

WASHINGTON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

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 are direct obligations and pledge the full faith and credit of the County.

Governmental Debt Currently Outstanding:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance 12/31/16
Governmental Long-Term Debt Issues					
General Obligation Debt:					
Tax Refunding Bonds - Series 2010	\$3,835,000	08/01/10	02/15/25	4.74%	\$3,250,000
Total Governmental Long-term Debt					<u>\$3,250,000</u>

Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		
	Principal	Interest	Total
2017	\$305,000	\$132,375	\$437,375
2018	315,000	123,075	438,075
2019	325,000	111,038	436,038
2020	340,000	96,075	436,075
2021	360,000	80,325	440,325
2022-2025	1,605,000	148,612	1,753,612
Total	<u>\$3,250,000</u>	<u>\$691,500</u>	<u>\$3,941,500</u>

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Year Ended December 31, 2016

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax notes	\$3,545,000	--	(\$295,000)	\$3,250,000	\$305,000
Less deferred amounts:					
For issuance premium	234,099	--	(49,315)	184,784	24,641
For issuance discount	(21,231)	--	4,470	(16,761)	(2,234)
Total bonds payable	3,757,868	--	(339,845)	3,418,023	327,407
Compensated absences	259,610	182,083	(194,708)	246,985	178,926
Liability for unfunded OPEB	1,684,920	174,642	--	1,859,562	--
Net pension liability	2,392,684	2,426,456	--	4,819,140	--
Governmental activity Long-Term Liabilities	<u>\$8,095,082</u>	<u>\$2,783,181</u>	<u>(\$534,553)</u>	<u>\$10,343,710</u>	<u>\$506,333</u>

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

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.

The County periodically is defendant in various lawsuits. At December 31, 2016, after consultation with the County's attorney, the County is not aware of any pending litigation which would have a material effect on the financial statements.

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.