

WASHINGTON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2019

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.

The County leases equipment with a historical cost and accumulated amortization of \$531,085 and \$0 respectively, under capital lease arrangements.

Governmental Debt Currently Outstanding:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance 12/31/19
Governmental Long-Term Debt Issues					
General Obligation Debt:					
Tax Refunding Bonds - Series 2010	\$3,835,000	08/01/10	02/15/25	4.74%	\$2,305,000
Total Governmental Long-term Debt					\$2,305,000

Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		
	Principal	Interest	Total
2020	\$340,000	\$96,075	\$436,075
2021	360,000	80,325	440,325
2022	375,000	63,787	438,787
2023	390,000	46,575	436,575
2024	410,000	28,575	438,575
2025	430,000	9,675	439,675
Total	\$2,305,000	\$325,012	\$2,630,012

Capital Lease Obligations Currently Outstanding:

Purpose	Original Amount	Date of Lease	Final Maturity	Interest Rate	Balance 12/31/19
Two Motor Graders	\$417,208	12/19/19	12/19/23	3.95%	\$417,208

Capital lease obligation debt service requirements to maturity are as follows:

Year	Total
2020	\$114,996
2021	114,996
2022	114,996
2023	114,996
Total payments	459,984
Less imputed interest	(42,776)
Total Capital Lease Obligations	\$417,208

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CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax notes	\$2,630,000	--	(\$325,000)	\$2,305,000	\$340,000
Less deferred amounts:					
For issuance premium	135,501	--	(24,641)	110,860	24,641
For issuance discount	(12,292)	--	2,234	(10,058)	(2,234)
Total bonds payable	2,753,209	--	(347,407)	2,405,802	362,407
Capital lease obligations	--	417,208	--	417,208	98,216
Compensated absences	260,016	227,023	(195,008)	292,031	219,020
Liability for unfunded OPEB	4,224,683	367,379	--	4,592,062	--
Net pension liability	2,795,303	5,539,871	(2,164,890)	6,170,284	--
Governmental activity Long-Term Liabilities	\$10,033,211	\$6,551,481	(\$2,707,305)	\$13,877,387	\$679,643

For governmental activities, claims, judgements, compensated absences, net pension liability, 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, 2019, 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.