement Grant</u>	<u>Office of Court Administration Grant</u>
\$ -	\$ 3,368	\$ 167,560	\$ -	\$ -
-	-	15,548	-	24,521
-	-	-	-	-
-	-	154	-	-
-	-	-	-	-
<u>-</u>	<u>3,368</u>	<u>183,262</u>	<u>-</u>	<u>24,521</u>
-	-	-	-	-
-	-	-	-	24,521
-	-	-	-	-
17	-	65,180	-	-
-	-	-	-	-
-	-	-	-	-
-	-	39,137	-	-
<u>17</u>	<u>-</u>	<u>104,317</u>	<u>-</u>	<u>24,521</u>
<u>(17)</u>	<u>3,368</u>	<u>78,945</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(17)</u>	<u>3,368</u>	<u>78,945</u>	<u>-</u>	<u>-</u>
<u>765</u>	<u>9,752</u>	<u>290,169</u>	<u>6,033</u>	<u>-</u>
<u>\$ 748</u>	<u>\$ 13,120</u>	<u>\$ 369,114</u>	<u>\$ 6,033</u>	<u>\$ -</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2014  
(CONTINUED)**

	High Intensity Drug Trafficking Area	Other Victims' Assistance Grant	Mental Health Deputies	Colonia Construction Grant
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,616	42,446	70,000	289,135
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>10,616</u>	<u>42,446</u>	<u>70,000</u>	<u>289,135</u>
<b>EXPENDITURES</b>				
Current				
General administration	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Elections	-	-	-	-
Public safety and corrections	10,616	-	-	-
Health and welfare	-	42,446	309,140	314,135
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>10,616</u>	<u>42,446</u>	<u>309,140</u>	<u>314,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(239,140)</u>	<u>(25,000)</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>239,140</u>	<u>25,000</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>239,140</u>	<u>25,000</u>
Net change in fund balances	-	-	-	-
<b>FUND BALANCES, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Texas VINE Grant</u>	<u>Crime Victim Services Grant</u>	<u>Donation SO Bulletproof Vest</u>	<u>Donation CIU Volunteer Support</u>	<u>Donation Teen Leadership Account</u>	<u>Donation Constable</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,765	42,314	-	-	-	-
-	-	-	-	-	-
-	-	3,705	-	250	-
<u>23,765</u>	<u>42,314</u>	<u>3,705</u>	<u>-</u>	<u>250</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,014	-	-	-
23,765	42,313	-	-	500	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>23,765</u>	<u>42,313</u>	<u>3,014</u>	<u>-</u>	<u>500</u>	<u>-</u>
-	1	691	-	(250)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	691	-	(250)	-
-	-	8,283	1,111	4,166	10
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 8,974</u>	<u>\$ 1,111</u>	<u>\$ 3,916</u>	<u>\$ 10</u>

**MIDLAND COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2014  
(CONTINUED)**

	<u>Donation Fire Marshall</u>	<u>Title IV-E Federal Foster Care</u>	<u>Juvenile Probation State Grants</u>
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	41,146	962,955
Charges for services	-	-	-
Investment income	-	536	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<u>-</u>	<u>41,682</u>	<u>962,955</u>
<b>EXPENDITURES</b>			
Current			
General administration	-	-	-
Judicial	-	-	-
Financial administration	-	-	-
Elections	-	-	-
Public safety and corrections	-	39,639	982,955
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<u>-</u>	<u>39,639</u>	<u>982,955</u>
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	-	2,043	(20,000)
<b>Other financing sources (uses)</b>			
Transfers in	<hr/>	<hr/>	<hr/>
	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	2,043	(20,000)
<b>FUND BALANCES, beginning of year</b>	<hr/>	<hr/>	<hr/>
	1,244	272,111	20,000
<b>FUND BALANCES, end of year</b>	<hr/>	<hr/>	<hr/>
	<u>\$ 1,244</u>	<u>\$ 274,154</u>	<u>\$ -</u>

<u>Justice Assistance Grants</u>	<u>Gates Public Access Comp HUG</u>	<u>Donation Cemetery Care</u>	<u>Donation Library</u>	<u>Lone Star Libraries Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 401,157
14,699	-	-	-	-	1,649,337
-	-	-	-	-	1,210,922
46	-	-	-	-	8,199
-	-	-	4,757	-	135,580
<u>14,745</u>	<u>-</u>	<u>-</u>	<u>4,757</u>	<u>-</u>	<u>3,405,195</u>
-	-	-	-	-	4,393
-	-	-	-	-	747,205
-	-	-	-	-	9,818
-	-	-	-	-	54,243
14,805	-	-	-	-	1,466,924
-	-	-	-	-	732,299
-	-	-	2,380	18	2,398
-	1,233	-	-	-	40,370
<u>14,805</u>	<u>1,233</u>	<u>-</u>	<u>2,380</u>	<u>18</u>	<u>3,057,650</u>
<u>(60)</u>	<u>(1,233)</u>	<u>-</u>	<u>2,377</u>	<u>(18)</u>	<u>347,545</u>
-	-	-	-	-	264,140
-	-	-	-	-	264,140
(60)	(1,233)	-	2,377	(18)	611,685
60	1,233	793	10,264	18	3,843,190
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793</u>	<u>\$ 12,641</u>	<u>\$ -</u>	<u>\$ 4,454,875</u>

### **INTERNAL SERVICE FUNDS**

The Internal Service Funds account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. The three Internal Service Funds are:

- Risk Management
- Health Care
- Fleet Maintenance

**MIDLAND COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	<u>Risk Management</u>	<u>Health Care</u>	<u>Fleet Maintenance</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash	\$ 860	\$ -	\$ 140,546	\$ 141,406
Investments	4,842,173	1,722,390	-	6,564,563
Accounts receivable	-	346,941	(2,125)	344,816
Due from other funds	<u>1,199</u>	<u>-</u>	<u>15,261</u>	<u>16,460</u>
<b>Total current assets</b>	4,844,232	2,069,331	153,682	7,067,245
Non current assets				
Other assets	-	-	26,662	26,662
Vehicles, net	<u>189,099</u>	<u>-</u>	<u>-</u>	<u>189,099</u>
<b>Total non current assets</b>	189,099	-	26,662	215,761
<b>Total assets</b>	<u>5,033,331</u>	<u>2,069,331</u>	<u>180,344</u>	<u>7,283,006</u>
<b>LIABILITIES</b>				
Accounts payable	104,334	778,972	43,961	927,267
Due to other funds	<u>-</u>	<u>20,679</u>	<u>-</u>	<u>20,679</u>
<b>Total liabilities</b>	<u>104,334</u>	<u>799,651</u>	<u>43,961</u>	<u>947,946</u>
<b>NET POSITION</b>				
Unrestricted	<u>4,928,997</u>	<u>1,269,680</u>	<u>136,383</u>	<u>6,335,060</u>
<b>Total net position</b>	<u>\$ 4,928,997</u>	<u>\$ 1,269,680</u>	<u>\$ 136,383</u>	<u>\$ 6,335,060</u>



**MIDLAND COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Risk Management</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,018,080
<b>Total operating revenues</b>	1,018,080
<b>OPERATING EXPENSES</b>	
Fleet maintenance	-
Claims expense	-
Administration costs	104,817
Premium cost	648,031
Professional services	73,997
<b>Total operating expenses</b>	826,845
<b>OPERATING INCOME (LOSS)</b>	191,235
<b>NONOPERATING REVENUES</b>	
Investment income	9,064
Miscellaneous income	-
<b>Total nonoperating revenues</b>	9,064
Income (loss) before transfers	200,299
<b>TRANSFERS IN</b>	-
<b>CHANGE IN NET POSITION</b>	200,299
<b>NET POSITION, beginning of year</b>	4,728,698
<b>NET POSITION, end of year</b>	\$ 4,928,997

<b>Health Care</b>	<b>Fleet Maintenance</b>	<b>Totals</b>
\$ 6,716,596	\$ 528,375	\$ 8,263,051
<u>6,716,596</u>	<u>528,375</u>	<u>8,263,051</u>
-	546,544	546,544
5,809,928	-	5,809,928
697,830	-	802,647
533,250	-	1,181,281
63	-	74,060
<u>7,041,071</u>	<u>546,544</u>	<u>8,414,460</u>
<u>(324,475)</u>	<u>(18,169)</u>	<u>(151,409)</u>
765	-	9,829
2,000	-	2,000
<u>2,765</u>	<u>-</u>	<u>11,829</u>
(321,710)	(18,169)	(139,580)
<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
678,290	(18,169)	860,420
<u>591,390</u>	<u>154,552</u>	<u>5,474,640</u>
<u>\$ 1,269,680</u>	<u>\$ 136,383</u>	<u>\$ 6,335,060</u>

**MIDLAND COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Risk Management</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 1,022,466
Cash paid for services	(756,804)
	<u>265,662</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(66,054)
Purchase of vehicles	(208,661)
Investment income received	9,064
Miscellaneous income received	-
	<u>(265,651)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>265,662</u>
<b>Net change in cash</b>	11
<b>CASH, beginning of year</b>	849
<b>CASH, end of year</b>	\$ 860
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 191,235
Adjustments to reconcile operating income (loss) to net cash Provided by (used in) operating activities	
Depreciation	19,562
Accounts receivable	4,386
Due from other funds	68,209
Accounts payable	(17,730)
Due to other funds	-
	<u>74,427</u>
<b>Total adjustments</b>	<u>74,427</u>
<b>Net cash provided by (used in) operating activities</b>	\$ 265,662

<b>Health Care</b>	<b>Fleet Maintenance</b>	<b>Totals</b>
\$ 6,492,150 (7,159,150)	\$ 530,500 (389,954)	\$ 8,045,116 (8,305,908)
<u>(667,000)</u>	<u>140,546</u>	<u>(260,792)</u>
(335,765)	-	(401,819)
-	-	(208,661)
765	-	9,829
<u>2,000</u>	<u>-</u>	<u>2,000</u>
<u>(333,000)</u>	<u>-</u>	<u>(598,651)</u>
-	140,546	140,557
-	-	849
<u>\$ -</u>	<u>\$ 140,546</u>	<u>\$ 141,406</u>
<u>\$ (324,475)</u>	<u>\$ (18,169)</u>	<u>\$ (151,409)</u>
-	-	19,562
(224,446)	2,125	(217,935)
-	158,637	226,846
25,945	(2,047)	6,168
<u>(144,024)</u>	<u>-</u>	<u>(144,024)</u>
<u>(342,525)</u>	<u>158,715</u>	<u>(109,383)</u>
<u>\$ (667,000)</u>	<u>\$ 140,546</u>	<u>\$ (260,792)</u>

## **AGENCY FUNDS**

Agency funds are used to account for funds held or collected for the benefit of other funds, governments or individuals. These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. They are as follows:

- District Clerk
- County Clerk
- District Attorney
- Sheriff
- Justice of the Peace Precinct #1
- Justice of the Peace Precinct #2
- Justice of the Peace Precinct #3
- Justice of the Peace Precinct #4
- Juvenile Probation
- Tax Assessor Collector
- Constable Precinct 3
- Constable Precinct 4
- Unclaimed Property Fund
- CS&CD Basic Supervision
- CS&CD Court Residential Treatment Center
- CS&CD Substance Abuse Continuum
- CS&CD Midland Outpatient Treatment Center
- CS&CD Federal RSAT
- Bail Security Fund

**MIDLAND COUNTY, TEXAS  
AGENCY FUNDS  
COMBINING STATEMENT OF FUDICIARY ASSETS AND LIABILITIES  
SEPTEMBER 30, 2014**

	<u>District Clerk</u>	<u>County Clerk</u>	<u>District Attorney</u>	<u>Sheriff</u>
<b>ASSETS</b>				
Cash	\$ 6,301,149	\$ 1,258,894	\$ 129,964	\$1,055,762
Investments	10,437,553	1,654,093	-	-
Accounts receivable	-	-	-	-
Other receivables	-	1,062	-	1,835
Due from other funds	995	1,625	-	-
<b>Total assets</b>	<u>\$16,739,697</u>	<u>\$ 2,915,674</u>	<u>\$ 129,964</u>	<u>\$1,057,597</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	15,502	14,033	17,353	5,030
Due to other governmental agencies	-	-	-	-
Other liabilities	-	28,841	-	822,093
Funds held for others	16,724,195	2,872,800	112,611	230,474
<b>Total liabilities</b>	<u>\$16,739,697</u>	<u>\$ 2,915,674</u>	<u>\$ 129,964</u>	<u>\$1,057,597</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>
\$ 23,440	\$ 20,080	\$ 13,956	\$ 16,178	\$ 15,655
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	289	-	-	-
<u>\$ 23,440</u>	<u>\$ 20,369</u>	<u>\$ 13,956</u>	<u>\$ 16,178</u>	<u>\$ 15,655</u>
\$ -	\$ -	\$ -	\$ -	\$ -
8,366	16,623	6,552	8,300	-
-	-	-	-	-
203	879	-	6,235	-
<u>14,871</u>	<u>2,867</u>	<u>7,404</u>	<u>1,643</u>	<u>15,655</u>
<u>\$ 23,440</u>	<u>\$ 20,369</u>	<u>\$ 13,956</u>	<u>\$ 16,178</u>	<u>\$ 15,655</u>

**MIDLAND COUNTY, TEXAS  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 SEPTEMBER 30, 2014  
 (CONTINUED)**

	<u>Tax Assessor Collector</u>	<u>Constable Precinct 3</u>	<u>Constable Precinct 4</u>	<u>Unclaimed Property Fund</u>
<b>ASSETS</b>				
Cash	\$ 1,118,936	\$ 2	\$ 101	\$ 24,573
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Other Receivables	278,560	-	-	-
Due from other funds	<u>253,370</u>	<u>-</u>	<u>-</u>	<u>1,797</u>
<b>Total assets</b>	<u>\$ 1,650,866</u>	<u>\$ 2</u>	<u>\$ 101</u>	<u>\$ 26,370</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	562,387	-	-	-
Due to other governmental agencies	66,033	-	-	-
Other liabilities	7,700	-	101	-
Funds held for others	<u>1,014,746</u>	<u>2</u>	<u>-</u>	<u>26,370</u>
<b>Total liabilities</b>	<u>\$ 1,650,866</u>	<u>\$ 2</u>	<u>\$ 101</u>	<u>\$ 26,370</u>



<u>CS&amp;CD Basic Supervision</u>	<u>CS&amp;CD Court Residential Treatment Center</u>	<u>CS&amp;CD Substance Abuse Continuum</u>	<u>CS&amp;CD Midland Outpatient Treatment Center</u>	<u>CS&amp;CD Federal RSAT</u>	<u>Bail Security Fund</u>	<u>Totals</u>
\$ 575,616	\$ 666,593	\$ -	\$ -	\$ -	67,418	\$ 11,288,317
90,102	-	-	-	-	-	12,181,748
1,280	-	-	-	-	-	1,280
130,511	-	53,717	34,181	-	-	281,457
<u>\$ 797,509</u>	<u>\$ 666,593</u>	<u>\$ 53,717</u>	<u>\$ 34,181</u>	<u>\$ -</u>	<u>\$ 67,418</u>	<u>\$ 24,229,287</u>
\$ 26,430	\$ -	\$ 3,904	\$ 2,349	\$ -	\$ -	\$ 32,683
-	-	-	-	-	3,416	657,562
-	-	-	-	-	-	66,033
-	-	-	-	-	-	866,052
771,079	666,593	49,813	31,832	-	64,002	22,606,957
<u>\$ 797,509</u>	<u>\$ 666,593</u>	<u>\$ 53,717</u>	<u>\$ 34,181</u>	<u>\$ -</u>	<u>\$ 67,418</u>	<u>\$ 24,229,287</u>

# **STATISTICAL DATA**

(Unaudited)

## MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in capital assets, net of related debt	\$ 12,122,531	\$ 18,721,143	\$ 41,600,943	\$ 49,483,673	\$ 55,495,757	\$ 64,661,102	\$ 65,543,884	\$ 68,658,903	\$ 74,455,972	\$ 108,066,451
Restricted, legislation and grants	-	-	-	-	-	-	-	-	-	5,152,937
Restricted, debt service	172,698	255,630	290,012	334,702	-	-	439,114	515,403	6,875,870	284,587
Unrestricted	<u>35,030,589</u>	<u>38,853,407</u>	<u>46,236,268</u>	<u>54,228,563</u>	<u>58,367,497</u>	<u>55,514,056</u>	<u>74,121,687</u>	<u>95,749,635</u>	<u>105,075,226</u>	<u>97,354,499</u>
Total governmental activities net assets	<u>\$ 47,325,818</u>	<u>\$ 57,830,180</u>	<u>\$ 88,127,223</u>	<u>\$ 104,046,938</u>	<u>\$ 113,863,254</u>	<u>\$ 120,175,158</u>	<u>\$ 140,104,685</u>	<u>\$ 164,923,941</u>	<u>\$ 186,407,068</u>	<u>\$ 210,858,474</u>

Source: Current and prior years' financial statements

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

## MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General administration	\$ 651,414	\$ 655,213	\$ 852,800	\$ 657,461	\$ 645,373	\$ 659,537	\$ 775,489	\$ 970,332	\$ 1,150,868	\$ 1,202,492
Judicial	4,142,704	4,790,859	5,610,758	5,877,651	5,289,739	4,691,923	6,863,427	5,682,820	4,111,105	5,223,333
Elections	-	33,367	29,581	38,585	43,444	39,300	36,258	43,527	68,619	51,806
Public safety and corrections	758,877	950,413	1,158,026	1,485,117	1,512,307	1,303,540	1,275,375	1,334,539	1,448,175	1,719,351
Health and welfare	22,400	91,812	23,225	25,000	33,268	26,875	26,500	24,800	17,500	23,275
Culture and recreation	29,934	15,950	184,077	253,525	313,888	41,782	315,229	393,712	419,895	27,237
Highways and roads	2,303,724	2,840,532	2,557,178	2,584,791	2,492,414	2,126,853	2,443,223	2,369,145	2,423,226	3,376,066
Operating grants and contributions	1,919,582	2,123,384	1,712,774	1,929,944	1,886,721	2,723,498	1,897,441	2,284,436	2,184,688	2,634,399
Capital grants and contributions	1,583,440	131,996	-	596,536	109,478	-	20,000	17,502	69,987	3,814,514
Total primary government program revenues	11,412,075	11,633,526	12,128,419	13,448,610	12,326,632	11,613,308	13,652,942	13,120,813	11,894,063	18,072,473
<b>Expenses</b>										
Governmental activities:										
General administration	4,604,171	4,598,481	5,018,395	5,842,303	6,412,572	8,774,777	7,805,076	9,160,753	10,057,877	11,700,816
Judicial	7,892,786	8,839,459	9,404,107	9,477,608	10,439,343	11,493,494	11,668,648	11,883,961	12,986,637	15,000,485
Financial administration	1,860,240	1,746,971	1,983,328	2,029,845	2,149,279	2,141,795	2,208,608	2,420,644	2,735,855	2,949,724
Elections	263,873	486,447	361,518	639,164	446,817	505,182	446,412	571,875	506,899	564,981
Public safety and corrections	13,304,994	14,653,714	16,129,867	15,492,378	17,293,520	18,123,535	17,053,222	17,858,374	20,950,248	23,491,340
Health and welfare	320,623	328,326	305,340	1,442,134	872,397	824,170	703,140	788,022	979,296	2,515,521
Culture and recreation	1,415,549	2,286,966	2,811,288	2,885,955	3,050,567	2,883,345	2,734,693	2,965,887	4,533,049	4,433,045
Conservation and natural resources	170,982	193,120	228,454	226,154	198,467	238,694	223,153	223,305	178,396	2,167,721
Highways and roads	2,188,735	2,345,030	2,325,364	3,881,097	4,216,759	4,536,358	5,003,580	4,664,656	5,018,322	4,629,443
Interest on long-term debt	608,892	541,794	511,488	479,385	867,549	1,529,113	1,272,932	1,271,344	1,220,125	906,326
Total primary government expenses	32,630,845	36,020,308	39,079,149	42,396,023	45,947,270	51,050,463	49,119,464	51,808,821	59,166,704	68,359,402
<b>Net Expense</b>										
Governmental activities	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)
Total primary government net expense	(21,218,770)	(24,386,782)	(26,950,730)	(28,947,413)	(33,620,638)	(39,437,155)	(35,466,522)	(38,688,008)	(47,272,641)	(50,286,929)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	17,556,992	19,413,568	19,974,748	21,331,835	22,993,225	24,896,103	26,740,020	26,420,493	25,393,305	26,110,285
Sales tax	10,442,192	13,036,196	16,075,863	20,037,587	18,268,325	18,822,713	26,506,605	34,304,031	38,406,798	45,807,563
Bingo tax	58,947	61,508	59,877	104,935	81,934	85,129	94,410	118,837	132,391	132,239
Mixed beverage tax	240,484	286,278	246,808	457,680	397,514	419,508	436,503	458,722	535,106	753,884
Occupancy tax	-	-	57,708	373,465	351,198	310,784	494,607	708,461	838,466	990,278
Unrestricted investment earnings	988,386	1,695,942	2,237,413	1,744,727	852,730	499,822	252,690	255,530	386,454	386,725
Gain on sale of assets	42,994	116,742	-	41,710	-	-	-	-	2,309,548	-
Miscellaneous	445,304	250,911	307,846	775,189	492,028	715,000	871,214	1,241,190	754,050	856,564
Total governmental activities	29,775,299	34,861,145	38,960,263	44,867,129	43,436,954	45,749,059	55,396,049	63,507,264	68,756,118	75,037,538
<b>Change in Net Position</b>										
Governmental activities	8,556,529	10,474,363	12,009,533	15,919,716	9,816,316	6,311,904	19,929,527	24,819,256	21,483,477	24,750,609
Total primary government	\$ 8,556,529	\$ 10,474,363	\$ 12,009,533	\$ 15,919,716	\$ 9,816,316	\$ 6,311,904	\$ 19,929,527	\$ 24,819,256	\$ 21,483,477	\$ 24,750,609

Source: Current and prior years' financial statements

<sup>1</sup> Midland County began collecting the Hotel Occupancy tax August 2007.

## MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund:</b>										
Reserved	\$ 611,373	\$ 309,507	\$ 371,250	\$ 427,825	\$ 402,973	\$ 112,354	\$ -	\$ -	\$ -	\$ -
Unreserved	21,427,980	27,835,459	32,137,292	35,019,362	36,961,858	38,659,881	-	-	-	-
Nonspendable	-	-	-	-	-	-	72,757	23,340	12,917	129,295
Restricted	-	-	-	-	-	-	494,607	708,461	838,466	990,278
Committed	-	-	-	-	-	-	15,672,750	21,647,030	-	-
Assigned	-	-	-	-	-	-	12,125,663	12,733,349	38,071,117	36,666,677
Unassigned	-	-	-	-	-	-	27,400,331	31,177,360	31,052,919	28,312,942
<b>Total general fund</b>	<b>\$ 22,039,353</b>	<b>\$ 28,144,966</b>	<b>\$ 32,508,542</b>	<b>\$ 35,447,187</b>	<b>\$ 37,364,831</b>	<b>\$ 38,772,235</b>	<b>\$ 55,766,108</b>	<b>\$ 66,289,540</b>	<b>\$ 69,975,419</b>	<b>\$ 66,099,192</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 3,230,220	\$ 316,825	\$ 755,605	\$ 434,493	\$ 355,992	\$ 1,288,660	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Road and bridge fund	1,605,866	2,012,075	2,522,149	2,708,620	2,610,223	2,395,820	-	-	-	-
Capital projects fund	1,334,839	153,224	407,115	4,840,875	26,234,801	15,688,318	-	-	-	-
Nonmajor governmental funds	1,859,824	2,329,011	2,752,969	3,020,470	3,094,439	2,648,669	-	-	-	-
Road and bridge fund										
Nonspendable	-	-	-	-	-	-	436,058	680,620	970,555	1,901,890
Restricted	-	-	-	-	-	-	1,550,865	1,958,108	1,806,167	2,075,488
Assigned	-	-	-	-	-	-	1,421,409	1,217,414	1,627,215	2,825,234
Debt service fund										
Restricted	-	-	-	-	-	-	562,466	633,300	6,934,835	360,419
Capital projects fund										
Nonspendable	-	-	-	-	-	-	-	365	-	-
Restricted	-	-	-	-	-	-	4,142,259	2,989,712	1,003,084	695,596
Committed	-	-	-	-	-	-	136,930	9,185,965	15,687,348	14,576,696
Nonmajor governmental funds										
Nonspendable	-	-	-	-	-	-	-	884	2,440	4,666
Restricted	-	-	-	-	-	-	2,294,315	2,511,462	3,080,721	4,162,659
Committed	-	-	-	-	-	-	895,305	84,234	292,723	287,550
Assigned	-	-	-	-	-	-	-	913,148	467,306	-
<b>Total all other governmental funds</b>	<b>\$ 8,030,749</b>	<b>\$ 4,811,135</b>	<b>\$ 6,437,838</b>	<b>\$ 11,004,458</b>	<b>\$ 32,295,455</b>	<b>\$ 22,021,467</b>	<b>\$ 11,439,607</b>	<b>\$ 20,175,212</b>	<b>\$ 31,872,394</b>	<b>\$ 26,890,198</b>
<b>Total governmental funds</b>	<b>\$ 30,070,102</b>	<b>\$ 32,956,101</b>	<b>\$ 38,946,380</b>	<b>\$ 46,451,645</b>	<b>\$ 69,660,286</b>	<b>\$ 60,793,702</b>	<b>\$ 67,205,715</b>	<b>\$ 86,464,752</b>	<b>\$ 101,847,813</b>	<b>\$ 92,989,390</b>

Source: Current and past years' financial statements

<sup>1</sup> The County implemented GASB 54 in fiscal year 2011.

## MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Property Tax, Penalties and Interest	\$ 17,556,696	\$ 19,339,640	\$ 19,872,329	\$ 21,398,919	\$ 22,867,523	\$ 24,889,309	\$ 26,559,793	\$ 26,615,931	\$ 25,525,917	\$ 26,243,452
Sales Tax	10,442,192	13,036,196	16,075,863	20,037,587	18,268,325	18,822,713	26,506,605	34,304,031	36,900,900	44,018,335
Hotel-Motel Tax	-	-	-	373,465	351,198	310,784	494,607	708,461	838,466	990,278
Fines and Forfeitures	1,710,630	1,994,165	2,268,117	2,332,403	2,151,251	2,009,637	2,475,877	2,559,947	2,617,996	3,076,654
Licenses and Permits	2,542,968	2,736,608	2,802,386	3,040,871	2,889,928	2,546,362	2,625,248	2,827,867	2,958,332	3,131,580
Intergovernmental Charges	3,658,269	2,414,811	1,875,990	2,640,635	2,567,444	2,377,312	2,351,464	2,175,915	1,969,778	2,615,091
Charges for Current Services	3,267,007	4,096,699	4,606,567	4,800,892	4,748,265	4,524,215	4,893,693	5,428,681	6,612,934	7,230,096
Investment Income	927,672	1,579,069	2,059,858	1,613,680	813,005	489,633	245,318	244,947	377,277	376,896
Other Revenue	564,702	691,084	788,040	758,784	1,037,094	1,364,435	1,032,478	1,215,376	1,324,476	2,151,346
<b>Total Revenues</b>	<b>\$ 40,670,136</b>	<b>\$ 45,888,272</b>	<b>\$ 50,349,150</b>	<b>\$ 56,997,236</b>	<b>\$ 55,694,033</b>	<b>\$ 57,334,400</b>	<b>\$ 67,185,083</b>	<b>\$ 76,081,156</b>	<b>\$ 79,126,076</b>	<b>\$ 89,833,728</b>
<b>Expenditures</b>										
Current										
General Administration	\$ 3,886,077	\$ 3,928,284	\$ 4,322,255	\$ 5,021,117	\$ 5,439,838	\$ 7,744,207	\$ 6,926,425	\$ 7,459,722	\$ 8,005,410	\$ 8,635,230
Judicial	7,548,230	8,691,508	9,275,626	9,454,647	10,230,743	11,048,000	11,427,052	11,680,071	12,892,667	14,723,240
Financial Administration	1,853,654	1,742,756	1,945,522	2,001,282	2,108,277	2,130,738	2,185,159	2,389,323	2,701,314	2,931,640
Elections	262,943	481,892	305,555	586,315	392,544	456,938	396,294	525,992	497,847	557,381
Public Safety and Corrections	12,566,393	14,101,058	15,764,953	15,166,751	16,556,160	16,903,747	16,533,458	17,353,802	19,557,652	21,521,148
Health and Welfare	303,097	316,154	294,213	1,431,383	846,705	801,852	688,733	771,465	959,450	2,493,446
Culture and Recreation	1,312,559	2,010,642	2,327,600	2,325,765	2,374,571	2,115,396	2,051,510	2,331,975	3,902,323	3,276,870
Conservation and Natural Resources	170,379	196,706	212,250	213,994	186,067	233,535	220,514	219,145	171,080	126,123
Highways and Roads	1,873,173	2,031,230	2,053,548	2,346,135	2,308,222	2,480,858	2,849,046	2,702,726	2,984,077	2,910,036
Capital Outlay	9,708,134	7,727,397	6,132,830	9,955,488	12,651,896	18,047,307	13,941,374	7,862,296	12,276,795	32,139,266
Debt Service	1,175,488	1,174,646	1,174,520	1,172,606	1,487,296	2,615,393	2,483,516	2,541,602	2,541,852	8,377,983
<b>Total Expenditures</b>	<b>\$ 40,660,127</b>	<b>\$ 42,402,273</b>	<b>\$ 43,808,872</b>	<b>\$ 49,675,483</b>	<b>\$ 54,582,319</b>	<b>\$ 64,577,971</b>	<b>\$ 59,703,081</b>	<b>\$ 55,838,119</b>	<b>\$ 66,490,467</b>	<b>\$ 97,692,363</b>
<b>Other Financing Sources (Uses)</b>										
Certificates of Obligation Issued	\$ -	\$ -	\$ -	\$ -	\$ 21,995,000	\$ -	\$ -	\$ -	\$ -	\$ -
Reoffering Premium	-	-	-	-	401,927	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-	-	16,000	-	-
Proceeds from sale of capital lease	-	-	-	-	-	-	-	-	2,747,452	212
Transfers In	1,637,029	2,292,389	5,205,212	12,842,482	10,147,679	6,856,515	2,218,670	15,509,861	25,355,367	28,889,140
Transfers (Out)	(2,187,029)	(2,892,389)	(5,755,212)	(12,658,970)	(10,447,679)	(8,479,528)	(3,288,659)	(16,509,861)	(25,355,367)	(29,889,140)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (550,000)</b>	<b>\$ (600,000)</b>	<b>\$ (550,000)</b>	<b>\$ 183,512</b>	<b>\$ 22,096,927</b>	<b>\$ (1,623,013)</b>	<b>\$ (1,069,989)</b>	<b>\$ (984,000)</b>	<b>\$ 2,747,452</b>	<b>\$ (999,788)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (539,991)</b>	<b>\$ 2,885,999</b>	<b>\$ 5,990,278</b>	<b>\$ 7,505,265</b>	<b>\$ 23,208,641</b>	<b>\$ (8,866,584)</b>	<b>\$ 6,412,013</b>	<b>\$ 19,259,037</b>	<b>\$ 15,383,061</b>	<b>\$ (8,858,423)</b>
Debt Service as a percent of non-capital expenditures	3.80%	3.39%	3.12%	2.95%	3.55%	5.62%	5.43%	5.30%	4.69%	12.78%

Source: Current and past years' financial statements

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

Fiscal Year	Real Property	Personal Property	Total Assessed Value	Total Direct Tax Rate
2005	4,742,525,022	1,149,318,001	5,891,843,023	0.293870
2006	5,362,837,744	1,255,165,339	6,618,003,083	0.288500
2007	6,299,486,330	1,548,889,200	7,848,375,530	0.248772
2008	7,304,008,729	1,875,544,850	9,179,553,579	0.230505
2009	8,665,947,068	2,300,407,520	10,966,354,588	0.207455
2010	9,122,177,496	2,507,110,450	11,629,287,946	0.211805
2011	10,111,879,549	2,306,337,480	12,418,217,029	0.211805
2012	10,662,418,645	2,548,822,720	13,211,241,365	0.198207
2013	12,848,573,368	3,415,362,500	16,263,935,868	0.154789
2014	14,426,648,389	4,157,580,540	18,584,228,929	0.140178

Source: Midland County Appraisal District

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

Fiscal Year	Midland County Texas				Overlapping Rates					Total all Entities
	General	Road & Bridge	Debt Service	Total Funds	MISD	City of Midland	Hospital District	Midland College	Midland Utility District	
2005	0.2737	-	0.0202	0.2939	1.6425	0.6424	0.1715	0.1906		2.9409
2006	0.2707	-	0.0150	0.2885	1.6275	0.6420	0.1684	0.2247		2.9511
2007	0.2337	-	0.0150	0.2488	1.4575	0.5870	0.1571	0.2062		2.6566
2008	0.2177	-	0.0128	0.2305	1.1681	0.5386	0.14225	0.19112		2.2705
2009	0.1968	-	0.0107	0.2075	1.1651	0.4859	0.1202	0.1729		2.1516
2010	0.1882	-	0.0236	0.2118	1.1526	0.4568	0.1813	0.1719		2.1744
2011	0.0191	-	0.0205	0.2118	1.1451	0.4729	0.1663	0.1699		2.1659
2012	0.1788	-	0.0194	0.1982	1.1411	0.4705	0.1622	0.1679		2.1399
2013	0.1500	-	0.0048	0.1548	1.1401	0.4611	0.1397	0.1442		2.0398
2014	0.1306	-	0.0096	0.1402	1.1301	0.4319	0.1257	0.1332	0.0300	1.9610

Source: Midland County Budget



## MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

2014			2005		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pioneer Natural Res -WI-	\$ 1,167,066,650	0.062798766	Pioneer Natural Resources	\$ 320,654,980	5.44%
Fasken Oil & Ranch LTD	420,845,740	0.022645316	Chevron Texaco	121,284,010	2.06%
Chevron USA Inc	395,041,890	0.021256835	Endeavor Energy Resources LP	61,944,240	1.05%
Endeavor	329,576,820	0.017734221	Oncor Electric Delivery	58,090,410	0.99%
COG Operating LLC	313,916,430	0.01689155	BP America Production Company	54,781,570	0.93%
Diamondback E&P LLC	219,352,860	0.011803173	Perenco, LLC	49,199,190	0.84%
RSP Permian LLC	187,961,280	0.010114021	Southwestern Bell Telephone	47,907,980	0.81%
Popetro Services (VEH)	159,565,810	0.008586087	Mobil Production TX & NM - DEV/GAS	38,984,420	0.66%
Athlon Holdings LP	135,642,820	0.007298813	Oxy USA, Inc.	27,405,090	0.47%
OXY USA WTP LP	121,866,200	0.006557506	Mobil Production TX & NM	27,876,900	0.47%
<b>Total</b>	<b>\$ 3,450,836,500</b>	<b>18.57%</b>	<b>Total</b>	<b>\$ 808,128,790</b>	<b>13.72%</b>

Source: Midland County Tax Office

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

Table 8  
Midland County, Texas  
Property Tax Levies and Collections  
Fiscal Years Ended September 30, 2005 through 2014

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
2005	5,891,843,023	\$ 0.293870	17,314,359	4,555,699	26.31%	12,138,634	70.11%	620,026	3.58%
2006	6,618,003,083	\$ 0.288500	19,092,939	6,984,395	36.58%	11,617,115	60.85%	491,429	2.57%
2007	7,848,375,530	\$ 0.248772	19,524,561	4,290,975	21.98%	14,741,485	75.50%	492,101	2.52%
2008	9,179,553,579	\$ 0.230505	21,159,330	9,016,684	42.61%	11,345,243	53.62%	797,403	3.77%
2009	10,966,354,588	\$ 0.207455	22,750,251	6,714,509	29.51%	15,200,289	66.81%	835,452	3.67%
2010	11,629,287,946	\$ 0.211805	24,631,413	11,015,095	44.72%	12,861,320	52.22%	754,999	3.07%
2011	12,418,217,029	\$ 0.211805	26,302,405	8,741,757	33.24%	16,946,242	64.43%	614,406	2.34%
2012	13,037,340,605	\$ 0.198207	25,840,922	10,751,424	41.61%	14,899,445	57.66%	190,053	0.74%
2013	16,263,935,868	\$ 0.154789	25,174,784	10,984,748	43.63%	13,753,880	54.63%	436,156	1.73%
2014	18,584,228,929	\$ 0.140178	25,750,185	11,628,235	45.16%	13,889,491	53.94%	232,459	0.90%

Source: Midland County Tax Office

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

<u>Fiscal Year</u>	<u>Certificates of Obligation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2005	11,750,000	11,750,000	0.27%	98.21
2006	11,115,000	11,115,000	0.20%	89.36
2007	10,450,000	10,450,000	0.16%	82.41
2008	9,755,000	9,755,000	0.14%	77.17
2009	31,020,000	31,020,000	0.47%	239.55
2010	30,255,000	30,255,000	0.42%	233.24
2011	29,065,000	29,065,000	0.38%	221.28
2012	27,805,000	27,805,000	0.30%	198.17
2013	26,495,000	26,495,000	0.20%	168.99
2014	19,055,000	19,055,000	N/A	N/A

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

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service Designated Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed	Net Bonded Debt per Capita
2005	119,636	5,891,843,023	11,750,000	172,698	11,577,302	0.196	98.78
2006	124,380	6,618,003,083	11,115,000	225,631	10,889,369	0.165	87.55
2007	126,801	7,848,375,530	10,450,000	290,013	10,159,987	0.129	80.13
2008	126,408	9,179,553,579	9,025,000	334,703	8,690,297	0.095	68.75
2009	129,494	10,966,354,588	31,020,000	346,823	30,673,177	0.280	236.87
2010	129,715	11,629,287,946	30,255,000	484,636	29,770,364	0.256	229.51
2011	131,349	12,418,217,029	29,065,000	562,468	28,502,532	0.230	217.00
2012	140,308	13,211,241,365	27,805,000	633,300	27,171,700	0.206	193.66
2013	146,645	16,263,935,868	26,495,000	6,934,835	19,560,165	0.120	133.38
2014	151,468	18,584,228,929	19,055,000	360,420	18,694,580	0.101	123.42

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

Note: Funds were transferred into the 2004 Certificate of Obligation in order to pay off the balance on the bond. Due to timing of the invoice, the bond was paid in full in FY 2014.

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

Table 11  
MIDLAND COUNTY, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Midland	\$ 57,470,000	100%	\$ 57,470,000
Midland Independent School District	264,118	100%	264,118
Midland Community College	30,576,549	100%	30,576,549
Midland County Hospital District	106,195,000	100%	106,195,000
Greenwood Independent School District	61,740,000	100%	61,740,000
City of Odessa	80,423,134	8%	6,541,595
Subtotal, overlapping debt			262,787,261
<b>Midland County (direct debt)</b>			19,055,000
<b>Total direct and overlapping debt</b>			<u><u>\$ 281,842,261</u></u>

Sources: Financial statements of the various governmental agencies.

Note: Overlapping governments are those that coincide, at least partly, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Midland County. This process recognizes that when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

## MIDLAND COUNTY, TEXAS STATISTICAL DATA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 1,185,631,256	\$ 1,340,709,436	\$ 1,574,871,583	\$ 1,826,002,182	\$ 2,166,486,767	\$ 2,280,544,374	\$ 2,527,969,887	\$ 2,665,604,661	\$ 3,212,143,342	\$ 3,606,662,097
Total net debt applicable to limit	<u>11,577,302</u>	<u>10,889,369</u>	<u>10,159,988</u>	<u>8,690,297</u>	<u>30,673,176</u>	<u>29,770,364</u>	<u>28,502,532</u>	<u>27,171,700</u>	<u>19,560,165</u>	<u>18,694,580</u>
Debt margin	<u>\$ 1,174,053,954</u>	<u>\$ 1,329,820,067</u>	<u>\$ 1,564,711,595</u>	<u>\$ 1,817,311,885</u>	<u>\$ 2,135,813,591</u>	<u>\$ 2,250,774,010</u>	<u>\$ 2,499,467,355</u>	<u>\$ 2,638,432,961</u>	<u>\$ 3,192,583,177</u>	<u>\$ 3,587,967,517</u>
Total net debt applicable to the limit as a percentage of debt limit	0.99%	0.82%	0.65%	0.48%	1.44%	1.32%	1.14%	1.03%	0.61%	0.52%

### Debt Margin Calculation for Fiscal Year 2010

Assessed Value of Real Property	\$ 14,426,648,389
Assessed Value of Personal & Other Property	<u>4,157,580,540</u>
Total Assessed Value	<u>\$ 18,584,228,929</u>
Debt Limit, 25% of Real Property Assessed Value (1)	\$ 3,606,662,097
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	19,055,000
Less: Assets in Debt Service Funds Available for Payment of Principal	<u>360,420</u>
Total Amount of Debt Applicable to Debt Limit	<u>18,694,580</u>
Legal Debt Margin	<u>\$ 3,587,967,517</u>

Source: Current and past years' financial statements

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

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate Percentage
2005	119,636	4,390,316	40,855	3.7
2006	124,380	5,631,000	45,274	3.4
2007	126,801	6,610,000	52,294	2.9
2008	126,408	6,970,000	53,968	2.2
2009	129,494	6,542,000	49,441	5.4
2010	129,715	7,166,734	54,949	5.0
2011	131,349	7,699,660	65,173	4.9
2012	140,308	9,144,318	83,049	3.4
2013	156,780	13,573,085	86,574	3.1
2014	151,468	N/A	N/A	2.6

Sources: Population figures for 2013 and 2014 are an estimate provided by the US Census Bureau, Personal Income and Per Capita Personal Income are from the US Bureau of Economic Analysis, and Texas Workforce Commission provided data on Unemployment Rates. Information is based on previous year information from

<http://www.bea.gov>

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

<u>Function / Program</u>	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General administration	22	24	28	144.5	151.5
Judicial	151	154.5	141.5	39	40.5
Financial administration	26	25.5	42	29.5	29
Elections	5	5.5	5.5	5.5	5
Public safety and corrections	322	297.5	302	318	259
Health and welfare	3	3	3	2	4
Culture and recreation	33	32.5	33.5	40.5	43.5
Conservation and natural resources	6	5	6	2	4
Highways and roads	30	28	29	28	26
<b>Total</b>	<u><u>598.0</u></u>	<u><u>575.5</u></u>	<u><u>590.5</u></u>	<u><u>609</u></u>	<u><u>562.5</u></u>

Source: Midland County Treasurers Office



**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

Table 15  
MIDLAND COUNTY, TEXAS  
OPERATION INDICATORS INFORMATION

FUNCTION / PROGRAM	Fiscal Year				
	2010	2011	2012	2013	2014
<b>General Government</b>					
Commissioners Court					
Number of Official Public Meetings					
Regular Sessions	26	24	26	24	25
Special Sessions (Work Sessions)	7	5	8	5	10
<b>Public Safety</b>					
Inmates Booked	10,458	10,093	11,233	11,140	10,974
Arrests	11,881	12,180	13,322	12,646	12,943
<b>Judicial</b>					
District Courts					
Civil Cases Filed	2,697	1,025	1,160	1,053	1,617
Civil Cases Disposed	2,617	1,167	978	1,107	2,097
Criminal Cases Filed	1,800	2,492	2,710	1,673	1,771
Criminal Cases Disposed	1,897	1,778	1,696	2,117	1,104
County Courts-at-Law					
Civil Cases Filed	1,725	1,336	748	919	1,166
Civil Cases Disposed	1,807	659	604	633	762
Criminal Cases Filed	4,801	8,147	4,556	4,373	4,457
Criminal Cases Disposed	5,153	5,101	4,868	5,658	4,755
Juvenile Cases Filed	138	181	52	132	100
Juvenile Cases Disposed	131	116	112	105	120
Probate and Mental Health Cases Filed	442	189	468	486	503
Probate and Mental Health Cases Disposed	N/A	117	48	13	59
Justice of the Peace Courts					
Civil Cases Filed	956	835	1,079	923	669
Civil Cases Disposed	572	703	882	853	605
Criminal Cases Filed	11,060	8,081	13,224	14,898	10,449
Criminal Cases Disposed	10,782	7,057	12,796	14,766	10,021
Juvenile Cases Filed	1,727	1,582	-	1,470	131
<b>Culture and Recreation</b>					
Events Held	112	132	165	164	153
<b>Elections</b>					
Number of Registered Voters	68,309	69,166	72,012	73,093	72,059
<b>Highways</b>					
Permits Granted	104	152	186	174	180
Work Requests	95	127	114	74	121

Sources: Office of Court Administration and various county departments

**MIDLAND COUNTY, TEXAS  
STATISTICAL DATA**

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

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

Source: Various county departments.

# **INTERNAL CONTROL AND COMPLIANCE REPORT**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Midland County, Texas (the County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 3, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
June 3, 2015