



WASHINGTON COUNTY, TEXAS
Annual Comprehensive
Financial Report
For The Fiscal Year Ended
December 31, 2010

WASHINGTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

ISSUED BY THE OFFICE OF THE COUNTY AUDITOR
SHARON STOLZ

**WASHINGTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

TABLE OF CONTENTS

	Page	Exhibit/Table
INTRODUCTORY SECTION		
Letter of Transmittal.....	1	
Organizational Chart.....	5	
List of Principal Officials.....	6	
FINANCIAL SECTION		
Independent Auditors' Report on Financial Statements.....	9	
Management's Discussion and Analysis (Required Supplementary Information).....	13	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets.....	22	Exhibit A-1
Statement of Activities.....	23	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	24	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	27	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	28	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	31	Exhibit A-6
Statement of Net Assets - Internal Service Funds.....		
Statement of Revenues, Expenses, and Changes in	32	Exhibit A-7
Fund Net Assets - Internal Service Funds.....	33	Exhibit A-8
Statement of Cash Flows - Proprietary Funds.....	34	Exhibit A-9
Statement of Fiduciary Net Assets - Fiduciary Funds.....	35	Exhibit A-10
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	36	Exhibit A-11
Notes to the Financial Statements	37	
Required Supplementary Information:		
Budgetary Comparison Schedules:		
General Fund.....	56	Exhibit B-1
Road and Bridge.....	64	Exhibit B-2
Emergency Medical Service.....	65	Exhibit B-3
Schedule of Funding Progress - OPEB.....	67	Exhibit B-4

**WASHINGTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

TABLE OF CONTENTS

	Page	Exhibit/Table
Combining Statements and Budgetary Comparison Schedules as Supplementary Information:		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	74	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Nonmajor Governmental Funds.....	75	Exhibit C-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	76	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	84	Exhibit C-4
Budgetary Comparison Schedules:		
District Attorney.....	92	Exhibit C-5
Forfeiture of Assets.....	93	Exhibit C-6
County Clerk Record Management Preservation.....	94	Exhibit C-7
Records Management Preservation - District Clerk.....	95	Exhibit C-8
Archive Fee - County Clerk.....	96	Exhibit C-9
Debt Service Funds:		
Budgetary Comparison Schedule:		
Tax Note Series 2007.....	97	Exhibit C-10
Fiduciary Funds:		
Private-Purpose Trust Funds:		
Combining Statement of Fiduciary Net Assets.....	98	Exhibit C-11
Combining Statement of Changes in Fiduciary Net Assets.....	99	Exhibit C-12
Agency Funds:		
Combining Statement of Fiduciary Assets and Liabilities.....	100	Exhibit C-13
Combining Statement of Changes in Assets and Liabilities.....	104	Exhibit C-14
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedules by Source.....	111	Exhibit D-1
Schedule by Function and Activity.....	112	Exhibit D-2
Schedule of Changes by Function and Activity.....	113	Exhibit D-3

WASHINGTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

	Page	Exhibit/Table
STATISTICAL SECTION		
Net Assets by Component.....	116	Table E-1
Expenses, Program Revenues, and Net (Expense)/Revenue.....	117	Table E-2
General Revenues and Total Change in Net Assets.....	118	Table E-3
Fund Balances of Governmental Funds.....	119	Table E-4
Changes in Fund Balances of Governmental Funds.....	120	Table E-5
Tax Revenues by Source, Governmental Funds.....	121	Table E-6
Assessed Value and Estimated Actual Value of Taxable Property.....	122	Table E-7
Direct and Overlapping Property Tax Rates.....	123	Table E-8
Principal Property Tax Payers.....	124	Table E-9
Property Tax Levies and Collections.....	125	Table E-10
Taxable Sales by Category.....	126	Table E-11
Direct and Overlapping Sales Tax Rates.....	127	Table E-12
Ratios of Outstanding Debt by Type.....	128	Table E-13
Ratios of General Bonded Debt Outstanding.....	129	Table E-14
Direct and Overlapping Governmental Activities Debt.....	130	Table E-15
Legal Debt Margin Information.....	131	Table E-16
Demographic and Economic Statistics.....	132	Table E-17
Principal Employers.....	133	Table E-18
Full-Time-Equivalent Employees by Function/Program.....	134	Table E-19
Operating Indicators By Function/Program.....	136	Table E-20
Capital Asset Statistics by Function/Program.....	138	Table E-21

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Introductory Section

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Sharon Stolz
Washington County Auditor

July 15, 2011

Honorable 21st and 335th District Judges,
the Honorable Commissioners' Court, and
the Citizens of Washington County

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the County of Washington for the fiscal year ended December 31, 2010. State law, V.T.C.A. LCC 114.025 and 115.045, requires that Washington County publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Washington for the fiscal year ended December 31, 2010.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by the Commissioners Court, which is the governing body, the County Auditor, who is appointed by the District Judges, and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Rutledge Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Washington County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Washington County's separately issued Single Audit Report.

Generally accepted accounting principles require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Washington County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Washington County, incorporated in 1837, is located in the center of the "core" of Texas, also called the Golden Triangle, 70 miles from Houston, 90 miles from Austin, 158 miles from San Antonio, 210 miles from Dallas/Fort Worth, and only 40 miles from Bryan/College Station. The County is a rural county approximately 610 square miles in area with a 2010 census population of 33,718, an increase of 11.0% from the 2000 census of 30,373. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rate, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for development of policies and orders, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor is appointed according to Texas State statutes for two year terms by District Judges. The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County, certifying available funds for county budgets, and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, county attorney, clerks of the courts, sheriff, jail, security and emergency management and grand jury bailiffs. Other functions performed by the County include the construction and maintenance of roads and bridges, either independently or in cooperation with other entities; administration of public health services; assistance to indigents; and the provision of juvenile, health, education and welfare services.

The annual budget serves as the foundation for Washington County's financial planning and control. All departments of the County are required to submit budget requests to the County Auditor during July each year. The County Auditor uses these requests to develop a proposed budget. The proposed budget is then presented to the Commissioners Court for review. The Commissioners Court is required to hold public hearings on the proposed budget. The County is required to adopt its budget by the first day of the new fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department. All transfers of appropriations, either between departments or within an individual department's budget, require the approval of the Commissioners Court. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Washington County operates.

Local Economy

As with some parts of the nation, the County of Washington's economy is stabilizing from the recession. There are several factors supporting this economic stability for the County.

- **Sales Tax** – For the first quarter of FY10, sales tax trailed prior year results for that same period. However, the last three quarters exceeded the prior fiscal year for the last three quarters of the year. Actual performance for FY10 exceeded the budgeted amount for FY10.
- **Property Valuations** – The property valuations declined less than 1% from \$2,280,797,143 in FY09 to \$2,262,626,587 in FY10. During the year, the County had \$50,557,221 in new property added to the tax rolls.
- **Unemployment Rate for the County** – The unemployment rate for Washington County is December 2010 was 6.0 percent, which is lower than the rate of 6.4 one year ago. The current rate compares favorably to the state's average unemployment rate of 8.3 percent.

The County is fortunate to have major industries with headquarters or divisions including an ice cream manufacturer, a steel lighting standards manufacturer, and a globally distributed salad dressing manufacturer, a nationally known retail super center and two nationally known home improvement retail stores. Other top employers include the regional home office of a state-wide insurance provider and Scott & White, a regional health care facility. The state also has a major economic presence in the area thanks to Blinn College, the oldest junior college in the state, and to

a major mental health facility, which together provide employment for nearly 1,800 educators, health care professionals and staff.

In addition, the County benefited from several major business relocations, expansion of Blinn College facilities and the acquisition of new industrial park land. Highlights are noted below.

- Advances Data Storage, a transfer/distribution company, opened their \$4.7 million facility in the Brenham Business center with the expectation of adding 10-15 employees initially.
- Stanpac USA, a Canada-based packaging manufacturer, relocated to Brenham from Dallas, Texas. The project produced 127 new jobs for the community and significant new value on the tax rolls.
- Quest Vapco, relocated to Brenham from Houston, Texas and used an adaptive re-use of an existing building for its plant operations. They will be creating up to 100 new jobs during the first year of operations.
- The A.W. Hodde Jr. Technical Education Center at Blinn College, located in the Brenham Business Center, began employee training for various employers throughout Washington County.
- Blinn College Junior College began a \$15 million student housing project, expansion of the music building, and a new agriculture facility.
- Blue Bell Creameries will begin a \$3 million construction investment expected to produce 5 to 10 production and tourism jobs.
- The Southwest Industrial Park was expanded with the acquisition of over 120 acres for new unrestricted industrial sites.

A contributing factor to Washington County's current economic stability includes a tax abatement policy. Countywide tax abatement plans, which give reduced property taxes for a number of years, are being offered to industries to locate in the County. Four new tax abatements were requested for fiscal year 2010 for a total of nine existing tax abatements.

Long Term Financial Planning

County strategies and plans are integrated into all departmental budgets to ensure unified efforts within County government to achieve the goals and objectives of the County. Texas county government operates under a balanced budget as required by law. This does not mean that estimated revenues must always be exactly equal to expenditures. In most of the annual operating budgets, the Commissioners' Court members usually decide to use a portion of fund balance reserves to balance the revenues to appropriations. As a sound financial management practice, members of Commissioners Court consistently emphasize maintaining sufficient undesignated fund balance levels (unreserved net assets) to meet first quarter obligations of payroll and operating costs and furthermore, this assists in maintaining financial stability and retaining or enhancing the County's bond ratings.

Cash Management

The Commissioners' Court has adopted a formal investment policy for the County consistent with State statutes governing the investment of County funds and has designated the County Treasurer as the County's investment officer. The general objectives set forth in the policy provide for financial security and optimum liquidity of County funds while achieving the maximum yield on funds invested and maximum levels of invested funds.

Authorized investments are consistent with those authorized by State law for Texas counties. Generally, the County has limited its investments to bank certificates of deposit and money market funds with the County Depository Bank and the Texas Local Governmental Investment Pools.

Risk Management

The County insures through private carriers against catastrophic losses to its infrastructure and certain major items of personal property. Items so insured include buildings and contents, data media and computer-related equipment, radio transmission towers, generators, and other related equipment.

The County insures against the risks from tort claims, workers' compensation benefits due employees who are injured while on duty, losses of funds by theft or mysterious disappearances in all fee offices of the County and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct

of County business. In addition, various control techniques, including employee accident prevention training, have been continued throughout the year to minimize accident-related losses.

Major Initiatives

The implementation of the facilities and transportation improvements was a major priority of county management in 2010.

Using funding from debt issued, the County completed renovation of the Annex Building, which was a prior bank building, and property the County owned. Renovation continued on the District Attorney's Office and Adult Probation with funds from the General Fund. These projects will help to insure that the County's facilities remain up to date and sufficient for conducting county business.

In fiscal year 2011, the U.S. Highway 290 Transportation Project is scheduled to begin. This project, funded from existing funds, will add mobility and safety for the 26,000 vehicles per day traveling US Highway 290. This project is a joint project with the County, City of Brenham, and the Texas Department of Transportation. The two-year construction began in mid 2011. The County was very active in finalizing contracts with the municipality in the County and with the State of Texas to insure that needed improvements were begun.

Two long term railroad bridge projects, located on North Berlin Road and Old Gay Hill Road, were completed in March 2010 through a contract with BNSF Railroad Company and funded by the State of Texas. This project will help insure safety, and continue to be a valued up to date asset of the County.

Through the cooperative efforts of Washington County, Faith Mission, Trinity Medical Center, and a grant from Texas Department of Rural Affairs, the Washington County Health and Service Center project was complete using an existing building. This project will serve as a center where qualified citizens can obtain medical and various other services.

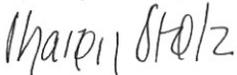
Awards and Acknowledgements

This is the first year that Washington County has applied for the prestigious Certificate of Achievement for Excellence and Financial Reporting. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for certification.

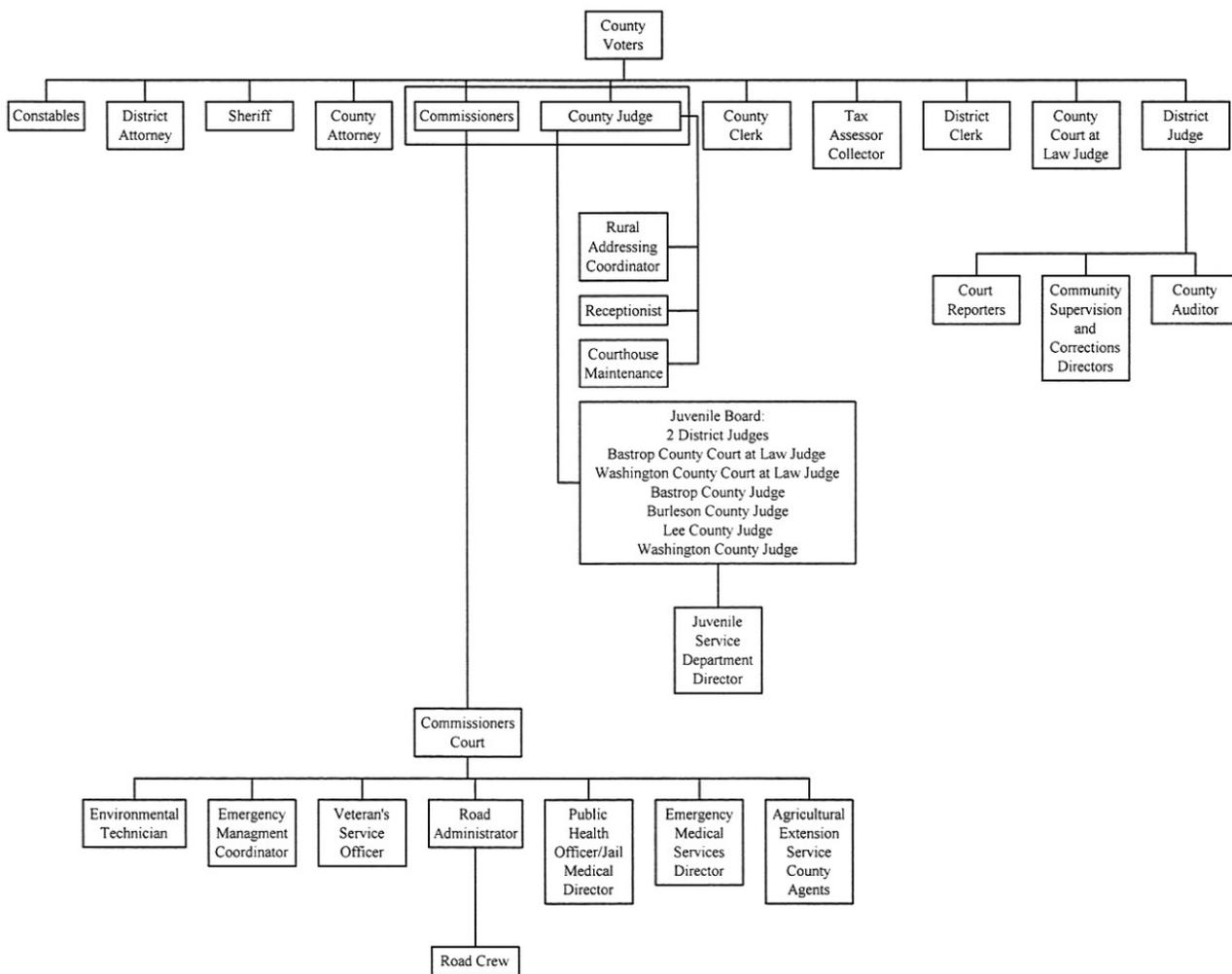
The production of this comprehensive annual financial report is attributable to the efficient and dedicated services of the staff of the County Auditor's Office. The preparation of this report could not have been accomplished without the assistance from our outside auditing firm, Rutledge Crain & Company, PC. Credit also must be given to the County Treasurer's Office, County Judge's Office, Personnel and Benefits Department, the Commissioners' Court and all other County officials and employees who have given their support for maintaining the highest standards of professionalism in the management of Washington County's finances.

Respectfully submitted,



Sharon Stolz
County Auditor

Washington County, Texas Organization Chart



5

WASHINGTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

Year Ended December 31, 2010

District Judges

Terry Fienniken	Judge, 21 st Judicial District
Reva L. Towslee Corbett	Judge, 335 th Judicial District

County Court at Law Judge

Matthew Reue	Judge
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Commissioners' Court

Dorothy Morgan	County Judge
Zeb Heckmann	Commissioner, Precinct 1
Donald Ahrens	Commissioner, Precinct 2
Kirk Hanath	Commissioner, Precinct 3
Joy Fuchs	Commissioner, Precinct 4

Law Enforcement

J.W. Jankowski	Sheriff
William Parham	District Attorney
Julie Renken	County Attorney
Arthur Averitt	Community Supervision and Corrections Director*
Donna Damon	Assistant CSCD Director*
Donna Richardson	Juvenile Services Department Chief*
Douglas Zwiener	Justice of the Peace, Precinct 1
Douglas Cone	Justice of the Peace, Precinct 2
Roy May, Jr.	Justice of the Peace, Precinct 3
James D. McCune, Jr.	Justice of the Peace, Precinct 4
Troy Bennett	Constable, Precinct 1
Carroll Charles Faske	Constable, Precinct 2
Nelson Zibilski	Constable, Precinct 3
Billy Rosenbaum	Constable, Precinct 4

Financial, Tax Assessing/Collecting Officials

Sharon Stolz	County Auditor*
Steve Miller	County Treasurer
Dorothy Borchgardt	Tax Assessor/Collector

Recording Officials

Vicki Lehmann	District Clerk
Beth Rothermel	County Clerk

* Denotes appointed officials. All others are elected officials.

Financial Section

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

Independent Auditors' Report on Financial Statements

To the Honorable County Judge and Commissioners Comprising the
Commissioners Court of Washington County, Texas
Brenham, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington County, Texas as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washington County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

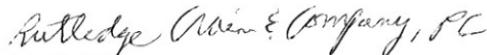
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washington County, Texas as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2011, 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 grants.

The Management's Discussion and Analysis and the budgetary comparison schedules identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise Washington County, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical tables 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 and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



July 13, 2011

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Management's Discussion and Analysis

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WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

As management of the Washington County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, . We encourage readers to consider the information presented herein with the County's financial statements, which follow this section.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year ended December 31, by \$36,836,271 (net assets). Of this amount, \$11,729,441 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$4,131,181.
- The County's governmental funds reported combined ending fund balances of \$9,817,906, a decrease of \$2,132,514 in comparison to the previous year.
- The unreserved portion of the General Fund fund balance at the end of the year was \$5,221,064 or 42.8% of total General Fund expenditures and transfers out. Of this amount, \$45,500 is designated for specific projects. The remaining unreserved, undesignated portion is \$5,175,564.
- The unreserved portion of the Road and Bridge Fund balance at the end of the year was \$1,566,303 or 32.1% of total Road and Bridge expenditures. \$155,355 is reserved for inventories.
- Total debt of the County decreased by \$179,581 during the fiscal year. Annual debt service payments in the amount of \$260,000 were made on general obligation bonds, payments of capital leases of \$151,993 were made, and payments of \$36,763 were made on notes. Compensated absences increased \$11,492, while the liability for unfunded opeb increased by \$310,298. These amounts were also affected by the partial refunding of the tax notes.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County of Washington's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Assets and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Assets presents information on all of the County's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements consist of governmental activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. The Government Wide Financial Statements can be found on pages 22-23 of this report.

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2010

Fund financial statements. The County, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. 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. However, unlike the government-wide financial statements, governmental fund 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 a government'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 this comparison between governmental funds and governmental activities.

Washington County maintains 40 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Road and Bridge Fund, and the Emergency Medical Services Fund, each of which are considered to be major funds. Data from the other 37 funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Washington County adopts an annual appropriated budget for the General Fund, Road and Bridge, District Attorney, Emergency Medical Service, Forfeiture of Assets, County Clerk Record Management Preservation, Records Management Preservation - District Clerk, Archive Fee - County Clerk, and the Tax Note Series 2007 debt service fund. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate compliance with this budget.

The Governmental Fund Financial Statements can be found on pages 24-31 of this report.

Proprietary funds. Washington County maintains one type of proprietary fund. Proprietary funds include the following fund type: Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County used an internal service fund to account for its health insurance operations. This fund is currently being phased out.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 32-34.

Fiduciary Funds. Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. Private Purpose Trust funds account for assets held by the government under the terms of a formal trust agreement. The Fiduciary Fund statements can be found on page 35-36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to gain 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. Required supplementary information can be found after the notes to the financial statements.

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2010

Government-wide Financial Analysis

At the end of fiscal year , the County's net assets (assets exceeding liabilities) totaled \$36,836,271. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2).

Net Assets. The largest portion of the County's net assets, \$24,670,221, or 67.0 percent, reflects its investment in capital assets (land, buildings, machinery, and infrastructure), less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to its citizens, consequently, these assets are not available for future spending. Although the County reports its capital assets net of related debt, 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.

Net assets of \$257,004, in the debt service fund, is restricted for future debt service payments. Net assets of \$179,605, in the capital projects fund, are restricted for capital construction.

The remaining balance of unrestricted net assets, \$11,729,441, or 31.8 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
 Condensed Statement of Net Assets

	12/31/10	12/31/09	Increase (Decrease)
ASSETS			
Current and other assets	\$25,410,597	\$26,893,685	(\$1,483,088)
Capital assets	29,943,697	24,460,412	5,483,285
Total assets	55,354,294	51,354,097	4,000,197
LIABILITIES			
Other liabilities	12,356,195	12,307,598	48,597
Long-term liabilities	6,161,828	6,341,409	(179,581)
Total liabilities	18,518,023	18,649,007	(130,984)
NET ASSETS			
Invested in capital assets, net of related debt	24,670,221	20,297,058	4,373,163
Restricted for debt service	257,004	512,247	(255,243)
Restricted for capital projects	179,605	1,611,492	(1,431,887)
Unrestricted	11,729,441	10,284,293	1,445,148
Total net assets	\$36,836,271	\$32,705,090	\$4,131,181

Changes in Net Assets. The net assets of the County increased by \$4,131,181 for the fiscal year ended December 31, 2010.

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2010

Governmental Activities. Governmental activities increased the County's net assets by \$4,131,181 from the prior year. This increase was primarily the result of increased program and general revenues consisting of operating and capital grants and contributions. There were also small decreases in several expenses, particularly culture and recreation, and data processing. These positive trends were partially offset by significant increases in general administration, public safety, and health and welfare.

Table 2
 Changes in Net Assets

	12/31/10	12/31/09	Increase (Decrease)
Revenues:			
Program revenues			
Charges for services	\$5,441,866	\$6,352,676	(\$910,810)
Operating grants and contributions	990,129	749,258	240,871
Capital grants and contributions	3,153,472	976,286	2,177,186
General revenues			
Taxes	12,843,435	12,880,344	(36,909)
Interest	364,622	457,061	(92,439)
Miscellaneous	194,513	233,145	(38,632)
Loss on sale of capital assets	--	(189,133)	(189,133)
Total revenues	<u>22,988,037</u>	<u>21,459,637</u>	<u>1,150,134</u>
Expenses:			
General administration	3,360,556	2,628,107	732,449
Judicial	1,996,330	1,878,601	117,729
Legal	348,606	256,107	92,499
Elections	125,964	120,467	5,497
Financial administration	575,103	555,346	19,757
Public facilities	356,400	167,593	188,807
Public safety	4,262,891	3,786,082	476,809
Public transportation	3,515,421	3,333,454	181,967
Health and welfare	3,293,700	2,667,005	626,695
Culture and recreation	366,842	404,081	(37,239)
Conservation	201,709	195,992	5,717
Data processing	233,672	395,330	(161,658)
Interest on long-term debt	<u>219,662</u>	<u>213,854</u>	<u>5,808</u>
Total expenses	<u>18,856,856</u>	<u>16,602,019</u>	<u>2,254,837</u>
Increase (decrease) in net assets	4,131,181	4,857,618	(726,437)
Net assets - beginning of year	<u>32,705,090</u>	<u>27,847,472</u>	<u>4,857,618</u>
Net assets - end of year	<u>\$36,836,271</u>	<u>\$32,705,090</u>	<u>\$4,131,181</u>

WASHINGTON COUNTY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

December 31, 2010

Reporting the County's Most Significant Funds

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 financing - 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 fund balances of \$9,817,906. Of this amount, \$222,146 and \$155,355 are reserved for debt service and inventories, respectively, and are not available for appropriation. Of the remaining \$9,440,405, \$45,500 is designated by the Commissioner's Court for specific projects.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$5,221,064. The fund balance of the General Fund decreased by \$502,565 during the current fiscal year. This decrease was primarily due to a budgeted drawdown of funds for the radio inoperability project.

The Road and Bridge Fund had an increase in fund balance of \$8,346. This is the result of a decrease in infrastructure maintenance and a positive variance in expenditures compared to budget.

The Emergency Medical Services Fund had a decrease in fund balance of \$135,490. This was the result of charges for services continuing to trail increased cost of providing emergency services.

Nonmajor governmental funds recognized a decrease in fund balances of \$1,502,805. The Debt Service Fund had a decrease of \$256,447, the Special Revenue Funds had an increase of \$353,280, and the Capital Projects Fund had a decrease of \$1,599,638. The increase in the Special Revenue Funds was primarily due to more funds showing a slight increase than those showing a decrease. The decrease in the Debt Service Fund was primarily due to the refunding, while the decrease in the Capital Projects Fund resulted from completion of much of the construction started in earlier years.

Proprietary funds. The County's proprietary fund, an insurance internal service fund, provides the same type of information found in the government-wide statements, but in more detail.

General Fund Budgetary Highlights. Each year the County makes numerous line item transfers as requested by elected officials and department heads. If the Treasurer determines that funds are available within that department, certain amendments are proposed to the Commissioners Court for their review and approval. In fiscal year 2010, in addition to line item transfers, the General Fund expenditure budget was increased by \$1,480,457.

There was a positive variance between the final amended budget appropriations and the actual expenditures of \$1,054,948. Key highlights of this variance are as follows:

<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Administration	\$4,112,763	\$3,680,627	\$432,136

Positive variance caused primarily by reduced autopsies, workman's compensation, and other expenditures such as utilities, insurance, and litigation. This positive variance was a result of efficient management of department expenses.

Public Safety	\$4,044,680	\$3,794,675	\$250,005
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Positive variance primarily caused by efficiency in management of other variable expenses throughout this function.

WASHINGTON COUNTY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)****December 31, 2010**

Health and Welfare	\$920,247	\$742,845	\$177,402
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Budget based upon 8% of County general tax levy by law. Less expense incurred.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets as of December 31, 2010, amounts to \$24,670,221 (net of accumulated depreciation). The investment in capital assets includes land, buildings, and infrastructure. The total increase in the County's investment in capital assets for the current year was 22.4%. This increase reflects construction and acquisition from the proceeds of the bond issue in the prior year, and the donation of infrastructure by the State.

Capital Assets at Year-End

Asset	2010	2009	Increase (Decrease)
Land	\$299,947	\$299,947	\$0
Buildings	10,009,017	8,078,941	1,930,076
Equipment	3,121,892	2,771,359	350,533
Infrastructure	16,177,060	12,431,559	3,745,501
Construction in progress	335,781	878,606	(542,825)
	<u>\$29,943,697</u>	<u>\$24,460,412</u>	<u>\$5,483,285</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

Debt administration. At the end of the current fiscal year, Washington County had total debt outstanding of \$6,161,828. Notes payable of \$124,209 consists of a promissory note, due in General Fund monthly appropriations of \$3,776, secured by property with a book value of \$357,500, maturing in December 2013. Capital Lease Obligations for Road and Bridge machinery in the amount of \$103,207 are payable from annual appropriations of the Road & Bridge Fund.

Outstanding Debt at Year End

Type of Debt	2010	2009	Increase (Decrease)
General obligation bonds	\$5,046,060	\$5,515,000	(\$468,940)
Notes payable	124,209	160,972	(36,763)
Capital lease obligations	103,207	98,875	4,332
Compensated absences	209,028	197,536	11,492
Liability for unfunded opeb	679,324	369,026	310,298
	<u>\$6,161,828</u>	<u>\$6,341,409</u>	<u>(\$179,581)</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

WASHINGTON COUNTY, TEXAS**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)****December 31, 2010****Economic Factors and Next Year's Budgets and Rates**

The County adopted a tax rate for 2010 of \$0.4358 per \$100 valuation. The budget will raise more total property taxes than last years budget by \$210,202 or 1.909%. This increase is primarily due to new property added to the tax roll this year which generated \$220,328 in tax revenue, thereby offsetting losses due to declines in valuations.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Washington County Auditor, 105 W. Main St., Suite 104, Brenham, Texas 77833.

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Basic Financial Statements

EXHIBIT A-1

WASHINGTON COUNTY, TEXAS
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,465,790
Investments	9,658
Receivables (net of allowances for uncollectibles):	6,250,250
Inventories	155,355
Prepaid items	38,468
Restricted assets:	
Cash and cash equivalents	8,419,738
Deferred charges	71,338
Capital Assets (net of accumulated depreciation)	
Land	299,947
Buildings	10,009,017
Equipment	3,121,892
Infrastructure	16,177,060
Construction in progress	335,781
Total Assets	<u>55,354,294</u>
LIABILITIES	
Accounts payable	351,717
Accrued liabilities and other payables	534,061
Due to other governments	332,647
Unearned revenue	11,137,770
Noncurrent liabilities:	
Due within one year	526,868
Due in more than one year	5,634,960
Total Liabilities	<u>18,518,023</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	24,670,221
Restricted For:	
Debt Service	257,004
Capital Projects	179,605
Unrestricted	11,729,441
Total Net Assets	<u>\$ 36,836,271</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

WASHINGTON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
General administration	\$ 3,360,556	\$ 599,239	\$ 51,998	\$ --	\$ (2,709,319)
Judicial	1,996,330	1,154,049	365,637	--	(476,644)
Legal	348,606	10,014	99,100	--	(239,492)
Elections	125,964	--	--	--	(125,964)
Financial administration	575,103	259,819	--	--	(315,284)
Public facilities	356,400	37,404	--	--	(318,996)
Public safety	4,262,891	71,310	198,365	169,050	(3,824,166)
Public transportation	3,515,421	1,195,039	28,932	2,667,932	376,482
Health and welfare	3,293,700	2,064,191	246,097	316,490	(666,922)
Culture and recreation	366,842	50,801	--	--	(316,041)
Conservation	201,709	--	--	--	(201,709)
Data processing	233,672	--	--	--	(233,672)
Interest on long-term debt	219,662	--	--	--	(219,662)
Total expenditures	18,856,856	5,441,866	990,129	3,153,472	(9,271,389)
Total Primary Government	\$ 18,856,856	\$ 5,441,866	\$ 990,129	\$ 3,153,472	(9,271,389)
General Revenues:					
Property Taxes					10,825,033
Sales Taxes					1,987,768
Mixed Beverage Taxes					30,634
Unrestricted Investment Earnings					364,622
Miscellaneous					194,513
Total General Revenues					13,402,570
Change in Net Assets					4,131,181
Net Assets - Beginning					32,705,090
Net Assets - Ending					\$ 36,836,271

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Road and Bridge
ASSETS		
Cash and cash equivalents	\$ 5,244,626	\$ 1,668,168
Investments	--	--
Receivables (net of allowances for uncollectibles):		
Taxes	2,133,371	1,077,041
Accounts	--	--
Fines	771,846	119,497
Intergovernmental	357,678	--
Inventories	--	155,355
Restricted assets:		
Cash and cash equivalents	5,245,978	2,732,195
Total Assets	<u>\$ 13,753,499</u>	<u>\$ 5,752,256</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 111,592	\$ 59,922
Accrued liabilities and other payables	299,644	54,592
Due to other governments	332,647	--
Deferred revenue	2,542,574	1,183,889
Taxes collected in advance	5,245,978	2,732,195
Total Liabilities	<u>8,532,435</u>	<u>4,030,598</u>
Fund balances:		
Reserved for:		
Debt service	--	--
Inventories	--	155,355
Unreserved, designated, reported in:		
General fund	45,500	--
Unreserved, undesignated, reported in:		
General fund	5,175,564	--
Special revenue funds	--	1,566,303
Capital projects fund	--	--
Total fund balances	<u>5,221,064</u>	<u>1,721,658</u>
Total Liabilities and Fund Balances	<u>\$ 13,753,499</u>	<u>\$ 5,752,256</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
\$ 212,960	\$ 2,840,199	\$ 9,965,953
--	9,658	9,658
--	170,888	3,381,300
1,525,879	--	1,525,879
--	--	891,343
--	94,050	451,728
--	--	155,355
--	441,565	8,419,738
<u>\$ 1,738,839</u>	<u>\$ 3,556,360</u>	<u>\$ 24,800,954</u>
\$ 6,614	\$ 173,589	\$ 351,717
78,566	24,821	457,623
--	--	332,647
1,525,879	168,981	5,421,323
--	441,565	8,419,738
<u>1,611,059</u>	<u>808,956</u>	<u>14,983,048</u>
--	222,146	222,146
--	--	155,355
--	--	45,500
--	--	5,175,564
127,780	2,513,404	4,207,487
--	11,854	11,854
<u>127,780</u>	<u>2,747,404</u>	<u>9,817,906</u>
<u>\$ 1,738,839</u>	<u>\$ 3,556,360</u>	<u>\$ 24,800,954</u>

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EXHIBIT A-4

WASHINGTON COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total fund balances - governmental funds balance sheet	\$ 9,817,906
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	29,943,695
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	623,723
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	499,836
Payables for bond principal which are not due in the current period are not reported in the funds.	(5,046,060)
Payables for capital leases which are not due in the current period are not reported in the funds.	(103,203)
Payables for bond interest which are not due in the current period are not reported in the funds.	(76,438)
Payables for notes which are not due in the current period are not reported in the funds.	(124,209)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(209,028)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	109,807
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	553,688
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	1,525,879
Payables for unfunded retiree insurance benefits not due in current period are not reported in the funds.	(679,324)
Net assets of governmental activities - Statement of Net Assets	<u>\$ 36,836,271</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXASSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Road and Bridge
Revenues:		
Taxes	\$ 8,907,705	\$ 3,400,315
Intergovernmental	368,096	69,015
Licenses, permits and fees	78,083	836,493
Fines and forfeitures	674,545	369,932
Charges for services	1,048,206	--
Interest	308,941	9,900
Miscellaneous	261,932	--
Total revenues	<u>11,647,508</u>	<u>4,685,655</u>
Expenditures:		
Current:		
General administration	3,715,413	--
Judicial	1,297,794	--
Legal	318,382	--
Elections	96,849	--
Financial administration	550,133	--
Public facilities	198,850	--
Public safety	3,801,094	--
Public transportation	--	4,873,305
Health and welfare	755,240	--
Culture and recreation	341,559	--
Conservation	149,207	--
Data processing	242,275	--
Capital outlay	--	--
Debt service:		
Principal	--	--
Interest and fiscal charges	--	--
Bond issuance costs	--	--
Total expenditures	<u>11,466,796</u>	<u>4,873,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>180,712</u>	<u>(187,650)</u>
Other financing sources (uses):		
Transfers in	47,711	--
Transfers out	(737,770)	--
Bond proceeds	--	--
Premium on bonds issued	--	--
Discount on bonds issued	--	--
Sale of capital assets	6,782	39,671
Payment to refunded bond escrow agent	--	--
Capital leases	--	156,325
Total other financing sources (uses)	<u>(683,277)</u>	<u>195,996</u>
Net change in fund balances	(502,565)	8,346
Fund balances, January 1	5,723,629	1,713,312
Fund balances, December 31	<u>\$ 5,221,064</u>	<u>\$ 1,721,658</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 493,622	\$ 12,801,642
--	1,028,252	1,465,363
--	--	914,576
--	--	1,044,477
1,852,474	208,417	3,109,097
2,573	43,208	364,622
24	190,844	452,800
<u>1,855,071</u>	<u>1,964,343</u>	<u>20,152,577</u>
--	85,002	3,800,415
--	616,758	1,914,552
--	3,634	322,016
--	--	96,849
--	--	550,133
--	85,941	284,791
--	217,117	4,018,211
--	--	4,873,305
2,134,056	717,763	3,607,059
--	--	341,559
--	--	149,207
--	--	242,275
--	1,535,801	1,535,801
--	260,000	260,000
--	197,115	197,115
--	73,980	73,980
<u>2,134,056</u>	<u>3,793,111</u>	<u>22,267,268</u>
<u>(278,985)</u>	<u>(1,828,768)</u>	<u>(2,114,691)</u>
133,977	622,283	803,971
--	(66,201)	(803,971)
--	3,835,000	3,835,000
--	344,985	344,985
--	(31,287)	(31,287)
9,518	--	55,971
--	(4,378,817)	(4,378,817)
--	--	156,325
<u>143,495</u>	<u>325,963</u>	<u>(17,823)</u>
<u>(135,490)</u>	<u>(1,502,805)</u>	<u>(2,132,514)</u>
263,270	4,250,209	11,950,420
\$ <u>127,780</u>	\$ <u>2,747,404</u>	\$ <u>9,817,906</u>

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EXHIBIT A-6

WASHINGTON COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds	\$ (2,132,514)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,100,091
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,188,466)
Donations of capital assets increase net assets in the SOA but not in the funds.	2,667,932
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(96,271)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	41,794
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	15,799
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	260,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	151,993
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	36,763
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(60,321)
(Increase) decrease in accrued interest from beginning of period to end of period.	(22,552)
The net revenue (expense) of internal service funds is reported with governmental activities.	418,888
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(11,487)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	(43,211)
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	155,268
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(3,835,000)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(156,325)
Retiree insurance contributions are reported as amount earned in the SOA but as amount paid in the funds.	(310,297)
Payments to refunding bond paying agent are not reported in the SOA, but are reported as other uses in the fur	4,378,817
Bond premiums are reported in the funds but not in the SOA.	(344,985)
Bond discounts are reported in the funds but not in the SOA.	31,287
Bond issuance costs are reported in the funds but not in the SOA.	73,980
Change in net assets of governmental activities - Statement of Activities	\$ <u>4,131,181</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2010

Nonmajor
Internal Service
Fund

Insurance
Fund

ASSETS

Cash and cash equivalents	\$	499,836
Total Assets		<u>499,836</u>

NET ASSETS

Unreserved	\$	499,836
Total Net Assets	\$	<u>499,836</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-8

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Nonmajor Internal Service Fund
	Insurance Fund
OPERATING REVENUES:	
Charges for services	\$ 419,879
Total Operating Revenues	<u>419,879</u>
OPERATING EXPENSES:	
Other expenses	8,834
Total Operating Expenses	<u>8,834</u>
Operating Income (Loss)	<u>411,045</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest revenue	7,843
Total Non-operating Revenues (Expenses)	<u>7,843</u>
Net Income (Loss) before Operating Transfers	<u>418,888</u>
Change in net assets	418,888
Total net assets, January 1	80,948
Total net assets, December 31	<u>\$ 499,836</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

DECEMBER 31, 2010

	Nonmajor Internal Service Fund Insurance Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 419,879
Cash Payments to Other Suppliers for Goods and Services	(8,834)
Net Cash Provided (Used) by Operating Activities	<u>411,045</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	7,843
Net Cash Provided (Used) for Investing Activities	<u>7,843</u>
Net Increase (Decrease) in Cash and Cash Equivalents	418,888
Cash and Cash Equivalents at Beginning of Year	80,948
Cash and Cash Equivalents at End of Year	<u>\$ 499,836</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 411,045
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Miscellaneous income	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Increase (Decrease) in Accounts Payable	--
Total Adjustments	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 411,045</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-10

WASHINGTON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Private-purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,492,892	\$ 2,151,397
Due from other funds	--	52,627
Total Assets	<u>1,492,892</u>	<u>2,204,024</u>
LIABILITIES		
Due to other funds	--	52,627
Due to other governments	--	673,421
Due to others	--	1,477,976
Total Liabilities	<u>--</u>	<u>2,204,024</u>
NET ASSETS		
Held in trust for other purposes	\$ <u>1,492,892</u>	\$ <u>--</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-11

WASHINGTON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 33,444
Lease income	221,142
Miscellaneous	40,412
Total Additions	<u>294,998</u>
Deductions:	
Administrative Expenses	31,827
Payments to schools	255,211
Total Deductions	<u>287,038</u>
Change in Net Assets	7,960
Net Assets-Beginning of the Year	1,484,932
Net Assets-End of the Year	<u>\$ 1,492,892</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting Entity**

The County, a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the commissioner's court. The county's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, and conservation.

The accounting policies of Washington County, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic *resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State and merchants at year end on behalf of the County are also recognized as revenue. Fines and permits, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for the activities of the Road and Bridge department.

The *Emergency Medical Service Fund* accounts for the activities of the County's ambulance service.

Additionally, the County reports the following fund types:

The Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

Debt Service Funds account for the accumulation of resources to be used for the payment of principal and interest.

Capital Projects Funds account for the expenditures for major construction projects.

Internal Service Fund accounts for financial resources set aside to assist in paying for the County's health insurance. This fund is being phased out.

Private Purpose Trust Funds are used to account for resources legally held in trust for use of other governmental entities. All resources of the funds, including any earnings on invested resources, may be used.

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, and/or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service fund are charges to the other funds for health insurance costs. Operating expenses for the Internal Service Fund are payments for insurance premiums and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net assets or equity**1. Deposits and investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) - (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Washington County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

WASHINGTON COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2010

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

The 2010 tax levy is made to fund calendar year 2011. Therefore, amounts collected on this levy prior to year end are recorded as restricted cash and unearned revenue.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 - 30 years
Infrastructure	20 - 45 years
Machinery and Equipment	5 - 10 years

6. Compensated absences

Employees accumulate earned but unused vacation and compensatory time. Vacation and compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be made with expendable available financial resources are reported in the government wide statement of net assets.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Fund balance was reserved or designated as follows:

General Fund

Designated for soft ball park	\$25,000
Designated for fire department and first responders	<u>20,500</u>
Total General Fund designated fund balance	<u>\$45,500</u>

Road and Bridge Special Revenue Fund

Reserved for inventory	<u>\$155,355</u>
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Debt Service Fund

Reserved for Debt Service	<u>\$222,146</u>
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II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds." The details of this \$109,807 difference are as follows:

Prepaid expense	\$38,469
Deferred bond issue costs	<u>71,338</u>
Total	<u>\$109,807</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 balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Expenses not requiring the use of current financial resources are not reported as expenditures in the funds." The details of this \$15,799 difference are as follows:

Net change in prepaid expense	<u>\$15,799</u>
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WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Cash

At year end, the carrying amount of the County's cash and cash equivalents on hand and deposits was \$22,529,817. All of the bank balance of \$21,783,805 was covered by federal deposit insurance or collateralized by the pledging financial institution with marketable securities held by the depository's agent in the County's name.

Investments

As of December 31, 2010, the County had the following investments:

Investment type	Fair Value	Years to Maturity
MBIA Private Investment Pool	\$9,658	N/A
Total Fair Value	\$9,658	

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

Credit Risk. State law limits investments as described previously in Note I D.

Concentration of Credit Risk. The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total investments.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

MBIA is an external investment pool and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pool is independently reviewed monthly. At December 31, 2010 the fair value of the County's positions in the pool approximates the fair value of the shares.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, and internal service fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Emergency Medical Services	NonMajor and Other	Total
Taxes receivable - delinquent	\$2,133,371	\$1,077,041	\$ --	\$170,888	\$3,381,300
Accounts receivable	\$ --	\$ --	\$5,836,757	\$ --	\$5,836,757
Allowance for uncollectibles	--	--	(4,310,878)	--	(4,310,878)
Net other receivables	\$ --	\$ --	\$1,525,879	\$ --	\$1,525,879
Fines receivable	\$2,751,261	\$1,605,486	\$ --	\$ --	\$4,356,747
Allowance for uncollectibles	(1,979,415)	(1,485,989)	--	--	(3,465,404)
Net fines receivable	\$771,846	\$119,497	\$ --	\$ --	\$891,343
Intergovernmental	\$357,678	\$ --	\$ --	\$94,050	\$451,728

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Current tax levy receivable (2010) (General Fund)	\$ --	\$1,719,887	\$1,719,887
Current tax levy receivable (2010) (Road & Bridge Fund)	--	864,023	864,023
Current tax levy receivable (2010) (Debt Service Funds)	--	134,123	134,123
Taxes collected in advance (General Fund)	--	5,245,978	5,245,978
Taxes collected in advance (Road & Bridge Fund)	--	2,732,195	2,732,195
Taxes collected in advance (Debt Service Funds)	--	441,565	441,565
Delinquent property taxes receivable (General Fund)	388,496	--	388,496
Delinquent property taxes receivable (Road & Bridge Fund)	200,369	--	200,369
Delinquent property taxes receivable (Debt Service Fund)	34,858	--	34,858
Delinquent fines receivable (General Fund)	434,191	--	434,191
Delinquent fines receivable (Road & Bridge Fund)	119,497	--	119,497
Delinquent ambulance receivables	1,525,879	--	1,525,879
Total deferred/unearned revenue for governmental funds	\$2,703,290	\$11,137,771	\$13,841,061

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

Reported in financial statements as:

Deferred revenue	\$5,421,323
Taxes collected in advance	<u>8,419,738</u>
Total	<u>\$13,841,061</u>

C. Capital assets

Capital asset activity for the year ended December 31, 2010:

	Balance 12/31/09	Additions	Retirements	Completed Construction	Balance 12/31/10
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$299,947	\$ --	\$ --	\$ --	\$299,947
Construction in progress	878,606	1,727,241	--	(2,270,066)	335,781
Total capital assets not being depreciated	1,178,553	1,727,241	--	(2,270,066)	635,728
Capital assets, being depreciated:					
Buildings	11,993,665	--	--	2,270,066	14,263,731
Infrastructure	78,531,612	4,957,385	(1,162,747)	--	82,326,250
Machinery and equipment	7,668,952	1,083,396	(344,634)	--	8,407,714
Total capital assets being depreciated	98,194,229	6,040,781	(1,507,381)	2,270,066	104,997,695
Less accumulated depreciation for:					
Buildings	(3,914,724)	(339,990)	--	--	(4,254,714)
Infrastructure	(66,100,053)	(1,174,591)	1,125,454	--	(66,149,190)
Machinery and equipment	(4,897,593)	(673,885)	285,656	--	(5,285,822)
Total accumulated depreciation	(74,912,370)	(2,188,466)	1,411,110	--	(75,689,726)
Total capital assets being depreciated, net	23,281,859	3,852,315	(96,271)	2,270,066	29,307,969
Governmental activities capital assets, net	<u>\$24,460,412</u>	<u>\$5,579,556</u>	<u>(\$96,271)</u>	<u>\$ --</u>	<u>\$29,943,697</u>

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

Governmental activities:

General administration	\$7,656
Judicial	29,980
Legal	12,518
Elections	25,992
Financial administration	10,762
Public facilities	68,940
Public safety	343,193
Public transportation	1,377,538
Health and welfare	243,292
Culture and recreation	20,492
Conservation	<u>48,103</u>
Total depreciation expense - governmental activities	<u>\$2,188,466</u>

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

Construction commitments

The County has active construction projects as of December 31, 2010. The projects include a Courthouse Annex and a new Health Center.

Project	Funding Source	Spent to Date	Remaining Commitment
Courthouse Renovation	[A]	\$236,248	\$0
DA and Adult Probation	[B]	99,533	121,163
		\$335,781	\$121,163

[A] Funded by Tax Note Series 2007 bond proceeds.

[B] Funded by Tax Note Series 2007 bond proceeds and General Fund.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2010, is as follows:

Fund	Receivable	Payable
Fiduciary Funds		
Criminal Justice	\$52,627	\$ --
Justice of the Peace Number 1	--	10,857
Justice of the Peace Number 2	--	7,921
Justice of the Peace Number 3	--	5,314
Justice of the Peace Number 4	--	12,180
County Clerk	--	11,565
District Clerk	--	4,790
Total Fiduciary Funds	\$52,627	\$52,627

Interfund receivables and payables arise from collections by elected officials which are consolidated in another fund for remittance to the proper entity.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

Interfund transfers:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$47,711	\$737,770
Emergency Medical Service	\$ 133,977	--
Total Major Funds	181,688	737,770
Nonmajor Governmental Funds		
HWY 290/36	200,000	--
JP Technology	--	34,661
District Attorney	390,000	--
Check and Process	--	10,000
Child Foster Care	8,000	--
Constable's Training	5,793	18,490
Clerks Election	--	3,050
Constable Number One Training	4,878	--
Constable Number Three Training	7,687	--
Constable Number Four Training	5,925	--
Total Nonmajor governmental funds	622,283	66,201
Totals	\$803,971	\$803,971

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

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

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	Year of Issue	Final Maturity	Interest Rate	Balance 12/31/10
Governmental Long-Term Debt Issues					
General Obligation Debt:					
Tax Note - Series 2007	\$6,000,000	09/13/07	08/15/14	3.84%	\$1,200,000
Tax Refunding Bonds - Series 2010	\$3,835,000	08/01/10	02/15/25	4.74%	3,835,000
Notes Payable					
Building	\$450,000	12/22/98	12/26/13	5.90%	124,209
Total Governmental Long-Term Debt					<u>\$5,159,209</u>

Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		Note Payable		Total
	Principal	Interest	Principal	Interest	
2011	\$280,000	\$201,212	\$38,992	\$6,285	\$526,489
2012	295,000	184,164	41,356	3,921	524,441
2013	305,000	172,644	43,861	1,414	522,919
2014	320,000	160,644	--	--	480,644
2015	290,000	150,150	--	--	440,150
2016-2020	1,580,000	603,938	--	--	2,183,938
2021-2025	1,965,000	228,937	--	--	2,193,937
Total	<u>\$5,035,000</u>	<u>\$1,701,689</u>	<u>\$124,209</u>	<u>\$11,620</u>	<u>\$6,872,518</u>

Capital Lease Obligations Currently Outstanding:

	Original Amount	Date of Inception	Final Maturity	Interest Rate	Balance 12/31/10
Backhoe, Loader, Truck	156,325	12/23/10	12/30/12	1.95%	\$103,207
Total Leases Payable					<u>\$103,207</u>

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

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

Year	Total
2011	\$53,117
2012	53,117
Total payments	106,234
Less imputed interest	(3,027)
Total Capital Lease Obligations	<u>\$103,207</u>

REFUNDINGS

The government issued \$3,835,000 of limited tax refunding bonds to provide resources to purchase U.S. Government State and Local Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$4,315,000 of tax notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded by \$323,817. This amount is being netted against the new debt and being refunded over the life of the refunded debt, which is shorter than the life of the new debt issued. This advanced refunding was undertaken to restructure the principal payments, resulting in a net cash flow savings of \$12,281, and in an economic loss of \$277,593.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Retirements	Balance 12/31/10	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax notes	\$5,515,000	--	(\$4,315,000)	\$1,200,000	\$280,000
Tax refunding bonds	--	3,835,000	--	3,835,000	--
Less deferred amounts:					
For issuance premiums	--	313,699	(11,204)	302,495	--
On refunding	--	(323,817)	32,382	(291,435)	--
Total bonds payable	5,515,000	3,824,882	(4,293,822)	5,046,060	280,000
Notes payable	160,972	--	(36,763)	124,209	38,992
Capital lease obligations	98,875	156,325	(151,993)	103,207	51,105
Compensated absences	197,536	300,984	(289,492)	209,028	156,771
Liability for unfunded opeb	369,026	310,298	--	679,324	--
Governmental activity Long-Term Liabilities	<u>\$6,341,409</u>	<u>\$4,592,489</u>	<u>(\$4,772,070)</u>	<u>\$6,161,828</u>	<u>\$526,868</u>

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

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.

The County used a medical self-insurance fund to pay medical and dental claims of the County employees and their covered dependents and to minimize the total cost of annual medical insurance to the County. Medical claims exceeding \$50,000 per covered individual or, approximately \$1,000,000, in the aggregate for the group, were covered through a private insurance carrier. Additionally, life insurance policy premiums for each employee were paid through the fund. The self-insurance fund was funded by charges to other funds and charges to employees for extended benefits at their option. At December 31, 2009, the internal service fund began to transition out, with the intention that the County is change it's coverage to a standard policy. However, as of December 31, 2010, the fund has not been closed. The County does not believe that there are material claims incurred but not reported as of December 31, 2010.

	12/31/10	12/31/09
Claims payable beginning of year	\$ --	\$140,457
Claims incurred	--	107,186
Payment on claims	--	(247,643)
Claims payable end of year	<u>\$ --</u>	<u>\$ --</u>

C. 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, 2010, 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.

D. Employee Retirement Systems and Pension Plans

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 602 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, 78768-20343.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

The plan provisions are adopted by the County commissioners court, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County commissioners court within the 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 contribution and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

2. Funding Policy

The County 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. It was 10.75% for calendar year 2010.

The contribution rate payable by the employee members is the rate of 7% as adopted by the commissioner's court. The employee contribution rate and the employer contribution rate may be changed by the commissioners court with the options available in the TCDRS Act.

3. Annual Pension Cost

For the County's accounting year ended December 31, 2010, the annual pension cost for the TCDRS plan for its employees was \$755,380 and the actual contributions were \$755,380.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008, the basis for determining the contribution rates for calendar year 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/09	12/31/08	12/31/07
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 in years	20.0	20.0	15.0
Actuarial valuation method	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value
Actuarial assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.40%	5.30%	5.30%

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Trend Information

Accounting year ended	12/31/10	12/31/09	12/31/08
Annual Pension Cost (APC)	\$755,380	\$756,591	\$728,268
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	\$ --	\$ --	\$ --

Schedule of Actuarial Liabilities and Funding Progress

Actuarial valuation date	12/31/09	12/31/08	12/31/07
Actuarial value of assets	\$15,435,553	\$13,532,621	\$13,123,693
Actuarial Accrued Liability (AAL)	\$18,855,370	\$17,063,350	\$15,571,614
Unfunded AAL (UAAL)	\$3,419,817	\$3,530,729	\$2,447,921
Funded Ratio	81.86%	79.31%	84.28%
Annual Covered Payroll (actuarial)	\$7,051,177	\$6,942,459	\$6,342,079
UAAL as a Percentage of Covered Payroll	48.50%	50.86%	38.60%

E. Other Post-Employment Benefits (OPEB)**1. Plan Description**General

The Washington County Retiree Health Care Plan is not a formal document detailing the specific terms of the plan, but is a *substantive* plan - loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation.

Beginning in FY 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions". In connection with such implementation, the County commissioned an actuarial study from an outside consultant to quantify the amount of the County's OPEB obligations. The study indicated an unfunded actuarial accrued liability as of December 31, 2008 of approximately \$2,231,824. The County obtains an actuarial valuation biannually. The study indicated an actuarial valuation as of December 31, 2010 of \$3,256,232.

OPEB Plan Eligibility

The OPEB Plan provides retiree health-care benefits for all employees (except temporary staff) who must participate in TCDRS and are eligible to receive full retiree health care benefits. Members are eligible for retirement at age 60 with 8 years of service credit or at any age with 30 years of service credit or when member's age plus service credit totals 75. Survivors of employees who die while actively employed are eligible for coverage if the employee was vested with TCDRS and survivors have been dependents on the employee's health coverage for at least three years.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

Employees who retire under a TCDRS disability retirement are eligible for retiree health care benefits. Vested members can apply for disability retirement whether the disability is job related or not. These members do not have to meet the age requirement for service retirement, but must be vested with eight years of service. The injury or illness must keep the member from working in any job, not just his or her current job. Doctors must confirm that the employee's condition will not improve.

Spouses/children of retired employees are eligible to receive retiree health care benefits for a fee, if the spouse/children have been on the plan for three years prior to the employee's retirement. Coverage continues to non-medicare eligible surviving spouses of deceased retirees until medicare eligible. Coverage continues for children up to age twenty-five.

The County coverage stops when the retiree becomes eligible for Medicare coverage.

Health Care Benefit

The health care coverage offered to active employees is available to retirees under 65 and their eligible dependents. The benefit includes medical and prescription drug. Dental coverage is offered for retirees and dependents, but retirees must pay 100% of the premium. Life insurance is offered for retirees, but retirees must pay 100% of the premium.

2. Funding Policies

The County has elected to fund the plan on a current pay as you go (PAYGO), i.e., the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 4.5%.

The actuarially determined contribution requirement for the County's fiscal year is computed through an actuarial valuation performed as of December 31. The actuarial valuation is performed to determine the adequacy of the contribution rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the plan and include the types of benefits in force at the valuations date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Significant Actuarial Assumptions

Actuarially assumed investment rate	4.5% per annum compounded annually net after investment expense.
Mortality rates for males and females	Retirement Plans 2000 Healthy Mortality Table
Retirement, disablement and separation rates	Graduated rates based on age (detailed in actuary's report).
Actuarial Cost Method	The projected unit credit cost method

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

General inflation	3.0% per annum
Payroll growth rate	3.0% per annum
Health cost increase	Graduated rates based on age (detailed in actuary report)
Method used for determining actuarial value of assets	Market value of assets
Amortization method	Level percent, closed
Remaining amortization	29

The County's annual OPEB costs, contributions, percent contributed, and net OPEB obligation is as follows:

Year Ended	OPEB Plan			
	Annual			Net
	OPEB	County	Percentage	OPEB
	Cost	Contribution	Contributed	Liability
December 31, 2008	\$212,248	\$27,735	13.1%	\$184,513
December 31, 2009	\$212,248	\$27,735	13.1%	\$184,513
December 31, 2010	\$366,612	\$56,314	15.4%	\$310,298

F. Concentrations of Credit Risk

Taxes receivable are due from citizens and businesses within the County's boundaries. Risk of loss is immaterial due to wide dispersion of receivables and because of policies which address procedures for filing property tax liens.

G. Restatement

During the prior year, certain journal entries were made in error. The effect of correcting these errors resulted in the following restatement of amounts reported for 2009 as follows:

Government Wide Statements	As Reported		As Restated
	12/31/09	Restatement	12/31/09
Cash and cash equivalents	\$12,440,782	(\$147,629)	\$12,293,153
Accounts payable	687,734	20,913	708,647
Change in net assets	4,892,759	(35,141)	4,857,618
Net assets - beginning	27,980,873	(133,401)	27,847,472
Net assets - ending	32,873,632	(168,542)	32,705,090

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

WASHINGTON COUNTY, TEXAS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B-1
 Page 1 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Ad valorem tax	\$ 6,809,984	\$ 6,809,984	\$ 7,009,801	\$ 199,817
Penalty and interest	90,000	90,000	105,177	15,177
Sales and other taxes	1,829,000	1,829,000	1,999,874	170,874
Total Taxes	8,728,984	8,728,984	9,114,852	385,868
Intergovernmental				
Federal shared revenues	31,700	71,510	71,031	(479)
State shared revenues	188,050	256,827	297,065	40,238
Total Intergovernmental	219,750	328,337	368,096	39,759
Licenses, permits and fees				
Licenses, permits and fees	63,200	63,200	77,531	14,331
Total Licenses, permits and fees	63,200	63,200	77,531	14,331
Fines and forfeitures				
Fines and forfeitures	745,000	745,000	689,357	(55,643)
Total Fines and forfeitures	745,000	745,000	689,357	(55,643)
Charges for services				
Fees of office	854,900	854,900	878,859	23,959
Justice court number one fees	36,600	36,600	43,013	6,413
Justice court number one two	24,750	24,750	24,404	(346)
Justice court number one three	40,020	40,020	38,599	(1,421)
Justice court number one four	56,650	56,650	55,749	(901)
Total Charges for services	1,012,920	1,012,920	1,040,623	27,703
Interest				
Interest	300,000	300,000	310,667	10,667
Total Interest	300,000	300,000	310,667	10,667
Miscellaneous				
Rent	157,800	157,800	149,115	(8,685)
Miscellaneous	95,100	118,919	109,941	(8,978)
Total Miscellaneous	252,900	276,719	259,056	(17,663)
Total revenues	11,322,754	11,455,160	11,860,182	405,022
Expenditures:				
Current:				
General Administration				
County Judge				
Personnel services	96,721	96,721	96,716	5
Benefits	26,966	26,966	26,513	453
Supplies	2,550	2,550	930	1,620
Other services and charges	4,650	4,650	3,317	1,333
Total County Judge	130,887	130,887	127,476	3,411

WASHINGTON COUNTY, TEXAS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B-1
 Page 2 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Courthouse Receptionist				
Personnel services	\$ 61,365	\$ 61,365	\$ 57,986	\$ 3,379
Benefits	14,863	14,863	13,869	994
Supplies	5,300	5,300	4,109	1,191
Other services and charges	2,600	2,600	2,439	161
Total Courthouse Receptionist	84,128	84,128	78,403	5,725
County Communications				
Other services and charges	127,506	1,443,861	1,360,942	82,919
Total County Communications	127,506	1,443,861	1,360,942	82,919
Commissioner's Court				
Personnel services	169,962	169,962	169,961	1
Benefits	47,246	47,246	43,538	3,708
Supplies	250	250	144	106
Other services and charges	9,000	9,000	4,627	4,373
Total Commissioner's Court	226,458	226,458	218,270	8,188
County Clerk				
Personnel services	230,390	231,665	231,665	--
Benefits	51,385	51,511	50,860	651
Supplies	18,775	17,374	13,309	4,065
Other services and charges	10,650	10,650	7,254	3,396
Total County Clerk	311,200	311,200	303,088	8,112
Veteran's Office				
Personnel services	22,770	22,770	21,770	1,000
Benefits	5,797	5,797	5,767	30
Supplies	1,175	1,378	1,253	125
Other services and charges	1,650	1,447	1,266	181
Total Veteran's Office	31,392	31,392	30,055	1,336
County Auditor				
Personnel services	126,228	126,228	126,110	118
Benefits	31,723	31,723	31,190	533
Supplies	4,100	4,100	2,323	1,777
Other services and charges	6,420	6,420	3,274	3,146
Total County Auditor	168,471	168,471	162,897	5,574
Nondepartmental				
Benefits	1,085,000	1,115,469	1,068,862	46,607
Supplies	6,000	6,000	960	5,040
Other services and charges	444,650	429,864	284,355	145,509
Capital outlay	366,748	165,033	45,318	119,715
Total Nondepartmental	1,902,398	1,716,366	1,399,495	316,871
Total General Administration	2,982,440	4,112,763	3,680,627	432,136

WASHINGTON COUNTY, TEXAS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B-1
 Page 3 of 8

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Judicial				
District Court				
Personnel services	\$ 73,277	\$ 73,277	\$ 72,551	\$ 726
Benefits	14,104	14,104	13,766	338
Supplies	3,000	2,450	2,256	194
Other services and charges	217,292	217,842	216,414	1,428
Total District Court	307,673	307,673	304,987	2,686
District Attorney				
District Clerk				
Personnel services	205,422	205,422	201,625	3,797
Benefits	48,265	48,265	45,763	2,502
Supplies	14,500	14,500	8,909	5,591
Other services and charges	8,700	8,700	5,952	2,748
Capital outlay	4,500	4,500	--	4,500
Total District Clerk	281,387	281,387	262,249	19,138
County Court at Law				
Personnel services	160,810	160,958	160,959	(1)
Benefits	31,937	31,953	29,920	2,033
Supplies	4,700	2,758	2,372	386
Other services and charges	115,154	131,164	127,575	3,589
Total County Court at Law	312,601	326,833	320,826	6,007
Justice Court Number One				
Personnel services	71,998	71,998	71,998	--
Benefits	16,464	16,464	15,196	1,268
Supplies	2,600	2,600	2,475	125
Other services and charges	5,800	5,800	4,838	962
Total Justice Court Number One	96,862	96,862	94,507	2,355
Justice Court Number Two				
Personnel services	69,330	69,330	69,329	1
Benefits	22,968	22,968	22,314	654
Supplies	3,200	3,200	2,786	414
Other services and charges	6,050	6,050	4,928	1,122
Total Justice Court Number Two	101,548	101,548	99,357	2,191
Justice Court Number Three				
Personnel services	82,410	82,410	78,212	4,198
Benefits	20,974	20,974	19,022	1,952
Supplies	4,600	5,200	4,213	987
Other services and charges	9,750	9,150	6,252	2,898
Total Justice Court Number Three	117,734	117,734	107,699	10,035
Justice Court Number Four				
Personnel services	71,998	71,998	71,997	1
Benefits	25,873	25,873	24,974	899
Supplies	5,000	5,000	3,156	1,844
Other services and charges	10,450	10,450	7,344	3,106
Total Justice Court Number Four	113,321	113,321	107,471	5,850
Total Judicial	1,331,126	1,345,358	1,297,096	48,262

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B-1
Page 4 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal				
County Attorney				
Personnel services	\$ 246,852	\$ 251,344	\$ 250,789	\$ 555
Benefits	50,425	51,217	51,217	--
Supplies	7,800	5,448	5,447	1
Other services and charges	9,700	11,768	10,398	1,370
Total County Attorney	314,777	319,777	317,851	1,926
Total Legal	314,777	319,777	317,851	1,926
Elections				
Elections				
Personnel services	3,200	14,751	13,063	1,688
Benefits	300	2,330	1,310	1,020
Supplies	15,000	54,760	54,205	555
Other services and charges	37,920	37,981	30,651	7,330
Total Elections	56,420	109,822	99,229	10,593
Total Elections	56,420	109,822	99,229	10,593
Financial administration				
Tax Assessor Collector				
Personnel services	136,862	141,699	141,586	113
Benefits	27,277	27,277	19,871	7,406
Supplies	6,300	4,800	4,168	632
Other services and charges	13,500	10,163	9,325	838
Total Tax Assessor Collector	183,939	183,939	174,950	8,989
County Treasurer				
Personnel services	116,756	116,756	108,825	7,931
Benefits	25,671	25,671	21,421	4,250
Supplies	9,500	9,700	8,343	1,357
Other services and charges	10,000	9,800	4,446	5,354
Total County Treasurer	161,927	161,927	143,035	18,892
Personnel and benefits				
Personnel services	73,464	73,464	73,410	54
Benefits	18,814	18,814	18,531	283
Supplies	5,500	6,100	3,543	2,557
Other services and charges	4,160	3,560	2,670	890
Total Personnel and benefits	101,938	101,938	98,154	3,784
Appraisal District				
Other services and charges	133,981	134,535	134,535	--
Total Appraisal District	133,981	134,535	134,535	--
Total Financial Administration	581,785	582,339	550,675	31,664

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B-1
Page 5 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public facilities				
County Courthouse				
Personnel services	\$ 35,250	\$ 67,366	\$ 64,628	\$ 2,738
Benefits	6,987	12,149	11,647	502
Supplies	27,000	27,000	16,277	10,723
Other services and charges	54,925	56,925	45,183	11,742
Capital outlay	50,000	73,372	63,500	9,872
Total County Courthouse	174,162	236,812	201,235	35,577
Total Public Facilities	174,162	236,812	201,235	35,577
Public safety				
Constable Number One				
Personnel services	12,401	12,401	12,401	--
Benefits	5,533	5,533	5,312	221
Supplies	1,550	1,625	1,342	283
Other services and charges	450	375	--	375
Total Constable Number One	19,934	19,934	19,055	879
Constable Number Two				
Personnel services	64,434	64,434	64,428	6
Benefits	31,543	30,119	29,304	815
Supplies	2,250	3,744	3,677	67
Other services and charges	10,450	10,380	8,516	1,864
Total Constable Number Two	108,677	108,677	105,925	2,752
Constable Number Three				
Personnel services	12,401	12,401	12,401	--
Benefits	7,627	7,727	5,763	1,964
Supplies	1,550	1,450	748	702
Other services and charges	450	450	7	443
Total Constable Number Three	22,028	22,028	18,919	3,109
Constable Number Four				
Personnel services	12,401	12,401	12,401	--
Benefits	6,391	6,391	3,385	3,006
Supplies	850	850	--	850
Other services and charges	650	650	60	590
Total Constable Number Four	20,292	20,292	15,846	4,446
Sheriff				
Personnel services	924,441	935,265	927,202	8,063
Benefits	215,002	215,002	201,984	13,018
Supplies	53,000	47,499	39,509	7,990
Other services and charges	310,000	315,501	292,531	22,970
Capital outlay	62,000	185,837	183,837	2,000
Total Sheriff	1,564,443	1,699,104	1,645,063	54,041

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B-1
Page 6 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Department of Public Safety				
Personnel services	\$ 32,381	\$ 32,381	\$ 32,379	\$ 2
Benefits	8,176	8,176	8,174	2
Supplies	6,500	6,500	4,320	2,180
Other services and charges	5,600	5,600	2,783	2,817
Total Department of Public Safety	52,657	52,657	47,656	5,001
County Jail				
Personnel services	1,065,586	1,014,302	977,848	36,454
Benefits	234,342	235,494	209,770	25,724
Supplies	246,600	257,700	228,212	29,488
Other services and charges	205,525	236,625	225,145	11,480
Capital outlay	25,000	36,840	33,380	3,460
Total County Jail	1,777,053	1,780,961	1,674,355	106,606
Adult Probation				
Supplies	1,000	2,400	2,398	2
Other services and charges	1,925	525	20	505
Total Adult Probation	2,925	2,925	2,418	507
Cen-Tex Regional Juvenile Board				
Supplies	2,000	2,000	1,452	548
Other services and charges	105,501	105,501	90,265	15,236
Total Cen-Tex Regional Juvenile Board	107,501	107,501	91,717	15,784
Fire Protection				
Personnel services	3,000	3,000	731	2,269
Benefits	12,500	12,500	10,422	2,078
Supplies	45,000	45,000	1,872	43,128
Other services and charges	148,500	150,600	144,211	6,389
Total Fire Protection	209,000	211,100	157,236	53,864
Emergency Management				
Personnel services	12,000	12,000	12,000	--
Benefits	1,200	1,200	1,096	104
Supplies	2,500	2,500	406	2,094
Other services and charges	3,800	3,800	2,984	816
Total Emergency Management	19,500	19,500	16,486	3,014
Total Public Safety	3,904,010	4,044,680	3,794,675	250,005
Health and welfare				
Social Services				
Other services and charges	138,000	138,000	123,323	14,677
Total Social Services	138,000	138,000	123,323	14,677