

**WASHINGTON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended December 31, 2020

Interfund transfers were made to provide funds for allocation of operational costs as determined by the annual budget.

E. Long-term debt

The County issues general obligation bonds, certificates of obligation bonds, notes payable and capital lease obligations to provide funds for the acquisition and construction of major capital facilities. These issues obligations and pledge the full faith and credit of the County.

The County refinanced a capital lease with a bank note in the current year. The equipment has an historical cost and accumulated amortization of \$531,084 and \$53,108 respectively.

Governmental Debt Currently Outstanding:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance 12/31/20
<b>Governmental Long-Term Debt Issues</b>					
<b>General Obligation Debt:</b>					
Tax Refunding Bonds - Series 2020	\$1,935,000	02/20/20	02/15/25	3.00%	\$1,935,000
<b>Total Governmental Long-term Debt</b>					<b>\$1,935,000</b>

Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		
	Principal	Interest	Total
2021	\$365,000	\$52,575	\$417,575
2022	375,000	41,475	416,475
2023	385,000	30,075	415,075
2024	400,000	18,300	418,300
2025	410,000	6,150	416,150
<b>Total</b>	<b>\$1,935,000</b>	<b>\$148,575</b>	<b>\$2,083,575</b>

Note Payable Currently Outstanding:

Purpose	Original Amount	Date of Note	Final Maturity	Interest Rate	Balance 12/31/20
Two Motor Graders	\$300,000	3/26/20	3/23/22	2.21%	\$200,000

Annual debt service requirements to maturity for note payable:

Year	Note Payable		
	Principal	Interest	Total
2021	\$100,000	\$4,420	\$104,420
2022	100,000	2,210	102,210
<b>Total</b>	<b>\$200,000</b>	<b>\$6,630</b>	<b>\$206,630</b>

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**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Tax notes - series 2020	\$ --	\$1,935,000	--	\$1,935,000	\$365,000
Tax notes - series 2010	2,305,000	--	(2,305,000)	--	--
Less deferred amounts:					
For issuance premium	110,860	113,700	(122,230)	102,330	11,370
For issuance discount	(10,058)	(16,541)	11,712	(14,887)	(1,654)
<b>Total bonds payable</b>	<b>2,405,802</b>	<b>2,032,159</b>	<b>(2,415,518)</b>	<b>2,022,443</b>	<b>374,716</b>
Capital lease obligations	417,208	--	(417,208)	--	--
Notes payable	--	300,000	(100,000)	200,000	100,000
Compensated absences	292,031	302,558	(219,020)	375,569	281,674
Liability for unfunded OPEB	4,283,766	--	(112,412)	4,171,354	--
Net pension liability	6,170,284	5,133,405	(8,395,831)	2,907,858	--
<b>Governmental Long-Term</b>	<b>\$13,569,091</b>	<b>\$7,768,122</b>	<b>(\$11,659,989)</b>	<b>\$9,677,224</b>	<b>\$756,390</b>

For governmental activities, claims, judgements, compensated absences, net pension liability, and net other post employment benefits are generally liquidated by the general fund.

The County issued \$1,935,000 of Limited Tax Refunding Bonds for a current refunding of the County's Series 2010 Limited Tax Refunding bonds. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$121,681 and a reduction of \$128,556 in future debt service payments.

**IV. OTHER INFORMATION**

**A. Risk management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

**B. Contingent Liabilities and Commitments**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.