

WASHINGTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

ISSUED BY THE OFFICE OF THE COUNTY AUDITOR
SHARON STOLZ

WASHINGTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

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Introductory Section

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Sharon Stolz
Washington County Auditor

To the Honorable District Judges,
County Judge, and Members of the
Commissioners' Court
Washington County
100 E. Main Street
Brenham, TX 77833

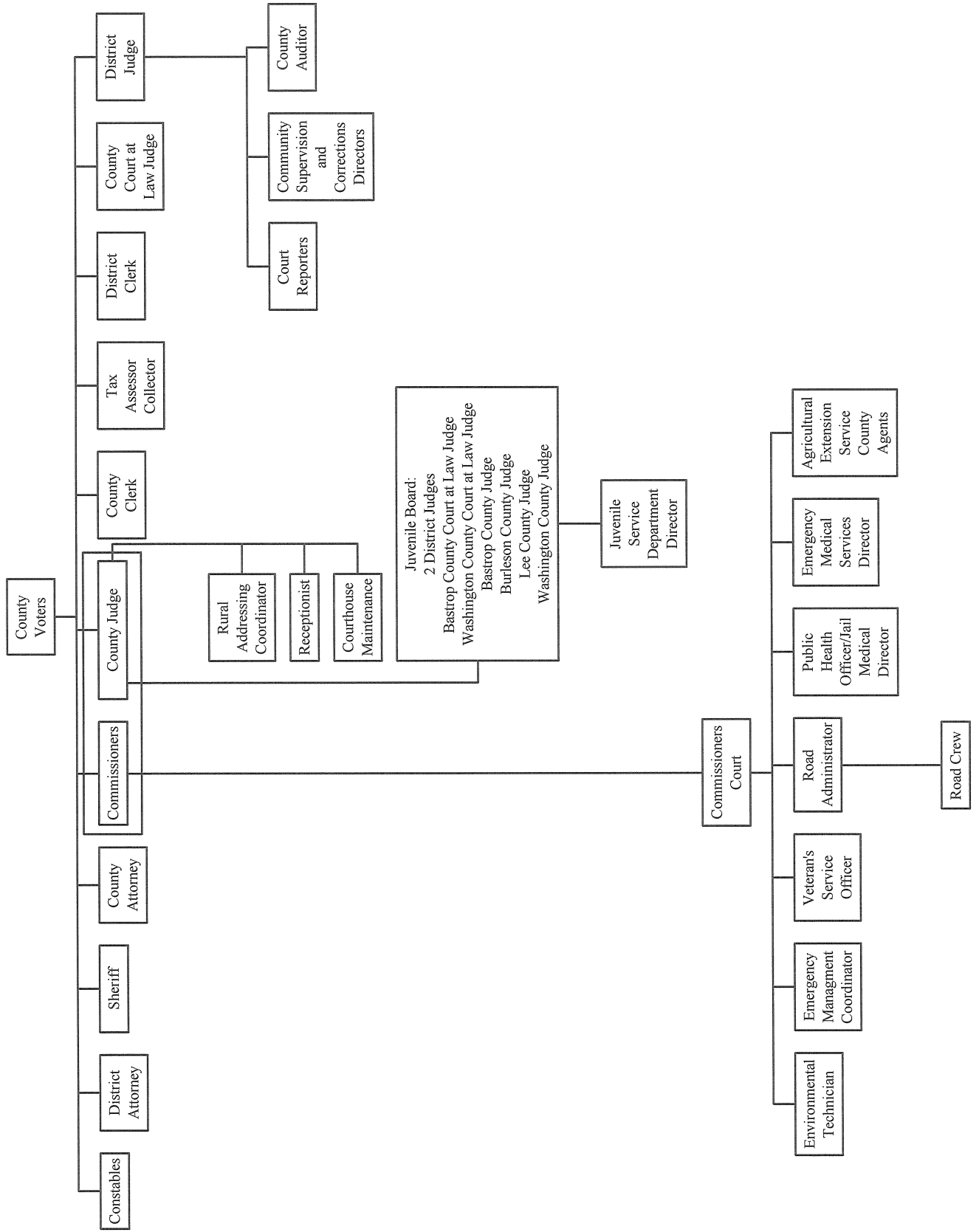
This report represents the official annual report of Washington County, as presented by
the office of the County Auditor, for the year ended December 31, 2007.

Respectfully submitted,

Sharon Stolz
County Auditor of Washington County

July 2, 2008

Washington County, Texas Organization Chart



WASHINGTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

Year Ended December 31, 2007

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
--------------	-------

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
Renee Mueller	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
Vacant	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*
Norman Draehn	County Treasurer
Carol Foster	Tax Assessor/Collector

Recording Officials

Vicki Lehmann	District Clerk
Beth Rothermel	County Clerk

* Denotes appointed officials. All others are elected officials.

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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, 2007, 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, 2007, 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 June 30, 2008, 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.



June 30, 2008

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Management's Discussion and Analysis

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WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

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, 2007. 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, 2007 by \$27,309,252 (net assets). Of this amount, \$4,408,438 (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 \$2,512,813.
- The County's governmental funds reported combined ending fund balances of \$14,705,961, an increase of \$7,250,886 in comparison to the previous year.
- The unreserved portion of the General Fund fund balance at the end of the year was \$5,280,797 or 52.1% of total General Fund expenditures and transfers out. Of this amount, \$45,500 is designated for specific projects. The remaining unreserved, undesignated portion is \$5,235,297.
- The unreserved portion of the Road and Bridge Fund balance at the end of the year was \$909,480 or 20.9% of total Road and Bridge expenditures. Of this amount, \$9,897 is designated for specific projects. The remaining unreserved portion is \$889,583. \$181,275 is reserved for inventories.
- Total debt of the County increased by \$5,584,743 during the fiscal year. Annual debt service payments in the amount of \$360,000 were made on general obligation bonds, payments of capital leases of \$144,680 were made, and payments of \$30,813 were made on notes. These payments were offset by the issuance of \$6,000,000 and \$125,724 in new capital leases. Compensated absences show a net decrease of \$5,488.

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 20-21 of this report.

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2007

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 30 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 Tax Notes Series 2007 Capital Projects Fund, each of which are considered to be major funds. Data from the other 27 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, the EMS Depreciation Fund, 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 Fund Financial Statements can be found on pages 22-28 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 uses an internal service fund to account for its health insurance operations.

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

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 32-33 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, 2007

Government-wide Financial Analysis

At the end of fiscal year 2007, the County's net assets (assets exceeding liabilities) totaled \$27,309,252. 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, \$16,721,205, or 61.2 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 \$298,165, in the debt service fund, is restricted for future debt service payments. Net assets of \$5,881,444, in the capital projects fund, are restricted for capital construction.

The remaining balance of unrestricted net assets, \$4,408,438, or 16.1 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Assets

	12/31/07	12/31/06	Increase (Decrease)
ASSETS			
Current and other assets	\$27,191,063	\$19,196,513	\$7,994,550
Capital assets	17,372,823	16,699,836	672,987
Total assets	<u>44,563,886</u>	<u>35,896,349</u>	<u>8,667,537</u>
LIABILITIES			
Other liabilities	10,603,016	10,033,035	569,981
Long-term liabilities	6,651,618	1,066,875	5,584,743
Total liabilities	<u>17,254,634</u>	<u>11,099,910</u>	<u>6,154,724</u>
NET ASSETS			
Invested in capital assets, net of related debt	16,721,205	15,632,961	1,088,244
Restricted for debt service	298,165	236,840	61,325
Restricted for capital projects	5,881,444	--	5,881,444
Unrestricted	4,408,438	8,926,638	(4,518,200)
Total net assets	<u><u>\$27,309,252</u></u>	<u><u>\$24,796,439</u></u>	<u><u>\$2,512,813</u></u>

Changes in Net Assets. The net assets of the County increased by \$2,512,813 for the fiscal year ended December 31, 2007.

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2007

Governmental Activities. Governmental activities increased the County's net assets by \$2,512,813 from the prior year. This was generally the result of increased revenues generated by general revenues consisting of taxes and interest income and a large increase in charges for services in excess of decreases in operating grants, and miscellaneous. There were also significant increases in most expenses, particularly public safety and public transportation.

Table 2
Changes in Net Assets

	<u>12/31/07</u>	<u>12/31/06</u>	Increase (Decrease)
Revenues:			
Program revenues			
Charges for services	\$5,047,432	\$3,894,044	\$1,153,388
Operating grants and contributions	1,132,988	1,147,641	(14,653)
Capital grants and contributions	128,784	--	128,784
General revenues			
Taxes	11,403,839	10,616,960	786,879
Interest	625,919	409,109	216,810
Miscellaneous	167,332	232,049	(64,717)
Loss on sale of capital assets	<u>(51,889)</u>	<u>(16,649)</u>	<u>(35,240)</u>
Total revenues	<u>18,454,405</u>	<u>16,283,154</u>	<u>2,171,251</u>
Expenses:			
General administration	2,442,884	2,310,350	132,534
Judicial	1,819,939	1,703,681	116,258
Legal	286,252	295,006	(8,754)
Elections	80,941	52,501	28,440
Financial administration	526,021	502,310	23,711
Public facilities	198,215	147,049	51,166
Public safety	3,807,837	3,597,156	210,681
Public transportation	3,488,002	3,150,223	337,779
Health and welfare	2,573,518	2,538,751	34,767
Culture and recreation	401,394	350,449	50,945
Conservation	136,557	128,835	7,722
Data processing	105,152	81,945	23,207
Interest on long-term debt	<u>74,880</u>	<u>14,319</u>	<u>60,561</u>
Total expenses	<u>15,941,592</u>	<u>14,872,575</u>	<u>1,069,017</u>
Increase (decrease) in net assets	2,512,813	1,410,579	1,102,234
Net assets - beginning of year	<u>24,796,439</u>	<u>23,385,860</u>	<u>1,410,579</u>
Net assets - end of year	<u>\$27,309,252</u>	<u>\$24,796,439</u>	<u>\$2,512,813</u>

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2007

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 \$14,705,961. Of this amount, \$260,461 and \$181,275 are reserved for debt service and inventories, respectively, and are not available for appropriation. Of the remaining \$14,264,225, \$55,397 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 \$5,280,797. The fund balance of the General Fund increased by \$435,445 during the current fiscal year. This amount was a combination of revenues and other financing sources over expenditures and other financing uses.

The Road and Bridge Fund had an increase in fund balance of \$329,207. This is the result of a decrease in infrastructure maintenance and a positive variance in revenues compared to budget.

The Capital Projects Fund had an increase of \$5,881,444 due to the proceeds of a tax note issued for \$6,000,000.

Nonmajor governmental funds recognized an increase in fund balance of \$604,790. The Debt Service Funds had an increase of \$62,242, and the Special Revenue Funds had an increase of \$542,548. The increase in the Special Revenue Funds was primarily do the Emergency Medical Services Fund, and the HWY 290/36 Fund.

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 2007, in addition to line item transfers, the General Fund expenditure budget was increased by \$138,199.

There was a positive variance between the final amended budget appropriations and the actual expenditures of \$525,766. Key highlights of this variance are as follows:

<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Administration	\$2,344,016	\$2,257,546	\$86,470
<p>Positive variance caused primarily by reduced litigation and autopsy expense and efficient management of department expense.</p>			
Judicial	\$1,293,477	\$1,214,904	\$78,573
<p>Positive variance was a result of efficient management of department expenses including a reduction in District Court jurors and appointed attorneys.</p>			
Public Safety	\$3,785,729	\$3,595,234	\$190,495
<p>Positive variance primarily caused by under staffing of jail personnel and efficiency in management of other variable expenses throughout this function.</p>			

WASHINGTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2007

Health and Welfare

Indigent Health	\$397,640	\$361,473	\$36,167
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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, 2007, amounts to \$17,372,823 (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 4.0%.

Capital Assets at Year-End

Asset	2007	2006	Increase (Decrease)
Land	\$201,969	\$201,969	\$ --
Buildings	4,211,861	4,442,327	(230,466)
Equipment	2,441,402	2,570,120	(128,718)
Infrastructure	10,396,190	9,485,421	910,769
Construction in progress	121,401	--	121,401
	<u>\$17,372,823</u>	<u>\$16,699,837</u>	<u>\$672,986</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 \$6,651,618. Notes payable of \$228,315 consists of a promissory note, due in General Fund monthly appropriations of \$3,776, secured by property with a book value of \$412,500, maturing in December 2013. Capital Lease Obligations for Road and Bridge machinery in the amount of \$266,504 are payable from annual appropriations of the Road & Bridge Fund.

Outstanding Debt at Year End

Type of Debt	2007	2006	Increase (Decrease)
General obligation bonds	\$6,000,000	\$360,000	\$5,640,000
Notes payable	228,315	259,128	(30,813)
Capital lease obligations	266,504	285,460	(18,956)
Compensated absences	156,799	162,287	(5,488)
	<u>\$6,651,618</u>	<u>\$1,066,875</u>	<u>\$5,584,743</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, 2007

Economic Factors and Next Year's Budgets and Rates

The County adopted a 2007 tax rate equal to the effective tax rate of \$0.4349 per \$100 valuation for the year ended December 31, 2007. While the tax rate was the same as the previous effective tax rate, taxes will increase compared to 2006 taxes by \$440,448. Although we are in a declining economy, sales tax increased by \$106,329.

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, 100 E. Main St., Suite 208, Brenham, Texas 77833.

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Basic Financial Statements

WASHINGTON COUNTY, TEXAS

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Governmental Activities
ASSETS	
<i>Cash and cash equivalents</i>	\$ 9,052,126
<i>Investments</i>	5,783,884
Receivables (net of allowances for uncollectibles):	5,382,939
<i>Inventories</i>	181,275
<i>Prepaid items</i>	16,808
Restricted assets:	
<i>Cash and cash equivalents</i>	6,692,067
<i>Deferred charges</i>	81,964
Capital Assets (net of accumulated depreciation)	
<i>Land</i>	201,969
<i>Buildings</i>	4,211,861
<i>Equipment</i>	2,441,402
<i>Infrastructure</i>	10,396,190
<i>Construction in progress</i>	121,401
Total Assets	44,563,886
LIABILITIES	
<i>Accounts payable</i>	274,162
<i>Accrued liabilities and other payables</i>	455,690
<i>Due to other governments</i>	165,228
<i>Unearned revenue</i>	9,707,936
Noncurrent liabilities:	
<i>Due within one year</i>	514,616
<i>Due in more than one year</i>	6,137,002
Total Liabilities	17,254,634
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	16,721,205
Restricted For:	
Debt Service	298,165
Capital Projects	5,881,444
Unrestricted	4,408,438
Total Net Assets	\$ 27,309,252

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

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
Governmental activities:					
<i>General administration</i>	\$ 2,442,884	\$ 534,782	\$ 51,391	\$ --	\$ (1,856,711)
<i>Judicial</i>	1,819,939	1,193,574	297,992	--	(328,373)
<i>Legal</i>	286,252	18,476	62,500	--	(205,276)
<i>Elections</i>	80,941	--	--	--	(80,941)
<i>Financial administration</i>	526,021	250,430	--	--	(275,591)
<i>Public facilities</i>	198,215	39,905	--	--	(158,310)
<i>Public safety</i>	3,807,837	95,736	77,678	--	(3,634,423)
<i>Public transportation</i>	3,488,002	1,213,741	29,049	128,784	(2,116,428)
<i>Health and welfare</i>	2,573,518	1,622,696	614,378	--	(336,444)
<i>Culture and recreation</i>	401,394	78,092	--	--	(323,302)
<i>Conservation</i>	136,557	--	--	--	(136,557)
<i>Data processing</i>	105,152	--	--	--	(105,152)
<i>Interest on long-term debt</i>	74,880	--	--	--	(74,880)
Total expenditures	15,941,592	5,047,432	1,132,988	128,784	(9,632,388)
Total Primary Government	\$ 15,941,592	\$ 5,047,432	\$ 1,132,988	\$ 128,784	(9,632,388)
General Revenues:					
<i>Taxes</i>					11,403,839
<i>Unrestricted Investment Earnings</i>					625,919
<i>Miscellaneous</i>					167,332
<i>Gain (Loss) on Sale of Capital Assets</i>					(51,889)
Total General Revenues					12,145,201
Change in Net Assets					2,512,813
Net Assets - Beginning					24,796,439
Net Assets - Ending					\$ 27,309,252

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General Fund	Road and Bridge
ASSETS		
<i>Cash and cash equivalents</i>	\$ 5,249,820	\$ 1,051,729
<i>Investments</i>	--	--
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	2,172,316	1,208,611
<i>Accounts</i>	--	--
<i>Fines</i>	386,939	188,929
<i>Intergovernmental</i>	341,089	--
<i>Due from other funds</i>	--	--
<i>Inventories</i>	--	181,275
Restricted assets:		
<i>Cash and cash equivalents</i>	4,027,981	2,271,041
Total Assets	<u>\$ 12,178,145</u>	<u>\$ 4,901,585</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
<i>Accounts payable</i>	\$ 54,029	\$ 119,777
<i>Accrued liabilities and other payables</i>	287,529	39,874
<i>Due to other funds</i>	--	--
<i>Due to other governments</i>	165,228	--
<i>Deferred revenue</i>	2,362,581	1,380,138
<i>Taxes collected in advance</i>	4,027,981	2,271,041
Total Liabilities	<u>6,897,348</u>	<u>3,810,830</u>
Fund balances:		
Reserved for:		
<i>Debt service</i>	--	--
<i>Inventories</i>	--	181,275
Unreserved, designated, reported in:		
<i>General fund</i>	45,500	--
<i>Special revenue funds</i>	--	9,897
Unreserved, undesignated, reported in:		
<i>General fund</i>	5,235,297	--
<i>Special revenue funds</i>	--	899,583
<i>Capital projects fund</i>	--	--
Total fund balances	<u>5,280,797</u>	<u>1,090,755</u>
Total Liabilities and Fund Balances	<u>\$ 12,178,145</u>	<u>\$ 4,901,585</u>

The accompanying notes are an integral part of this statement.

Tax Note Series 2007 Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 97,560	\$ 2,516,978	\$ 8,916,087
5,783,884	--	5,783,884
--	213,744	3,594,671
--	871,311	871,311
--	--	575,868
--	--	341,089
--	27,087	27,087
--	--	181,275
--	393,045	6,692,067
<u>\$ 5,881,444</u>	<u>\$ 4,022,165</u>	<u>\$ 26,983,339</u>
\$ --	\$ 6,516	\$ 180,322
--	59,877	387,280
--	27,087	27,087
--	--	165,228
--	1,082,675	4,825,394
--	393,045	6,692,067
<u>--</u>	<u>1,569,200</u>	<u>12,277,378</u>
--	260,461	260,461
--	--	181,275
--	--	45,500
--	--	9,897
--	--	5,235,297
--	2,192,504	3,092,087
5,881,444	--	5,881,444
<u>5,881,444</u>	<u>2,452,965</u>	<u>14,705,961</u>
<u>\$ 5,881,444</u>	<u>\$ 4,022,165</u>	<u>\$ 26,983,339</u>

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WASHINGTON COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total fund balances - governmental funds balance sheet	\$ 14,705,961
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.	17,372,824
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	527,574
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	42,200
Payables for capital leases which are not due in the current period are not reported in the funds.	(266,504)
Payables for bond interest which are not due in the current period are not reported in the funds.	(68,410)
Payables for notes which are not due in the current period are not reported in the funds.	(6,228,315)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(156,799)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	98,772
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	410,639
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	871,309
Net assets of governmental activities - statement of net assets	<u>\$ 27,309,252</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, 2007

	General Fund	Road and Bridge
Revenues:		
<i>Taxes</i>	\$ 7,771,620	\$ 3,233,447
<i>Intergovernmental</i>	165,286	57,755
<i>Licenses, permits and fees</i>	53,210	912,167
<i>Fines and forfeitures</i>	771,005	277,208
<i>Charges for services</i>	1,018,951	2,000
<i>Interest</i>	467,992	23,122
<i>Miscellaneous</i>	250,430	103
Total revenues	<u>10,498,494</u>	<u>4,505,802</u>
Expenditures:		
Current:		
<i>General administration</i>	2,271,465	--
<i>Judicial</i>	1,216,147	--
<i>Legal</i>	288,600	--
<i>Elections</i>	56,153	--
<i>Financial administration</i>	529,086	--
<i>Public facilities</i>	186,895	--
<i>Public safety</i>	3,597,692	--
<i>Public transportation</i>	--	4,341,269
<i>Health and welfare</i>	602,449	--
<i>Culture and recreation</i>	387,861	--
<i>Conservation</i>	136,563	--
<i>Data processing</i>	102,965	--
<i>Capital outlay</i>	--	--
Debt service:		
<i>Principal</i>	--	--
<i>Interest and fiscal charges</i>	--	--
<i>Bond issuance costs</i>	--	--
Total expenditures	<u>9,375,876</u>	<u>4,341,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,122,618</u>	<u>164,533</u>
Other financing sources (uses):		
<i>Transfers in</i>	74,400	--
<i>Transfers out</i>	(761,677)	--
<i>Note proceeds</i>	--	--
<i>Sale of capital assets</i>	104	38,950
<i>Capital leases</i>	--	125,724
Total other financing sources (uses)	<u>(687,173)</u>	<u>164,674</u>
Net change in fund balances	435,445	329,207
Fund balances, January 1	4,845,352	761,548
Fund balances, December 31	<u>\$ 5,280,797</u>	<u>\$ 1,090,755</u>

The accompanying notes are an integral part of this statement.

Tax Note Series 2007 Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 416,501	\$ 11,421,568
--	958,727	1,181,768
--	--	965,377
--	--	1,048,213
--	1,632,265	2,653,216
87,845	46,960	625,919
--	76,048	326,581
<u>87,845</u>	<u>3,130,501</u>	<u>18,222,642</u>
--	106,839	2,378,304
--	629,149	1,845,296
--	2,784	291,384
--	--	56,153
--	--	529,086
--	749	187,644
--	124,824	3,722,516
--	--	4,341,269
--	1,978,923	2,581,372
--	--	387,861
--	--	136,563
--	--	102,965
121,401	--	121,401
--	360,000	360,000
--	9,720	9,720
85,000	--	85,000
<u>206,401</u>	<u>3,212,988</u>	<u>17,136,534</u>
<u>(118,556)</u>	<u>(82,487)</u>	<u>1,086,108</u>
--	763,077	837,477
--	(75,800)	(837,477)
6,000,000	--	6,000,000
--	--	39,054
--	--	125,724
<u>6,000,000</u>	<u>687,277</u>	<u>6,164,778</u>
5,881,444	604,790	7,250,886
--	1,848,175	7,455,075
<u>\$ 5,881,444</u>	<u>\$ 2,452,965</u>	<u>\$ 14,705,961</u>

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, 2007

Net change in fund balances - total governmental funds	\$ 7,250,886
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,289,249
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,654,104)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(90,943)
Donations of capital assets increase net assets in the SOA but not in the funds.	128,784
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(17,729)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	69,860
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	360,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	144,679
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	30,813
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(3,036)
(Increase) decrease in accrued interest from beginning of period to end of period	(65,160)
The net revenue (expense) of internal service funds is reported with governmental activities.	17,151
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	5,488
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	(3,780)
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	176,378
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(6,000,000)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(125,724)
Change in net assets of governmental activities - statement of activities	<u>\$ 2,512,813</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

DECEMBER 31, 2007

	Nonmajor Internal Service Fund
	Insurance Fund
ASSETS	
<i>Cash and cash equivalents</i>	\$ 136,040
Total Current Assets	<u>136,040</u>
LIABILITIES	
Current Liabilities:	
<i>Accounts payable</i>	93,840
Total Current Liabilities	<u>93,840</u>
NET ASSETS	
<i>Unreserved</i>	42,200
Total Net Assets	<u>\$ 42,200</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Nonmajor Internal Service Fund
	Insurance Fund
OPERATING REVENUES:	
<i>Charges for services</i>	\$ 1,283,608
Total Operating Revenues	<u>1,283,608</u>
OPERATING EXPENSES:	
<i>Claims paid</i>	1,323,699
<i>Other expenses</i>	8,407
Total Operating Expenses	<u>1,332,106</u>
Operating Income (Loss)	<u>(48,498)</u>
NON-OPERATING REVENUES (EXPENSES):	
<i>Interest revenue</i>	4,479
<i>Miscellaneous</i>	61,170
Total Non-operating Revenues (Expenses)	<u>65,649</u>
Change in net assets	17,151
Total net assets, January 1	25,049
Total net assets, December 31	<u>\$ 42,200</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

DECEMBER 31, 2007

	Nonmajor Internal Service Fund Insurance Fund
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ 1,344,778
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(1,354,794)
Net Cash Provided (Used) by Operating Activities	<u>(10,016)</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	4,479
Net Cash Provided (Used) for Investing Activities	<u>4,479</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,537)
<i>Cash and Cash Equivalents at Beginning of Year</i>	141,577
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 136,040</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	<u>\$ (48,498)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Miscellaneous income</i>	61,170
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Increase (Decrease) in Accounts Payable</i>	(22,688)
Total Adjustments	<u>38,482</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (10,016)</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

DECEMBER 31, 2007

	Private-purpose Trust Funds	Agency Funds
ASSETS		
<i>Cash and cash equivalents</i>	\$ 1,546,214	\$ 1,220,059
<i>Due from other funds</i>	--	42,145
Total Assets	<u>\$ 1,546,214</u>	<u>\$ 1,262,204</u>
LIABILITIES		
<i>Due to other funds</i>	\$ --	\$ 42,145
<i>Due to other governments</i>	--	629,185
<i>Due to others</i>	--	590,874
Total Liabilities	<u>--</u>	<u>1,262,204</u>
NET ASSETS		
<i>Held in trust for other purposes</i>	<u>\$ 1,546,214</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Private- Purpose Trusts
Additions:	
<i>Investment Income</i>	\$ 36,226
<i>Lease income</i>	169,277
<i>Miscellaneous</i>	55,948
Total Additions	<u>261,451</u>
Deductions:	
<i>Administrative Expenses</i>	93,140
<i>Payments to schools</i>	180,323
Total Deductions	<u>273,463</u>
Change in Net Assets	(12,012)
Net Assets-Beginning of the Year	1,419,983
Net Assets-End of the Year	<u>\$ 1,407,971</u>

The accompanying notes are an integral part of this statement.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

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, 2007

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.

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 annually to replace equipment as its useful life is consumed.

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.

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

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

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.

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.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

4. Restricted assets

The 2007 tax levy is made to fund calendar year 2008. 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, 2007

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>\$181,275</u>
Designated for subdivision road repair	<u>\$ 9,897</u>

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 \$98,772 difference are as follows:

Prepaid expense	\$16,808
Deferred bond issue costs	<u>81,964</u>
Total	<u>\$98,772</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 \$69,860 difference are as follows:

Bond issue costs	\$85,000
Net change in prepaid expense	<u>(15,140)</u>
Total	<u>\$69,860</u>

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

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 \$17,158,188. All of the bank balance of \$18,101,121 was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by the depository's agent in the County's name.

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	NonMajor and Other	Total
Taxes receivable - delinquent	\$2,172,316	\$1,208,611	\$213,744	\$3,594,671
Accounts receivable	\$ --	\$ --	\$8,128,318	\$8,128,318
Allowance for uncollectibles	--	--	(7,257,007)	(7,257,007)
Net other receivables	\$ --	\$ --	\$871,311	\$871,311
Fines receivable	\$1,096,245	\$1,371,940	\$ --	\$2,468,185
Allowance for uncollectibles	(709,306)	(1,183,011)	--	(1,892,317)
Net fines receivable	\$386,939	\$188,929	\$ --	\$575,868
Intergovernmental	\$341,089	\$ --	\$ --	\$341,089

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:

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

	Unavailable	Unearned	Total
Current tax levy receivable (2007) (General Fund)	\$ --	\$1,815,023	\$1,815,023
Current tax levy receivable (2007) (Road & Bridge Fund)	--	1,027,186	1,027,186
Current tax levy receivable (2007) (Debt Service Funds)	--	173,660	173,660
Taxes collected in advance (General Fund)	--	4,027,981	4,027,981
Taxes collected in advance (Road & Bridge Fund)	--	2,271,041	2,271,041
Taxes collected in advance (Debt Service Funds)	--	393,045	393,045
Delinquent property taxes receivable (General Fund)	325,848	--	325,848
Delinquent property taxes receivable (Road & Bridge Fund)	164,023	--	164,023
Delinquent property taxes receivable (Debt Service Fund)	37,704	--	37,704
Delinquent fines receivable (General Fund)	221,710	--	221,710
Delinquent fines receivable (Road & Bridge Fund)	188,929	--	188,929
Delinquent ambulance receivables	871,311	--	871,311
Total deferred/unearned revenue for governmental funds	\$1,809,525	\$9,707,936	\$11,517,461

Reported in financial statements as:

Deferred revenue

\$ 4,825,394

Taxes collected in advance

6,692,067

Total

\$11,517,461

C. Capital assets

Capital asset activity for the year ended December 31, 2007:

	Balance 12/31/06	Additions	Retirements	Completed Construction	Balance 12/31/07
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$201,968	\$ --	\$ --	\$ --	\$201,968
Construction in progress	--	121,401	--	--	121,401
Total capital assets not being depreciated	201,968	121,401	--	--	323,369
Capital assets, being depreciated:					
Buildings	7,639,746	--	--	--	7,639,746
Infrastructure	74,453,835	1,790,994	(838,621)	--	75,406,208
Machinery and equipment	6,254,920	505,639	(259,575)	--	6,500,984
Total capital assets being depreciated	88,348,501	2,296,633	(1,098,196)	--	89,546,938
Less accumulated depreciation for:					
Buildings	(3,197,419)	(230,465)	--	--	(3,427,884)
Infrastructure	(64,968,414)	(880,224)	838,621	--	(65,010,017)
Machinery and equipment	(3,684,800)	(543,414)	168,632	--	(4,059,582)
Total accumulated depreciation	(71,850,633)	(1,654,103)	1,007,253	--	(72,497,483)
Total capital assets being depreciated, net	16,497,868	642,530	(90,943)	--	17,049,455
Governmental activities capital assets, net	\$16,699,836	\$763,931	(\$90,943)	\$ --	\$17,372,824

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

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

Governmental activities:

General administration	\$115,727
Judicial	4,675
Elections	25,906
Financial administration	3,523
Public facilities	10,571
Public safety	264,388
Public transportation	1,122,274
Health and welfare	93,975
Culture and recreation	<u>13,065</u>
Total depreciation expense - governmental activities	<u><u>\$1,654,104</u></u>

Construction commitments

Construction commitments

The County has active construction projects as of December 31, 2007. The projects include a jail addition for women and a new EMS station.

Project	Funding Source	Spent to Date	Remaining Commitment
Jail Addition for Women	[A]	\$18,855	\$106,845
EMS Station	[A]	84,672	91,098
		<u>\$103,527</u>	<u>\$197,943</u>

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

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Fund	Receivable	Payable
Operating Funds		
Nonmajor Funds		
Archive Fee - County Clerk	\$27,087	\$ --
Courthouse Security Special Revenue	--	27,087
Total Operating Funds	<u>\$27,087</u>	<u>\$27,087</u>
Fiduciary Funds		
Criminal Justice	\$42,145	\$ --

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Justice of the Peace Number 1	--	5,410
Justice of the Peace Number 2	--	3,576
Justice of the Peace Number 3	--	11,691
Justice of the Peace Number 4	--	11,245
County Clerk	--	8,544
District Clerk	--	1,679
Total Fiduciary Funds	<u>\$42,145</u>	<u>\$42,145</u>

Interfund receivables and payables arise from bank overdrafts in the operating funds, and collections by elected officials which are consolidated in another fund for remittance to the proper entity in the Fiduciary Funds.

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$74,400	\$761,677
Total Major Funds	<u>74,400</u>	<u>761,677</u>
Nonmajor Governmental Funds		
District Attorney	294,500	--
EMS	175,177	--
EMS Deprecation	83,400	--
Check and Process	--	10,000
Child Foster Care	10,000	--
HWY 290/36	200,000	--
Courthouse Security	--	50,000
Tobacco Settlement	--	15,800
Total Nonmajor governmental funds	<u>763,077</u>	<u>75,800</u>
Totals	<u>\$837,477</u>	<u>\$837,477</u>

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, 2007

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 12/31/07
Governmental Long-Term Debt Issues					
General Obligation Debt:					
Tax Note - Series 2007	\$6,000,000	09/13/07	08/15/14	3.84%	\$6,000,000
Notes Payable					
Building	\$450,000	12/22/98	12/26/13	5.90%	228,315
Total Governmental Long-Term Debt					<u>\$6,228,315</u>

Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		Note Payable		Total
	Principal	Interest	Principal	Interest	
2008	\$240,000	\$212,480	\$32,681	\$12,596	\$497,757
2009	245,000	421,184	34,662	10,615	711,461
2010	260,000	211,776	36,763	8,514	517,053
2011	280,000	201,792	38,992	6,285	527,069
2012	1,595,000	191,040	41,356	3,921	1,831,317
2013-2014	3,380,000	129,792	43,862	1,414	3,555,068
Total	<u>\$6,000,000</u>	<u>\$1,368,064</u>	<u>\$228,316</u>	<u>\$43,345</u>	<u>\$7,639,725</u>

Capital Lease Obligations Currently Outstanding:

	Original Amount	Date of Inception	Final Maturity	Interest Rate	Balance 12/31/07
JCB Wheel Loader	\$171,459	04/11/07	04/11/10	4.50%	\$125,724
Terex Reclaiming Machine	\$233,506	11/23/05	1/15/10	4.09%	140,780
Total Leases Payable					<u>\$266,504</u>

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

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

Year	Total
2008	\$96,552
2009	96,552
2010	96,552
Total payments	289,656
Less imputed interest	(23,152)
Total Capital Lease Obligations	<u>\$266,504</u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Retirements	Balance 12/31/07	Due Within One Year
Governmental activities:					
General obligation bonds	\$360,000	\$6,000,000	(\$360,000)	\$6,000,000	\$240,000
Notes payable	259,128	--	(30,813)	228,315	32,681
Capital lease obligations	285,460	125,724	(144,680)	266,504	85,136
Compensated absences	162,287	156,799	(162,287)	156,799	156,799
Governmental activity Long-Term Liabilities	<u>\$1,066,875</u>	<u>\$6,282,523</u>	<u>(\$697,780)</u>	<u>\$6,651,618</u>	<u>\$514,616</u>

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

IV. OTHER INFORMATION

A. Risk management

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

The County uses a medical self-insurance fund to pay medical and dental claims of the County employees and their covered dependents and 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, are covered through a private insurance carrier. Additionally, life insurance policy premiums for each employee are paid through the fund. The self-insurance fund is funded by charges to other funds and charges to employees for extended benefits at their option. The County does not believe that there are material claims incurred but not reported as of December 31, 2007.

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

	12/31/07	12/31/06
Claims payable beginning of year	\$116,529	\$131,469
Claims incurred	1,332,105	1,335,992
Payment on claims	(1,354,794)	(1,350,932)
Claims payable end of year	<u>\$93,840</u>	<u>\$116,529</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, 2007, 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 573 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.

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

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.04% for calendar year 2007.

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, 2007, the annual pension cost for the TCDRS plan for its employees was \$636,745 and the actual contributions were \$636,745.

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, 2005, the basis for determining the contribution rates for calendar year 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/06	12/31/05	12/31/04
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period in years	15.0	20.0	20.0
Actuarial valuation method	SAF: 10-yr smoothed value ESF: Fund Value	Long-term appreciation with adjustment.	Long-term appreciation with adjustment.
Actuarial assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.30%	5.30%	5.50%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Trend Information

Accounting year ended	12/31/07	12/31/06	12/31/05
Annual Pension Cost (APC)	\$636,745	\$563,321	\$542,846
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	\$ --	\$ --	\$ --

WASHINGTON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2007

Schedule of Actuarial Liabilities and Funding Progress

Actuarial valuation date	12/31/06	12/31/05	12/31/04
Actuarial value of assets	\$12,096,501	\$10,506,366	\$9,783,538
Actuarial Accrued Liability (AAL)	\$14,375,150	\$13,011,589	\$12,219,147
Unfunded AAL (UAAL)	\$2,278,649	\$2,505,223	\$2,435,609
Funded Ratio	84.15%	80.75%	80.72%
Annual Covered Payroll (actuarial)	\$5,973,709	\$5,794,522	\$5,552,685
UAAL as a Percentage of Covered Payroll	38.14%	43.23%	43.86%

E. Implementation of Accounting Standards

The County is in the process of obtaining an actuarial evaluation under the requirements of GASB 45. In the opinion of County management, the liability, if any, under GASB 45 will not be material to the County's financial statements at December 31, 2007.

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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, 2007

EXHIBIT B-1
Page 1 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>				
<i>Ad valorem tax</i>	\$ 5,779,032	\$ 5,779,032	\$ 5,957,958	\$ 178,926
<i>Penalty and interest</i>	85,000	85,000	78,951	(6,049)
<i>Sales and other taxes</i>	1,796,000	1,796,000	2,008,276	212,276
<i>Total Taxes</i>	<u>7,660,032</u>	<u>7,660,032</u>	<u>8,045,185</u>	<u>385,153</u>
<i>Intergovernmental</i>				
<i>Federal shared revenues</i>	24,500	24,500	28,263	3,763
<i>State shared revenues</i>	110,775	110,775	137,023	26,248
<i>Other governments - prisoner housing</i>	80,000	80,000	3,840	(76,160)
<i>Total Intergovernmental</i>	<u>215,275</u>	<u>215,275</u>	<u>169,126</u>	<u>(46,149)</u>
<i>Licenses, permits and fees</i>				
<i>Licenses, permits and fees</i>	62,200	62,200	53,988	(8,212)
<i>Total Licenses, permits and fees</i>	<u>62,200</u>	<u>62,200</u>	<u>53,988</u>	<u>(8,212)</u>
<i>Fines and forfeitures</i>				
<i>Fines and forfeitures</i>	694,000	694,000	788,994	94,994
<i>Total Fines and forfeitures</i>	<u>694,000</u>	<u>694,000</u>	<u>788,994</u>	<u>94,994</u>
<i>Charges for services</i>				
<i>Fees of office</i>	786,500	786,500	892,627	106,127
<i>Justice court number one fees</i>	34,900	34,900	27,325	(7,575)
<i>Justice court number one two</i>	25,150	25,150	29,750	4,600
<i>Justice court number one three</i>	43,300	43,300	52,514	9,214
<i>Justice court number one four</i>	54,600	54,600	60,527	5,927
<i>Total Charges for services</i>	<u>944,450</u>	<u>944,450</u>	<u>1,062,743</u>	<u>118,293</u>
<i>Interest</i>				
<i>Interest</i>	350,000	350,000	467,548	117,548
<i>Total Interest</i>	<u>350,000</u>	<u>350,000</u>	<u>467,548</u>	<u>117,548</u>
<i>Miscellaneous</i>				
<i>Rent</i>	180,200	180,200	144,906	(35,294)
<i>Miscellaneous</i>	119,600	119,600	124,673	5,073
<i>Total Miscellaneous</i>	<u>299,800</u>	<u>299,800</u>	<u>269,579</u>	<u>(30,221)</u>
Total revenues	<u>10,225,757</u>	<u>10,225,757</u>	<u>10,857,163</u>	<u>631,406</u>
Expenditures:				
Current:				
<i>General Administration</i>				
<i>County Judge</i>				
<i>Personnel services</i>	90,714	90,714	90,454	260
<i>Benefits</i>	23,082	23,286	22,741	545
<i>Supplies</i>	2,900	2,596	2,158	438
<i>Other services and charges</i>	4,900	5,000	4,072	928
<i>Total County Judge</i>	<u>121,596</u>	<u>121,596</u>	<u>119,425</u>	<u>2,171</u>

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

EXHIBIT B-1
Page 2 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Courthouse Receptionist</i>				
<i>Personnel services</i>	\$ 54,191	\$ 55,091	\$ 54,108	\$ 983
<i>Benefits</i>	11,006	11,106	10,758	348
<i>Supplies</i>	2,500	3,400	3,056	344
<i>Other services and charges</i>	3,600	3,600	2,362	1,238
<i>Capital outlay</i>	5,000	4,000	--	4,000
<i>Total Courthouse Receptionist</i>	<u>76,297</u>	<u>77,197</u>	<u>70,284</u>	<u>6,913</u>
<i>County Communications</i>				
<i>Other services and charges</i>	57,000	69,500	67,589	1,911
<i>Total County Communications</i>	<u>57,000</u>	<u>69,500</u>	<u>67,589</u>	<u>1,911</u>
<i>Commissioner's Court</i>				
<i>Personnel services</i>	163,425	163,425	163,242	183
<i>Benefits</i>	43,598	43,598	38,865	4,733
<i>Supplies</i>	250	250	132	118
<i>Other services and charges</i>	8,800	8,800	7,595	1,205
<i>Total Commissioner's Court</i>	<u>216,073</u>	<u>216,073</u>	<u>209,834</u>	<u>6,239</u>
<i>County Clerk</i>				
<i>Personnel services</i>	192,416	193,746	193,658	88
<i>Benefits</i>	37,612	37,812	36,956	856
<i>Supplies</i>	19,150	18,720	17,634	1,086
<i>Other services and charges</i>	10,540	9,440	9,152	288
<i>Total County Clerk</i>	<u>259,718</u>	<u>259,718</u>	<u>257,400</u>	<u>2,318</u>
<i>Veteran's Office</i>				
<i>Personnel services</i>	20,857	20,857	20,081	776
<i>Benefits</i>	4,744	4,954	4,525	429
<i>Supplies</i>	1,175	965	493	472
<i>Other services and charges</i>	1,550	1,550	1,120	430
<i>Total Veteran's Office</i>	<u>28,326</u>	<u>28,326</u>	<u>26,219</u>	<u>2,107</u>
<i>County Auditor</i>				
<i>Personnel services</i>	118,814	118,814	117,836	978
<i>Benefits</i>	24,650	24,650	23,972	678
<i>Supplies</i>	4,350	4,350	2,072	2,278
<i>Other services and charges</i>	7,450	7,450	3,344	4,106
<i>Total County Auditor</i>	<u>155,264</u>	<u>155,264</u>	<u>147,224</u>	<u>8,040</u>
<i>Nondepartmental</i>				
<i>Benefits</i>	946,000	1,028,200	1,020,952	7,248
<i>Supplies</i>	6,000	2,000	898	1,102
<i>Other services and charges</i>	357,000	330,800	292,405	38,395
<i>Capital outlay</i>	187,742	55,342	45,316	10,026
<i>Total Nondepartmental</i>	<u>1,496,742</u>	<u>1,416,342</u>	<u>1,359,571</u>	<u>56,771</u>
<i>Total General Administration</i>	<u>2,411,016</u>	<u>2,344,016</u>	<u>2,257,546</u>	<u>86,470</u>

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Judicial</i>				
<i>District Court</i>				
Personnel services	\$ 72,942	\$ 72,942	\$ 68,125	\$ 4,817
Benefits	13,328	13,513	11,930	1,583
Supplies	3,000	3,200	2,188	1,012
Other services and charges	246,707	246,322	201,714	44,608
Total District Court	335,977	335,977	283,957	52,020
<i>District Attorney</i>				
<i>District Clerk</i>				
Personnel services	194,158	194,163	193,889	274
Benefits	38,796	38,796	38,003	793
Supplies	15,300	15,245	11,559	3,686
Other services and charges	8,500	8,550	7,816	734
Capital outlay	4,500	4,500	370	4,130
Total District Clerk	261,254	261,254	251,637	9,617
<i>County Court at Law</i>				
Personnel services	124,499	137,433	134,178	3,255
Benefits	22,999	26,099	23,943	2,156
Supplies	4,200	5,295	5,197	98
Other services and charges	115,196	110,667	109,176	1,491
Total County Court at Law	266,894	279,494	272,494	7,000
<i>Justice Court Number One</i>				
Personnel services	67,951	67,951	67,857	94
Benefits	14,322	14,322	13,325	997
Supplies	2,600	2,670	2,651	19
Other services and charges	6,000	5,930	4,543	1,387
Total Justice Court Number One	90,873	90,873	88,376	2,497
<i>Justice Court Number Two</i>				
Personnel services	64,954	64,954	64,889	65
Benefits	18,052	18,052	17,921	131
Supplies	3,100	3,080	3,034	46
Other services and charges	5,800	5,820	5,009	811
Total Justice Court Number Two	91,906	91,906	90,853	1,053
<i>Justice Court Number Three</i>				
Personnel services	92,232	92,232	91,256	976
Benefits	19,472	19,472	17,930	1,542
Supplies	4,700	6,050	5,766	284
Other services and charges	7,600	8,550	8,150	400
Total Justice Court Number Three	124,004	126,304	123,102	3,202

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Justice Court Number Four</i>				
<i>Personnel services</i>	\$ 68,727	\$ 73,327	\$ 72,920	\$ 407
<i>Benefits</i>	19,542	20,742	20,510	232
<i>Supplies</i>	3,700	3,800	3,747	53
<i>Other services and charges</i>	9,200	9,800	7,308	2,492
<i>Total Justice Court Number Four</i>	<u>101,169</u>	<u>107,669</u>	<u>104,485</u>	<u>3,184</u>
<i>Total Judicial</i>	<u>1,272,077</u>	<u>1,293,477</u>	<u>1,214,904</u>	<u>78,573</u>
<i>Legal</i>				
<i>County Attorney</i>				
<i>Personnel services</i>	233,519	239,219	232,958	6,261
<i>Benefits</i>	42,487	40,787	38,392	2,395
<i>Supplies</i>	7,800	7,700	6,119	1,581
<i>Other services and charges</i>	11,060	11,160	10,416	744
<i>Total County Attorney</i>	<u>294,866</u>	<u>298,866</u>	<u>287,885</u>	<u>10,981</u>
<i>Total Legal</i>	<u>294,866</u>	<u>298,866</u>	<u>287,885</u>	<u>10,981</u>
<i>Elections</i>				
<i>Elections</i>				
<i>Personnel services</i>	3,500	17,600	16,862	738
<i>Benefits</i>	--	3,100	2,362	738
<i>Supplies</i>	13,000	15,650	14,604	1,046
<i>Other services and charges</i>	15,250	19,400	18,193	1,207
<i>Total Elections</i>	<u>31,750</u>	<u>55,750</u>	<u>52,021</u>	<u>3,729</u>
<i>Total Elections</i>	<u>31,750</u>	<u>55,750</u>	<u>52,021</u>	<u>3,729</u>
<i>Financial administration</i>				
<i>Tax Assessor Collector</i>				
<i>Personnel services</i>	140,239	140,239	139,259	980
<i>Benefits</i>	27,434	27,434	25,214	2,220
<i>Supplies</i>	6,750	6,450	5,658	792
<i>Other services and charges</i>	20,500	20,299	13,897	6,402
<i>Total Tax Assessor Collector</i>	<u>194,923</u>	<u>194,422</u>	<u>184,028</u>	<u>10,394</u>
<i>County Treasurer</i>				
<i>Personnel services</i>	178,213	178,213	177,510	703
<i>Benefits</i>	36,048	36,248	35,239	1,009
<i>Supplies</i>	14,300	17,100	16,032	1,068
<i>Other services and charges</i>	14,300	11,300	8,805	2,495
<i>Total County Treasurer</i>	<u>242,861</u>	<u>242,861</u>	<u>237,586</u>	<u>5,275</u>
<i>Appraisal District</i>				
<i>Other services and charges</i>	111,129	111,630	111,561	69
<i>Total Appraisal District</i>	<u>111,129</u>	<u>111,630</u>	<u>111,561</u>	<u>69</u>
<i>Total Financial Administration</i>	<u>548,913</u>	<u>548,913</u>	<u>533,174</u>	<u>15,739</u>

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Public facilities</i>				
<i>County Courthouse</i>				
Personnel services	\$ 57,608	\$ 62,308	\$ 60,932	\$ 1,376
Benefits	11,374	13,574	10,630	2,944
Supplies	30,000	27,800	22,700	5,100
Other services and charges	46,950	46,250	38,659	7,591
Capital outlay	35,000	60,000	39,230	20,770
Total County Courthouse	180,932	209,932	172,151	37,781
Total Public Facilities	180,932	209,932	172,151	37,781
<i>Public safety</i>				
<i>Constable Number One</i>				
Personnel services	11,924	10,424	6,840	3,584
Benefits	3,950	4,054	2,111	1,943
Supplies	800	300	91	209
Other services and charges	450	346	--	346
Total Constable Number One	17,124	15,124	9,042	6,082
<i>Constable Number Two</i>				
Personnel services	61,273	61,272	61,172	100
Benefits	29,031	30,532	29,485	1,047
Supplies	2,250	4,450	4,442	8
Other services and charges	8,950	7,250	6,393	857
Total Constable Number Two	101,504	103,504	101,492	2,012
<i>Constable Number Three</i>				
Personnel services	11,924	11,924	11,887	37
Benefits	5,128	5,328	4,817	511
Supplies	1,100	900	661	239
Other services and charges	400	400	110	290
Total Constable Number Three	18,552	18,552	17,475	1,077
<i>Constable Number Four</i>				
Personnel services	11,924	11,924	11,886	38
Benefits	5,312	5,512	5,328	184
Supplies	850	650	--	650
Other services and charges	450	450	55	395
Total Constable Number Four	18,536	18,536	17,269	1,267
<i>Sheriff</i>				
Personnel services	921,608	944,058	943,242	816
Benefits	191,300	184,950	182,315	2,635
Supplies	47,500	37,390	36,193	1,197
Other services and charges	282,000	330,910	325,275	5,635
Capital outlay	102,000	123,200	122,997	203
Total Sheriff	1,544,408	1,620,508	1,610,022	10,486

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Department of Public Safety</i>				
Personnel services	\$ 30,879	\$ 31,679	\$ 30,355	\$ 1,324
Benefits	6,280	6,580	6,288	292
Supplies	5,500	5,500	4,965	535
Other services and charges	5,600	5,600	3,026	2,574
Total Department of Public Safety	48,259	49,359	44,634	4,725
<i>County Jail</i>				
Personnel services	1,031,246	1,013,746	945,424	68,322
Benefits	204,400	204,400	183,039	21,361
Supplies	190,000	205,000	196,456	8,544
Other services and charges	164,500	234,500	189,803	44,697
Capital outlay	25,000	27,500	22,416	5,084
Total County Jail	1,615,146	1,685,146	1,537,138	148,008
<i>Adult Probation</i>				
Supplies	1,000	1,000	505	495
Other services and charges	1,925	1,925	784	1,141
Total Adult Probation	2,925	2,925	1,289	1,636
<i>Cen-Tex Regional Juvenile Board</i>				
Supplies	2,000	2,000	514	1,486
Other services and charges	99,175	99,175	90,699	8,476
Total Cen-Tex Regional Juvenile Board	101,175	101,175	91,213	9,962
<i>Fire Protection</i>				
Personnel services	5,000	3,100	1,850	1,250
Benefits	11,000	10,500	9,518	982
Supplies	10,000	16,100	16,080	20
Other services and charges	115,100	118,350	118,165	185
Total Fire Protection	141,100	148,050	145,613	2,437
<i>National Guard</i>				
Other services and charges	300	300	--	300
Total National Guard	300	300	--	300
<i>Emergency Management</i>				
Personnel services	12,000	17,000	17,000	--
Benefits	1,000	1,000	340	660
Supplies	2,500	1,500	177	1,323
Other services and charges	4,000	3,050	2,530	520
Capital outlay	5,000	--	--	--
Total Emergency Management	24,500	22,550	20,047	2,503
Total Public Safety	3,633,529	3,785,729	3,595,234	190,495
<i>Health and welfare</i>				
<i>Social Services</i>				
Other services and charges	116,000	116,000	104,372	11,628
Total Social Services	116,000	116,000	104,372	11,628

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Indigent Health Care</i>				
<i>Benefits</i>	\$ --	\$ 5,600	\$ 5,391	\$ 209
<i>Supplies</i>	30,000	40,500	38,314	2,186
<i>Other services and charges</i>	437,740	351,540	317,768	33,772
<i>Total Indigent Health Care</i>	467,740	397,640	361,473	36,167
<i>Health Department</i>				
<i>Personnel services</i>	9,400	9,500	9,477	23
<i>Other services and charges</i>	49,700	37,700	35,800	1,900
<i>Total Health Department</i>	59,100	47,200	45,277	1,923
<i>Environmental</i>				
<i>Personnel services</i>	81,512	84,562	82,632	1,930
<i>Benefits</i>	15,678	15,928	14,796	1,132
<i>Supplies</i>	6,300	7,400	6,670	730
<i>Other services and charges</i>	24,600	24,600	14,282	10,318
<i>Capital outlay</i>	5,000	12,600	--	12,600
<i>Total Environmental</i>	133,090	145,090	118,380	26,710
<i>Total Health and Welfare</i>	775,930	705,930	629,502	76,428
<i>Culture and Recreation</i>				
<i>Education - Library</i>				
<i>Other services and charges</i>	45,500	45,500	43,091	2,409
<i>Total Education - Library</i>	45,500	45,500	43,091	2,409
<i>Fairgrounds</i>				
<i>Personnel services</i>	126,227	133,327	127,819	5,508
<i>Benefits</i>	24,360	25,860	24,869	991
<i>Supplies</i>	21,500	17,400	15,852	1,548
<i>Other services and charges</i>	106,500	111,600	108,986	2,614
<i>Capital outlay</i>	40,000	38,000	36,344	1,656
<i>Total Fairgrounds</i>	318,587	326,187	313,870	12,317
<i>Softball</i>				
<i>Other services and charges</i>	33,000	33,000	33,000	--
<i>Total Softball</i>	33,000	33,000	33,000	--
<i>Total Culture and Recreation</i>	397,087	404,687	389,961	14,726
<i>Conservation</i>				
<i>Extension Service</i>				
<i>Personnel services</i>	90,680	91,080	90,537	543
<i>Benefits</i>	25,400	25,200	23,875	1,325
<i>Supplies</i>	6,000	6,100	5,915	185
<i>Other services and charges</i>	13,800	16,500	15,188	1,312
<i>Total Extension Service</i>	135,880	138,880	135,516	3,364
<i>Soil Conservation</i>				
<i>Other services and charges</i>	4,000	4,000	4,000	--
<i>Total Soil Conservation</i>	4,000	4,000	4,000	--
<i>Total Conservation</i>	139,880	142,880	139,516	3,364

WASHINGTON COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Data Processing</i>				
<i>Data Processing</i>				
<i>Other services and charges</i>	\$ 77,000	\$ 110,999	\$ 103,518	\$ 7,481
<i>Total Data Processing</i>	<u>77,000</u>	<u>110,999</u>	<u>103,518</u>	<u>7,481</u>
<i>Total Data Processing</i>	<u>77,000</u>	<u>110,999</u>	<u>103,518</u>	<u>7,481</u>
Total expenditures	<u>9,762,980</u>	<u>9,901,179</u>	<u>9,375,413</u>	<u>525,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>462,777</u>	<u>324,578</u>	<u>1,481,750</u>	<u>1,157,172</u>
Other financing sources (uses):				
<i>Transfers in</i>	74,400	74,400	74,400	--
<i>Transfers out</i>	(761,677)	(761,678)	(761,677)	1
<i>Sale of capital assets</i>	2,000	2,000	104	(1,896)
<i>Total other financing sources (uses)</i>	<u>(685,277)</u>	<u>(685,278)</u>	<u>(687,173)</u>	<u>(1,895)</u>
Net change in fund balances	<u>(222,500)</u>	<u>(360,700)</u>	<u>794,577</u>	<u>1,155,277</u>
Fund balances, January 1	<u>8,483,224</u>	<u>8,483,224</u>	<u>8,483,224</u>	<u>--</u>
Fund balances, December 31	<u>\$ 8,260,724</u>	<u>\$ 8,122,524</u>	<u>\$ 9,277,801</u>	<u>\$ 1,155,277</u>