County of Washington, Pennsylvania

Primary Government Financial Statements and Required Supplementary and Supplementary Information

Year Ended December 31, 2010
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2010

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Independent Auditor's Report

Board of County Commissioners
County Controller
County of Washington, Pennsylvania

We have audited the accompanying primary government financial statements (financial statements) of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Washington, Pennsylvania (County), as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions 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. 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 the 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.

The financial statements referred to above include only the primary government of the County, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the County, as of December 31, 2010, and the changes in its financial position, and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the County, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Health Choices, Mental Health/Mental Retardation, and Human Services Special Revenue Funds, and the Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages i through xi and 55 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
July 27, 2011

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of Washington County's (County) financial statements provides an overview of the financial performance for the year ended December 31, 2010. It is recommended that it be read in conjunction with the basic financial statements and the accompanying notes to those statements.

The MD&A is designed to focus on the current year's activities and resulting changes in the County's financial position.

Financial Highlights

The General Fund reported an ending fund balance of $19,992,363, an increase of $6,487,991 from 2009.

The County had $50,212,369 of general obligation debt as of December 31, 2010. This represents a decrease of $1,506,126 from 2009.

The County had $19.6 million in unrestricted net assets as of December 31, 2010, an increase of $2.8 million from the previous year.

The County has a bond rating of A+ from Standard & Poor's.

The County's real estate millage increased from 21.4 mills to 24.9 mills.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the County's basic financial statements, which consist of three components:

1) Governmentwide financial statements
2) Fund financial statements
3) Notes to the financial statements

The basic financial statements present two different views of the County and will be explained in more detail later in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Government-wide Financial Statements

Government-wide financial statements provide information on governmental and business-type activities in a manner similar to the private sector. The two government-wide financial statements are the Statement of Net Assets and the Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Assets presents all of the County's assets and liabilities, recording the difference between the two as net assets. Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during 2010. Because it separates program revenue from general revenue, it shows to what extent each program relies on real estate taxes, charges for services, and intergovernmental revenues for funding.

All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses when goods and services are received.

Both statements report the following activities:

Governmental Activities - Most of the County's basic services are in this category, including General Government, Judicial, Public Safety and Human Services. Real estate taxes, charges for services, and intergovernmental revenue primarily fund these programs.

Business-type Activities - These include the County Health Center and 911 operations, and intend to recover their costs of operations primarily through user charges.

Fund Financial Statements

Fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities.

The County has three types of funds:

Governmental Funds: These 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 statements focus on expendable resources available at the end of the year.

Governmental fund statements provide a detailed short-term view of financial resources available in the near future to finance County programs.

The County maintains a multitude of individual governmental funds. The following are listed as major funds:

General Fund
Health Choices Fund
Mental Health/Mental Retardation Fund
Human Services Fund
Debt Service Fund

These have been identified as major funds based on criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 34. Financial data for remaining governmental funds are combined into a single presentation labeled Other Governmental Funds.

Proprietary Funds: Proprietary funds are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. The type of proprietary fund that the County uses for its Health Center and 911 operations is an Enterprise Fund.

Fiduciary Funds: The County is the trustee, or fiduciary, for its employees' pension plan. In addition, the County is also responsible for agency funds, which represent clearing accounts for assets held by the County in its role as custodian until funds are allocated to private parties, organizations, or government agencies to which they belong. Fiduciary activities are reported in a similar manner to proprietary funds in a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. All fiduciary activities are excluded from the County's government-wide financial statements because the assets of these funds are not available to support County programs.

Notes to the Financial Statements

Notes to the basic financial statements provide additional information essential to a full understanding of the detail provided in the government-wide and fund financial statements. The notes begin on page 17 of this report.

Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) that further explains and supports information in the financial statements.

Government-wide Statement of Net Assets

The following table summarizes the Statement of Net Assets as of December 31, 2010, and compares it to 2009.

Summary of Net Assets

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
Assets:				
Current and other assets	$ 45,414,153	$ 39,014,925	$ 10,837,015	$ 9,715,811
Capital assets	57,945,718	59,448,124	12,440,833	13,020,991
Total Assets	$ 103,359,871	$ 98,463,049	$ 23,277,848	$ 22,736,802
Liabilities:				
Current liabilities	$ 21,656,812	$ 17,639,123	$ 7,021,478	$ 5,916,022
Other liabilities	46,311,864	47,561,803	460,000	675,000
Total Liabilities	67,968,676	65,200,926	7,481,478	6,591,022
Net Assets:				
Invested in capital assets, net of related debt	11,756,579	12,190,694	11,765,833	12,140,991
Restricted	4,029,078	4,249,165	-	-
Unrestricted	19,605,538	16,822,264	4,030,537	4,004,789
Total Liabilities and Net Assets	$ 103,359,871	$ 98,463,049	$ 23,277,848	$ 22,736,802

NET ASSETS:

For 2010, net assets of governmental activities increased by $3,002,762 to $35,391,195. Unrestricted net assets, funds available for operations or payment of long-term debt, increased by $2,783,274.

Infrastructure Assets

Washington County's total assets at December 31, 2010 were $126,637,719. Of this amount, $70,386,551 is in capital assets, which includes infrastructure. Historically, infrastructure has not been reported or depreciated in governmental financial statements.

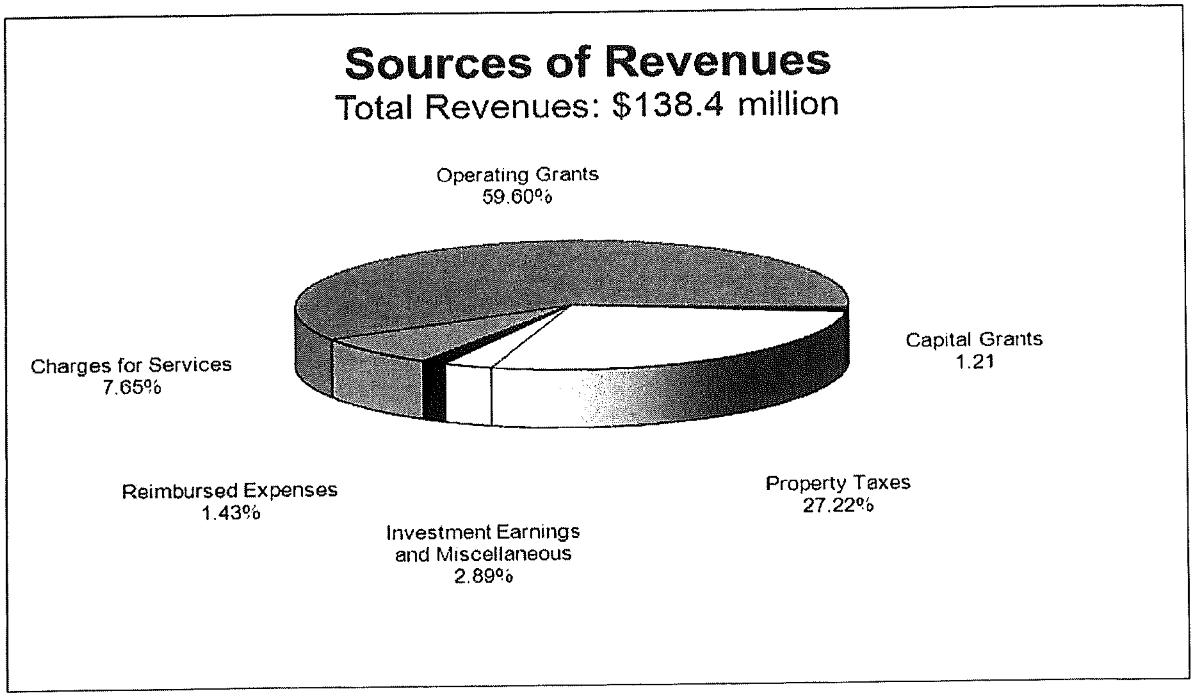
GASB Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statement. This statement does permit reporting in two stages. Prospective reporting of infrastructure (Stage #1) is required during the first year, with retroactive reporting (Stage #2) required by the year ended December 31, 2006. The County elected to implement both Stage #1 and Stage #2 in 2003.

Summary of Changes in Net Assets
For the Years Ended December 31, 2010 and 2009

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
Revenues:				
Program Revenues:				
Charges for services	$ 10,582,770	$ 9,591,123	$ 27,434,442	$ 25,762,926
Operating grants and contributions	83,166,699	95,992,164	637,424	-
Capital grants and contributions	1,676,822	2,762,909	2,195,519	3,605,861
General Revenues:				
Property taxes	37,661,517	32,064,316	-	-
Investment earnings	281,783	227,179	24,285	49,755
Reimbursed expenses	1,974,781	1,747,785	-	-
Miscellaneous	3,009,633	2,222,063	-	-
Total Revenues	138,354,005	144,607,539	30,291,670	29,418,542
Expenses:				
General Government	19,610,066	14,951,256	-	-
Judicial	14,041,582	14,798,246	-	-
Public Safety	15,817,893	17,095,393	4,729,603	5,164,041
Public Works	1,775,961	1,567,194	-	-
Human Services	80,204,904	92,587,087	26,411,477	24,097,578
Culture and Recreation	619,154	284,996	-	-
Conservation and Development	196,840	2,750,386	-	-
Interest on long-term debt	2,584,843	2,646,145	-	-
Total Expenses	134,851,243	146,680,703	31,141,080	29,261,619
Excess (deficiency) of revenues over expenses before transfers	3,502,762	(2,073,164)	(849,410)	156,923
Transfers	(500,000)	(812,500)	500,000	812,500
Change in Net Assets	3,002,762	(2,885,664)	(349,410)	969,423
Net assets - beginning (restated)	32,388,433	35,274,097	16,145,780	15,176,357
Net assets - ending	$ 35,391,195	$ 32,388,433	$ 15,796,370	$ 16,145,780

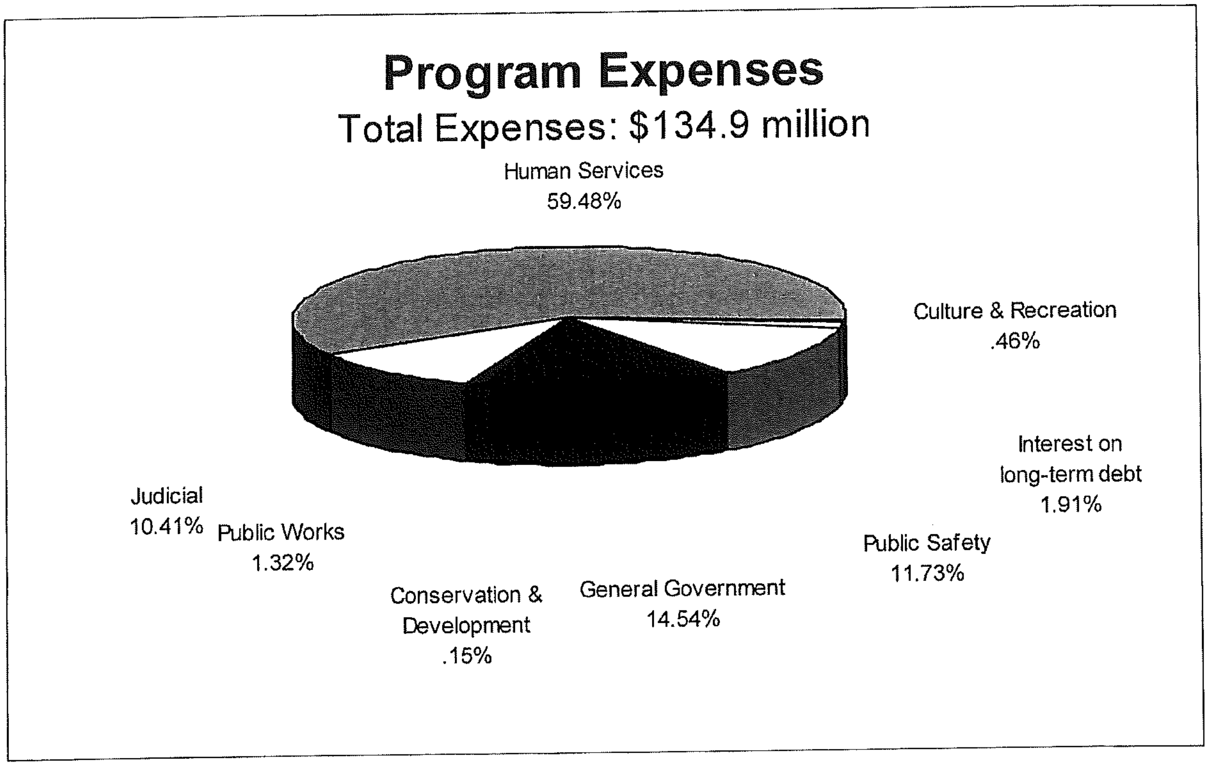
Governmental Activities

The following chart shows the composition of revenues for the year ended December 31, 2010:



Total government-wide revenues of $138.4 million were derived primarily from program-based operating grants, representing 59.60% of the total. Real estate taxes made up the second largest source of revenue at 27.22%.

The following chart graphically depicts the governmentwide program expenses for the year ended December 31, 2010:



Net Cost of Governmental Activities

The following table presents a summary of expenses, program revenues, and the net cost of services before taxes, investment earnings, and other income. Total expenses were $134.8 million with a net cost of services of $39.4 million.

Net Cost of Washington County's Governmental Activities for the Years Ended December 31, 2010 and 2009

	Expenses		Program revenues		Net cost of services	
	2010	2009	2010	2009	2010	2009
General Government	$ 19,610,066	$ 14,951,256	$ 3,744,434	$ 2,817,897	$ 15,865,632	$ 12,133,359
Judicial	14,041,582	14,798,246	6,842,156	6,825,011	7,199,426	7,973,235
Public Safety	15,817,893	17,095,393	1,668,655	1,542,244	14,149,238	15,553,149
Public Works	1,775,961	1,567,194	1,255,084	2,834,360	520,877	(1,267,166)
Human Services	80,204,904	92,587,087	81,343,705	94,122,475	(1,138,801)	(1,535,388)
Culture and Recreation	619,154	284,996	246,775	151,581	372,379	133,415
Conservation and Development	196,840	2,750,386	325,482	52,628	(128,642)	2,697,758
Debt service	2,584,843	2,646,145	-	-	2,584,843	2,646,145
Totals	$ 134,851,243	$ 146,680,703	$ 95,426,291	$ 108,346,196	$ 39,424,952	$ 38,334,507

Financial Analysis of County's Funds

The County uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds

For the year ended December 31, 2010, Washington County had combined ending fund balances of $28,772,277, an increase of $6,124,792 from 2009.

The following funds made up the County's major funds for 2010:

General Fund
Health Choices Fund
Mental Health/Mental Retardation Fund
Human Services Fund
Debt Service Fund

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or policy, all County revenues and expenditures are recorded in the General Fund. At the end of 2010, the total General Fund balance was $19,992,363, an increase of $6,487,991 from 2009. An increase in real estate tax revenues and charges for services were the primary causes for the increase in fund balance.

General Fund revenues increased by $6,822,660 during 2010, from $60,548,945 to $67,371,605, while expenditures in the fund increased from $57,962,051 to $58,893,372. Health insurance and pension-related costs were the two largest increases.

The Health Choices program was designed to introduce an integrated and coordinated health care delivery system to serve medical assistance recipients requiring medical, psychiatric, and substance abuse services through a capitated, mandatory managed-care program. The Health Choices Fund had a year-end balance of $3,313,026, an increase of $55,216 from 2009.

The Mental Health/Mental Retardation special revenue fund had a year-end balance of $0. All funds received were expended to provide services to MH/MR clients. Revenues in this fund decreased to $11,854,326 from $26,875,610 and expenditures decreased from $27,245,610 to $12,224,326. Beginning with fiscal year 2009-2010, the Pennsylvania Department of Public Welfare stopped allocating Mental Retardation waiver funds to the counties and began making direct payments to providers.

The Human Services Fund provides social services to eligible County residents and is funded by state and federal grants. The 2010 fund balance decreased by $275,303 to $716,052.

The Debt Service Fund is used for the payment of long-term debt not associated with the proprietary funds. The year-end fund balance decreased by $127,597 to $1,722,937.

Proprietary Fund

The County maintains two proprietary funds, both Enterprise Funds, to finance the County Health Center and 911 operations. These Enterprise Funds provide the same type of information found in government-wide financial statements, but in greater detail.

Total net assets of the Washington County Health Center at December 31, 2010 were $9,936,298, an increase of $917,120 from 2009. The facility had an operating loss of $347,918 for 2010. The occupancy rate was over 93% in the 288-bed facility.

Total net assets of Emergency Communication 911 operations were $5,860,072, a decrease of $1,266,530 from 2009. The decrease was a result of a significant reduction in grant funds from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

This section summarizes the major factors involved in the variances in revenue and expenditure budgets. Variances are between the original and final amended budget and the final amended budget and actual General Fund amounts.

The annual budget is adopted in accordance with the County Code of the Commonwealth of Pennsylvania. Budgets are adopted on a departmental basis. During the course of the year, circumstances may occur which require a departmental budget to be increased. The Board of Commissioners, at a public meeting, must approve any adjustment that changes a department's total budget.

Expenditures and Other Financing Uses Variances

At the final meeting of the year, $150,000 was allocated to departments anticipated to exceed their original budgets. Of this amount, the largest adjustment was for workers compensation costs. The overall variance between the actual expenditures and the final budget was a positive variance of $3,530,107.

Revenue Variances

Variances between actual revenue and budgeted revenue for the year reflected a positive variance in the amount of $2,882,885. This was due to increases in real estate tax collections and charges for services.

Capital Assets and Debt Administration

The County's investment in capital assets, net of accumulated depreciation, amounted to $70,386,551 as of December 31, 2010.

Summary of Capital Assets

	Governmental Activities		Business-type Activities		Balances as of December 31	
	2010	2009	2010	2009	2010	2009
Land and improvements	$ 3,759,301	$ 4,189,266	$ -	$ -	$ 3,759,301	$ 4,189,266
Buildings and improvements	25,683,780	26,337,418	4,834,525	5,015,340	30,518,305	31,352,758
Furniture, fixtures, and equipment	5,615,064	5,788,746	6,884,579	7,886,728	12,499,643	13,675,474
Infrastructure	21,244,098	21,725,619	-	-	21,244,098	21,725,619
Construction in progress	1,643,475	1,407,075	721,729	118,923	2,365,204	1,525,998
Total	$ 57,945,718	$ 59,448,124	$ 12,440,833	$ 13,020,991	$ 70,386,551	$ 72,469,115

Highlights of amounts expended in 2010 for major capital assets include:

- $600,000 for renovations to County Buildings.
- $706,000 for new rehabilitation center at the County Health Center.
- $400,000 for improvements to the County Parks.
- $171,000 for improvements to County Bridges.

Long-Term Debt

As of December 31, 2010, the County had outstanding debt of $50,212,369. This was a decrease of $2,036,436 from the previous year.

Outstanding Debt as of December 31, 2010 and 2009

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds	$ 39,601,647	$ 40,171,218	$ 675,000	$ 880,000	$ 40,276,647	$ 41,051,218
Lease rental debt	9,935,722	10,667,277	-	-	9,935,722	10,667,277
Total	$ 49,537,369	$ 50,838,495	$ 675,000	$ 880,000	$ 50,212,369	$ 51,718,495

Economic Factors and the 2011 Budget

The real estate tax rate for 2011 remained at 24.9 mills.

The County's 2011 annual required contribution to the Retirement Fund is $3,750,578.

The $182 million consolidated budget for 2011 represents a 6.3% increase from 2010.

A County-wide property reassessment is scheduled to begin in the fall of 2011.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, customers, and creditors with a general overview of Washington County's finances and to demonstrate accountability for the funds it receives. Questions concerning the report or requests for additional information should be directed to:

Washington County Controller's Office
Courthouse Square, Suite 403
100 West Beau Street
Washington, PA 15301

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 30,698,544	$ 5,489,290	$ 36,187,834
Residents' and other restricted funds	-	155,809	155,809
Receivables:			
Taxes receivable, net of allowance	2,121,422	-	2,121,422
Internal balances	13,303	(13,303)	-
Due from other governments	7,440,383	3,747,366	11,187,749
Interest and other	2,134,502	1,404,332	3,538,834
Loans receivable	2,290,396	-	2,290,396
Prepaid assets and other	272,052	53,521	325,573
Fixed assets not being depreciated	791,511	721,729	1,513,240
Fixed assets, net of accumulated depreciation	34,662,645	11,719,104	46,381,749
Infrastructure assets not being depreciated	1,247,464	-	1,247,464
Infrastructure assets, net of accumulated depreciation	21,244,098	-	21,244,098
Deferred bond issue costs	443,551	-	443,551
Total Assets	103,359,871	23,277,848	126,637,719
Liabilities			
Accounts payable	8,427,466	1,403,007	9,830,473
Accrued payroll and related liabilities	1,981,145	1,254,724	3,235,869
Accrued interest payable	516,222	-	516,222
Unearned revenue	1,477,350	1,012,807	2,490,157
Net other post-employment benefits obligation	5,302,786	2,980,131	8,282,917
Residents' and other restricted funds	-	155,809	155,809
Derivative liability	821,695	-	821,695
Borrowing payable - swaption	1,035,148	-	1,035,148
Bonds payable:			
Amount due within one year	2,095,000	215,000	2,310,000
Amount due in more than one year	47,442,369	460,000	47,902,369
Net discount on bonds	(6,277)	-	(6,277)
Deferred refunding loss	(1,124,228)	-	(1,124,228)
Net bonds payable	48,406,864	675,000	49,081,864
Total Liabilities	67,968,676	7,481,478	75,450,154
Net Assets			
Invested in capital assets, net of related debt	11,756,579	11,765,833	23,522,412
Restricted for:			
Human services	4,029,078	-	4,029,078
Unrestricted	19,605,538	4,030,537	23,636,075
Total Net Assets	$ 35,391,195	$ 15,796,370	$ 51,187,565

The notes to the primary government financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

		Program Revenues			Net (Expense) Revenue and Change in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government - administration	$ 19,610,066	$ 3,498,142	$ 58,342	$ 187,950	$ (15,865,632)	$ -	$ (15,865,632)
General government - judicial	14,041,582	4,821,975	2,020,181	-	(7,199,426)	-	(7,199,426)
Public safety	15,817,893	819,698	848,957	-	(14,149,238)	-	(14,149,238)
Public works and enterprises	1,775,961	204,281	68,644	982,159	(520,877)	-	(520,877)
Human services	80,204,904	1,179,565	80,164,140	-	1,138,801	-	1,138,801
Culture and recreation	619,154	59,109	-	187,666	(372,379)	-	(372,379)
Conservation and development	196,840	-	6,435	319,047	128,642	-	128,642
Interest on long-term debt	2,584,843	-	-	-	(2,584,843)	-	(2,584,843)
Total governmental activities	134,851,243	10,582,770	83,166,699	1,676,822	(39,424,952)	-	(39,424,952)
Business-type activities:							
Washington County Health Center	26,411,477	25,958,537	637,424	711,148	-	895,632	895,632
Emergency Communication 911	4,729,603	1,475,905	-	1,484,371	-	(1,769,327)	(1,769,327)
Total business-type activities	31,141,080	27,434,442	637,424	2,195,519	-	(873,695)	(873,695)
Total Primary Government	$ 165,992,323	$ 38,017,212	$ 83,804,123	$ 3,872,341	(39,424,952)	(873,695)	(40,298,647)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Property taxes, levied for general purposes, net of uncollectibles	37,661,517	-	37,661,517
Hotel tax	1,127,611	-	1,127,611
Interest	281,783	24,285	306,068
Rents and royalties	1,682,257	-	1,682,257
Payments in lieu of taxes	150,277	-	150,277
Investment gain (loss) on swaption	(351,525)	-	(351,525)
Reimbursed expenses	1,974,781	-	1,974,781
Miscellaneous	401,013	-	401,013
Transfers	(500,000)	500,000	-
Total general revenues	42,427,714	524,285	42,951,999
Change in Net Assets	3,002,762	(349,410)	2,653,352
Net Assets:			
Beginning of year (restated)	32,388,433	16,145,780	48,534,213
End of year	$ 35,391,195	$ 15,796,370	$ 51,187,565

The notes to the primary government financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General	Health Choices	Mental Health/ Mental Retardation	Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 17,436,309	$ 3,705,455	$ 3,200,398	$ 1,176,583	$ 1,639,741	$ 3,540,058	$ 30,698,544
Receivables:							
Taxes receivable, net of allowance	1,946,829	-	-	-	174,593	-	2,121,422
Due from other governments	4,760,174	-	396,594	1,030,454	75,000	409,631	6,671,853
Interest and other	1,409,275	-	330,619	-	-	394,608	2,134,502
Loans receivable	-	-	-	-	2,290,396	-	2,290,396
Total receivables	8,116,278	-	727,213	1,030,454	2,539,989	804,239	13,218,173
Due from other funds	797,850	-	-	-	-	46,718	844,568
Prepaids and other	271,756	-	-	-	-	296	272,052
Interfund advances receivable	493,466	-	-	-	-	-	493,466
Total Assets	$ 27,115,659	$ 3,705,455	$ 3,927,611	$ 2,207,037	$ 4,179,730	$ 4,391,311	$ 45,526,803
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	$ 3,212,800	$ 392,429	$ 2,784,127	$ 1,441,524	$ -	$ 596,586	$ 8,427,466
Accrued payroll and related liabilities	1,777,590	-	38,194	17,220	-	148,141	1,981,145
Deferred revenue	2,095,563	-	1,105,290	32,241	2,456,793	99,827	5,789,714
Due to other funds	37,343	-	-	-	-	25,392	62,735
Advances due to other funds	-	-	-	-	-	493,466	493,466
Total Liabilities	7,123,296	392,429	3,927,611	1,490,985	2,456,793	1,363,412	16,754,526
Fund Balance:							
Reserved for:							
Encumbrances	53,015	-	-	-	-	170,684	223,699
Prepaids	271,756	-	-	-	-	296	272,052
Capital projects	-	-	-	-	-	2,253,615	2,253,615
Debt service	-	-	-	-	1,722,937	-	1,722,937
Advances	493,466	-	-	-	-	-	493,466
Human services	-	3,313,026	-	716,052	-	-	4,029,078
Unreserved, reported in:							
General Fund	19,174,126	-	-	-	-	-	19,174,126
Special Revenue Funds	-	-	-	-	-	603,304	603,304
Total Fund Balance	19,992,363	3,313,026	-	716,052	1,722,937	3,027,899	28,772,277
Total Liabilities and Fund Balance	$ 27,115,659	$ 3,705,455	$ 3,927,611	$ 2,207,037	$ 4,179,730	$ 4,391,311	$ 45,526,803

The notes to the primary government financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2010

Total Fund Balance - Governmental Funds		$ 28,772,277
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets including infrastructure is $93,947,872 and the accumulated depreciation is $36,002,154.		57,945,718
Property taxes receivable will be collected next year but are not considered available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		2,021,968
Amounts loaned that will be collected in future years but are not considered available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		2,290,396
Government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.		1,574,056
The Statement of Net Assets report the effect of derivative instruments at fair value, whereas these amounts are not recorded in the government funds.		(1,856,843)
Long-term liabilities, including bonds payable, accrued interest, and net post-employment benefits obligation, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	$ (49,537,369)	
Accrued interest on bonds	(516,222)	
Net post-employment benefits obligation	(5,302,786)	(55,356,377)
Total Net Assets - Governmental Activities		$ 35,391,195

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2010

	General	Health Choices	Mental Health/ Mental Retardation	Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 34,653,646	$ -	$ -	$ -	$ 2,975,252	$ -	$ 37,628,898
Intergovernmental	19,459,436	37,203,113	10,879,771	14,293,135	-	3,352,713	85,188,168
Charges for services	10,027,942	-	954,505	-	-	425,103	11,407,550
Fines and forfeits	117,272	-	-	-	-	-	117,272
Interest	200,809	41,818	5,495	12,686	2,372	18,903	282,083
Other	2,912,500	-	14,555	16,807	403,923	696,095	4,043,880
Total revenues	67,371,605	37,244,931	11,854,326	14,322,628	3,381,547	4,492,814	138,667,851
Expenditures:							
Current:							
General government - administration	9,770,469	-	-	-	-	-	9,770,469
General government - judicial	10,585,689	-	-	-	-	2,572,747	13,158,436
Public safety	14,620,862	-	-	-	-	96,681	14,717,543
Public works and enterprises	-	-	-	-	-	1,147,894	1,147,894
Human services	15,531,947	37,189,715	12,224,326	14,597,931	-	-	79,543,919
Culture and recreation	193,555	-	-	-	-	-	193,555
Conservation and development	308,512	-	-	-	-	-	308,512
Other	7,882,338	-	-	-	-	-	7,882,338
Debt service:							
Principal	-	-	-	-	2,025,000	-	2,025,000
Interest and fiscal charges	-	-	-	-	1,727,822	-	1,727,822
Capital projects	-	-	-	-	-	1,636,007	1,636,007
Total expenditures	58,893,372	37,189,715	12,224,326	14,597,931	3,752,822	5,453,329	132,111,495
Excess (Deficiency) of Revenues Over Expenditures	8,478,233	55,216	(370,000)	(275,303)	(371,275)	(960,515)	6,556,356
Other Financing Sources (Uses):							
Sale of capital assets	5,060	-	-	-	-	-	5,060
Real estate refunds	(180,302)	-	-	-	-	-	(180,302)
Loan repayment	-	-	-	-	243,678	-	243,678
Operating transfers in	-	-	370,000	-	-	945,534	1,315,534
Operating transfers out	(1,815,000)	-	-	-	-	(534)	(1,815,534)
Total other financing sources (uses)	(1,990,242)	-	370,000	-	243,678	945,000	(431,564)
Net Change in Fund Balance	6,487,991	55,216	-	(275,303)	(127,597)	(15,515)	6,124,792
Fund Balance:							
Beginning of year	13,504,372	3,257,810	-	991,355	1,850,534	3,043,414	22,647,485
End of year	$ 19,992,363	$ 3,313,026	$ -	$ 716,052	$ 1,722,937	$ 3,027,899	$ 28,772,277

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balance - Governmental Funds		$ 6,124,792
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays (net of deletions)	$ 1,413,059	
Less: Depreciation expense	(2,915,465)	(1,502,406)
Some taxes will not be collected for several months after the County of Washington's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased by this amount during the year.		32,619
Loan repayments that will be collected in future years and, therefore, are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.		(243,678)
The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		1,193,905
Adjustment of accounting for prior year loan pool payments.		111,672
Investment income and loss related to derivative instruments is recognized as revenue within the statement of activities. This amount represents the change in the investment in derivative instruments during the year.		(383,843)
Liabilities incurred for post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(2,336,691)
Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest is shown here.		6,392
Change in Net Assets of Governmental Activities		$ 3,002,762

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 33,979,688	$ 33,979,688	$ 34,653,646	$ 673,958
Intergovernmental	19,284,032	19,284,032	19,459,436	175,404
Charges for services	8,248,500	8,248,500	10,027,942	1,779,442
Fines and forfeits	120,000	120,000	117,272	(2,728)
Interest	200,500	200,500	200,809	309
Other	2,656,000	2,656,000	2,912,500	256,500
Total revenues	64,488,720	64,488,720	67,371,605	2,882,885
Expenditures:				
Current:				
General government - administration	10,216,919	10,236,919	9,770,469	466,450
General government - judicial	10,991,025	11,001,025	10,585,689	415,336
Public safety	15,554,950	15,594,950	14,620,862	974,088
Human services	17,756,868	17,756,868	15,531,947	2,224,921
Culture and recreation	193,705	193,705	193,555	150
Conservation and development	318,512	318,512	308,512	10,000
Other	7,391,500	7,321,500	7,882,338	(560,838)
Total expenditures	62,423,479	62,423,479	58,893,372	3,530,107
Excess (Deficiency) of Revenues Over Expenditures	2,065,241	2,065,241	8,478,233	6,412,992
Other Financing Sources (Uses):				
Sale of capital assets	6,000	6,000	5,060	(940)
Real estate refunds	(200,000)	(200,000)	(180,302)	19,698
Operating transfers out	(2,070,000)	(2,070,000)	(1,815,000)	255,000
Total other financing sources (uses)	(2,264,000)	(2,264,000)	(1,990,242)	273,758
Net Change in Fund Balance	$ (198,759)	$ (198,759)	$ 6,487,991	$ 6,686,750

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HEALTH CHOICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues:			
Intergovernmental:			
State grant	$ 32,300,000	$ 35,349,948	$ 3,049,948
Reinvestment	2,800,000	1,853,165	(946,835)
Interest	60,300	41,818	(18,482)
Total revenues	35,160,300	37,244,931	2,084,631
Expenditures:			
Human services	34,915,000	37,189,715	(2,274,715)
Excess (Deficiency) of Revenues Over Expenditures	$ 245,300	$ 55,216	$ (190,084)

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MENTAL HEALTH/MENTAL RETARDATION SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 12,762,400	$ 10,879,771	$ (1,882,629)
Charges for services	1,506,000	954,505	(551,495)
Interest	230,000	5,495	(224,505)
Other	-	14,555	14,555
Total revenues	14,498,400	11,854,326	(2,644,074)
Expenditures:			
Human services	14,874,839	12,224,326	2,650,513
Excess (Deficiency) of Revenues Over Expenditures	(376,439)	(370,000)	6,439
Other Financing Sources (Uses):			
Operating transfer in	370,000	370,000	-
Net Change in Fund Balance	$ (6,439)	$ -	$ 6,439

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HUMAN SERVICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Federal grant - CCIS daycare	$ 4,243,208	$ 4,258,737	$ 15,529
Federal grants - other human services	2,486,361	3,933,099	1,446,738
State grants - transportation	1,901,110	1,781,006	(120,104)
State grant - HSDF	560,081	349,598	(210,483)
State grant - CCIS daycare	3,762,844	3,603,436	(159,408)
State grants - other human services	456,028	367,259	(88,769)
Total intergovernmental	13,409,632	14,293,135	883,503
Interest	5,000	12,686	7,686
Other	7,240	16,807	9,567
Total revenues	13,421,872	14,322,628	900,756
Expenditures:			
Human services:			
CCIS daycare	7,992,875	7,857,157	135,718
Transportation	3,587,000	3,491,052	95,948
HSDF	560,081	382,791	177,290
Other	1,261,499	2,866,931	(1,605,432)
Total expenditures	13,401,455	14,597,931	(1,196,476)
Excess (Deficiency) of Revenues Over Expenditures	$ 20,417	$ (275,303)	$ (295,720)

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Taxes	$ 2,930,344	$ 2,975,252	$ 44,908
Interest	20,000	2,372	(17,628)
Other	727,475	403,923	(323,552)
Total revenues	3,677,819	3,381,547	(296,272)
Expenditures:			
Debt service:			
Principal	2,230,000	2,025,000	205,000
Interest and fiscal charges	1,772,328	1,727,822	44,506
Total expenditures	4,002,328	3,752,822	249,506
Excess (Deficiency) of Revenues Over Expenditures	(324,509)	(371,275)	(46,766)
Other Financing Sources (Uses):			
Loan repayment	250,000	243,678	(6,322)
Total other financing sources (uses)	250,000	243,678	(6,322)
Net Change in Fund Balance	$ (74,509)	$ (127,597)	$ (53,088)

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Washington County Health Center	Emergency Communication 911	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 4,386,647	$ 1,102,643	$ 5,489,290
Residents' and other restricted funds	155,809	-	155,809
Receivables due from other funds	13,763	-	13,763
Receivables due from other governments	3,747,366	-	3,747,366
Receivables - interest and other	1,261,305	143,027	1,404,332
Prepaid assets and other	51,944	1,577	53,521
Total current assets	9,616,834	1,247,247	10,864,081
Fixed assets not being depreciated	721,729	-	721,729
Fixed assets, net of accumulated depreciation	6,216,537	5,502,567	11,719,104
Total Assets	16,555,100	6,749,814	23,304,914
Liabilities			
Current liabilities:			
Accounts payable	1,298,942	104,065	1,403,007
Accrued payroll and related liabilities	1,112,461	142,263	1,254,724
Due to other funds	24,876	2,190	27,066
Deferred revenue	718,630	294,177	1,012,807
Residents' and other restricted funds	155,809	-	155,809
Current portion of long-term debt	215,000	-	215,000
Total current liabilities	3,525,718	542,695	4,068,413
Long-term liabilities:			
Net other post-employment benefits obligation	2,633,084	347,047	2,980,131
Long-term debt	460,000	-	460,000
Total long-term liabilities	3,093,084	347,047	3,440,131
Total Liabilities	6,618,802	889,742	7,508,544
Net Assets			
Invested in capital assets, net of related debt	6,263,266	5,502,567	11,765,833
Unrestricted	3,673,032	357,505	4,030,537
Total Net Assets	$ 9,936,298	$ 5,860,072	$ 15,796,370

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Washington County Health Center	Emergency Communication 911	Total
Operating Revenues:			
Charges for services and fees	$ 25,958,537	$ 1,475,905	$ 27,434,442
Operating Expenses:			
Patient/client services	25,787,182	-	25,787,182
Public safety	-	2,161,388	2,161,388
Depreciation	519,273	1,280,119	1,799,392
Total operating expenses	26,306,455	3,441,507	29,747,962
Operating Income (Loss)	(347,918)	(1,965,602)	(2,313,520)
Non-Operating Revenues (Expenses):			
Wireless 911 grant revenue	-	1,293,818	1,293,818
Wireless 911 grant expenses	-	(1,288,096)	(1,288,096)
Fixed asset expenses	(65,724)	-	(65,724)
State grant revenue	1,348,572	-	1,348,572
Interest expense	(39,298)	-	(39,298)
Interest income	21,488	2,797	24,285
Total non-operating revenues (expenses)	1,265,038	8,519	1,273,557
Income (Loss) Before Fund Transfers	917,120	(1,957,083)	(1,039,963)
Capital contributions	-	190,553	190,553
Fund transfers in	250,000	500,000	750,000
Fund transfers out	(250,000)	-	(250,000)
Change in Net Assets	917,120	(1,266,530)	(349,410)
Net Assets:			
Beginning of year	9,019,178	7,126,602	16,145,780
End of year	$ 9,936,298	$ 5,860,072	$ 15,796,370

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Washington County Health Center	Emergency Communication 911	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 24,596,653	$ 1,494,964	$ 26,091,617
Cash payments for patient and client services	(24,389,483)	(1,896,523)	(26,286,006)
Net cash provided by (used in) operating activities	207,170	(401,559)	(194,389)
Cash Flows From Capital and Related Financing Activities:			
Purchases of fixed assets	(1,057,985)	(36,420)	(1,094,405)
Grant revenue	937,424	(150,822)	786,602
Interest payments on bonds	(39,298)	-	(39,298)
Principal payments on bonds	(205,000)	-	(205,000)
Net cash provided by (used in) capital and related financing activities	(364,859)	(187,242)	(552,101)
Cash Flows From Non-Capital Financing Activities:			
Payments for wireless expenses	-	(1,288,096)	(1,288,096)
Reciept of wireless grant revenue	-	1,293,818	1,293,818
Operating transfers in	250,000	500,000	750,000
Operating transfers out	(250,000)	-	(250,000)
Net cash provided by (used in) non-capital financing activities	-	505,722	505,722
Cash Flows From Investing Activities:			
Interest received on investments	21,488	2,797	24,285
Net Increase (Decrease) in Cash and Cash Equivalents	(136,201)	(80,282)	(216,483)
Cash and Cash Equivalents:			
Beginning of year	4,522,848	1,182,925	5,705,773
End of year	$ 4,386,647	$ 1,102,643	$ 5,489,290
Reconciliation of Operating Income (Loss) to Net Cash Provided (by) Used (in) Operating Activities:			
Operating income (loss)	$ (347,918)	$ (1,965,602)	$ (2,313,520)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and net amortization	519,273	1,280,119	1,799,392
Change in:			
Accounts receivable	(189,318)	19,059	(170,259)
Due from other governments	(1,167,615)	-	(1,167,615)
Other current assets	4,061	(600)	3,461
Accounts payable	111,332	92,021	203,353
Due from other funds	(4,951)	-	(4,951)
Due to other funds	(13,064)	795	(12,269)
Net other post-employment benefits obligation	1,155,628	151,059	1,306,687
Accrued salaries/benefits	139,742	21,590	161,332
Net cash provided by (used in) operating activities	$ 207,170	$ (401,559)	$ (194,389)

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	$ -	$ 6,281,622
Investments (at fair value):		
U.S. government and related obligations	16,721,753	-
Common stock and other	73,002,477	-
Corporate debt	8,275,463	-
Mortgage and other asset-backed securities	835,594	-
Receivables:		
Interest	237,415	-
Total Assets	99,072,702	6,281,622
Liabilities		
Accounts payable	74,847	-
Due to other funds	-	768,530
Due to other governments	-	1,591,655
Escrow liability	-	3,921,437
Total Liabilities	74,847	6,281,622
Net Assets Held in Trust for Pension Benefits	$ 98,997,855	$ -

The notes to the primary financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2010

Additions:	
Contributions:	
Employer	$ 3,581,228
Employee	2,871,094
Total contributions	6,452,322
Investment income:	
Net appreciation in fair value of investments	9,090,996
Interest and dividends	1,760,066
	10,851,062
Investment expense	(403,098)
Net investment income	10,447,964
Total additions	16,900,286
Deductions:	
Benefits	4,803,840
Refunds of contributions	983,995
Administrative expense	2,338
Total deductions	5,790,173
Change in Plan Net Assets	11,110,113
Fund Balance - Reserved for Employees' Pension Benefits (Plan Net Assets):	
Beginning of year	87,887,742
End of year	$ 98,997,855

The notes to the primary financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The County of Washington (County), a fourth class County, originally founded in 1781, is located in western Pennsylvania, to the south of the City of Pittsburgh. The County, operating under an elected three-member Board of Commissioners (Commissioners), provides services in many areas to its residents, including various general government, public safety, and health and welfare services.

The primary government financial statements (financial statements) of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial government, corrections, and health and welfare. These financial statements include the Primary Government (the County, a general purpose local government, and all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the County) and do not reflect all component units that meet the criteria for inclusion under GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units."*

Consistent with applicable guidance, the criteria used by the County to evaluate the inclusion of potential component units within its reporting entity are financial accountability and the nature and significance of the relationship. The County is financially accountable for:

1. Organizations that make up the legal County entity.

2. Legally separate organizations if the Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

Component Units:

The following separately administered organizations meet the criteria for inclusion in the County's reporting entity. However, as described in Note 1, these financial statements include only the primary government.

Washington County Authority

The Authority was created, pursuant to the Municipality Authorities Act of 1945, primarily as a financing vehicle for County projects. The Authority's officers are appointed by the Commissioners. Debt issued by the Authority on behalf of the County is subject to guarantee by the County. Payments equal to related debt service are made by the County under the terms of a lease agreement. Separately issued audited financial statements of the Authority are available through the Authority's administrative offices.

Washington County Tourist Promotion Agency

The Washington County Tourist Promotion Agency (Agency) was designed to stimulate and increase the volume of tourism within the County. The Agency's Board is appointed by the Commissioners. The Agency operates autonomously from the County and is responsible for the designation of management. Debt issued by the Agency on behalf of the County is subject to guarantee by the County. Separately issued financial statements are available through the Agency's administrative offices.

Related Organizations:

Following are organizations that have the majority of their governing board appointed by the County Commissioners, without the County being financially accountable for the organization:

Washington County Housing Authority

The Washington County Housing Authority (Housing County) administers HUD's Section 8 housing program for the County and is funded through federal grants. The Housing Authority's Board is appointed by the County Commissioners and operates independently of any ongoing involvement of the County. The County must approve the concept of any major capital expansion project, but are not financially accountable for the Housing Authority.

Washington County Industrial Development Authority

The Washington County Industrial Development Authority (IDA) issues low interest, tax-exempt bonds and uses the proceeds to finance projects intended to stimulate economic growth in the County. The IDA's Board is appointed by the County Commissioners and the IDA operates independently of any ongoing involvement of the County. The County must approve the concept of any major bond issue of the IDA but only in relation to the benefit to the County of the projects that will be funded through the debt proceeds. The County has no legal responsibility for IDA debt.

Washington County Redevelopment Authority

The Washington County Redevelopment Authority (RDA) administers state and federal grant programs intended to stimulate urban revitalization and growth in the County. The RDA's Board is appointed by the County Commissioners and the RDA operates independently of any ongoing involvement of the County except that the County is a contractual recipient of federal financial assistance under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these programs directly to the RDA. HUD recognizes RDA as the representative agency with program oversight responsibility. These transactions do not meet the criteria for inclusion in the County's financial statements.

Washington County Hospital Authority

The Washington County Hospital Authority (Hospital Authority) issues low interest, tax-exempt bonds to enable capital financing for hospitals and nursing homes. The five members of the Hospital Authority's Board are appointed by the County Commissioners. The Hospital Authority operates independently of any ongoing involvement of the County. The County must approve the concept of any major project of the Hospital Authority, but are not financially accountable for the Hospital Authority. The County has no legal responsibility for Hospital Authority debt.

Washington County Conservation District

The Washington County Conservation District (Conservation District), whose Board is appointed by the County Commissioners, provides services and programs intended to address the conservation of the County's natural resources. The Conservation District operates independently of any ongoing involvement of the County.

Washington County Drug and Alcohol Program - Single County

The Washington County Drug and Alcohol Program - Single County (D&A Program) was established to provide treatment services through federal and state funded programs to eligible residents of the County. The D&A Program Board of Directors is comprised of eleven members. The County does not exercise significant control over the D&A Program, and the D&A Program is independent of the County regarding fiscal accountability, scope of public service, and financial assistance program relationships.

Washington/Greene County Job Training Agency

The Washington/Greene County Job Training Agency (Training Agency) was established as a separate non-profit entity as of September 1, 1995 to provide job-training services through federal and state funded programs to eligible residents of Washington and Greene Counties. The Training Agency's Board of Directors is comprised of seventeen members, all of whom are subject to final approval prior to appointment, by the Commissioners of the participating counties. No one County exercises significant control over the Training Agency and the Training Agency is independent of the counties regarding fiscal accountability, scope of public service, and financial assistance program relationships. The Training Agency remains independent of the County.

Washington County Fair Board

The Washington County Fair Board (Fair Board) is an eleven-member Board elected from the general membership of the Washington County Agriculture Fair, Inc. The Fair Board manages the annual agriculture fair as well as the maintenance and upkeep of the grounds and facilities under a lease agreement with the County.

Southwest Behavioral Health Management, Inc.

Southwest Behavioral Health Management, Inc. (SBHM) is a private, non-profit corporation incorporated for the purpose of monitoring the behavioral health services of the Health Choices program. SBHM operates primarily under funding administered through six counties, one of which being the County, that jointly formed the corporation.

Washington County Transportation Authority

The Washington County Transportation Authority (Transportation Authority) was created in November 2001, pursuant to the Municipality Authorities Act of 1945, to oversee County transportation operations. The Authority assumed responsibility for services previously provided by the Human Services Authority and the County. The Transportation Authority's Board is appointed by the Commissioners and one commissioner serves as an advisory member of the Board. The Transportation Authority's Board operates autonomously from the County and is responsible for the designation of management.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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 services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 as general revenues. Expenses reported for functional activities include allocated indirect expenses.

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. Major individual governmental funds are reported as separate columns in the fund 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 to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor 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 to be available if they are collected within 30 days of the end of the current fiscal period. Property taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due.

The Washington County Health Center patient revenue is reported at the estimated net realizable amounts from the residents and third-party payers. Revenue under third-party payer agreements is subject to audit and retroactive adjustment.

Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and ultimate final settlements are reported as adjustments become known.

The accounts of the County are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The County reports the following major governmental funds:

The *General Fund* is the principal operating fund of the County, which is used to account for all financial transactions except those required to be accounted for in other funds.

The *Health Choices Fund* accounts for expenditures and reimbursement of Commonwealth of Pennsylvania Medical Assistance revenue related to the provision of a mandatory Behavioral Managed Care Program.

The *Mental Health/Mental Retardation Fund* accounts for expenditures and reimbursement of revenue related to providing treatment services to individuals who suffer from mental disabilities.

The *Human Services Fund* accounts for the provision of various social services to eligible County residents. These services are funded by various federal and state grants.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The County reports the following major proprietary funds:

The *Washington County Health Center* operations, which are conducted on a fee-for-service basis in a manner similar to commercial enterprises, are accounted for as an Enterprise Fund. The County's intent is that the costs (expenses, including depreciation) of services to the general public be recovered primarily through user charges or cost reimbursement plans.

The *Emergency Communication 911 Fund*, an Enterprise Fund, accounts for the operations of the County's emergency communication system, which is funded by phone user charges, County contributions, and State reimbursement for wireless expenses.

The County also reports the following other governmental funds:

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds utilized to account for those financial activities include:

- The *Airport Operating Fund* accounts for the operation of the County Airport.
- The *Liquid Fuels Fund* accounts for state aid revenues used for building and improving roads and bridges.
- The *Hazardous Materials Emergency Response Fund* accounts for funds earmarked for the handling of emergency situations involving hazardous materials.
- The *Domestic Relations Fund* accounts for expenditures and reimbursement of revenue related to the operation of the County's child support enforcement program, which is funded by Federal and County funds.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Capital Projects Funds utilized by the County include:

- The *Airport Capital Projects Fund* accounts for construction and renovation projects to the County Airport.
- The *Capital Expenditures Fund* accounts for capital projects funded by the County's General Fund and bond proceeds.

Additionally, the County reports the following fund types:

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. These include the Employees' Retirement Fund and Agency Funds.

The *Employees' Retirement Fund* is used to account for the pension plan for County employees. The fund is a Pension Trust Fund and is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds are used to account for cash collected by elected row officers (Recorder of Deeds, Register of Wills, Prothonotary, Clerk of Courts, and Sheriff) and other County offices that are subsequently disbursed to the County General Fund, other governments, or individuals for whom it was collected.

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 GASB. 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.

D. Revenue Classification on Government-Wide Statement of Activities

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 real estate taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Washington County Health Center Enterprise Fund is patient charges and the Emergency Communications 911 Enterprise Fund is funded from charges to customers for services and State grants. Operating expenses for the Enterprise Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Deposits and Investments

For the purposes of the statement of cash flows, 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.

Investments are stated at fair value.

F. Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Non-current portions of long-term interfund loans receivable (reported as "Interfund advances receivable" in the General Fund) are equally offset by a fund balance reserve account, which indicates that they do not constitute "available spendable resources" because they are not a component of net current assets.

G. Prepaid Items

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.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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 and an estimated useful life in excess of two years. 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. These costs are charged to operations when incurred.

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

Land improvements	5 - 50 years
Buildings and improvements	10 - 40 years
Infrastructure (bridges)	60 years
Infrastructure (other)	50 years
Furniture and equipment	5 - 20 years

Inventories, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2010 is not significant.

I. Long-Term Liabilities

In the government-wide statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as a well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. With the implementation of GASB Statement No. 34, *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,"* costs prior to January 1, 2003 have not been included in the County's statement of net assets as there was no requirement to account for them retroactively, only prospectively.

In accordance with GASB Statement No. 23, *"Accounting and Reporting for Refunding of Debt for Proprietary Activities,"* the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a reduction to long-term debt on the statement of net assets and amortized over the shorter of the term of the refunding issue or refunded bonds.

In accordance with GASB Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments,"* the County's swaption contract did not qualify for hedge accounting and is recorded at fair market value in the government wide statements as an investment. Current period changes in fair market value are recorded as investment income.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, bond issue costs, and swaption agreements during the current period. The face amount of debt and swaption proceeds 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.

J. Compensated Absences

Accumulated unpaid vacation pay is generally earned in the year prior to use. The amount of accumulated vacation expected to be paid within twelve months is recorded as a fund liability. The County converts unpaid accumulated sick leave to a termination benefit provided certain restrictive criteria are met. The ultimate amounts to be paid have not been determined; however, such payments have been, and are expected to continue to be, immaterial. Accordingly, no liability for accumulated sick leave has been recorded.

K. 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.

Reserved

Reserved is used to denote that portion of fund balance that is not available for expenditure appropriation or is legally segregated for a specific purpose.

Unreserved

Unreserved is used to denote that portion of the fund balance that is available for appropriation.

L. Net Assets

The government-wide and proprietary fund financial statements are required to report three components of net assets:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted - This component of net assets consists of constraints placed on net asset use through external restrictions.

- Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

M. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all governmental funds of the County. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During August and September, the department/agency management uses current financial status reports to develop financial projections for their programs for the ensuing year, which are then reviewed with the budget staff.

2. The Commissioners then review the submitted budgets with management.

3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable financing method.

4. Subsequently, the finance department assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.

5. By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.

6. After the 20-day inspection period, but no later than December 31, the Commissioners adopt the final budget by enacting an appropriate resolution.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The legal level of required Commissioner approval of budget amendments is the individual fund level. The Commissioners made several supplementary budgetary appropriations throughout the year. These budget changes are reflected in the applicable budget to actual statements in the final budget amounts.

The Health Choices Special Revenue Fund and Human Services Special Revenue Fund incurred actual expenditures that exceeded budgeted appropriations. The excess appropriations were funded primarily by surplus revenue and then by available fund balance. Miscellaneous other expenditures per the General Fund incurred actual expenditures that exceeded budgeted appropriations. The excess appropriations were funded by surplus revenues of the General Fund.

N. Encumbrance Accounting

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

O. Health Choices Reinvestment Reserves

In accordance with Department of Public Welfare (DPW) regulations, capitation revenues in excess of distributions and expenses may be used for reinvestment planning or risk and contingency. These funds must be segregated from other capitation funds and each kept in a separate account. The balance in the reinvestment account at December 31, 2010 is $1,255,263. The balance in the Risk and Contingency account at December 31, 2010 is $1,988,764.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

Q. Adoption of Pronouncements

Effective January 1, 2010, the County adopted GASB Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments."* This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the accrual basis of accounting. As such, beginning unrestricted net assets for governmental activities as of December 31, 2009 were restated to comply with the provision of this statement as follows:

Net assets unrestricted, December 31, 2009	$	16,822,264
Adjustment of prior year deferred revenue for upfront payment		599,310
Establish borrowing payable - swaption		(1,002,830)
Establish embedded derivative instrument		(470,170)
Net assets unrestricted, December 31, 2009, as restated	$	15,948,574

R. Pending Pronouncements

GASB has issued the following statements which will become effective in future years as shown below. Management has not yet determined the impact of these statements on the County's financial statements.

GASB Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement will become effective for the December 31, 2011 year-end.

GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."* The objective of this Statement is to codify into the GASB standards guidance located in FASB and AICPA pronouncements. This Statement will become effective for the December 31, 2012 year-end.

GASB Statement No. 61, *"The Financial Reporting Entity."* The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement will become effective for the December 31, 2013 year-end.

S. Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The deposit and investment policy of the County adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, and/or certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the County.

GASB Statement No. 40, *"Deposit and Investment Risk Disclosures,"* requires disclosures related to the following deposits and investment risks: credit risks (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the County's deposit and investment risk:

Custodial Credit Risk - For a deposit, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2010, $1,222,075 of the County's $31,820,500 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of $30,598,425 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of $29,694,827 as of December 31, 2010 and are classified as cash and cash equivalents in the statement of net assets.

For an investment, custodial credit risk 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 entity. The County does not have a formal investment policy for custodial credit risk.

The County's cash equivalent investments are held with state investment pools (PLGIT and INVEST). The fair value of the County's position in the external investment pools is the same as the value of the pool shares. The underlying securities in these pools are held by either the counterparty or its custodial agent in a nominee name for the pool. These investments are not evidenced by specific securities relating to the County's shares or units in the pool. All investments in PLGIT and INVEST, which are not SEC-registered, are subject to oversight by the Commonwealth of Pennsylvania. As of December 31, 2010, the bank balances of the investments in PLGIT and INVEST are $5,186,076 and $200,727, respectively. The carrying value of the investments in PLGIT and INVEST of $5,192,620 and $200,727, respectively, is considered to be a cash equivalent for presentation on the statement of net assets and governmental fund balance sheet.

In addition, included in cash and cash equivalents, the County also has money market investments with a carrying amount of $1,099,660 which are invested in short term U.S. treasury instruments and government agencies. The bank balance of the investments in money market funds is $1,099,657, which are not exposed to custodial credit risk.

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2010, the

County's investments in PLGIT and INVEST have received an AAAm rating from Standard & Poor's.

Interest Rate Risk - The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments in PLGIT and INVEST have an average maturity of less than one year.

Agency Funds

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net assets. Receipts and disbursements for these programs were $47,120,408 and $49,354,436, respectively, for the year December 31, 2010. The carrying amount of deposits for the row offices and other County offices was $6,281,622 and the bank balance was $6,798,951. Of the bank balance, $178,101 was covered by federal depository insurance. The remaining balance of $6,620,850 was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Pension Trust Fund

The Pension Trust Funds' investments are held separately from those of other County Funds. Investments were consistent with those authorized.

As of December 31, 2010, the County had the following cash equivalents and investments in its Pension Trust Funds:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2010 Less than 1 year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
U.S. government and related obligations	$ 16,721,753	$ 932,054	$ 6,649,020	$ 4,474,410	$ 2,997,826	$ 1,668,443
Corporate debt	8,275,463	51,396	2,803,138	4,639,049	781,880	-
Mortgage and other asset-backed securities	835,594	-	222,051	240,462	-	373,081
Total debt securities	25,832,810	$ 983,450	$ 9,674,209	$ 9,353,921	$ 3,779,706	$ 2,041,524
Common stock	44,936,851					
Mutual funds	28,065,626					
Total cash and investments reported on statement of fiduciary net assets	$ 98,835,287					

The following is a description of the Pension Trust Funds' deposit and investment risks:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2010, the Pension Trust Funds' investments in cash and cash equivalents have received a rating of Aaa from Moody's. As of December 31, 2010, the Pension Trust Funds' investments in fixed income bonds have received the following ratings from Moody's:

Credit Quality Distribution for Securities with Credit Exposure

Investment Type	Moody's Rating	Market Value	Percentage of Total Pension Trust Fund Bonds
Fixed Income Bonds	Aaa	$ 12,897,493	49.9%
Fixed Income Bonds	Aa1	274,306	1.1%
Fixed Income Bonds	Aa2	1,052,636	4.1%
Fixed Income Bonds	Aa3	1,007,345	3.9%
Fixed Income Bonds	Unrated	10,601,030	41.0%
		$ 25,832,810	100%

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The Pension Trust Funds do not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2010, the County's pension investment balance, excluding mutual funds, of $70,769,661 (bank and book balance), was exposed to custodial credit risk. Pension Trust Funds' investments in mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk - The County places no limit on the amount the County may invest in any one issuer. At December 31, 2010, the Fund had 5.85% of Pension Trust Funds invested in the Dodge & Cox International Stock Fund with a market value of $5,776,934, and 10.74% of Pension Trust Funds invested in the American New Perspective Fund with a market value of $10,618,406.

Interest Rate Risk - The Pension Trust Funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As further described in Note 12, the County has a derivative instrument that is accounted for as an investment. Credit and interest rate risks related to this investment are described in Note 12.

3. Interfund Receivables, Payables, and Transfers

The General Fund is reimbursed by other funds for expenses paid on behalf of the other funds by the General Fund. The due from/to balances at year-end represent payments not yet made. All balances are expected to be paid within one year.

Individual funds receivable and payable balances at year-end and transfers at December 31, 2010 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 797,850	$ 37,343
Washington County Health Center	13,763	24,876
Emergency Communication 911	-	2,190
Other governmental funds	46,718	25,392
Agency Funds	-	768,530
	$ 858,331	$ 858,331

Fund	Transfer In	Transfer Out
Major Funds:		
General	$ -	$ 1,815,000
Mental Health/Mental Retardation	370,000	-
Washington County Health Center	250,000	250,000
Emergency Communication 911	500,000	-
Other governmental funds	945,534	534
	$ 2,065,534	$ 2,065,534

4. CAPITAL ASSETS

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

	Balance at January 1, 2010	Increases	Decreases	Balance at December 31, 2010
Governmental Activities:				
Land and improvements	$ 8,269,329	$ 17,660	$ 23,525	$ 8,263,464
Buildings and improvements	45,446,301	436,336	-	45,882,637
Infrastructure	26,418,140	-	-	26,418,140
Furniture and equipment	11,585,176	746,550	591,570	11,740,156
Construction in progress	1,407,075	260,740	24,340	1,643,475
	93,126,021	1,461,286	639,435	93,947,872
Less accumulated depreciation for:				
Land and improvements	4,080,063	430,569	6,469	4,504,163
Buildings and improvements	19,108,883	1,089,974	-	20,198,857
Infrastructure	4,692,521	481,521	-	5,174,042
Furniture and equipment	5,796,430	913,401	584,739	6,125,092
	33,677,897	2,915,465	591,208	36,002,154
Governmental activities capital assets, net	$ 59,448,124	$ (1,454,179)	$ 48,227	$ 57,945,718

	Balance at January 1, 2010	Increases	Decreases	Balance at December 31, 2010
Business-type Activities:				
Buildings and improvements - Health Center	$ 13,006,174	$ 156,413	$ -	$ 13,162,587
Permanent fixtures - Health Center	1,111,762	151,456	-	1,263,218
Movable equipment - Health Center	3,183,382	81,586	11,989	3,252,979
Emergency management building	489,688	-	-	489,688
Emergency management equipment	11,267,362	226,973	-	11,494,335
Construction in progress	118,923	721,729	118,923	721,729
	29,177,291	1,338,157	130,912	30,384,536
Less accumulated depreciation for:				
Buildings and improvements - Health Center	7,990,834	337,228	-	8,328,062
Movable equipment - Health Center	2,964,129	182,045	11,989	3,134,185
Emergency management	5,201,337	1,280,119	-	6,481,456
	16,156,300	1,799,392	11,989	17,943,703
Business-type activities capital assets, net	$ 13,020,991	$ (461,235)	$ 118,923	$ 12,440,833

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

Governmental Activities:	
General government - administration	$ 1,439,065
General government - judicial	327,059
Public safety	578,571
Public works and enterprises	505,356
Human services	39,466
Culture and recreation	25,948
Total depreciation expense - governmental activities	$ 2,915,465

Business-type Activities:	
Washington County Health Center	$ 519,273
Emergency Communication 911	1,280,119
Total depreciation expense - business-type activities	$ 1,799,392

5. WASHINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Washington County Retirement System (plan) is a single employer defined benefit pension plan governed by the County Pension Law Act 96 of 1971 (Act), as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. All County employees become eligible to become plan participants immediately upon becoming an employee. Membership in the plan is optional for elected officials. The plan requires each member to contribute a percentage of their salary to the plan. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Washington County Employees' Retirement Board. Separate stand-alone financial statements are issued for the plan and may be obtained from the County Controller's Office.

At January 1, 2011, the date of the most recent valuation, participants in the plan were as follows:

Participants:	
Retirees and beneficiaries	566
Deferred vested	56
Active plan members:	
Vested	669
Nonvested	361
Total	1,652

Summary of Significant Accounting Policies

Financial information of the County's plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plan.

Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Contributions and Funding Policy

The plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the aggregate actuarial funding method and the same actuarial assumptions used to calculate the pension benefit calculation.

As a condition of participation, employees are to contribute between 7% to 17% (currently 7%) of their salary as stipulated in the Act. Interest is credited to employee accounts each year at the annual rate of 5.5% as voted upon by the County Retirement Board.

The County's annual required contribution to the Fund for 2010 was $3,581,228.

The County's annual pension cost and related information for the plan is as follows:

Annual pension cost	$ 3,581,228
Contributions made	$ 3,581,228
Actuarial valuation date	1/1/2011
Amortization method	Level Percentage Closed
Amortization period	30 years Closed
Actuarial cost method	Entry Age
Asset valuation method	Five-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.50%
Underlying inflation rate	3.00%

Effective January 1, 2010, the salary assumption was changed. The effect of changing the salary assumption from 4.0% to 3.5% is that the actuarial accrued liability decreased by $1,578,169. The County recognizes the fact that the resulting lower annual required contributions may be at the expense of higher future annual required contributions.

Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2008	$ 91,925	100.0%	$ -
12/31/2009	2,407,359	100.0%	-
12/31/2010	3,581,228	100.0%	-

Funded Status

The County's funded status and related information for the plan as of the latest actuarial valuation date, January 1, 2011, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
$ 95,337,039	$ 118,310,447	$ (22,973,408)	80.58%	$ 40,421,525	(56.83)%

The required schedule of funding progress included as required supplementary information immediately following the notes to the primary government financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Pension Trust Funds are invested in various types of financial instruments. This diversification of the investment portfolio serves to assist in mitigating the various types of risks associated with different types of financial instruments. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur and that such a change could materially affect the amount reported on the statement of fiduciary net assets. During 2010, the Pension Trust Funds experienced a significant increase in market value due to changing market conditions which partially offset significant declines in market value recognized in prior periods.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 5, the County provides post-retirement health care benefits to certain retired employees, in accordance with the various union contracts and other employment agreements. The County funds all County contributions on a pay-as-you-go basis. The benefit limits, funding policy, and employee and employer contributions are established and amended through union contracts or the County's Board of Commissioners. The post-employment benefit plan (plan) is not accounted for as a trust fund, an irrevocable trust has not been established, and the plan does not issue a separate report.

Plan Description. The County's plan is a single-employer defined benefit healthcare plan that covers all employees of the County whose employment commenced before April 1, 2004. The plan provides healthcare coverage to plan members and their dependents.

Funding Policy. The County's contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010, total cash disbursements for other post-retirement benefit for current retirees or their dependents totaled $2,215,822. Active employees' contributions for medical, dental, or vision insurances vary per contract and position.

Annual OPEB Cost. The County's annual OPEB cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include economic assumptions about the discount rate and the health care cost trend rates, medical assumptions, and demographic assumptions. 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 with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the primary government financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligations, as well as the assumptions used to calculate the net OPEB obligation:

Annual required contribution	$	4,544,738
Interest on net OPEB obligation		272,394
Adjustment to annual required contribution		1,042,068
Annual OPEB cost		5,859,200
Contributions made		(2,215,822)
Increase (decrease) in net OPEB obligation		3,643,378
Net OPEB obligation (asset), beginning of year		4,639,539
Net OPEB obligation (asset), end of year	$	8,282,917

Actuarial valuation date	1/1/2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Asset valuation method	Market Value
Remaining amortization period	30 years
Actuarial assumptions:	
Projected salary inflation *	N/A
Investment rate of return *	4.5%
Health care inflation rates	12% initial, 5% ultimate
* Includes inflation at	3.0%

The County is required to have an actuarial valuation report performed biennially. The County does not plan to fund the actuarial accrued liability nor is it required to be recorded as a liability under current GASB standards.

The schedule of funding progress as of the latest actuarial valuation date, January 1, 2010, for the postemployment healthcare benefits is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
-	$ 42,360,865	$ 42,360,865	0.0%	$ 40,609,970	104.3%

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2010	$ 4,445,542	50%	$ 8,282,917
December 31, 2009	3,134,978	54%	4,639,539
December 31, 2008	4,596,579	31%	3,182,921

7. REAL ESTATE TAXES

The County's property tax is levied each January 1 on the assessed values as of the prior November 15 for all real property located in the County. The assessed value at December 2010, upon which the 2010 levy was based, was $1,535,178,184.

The County is limited by the laws of the Commonwealth of Pennsylvania to levy taxes up to $25.00 per $1,000 of assessed valuation for General Government Services, and limited to $10.00 per $1,000 of valuation for payment of rentals to any municipality and is unlimited for the payment of principal and interest on long-term debt. The tax rate to finance General Government Services other than the payment of principal and interest on long-term debt for the year ended December 31, 2010, was 22.85 mills per $1,000. The tax rate to finance the payment of principal and interest on long-term debt for the year ended December 31, 2010 was 2.05 mills per $1,000.

Taxes for 2010 were billed in January 2010 and were due on the following schedule: at two percent discount if paid by March 31, 2010; at face value if paid between April 1, 2010 and June 30, 2010; and at 10 percent penalty if paid between July 1, 2010 and

January 15, 2011. The County placed liens on all property for which the 2010 tax was not paid by January 15, 2011. Current tax collections for the year ended December 31, 2010, were approximately 96 percent of the tax levy.

Taxes receivable are reflected on the statement of net assets net of an allowance for doubtful accounts of $707,141.

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2010:

	Balance at December 31, 2009	Additions and Accretion	Payments	Balance at December 31, 2010	Due within one year
Governmental Activities:					
Guaranteed Lease Revenue Bonds, Series of 1992	$ 10,667,277	$ 608,445	$ 1,340,000	$ 9,935,722	$ 1,345,000
General Obligation Bonds, Series of 1998*	(880,000)	-	(205,000)	(675,000)	(165,000)
General Obligation Bonds, Series of 2002A	11,790,000	-	5,000	11,785,000	5,000
General Obligation Bonds, Series of 2003	4,890,000	-	45,000	4,845,000	45,000
General Obligation Bonds, Series of 2003A	5,935,000	-	590,000	5,345,000	600,000
General Obligation Bonds, Series of 2007A	14,666,218	115,429	95,000	14,686,647	100,000
General Obligation Bonds, Series of 2007B	3,770,000	-	155,000	3,615,000	165,000
Total Long-Term Debt	$ 50,838,495	$ 723,874	$ 2,025,000	$ 49,537,369	$ 2,095,000
Business-type Activities:					
General Obligation Bonds, Series of 1998*	$ 880,000	$ -	$ 205,000	$ 675,000	$ 215,000

* The refunding of the General Obligation Bonds, Series of 1998 was applied against the governmental activities portion of the debt as payment terms from the Washington County Health Center to the County remained unchanged as a result of the County's refunding payments. These excess amounts will be applied by the County to other debt service.

General obligation debt payable at December 31, 2010, is composed of the following individual issues:

Guaranteed Lease Revenue Bonds, Series of 1992

The County has guaranteed the Series of 1992 Revenue Bonds (1992 Authority Bonds) of the Washington County Authority (Authority), with an original principal amount of $17,162,970. These 1992 Authority Bonds were issued primarily to finance capital projects. Portions of the 1992 Authority Bonds were refunded by the Guaranteed Lease Revenue Refunding Bonds, Series A of 1993, which were later retired, and by the General Obligation Bonds, Series 2002A. Another portion of the bonds, $4,777,357, was advance refunded with the General Obligation Bonds, Series 2007A. After consideration of the refundings, the 1992 Authority Bonds consist currently of Capital Appreciation Bonds with an aggregate original issuance amount of $11,852,970 with maturity values of $350,000 to $1,865,000 annually through 2020 issued to yield rates from 6.35% to 6.85%. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest. Total maturity value of the Capital Appreciation Bonds is $29,190,000.

General Obligation Bonds, Series of 1998

At December 31, 2010, the balance of the 1998 Bonds payable was $0, as the bonds were currently refunded with the proceeds of General Obligation Bonds, Series 2007A.

General Obligation Bonds, Series of 2002A and B

On March 1, 2002, the County issued General Obligation Bonds, Series of 2002A of $13,925,000, and General Obligation Taxable Bonds, Series of 2002B of $1,650,000 totaling $15,575,000 for the purpose of providing funds for the advance refunding of the County's 1992 Bonds, a portion of the Guaranteed Lease Revenue Bonds, Series of 1992, and the 1998 Bonds, and to fund various capital projects. A portion of the 2002A Bonds, $1,925,000, was advance refunded with the General Obligation Bonds, Series 2007A.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 4.70% to 5.125% until maturity on the general obligation bonds. The 2002 Bonds have a final maturity date on September 1, 2027. The 2002 Bonds that mature on and after September 1, 2013 are subject to redemption prior to maturity, at the option of the County, on September 1, 2012 or on any date thereafter, as specified in the 2002 Bonds issuance offering statement.

General Obligation Bonds, Series of 2003

On March 15, 2003, the County issued $8,125,000 of General Obligation Bonds, Series of 2003 (2003 Bonds). The proceeds of the 2003 Bonds were used to currently refund the County's Guaranteed Lease Revenue Refunding Bonds, Series A of 1993. A portion of the 2003 Bonds, $825,000, was advance refunded with the General Obligation Bonds, Series 2007C.

Interest payments are payable semi-annually on June 1 and December 1 with rates ranging from 4% to 5% until maturity. The 2003 Bonds have a final maturity date on June 1, 2022. The 2003 Bonds that mature on and after June 1, 2022 are subject to redemption prior to maturity, at the option of the County, on December 1, 2013 or on any date thereafter, as specified in the 2003 Bonds issuance offering statement.

General Obligation Bonds, Series of 2003A

On July 1, 2003, the County issued $8,305,000 of General Obligation Bonds (2003A Bonds). The proceeds of the 2003A Bonds were used to advance refund $7,400,000 principal amount of the County's 1998 Bonds.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.50% to 4.20% until maturity. The 2003A Bonds have a final maturity date on September 1, 2022. The 2003A Bonds that mature on and after September 1, 2014 are subject to redemption prior to maturity, at the option of the County, on September 1, 2013 or on any date thereafter.

Washington County Note Payable

The County borrowed $6 million from the Authority out of the proceeds of the Authority's Series 1999 Capital Funding Revenue Bonds (Authority Bonds) for the purpose of creating a pool of funds for various local municipalities' infrastructure projects within the County. A portion of the note was repaid with proceeds from the General Obligation Bonds, Series 2007B and the remaining balance was paid in full during 2008.

During 2007, a sinking fund was established by the County related to loans previously reported in the County loan pool. Monthly principal and interest payments made by the local municipalities are deposited into the County's sinking fund, the balance of which, together with any investment earnings, is used to pay amounts due on the General Obligation Bonds, Series 2007B. The sinking fund balance at December 31, 2010 totaled $1,099,660 and is reported as cash and cash equivalents on the balance sheet.

General Obligation Bonds, Series of 2007A, B, and C

On May 17, 2007, the County issued $18,630,219 in General Obligation Bonds and $1,080,000 in General Obligation Taxable Bonds to advance refund portions of the 1992, 2002A, and 2003 bond issuances, to current refund a portion of the 1998 bond issuance, to fund a capitalized interest deposit, to pay off a portion of the loan pool discussed above, and to fund various capital projects. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 4.00% to 5.29% until maturity.

A portion of the Series 2007A Bonds consist of Capital Appreciation Bonds with an aggregate original issuance amount of $2,215,220 with maturity values of $3,475,000 and $3,425,000 which mature in 2031 and 2032, respectively, issued to yield rates of 4.65% and 4.66%, respectively. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest. The 2007C Series was paid in full during 2008.

Annual debt service requirements are as follows:

	Governmental Activities		Business-type Activities	
Years	Principal	Interest	Principal	Interest
2011	$ 2,095,000	$ 1,727,626	$ 215,000	$ 32,875
2012	2,120,000	1,704,779	225,000	22,663
2013	2,135,000	1,680,801	235,000	11,750
2014	2,185,000	1,646,379	-	-
2015	2,095,000	1,627,048	-	-
2016-2020	10,815,000	7,701,726	-	-
2021-2025	12,350,000	5,916,809	-	-
2026-2030	17,535,000	2,490,668	-	-
2031-2032	1,685,220	4,684,780	-	-
	53,015,220	29,180,616	675,000	67,288
Accreted interest	(4,008,161)	4,008,161	-	-
	$ 49,007,059	$ 33,188,777	$ 675,000	$ 67,288

At December 31, 2010, the County has $12,865,000 of defeased debt outstanding relating to the various debt issuances.

In conjunction with their swaption transaction described in Note 12, the County received an up front cash payment. The upfront cash payment received by the County was considered to be a borrowing at a rate of 3.176%. As of December 31, 2010, the borrowing had an outstanding balance of $1,035,148. No payments will be made on the borrowing until the swaption is exercised by the counterparty. If exercised, principal and interest payments will begin in March 2013 and will continue until the borrowing's final maturity in 2027, as summarized in the table below. Interest is currently being accreted to the principal amount annually. Accreted interest on the borrowing was $169,148 at December 31, 2010.

Year Ending December 31,	Principal	Interest	Total
2011	$ -	$ -	$ -
2012	-	-	-
2013	58,742	34,752	93,494
2014	60,622	32,872	93,494
2015	62,563	30,931	93,494
2016-2020	344,169	123,301	467,470
2021-2025	402,898	64,572	467,470
2026-2029	179,794	7,194	186,988
Total	$ 1,108,788	$ 293,622	$ 1,402,410
Less: deferred interest	(73,640)		
	$ 1,035,148		

Deferred interest represents interest not accreted as of year end.

9. CONTINGENCIES

At year-end, various claims have been paid and closed where others are outstanding relating to workers' compensation injuries under existing insurance policies. Provisions are recorded in the General and Enterprise funds for benefit claims incurred but unpaid at December 31, 2010. For one particular claim the county has accrued a liability of $1 million, which represents the full amount of the County's insurance deductible, due to the probability of loss on the claim.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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 has been ordered by the court to conduct a reassessment of properties as a result of a filing by local school districts. Costs of complying with the court order are estimated to be as much as $7 million. The County anticipates issuing debt in order to conduct the reassessment. As of the date of this report, no new debt has been issued and no deadline to comply with the court order was established.

There are various other matters of pending litigation in which the County is involved. The County believes it has meritorious defenses and intends to contest these matters. The amount of liability, if any, related to these matters is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects.

10. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

11. Guarantee of Debt

The County guarantees the debt service payments of the Fair Board bank loan. The original amount borrowed by the Fair Board was $600,000. For the year ended December 31, 2010, principal and interest payments totaled $50,032. The balance outstanding was approximately $243,989 at December 31, 2010, with an interest rate of 6.0%. During 2010, the County made no contributions to the Fair Board. County management does not anticipate any contributions being required in the future. The loan has a maturity date of September 1, 2016.

12. Swaption

In May 2005, the County entered into a swaption contract that provided the County an up-front payment of $866,000. As a synthetic refunding of its 2002 General Obligation Bonds, this payment represents the present-value, risk-adjusted savings of a refunding as of June 1, 2012, without issuing refunding bonds at May 2005. The swaption gave the counterparty the option to make the County enter into a pay-fixed, receive-variable interest rate swap on the first day of each month during the period commencing on, and including, October 1, 2012 and terminating on, September 1, 2027. This contract was amended, effective September 21, 2006. It was amended a second time, effective May 16, 2007, due to issuance of the General Obligation Bonds 2007 Series.

If the option is exercised, the County will current refund the existing 2002 General Obligation Bonds as of the exercise date and will issue Variable Rate Refunding Bonds (Refunding Bonds). The intention of the swap is to effectively change the County's variable interest rate on the Refunding Bonds to a synthetic fixed rate of 4.874%.

Per the amended swap agreement, the County would receive interest at the variable rate of 59.10% of the 10-year ISDA swap rate while paying a fixed rate of 4.874%. The 10-year ISDA swap rate is designed to approximate the 10 year LIBOR (London Interbank Offered Rate) rate. The interest payments are calculated based on a notional amount of $11,775,000, which reduces beginning on September 1, 2012 so that the notional amount approximates the principal outstanding on the Refunding Bonds. The swap would expire on September 1, 2027 consistent with the last anticipated principal payment on the Refunding Bonds.

During 2007, the County paid a swap termination fee of $200,500 in order to terminate the portion of the swap in conjunction with the General Obligation Bonds 2007 Series bond issue.

If the option is exercised, the County would make net swap payments as required by the terms of the contract, that is, receiving a variable rate as noted above for the term of the swap from the counterparty and making a fixed rate payment to the counterparty.

As of December 31, 2010, the swaption had a fair value of ($821,695). As the swaption is considered to be an investment type derivative instrument per accounting standards, it is reported as a derivative liability on the statement of net assets. The changes in fair market value of ($351,525) during fiscal year 2010, are recorded as a component of investment income on the statement of activities. The mark to market value is calculated using a combination of the zero-coupon method and an option pricing model.

A portion of the upfront cash payment received by the County at the time the swaption was entered into is considered to be a borrowing at a rate of 3.176%. As of December 31, 2010, the borrowing had an outstanding balance of $1,035,148 and is disclosed in more detail in Note 8.

The swap agreement requires the County to post collateral in the event its credit rating falls below Baa1 as issued by Moody's Investors Service or BBB+ as issued by Standard & Poor's. If the County does not post collateral, the swap may be terminated by the counterparty. The County's credit rating is A+; therefore, no collateral has been posted at December 31, 2010.

Through the use of derivative instruments such as this swaption, the County is exposed to a variety of risks, including credit risk and interest rate risk.

- Credit risk is the risk that a counterparty will not fulfill its obligations. Although the underlying swap exposes the County to credit risk should the swap be executed, the swaption itself does not expose the County to credit risk. On December 31, 2010, the swaption counterparty is rated Aa1 by Moody's Investors Services, Inc. and AA- by Standard & Poor's, nationally recognized statistical rating organizations. If the option was exercised and the counterparty failed to perform according to the terms of the swap agreement, there is some risk of loss to the County, up to the fair market value of the swaption. However, as of December 31, 2010, the swaption had a negative fair market value to the County and as such the County had no credit risk exposure related to this transaction. As of December 31, 2010, there is no collateral posted by the Counterparty related to this transaction, nor has there been any collateral posted since inception of the swaption.

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the County's financial instruments or the County's cash flows. The County's swaption is exercisable by the counterparty beginning in October 2012. The swaption is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swaption's fair market value. If exercised, the resulting interest rate swap will have scheduled maturity dates beginning in fiscal year 2013 through 2027.

Required Supplementary Information

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS
FOR THE PENSION TRUST FUND

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess (Deficiency) of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/2011	$ 95,337,039	$ 118,310,447	$ (22,973,408)	80.58%	$ 40,421,525	(56.83%)
1/1/2010	90,805,227	112,823,135	(22,017,908)	80.48%	40,609,970	(54.22%)
1/1/2009	95,604,856	107,377,133	(11,772,277)	89.04%	40,348,624	(29.18%)

Source: Actuarial reports

See accompanying notes to supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES FOR THE PENSION TRUST FUND

Annual Calendar Year	Annual Required Contributions	Percentage Contributed
2005	$ 2,041,325	100%
2006	1,833,433	100%
2007	1,489,947	100%
2008	2,801,192	100%
2009	2,871,092	100%
2010	3,581,228	100%

The information presented above was determined as part of the actuarial valuations for the dates indicated.

See accompanying notes to supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS
FOR OTHER POST-EMPLOYMENT BENEFIT PLANS

Actuarial Valuation Date	(a) Actuarial Value of Asset	(b) Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	(a/b) Funded Ratio	(c) Covered Payroll	(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	$ -	$ 42,360,865	$ 42,360,865	0.0%	$ 40,609,970	104.3%
1/1/2008	-	40,769,744	40,769,744	0.0%	38,272,892	106.5%

Note: Actuarial valuation as of 01/01/08 represents the initial valuation for the plan as required under GASB Statement No. 45 (implemented in 2008). Actuarial valuation reports are only performed on a biennial basis for other post-employment benefit plans.

1. PENSION INFORMATION

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/2011
Actuarial cost method	Entry Age
Amortization method	Level Percentage Closed
Amortization period	30 years Closed
Asset valuation method	Five-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.50%
Underlying inflation rate	3.00%

2. OPEB INFORMATION

The information presented in the required supplementary OPEB schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Data:

Valuation date:	1/1/2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar, open
Amortization period:	30 years
Asset valuation method	Market Value

Economic Assumptions:

Projected salary inflation *	N/A
Investment rate of return *	4.50%
Health care inflation rates	12% initial, 5% ultimate
* Includes inflation at	3.00%

Supplementary Information

County of Washington, Pennsylvania

Combining and Individual Fund Financial Statements

Year Ended December 31, 2010

COUNTY OF WASHINGTON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2010

	Special Revenue Funds					Capital Projects Funds			
	Airport Operating	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects	Capital Expenditures	Total	Total Other Governmental Funds
Assets									
Cash and cash equivalents	$ 8,255	$ 828,972	$ 136,524	$ 201,241	$ 1,174,992	$ -	$ 2,365,066	$ 2,365,066	$ 3,540,058
Due from other governments	-	53,254	9,230	295,547	358,031	-	51,600	51,600	409,631
Interest and other	-	3,463	109	10,422	13,994	-	380,614	380,614	394,608
Due from other funds	-	-	-	37,343	37,343	-	9,375	9,375	46,718
Prepaids and other	-	-	-	296	296	-	-	-	296
Total Assets	$ 8,255	$ 885,689	$ 145,863	$ 544,849	$ 1,584,656	$ -	$ 2,806,655	$ 2,806,655	$ 4,391,311
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	$ 24,105	$ 171,527	$ 18,264	$ 21,968	$ 235,864	$ -	$ 360,722	$ 360,722	$ 596,586
Accrued payroll and related liabilities	10,155	32,152	1,569	104,265	148,141	-	-	-	148,141
Deferred revenue	-	92,467	7,360	-	99,827	-	-	-	99,827
Due to other funds	-	396	2,551	-	2,947	-	22,445	22,445	25,392
Advances due to other funds	-	-	-	493,466	493,466	-	-	-	493,466
Total Liabilities	34,260	296,542	29,744	619,699	980,245	-	383,167	383,167	1,363,412
Fund Balance:									
Reserved for:									
Encumbrances	811	-	-	-	811	-	169,873	169,873	170,684
Prepaid expenses	-	-	-	296	296	-	-	-	296
Capital projects	-	-	-	-	-	-	2,253,615	2,253,615	2,253,615
Unreserved, undesignated	(26,816)	589,147	116,119	(75,146)	603,304	-	-	-	603,304
Total Fund Balance	(26,005)	589,147	116,119	(74,850)	604,411	-	2,423,488	2,423,488	3,027,899
Total Liabilities and Fund Balance	$ 8,255	$ 885,689	$ 145,863	$ 544,849	$ 1,584,656	$ -	$ 2,806,655	$ 2,806,655	$ 4,391,311

COUNTY OF WASHINGTON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds					Capital Projects Funds			
	Airport Operating	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects	Capital Expenditures	Total	Total Other Governmental Funds
Revenues:									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	877,443	42,954	1,747,151	2,667,548	20,836	664,329	685,165	3,352,713
Charges for services	204,250	-	80,907	139,946	425,103	-	-	-	425,103
Interest	-	4,014	148	-	4,162	-	14,741	14,741	18,903
Other	-	-	4,775	10,800	15,575	-	680,520	680,520	696,095
Total revenues	204,250	881,457	128,784	1,897,897	3,112,388	20,836	1,359,590	1,380,426	4,492,814
Expenditures:									
Current:									
General government - judicial	-	-	-	2,572,747	2,572,747	-	-	-	2,572,747
Public safety	-	-	96,681	-	96,681	-	-	-	96,681
Public works and enterprises	252,275	895,619	-	-	1,147,894	-	-	-	1,147,894
Capital projects	-	-	-	-	-	21,370	1,614,637	1,636,007	1,636,007
Total expenditures	252,275	895,619	96,681	2,572,747	3,817,322	21,370	1,614,637	1,636,007	5,453,329
Excess (Deficiency) of Revenues Over Expenditures	(48,025)	(14,162)	32,103	(674,850)	(704,934)	(534)	(255,047)	(255,581)	(960,515)
Other Financing Sources (Uses):									
Operating transfers in	45,000	-	-	600,000	645,000	534	300,000	300,534	945,534
Operating transfers out	-	-	-	-	-	-	(534)	(534)	(534)
Total financing sources (uses)	45,000	-	-	600,000	645,000	534	299,466	300,000	945,000
Net Change in Fund Balance	(3,025)	(14,162)	32,103	(74,850)	(59,934)	-	44,419	44,419	(15,515)
Fund Balance:									
Beginning of year	(22,980)	603,309	84,016	-	664,345	-	2,379,069	2,379,069	3,043,414
End of year	$ (26,005)	$ 589,147	$ 116,119	$ (74,850)	$ 604,411	$ -	$ 2,423,488	$ 2,423,488	$ 3,027,899

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

AIRPORT OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Revenues:				
Charges for services	$ 173,900	$ 173,900	$ 204,250	$ 30,350
Expenditures:				
Public works and enterprises	286,921	286,921	252,275	34,646
Excess (Deficiency) of Revenues Over Expenditures	(113,021)	(113,021)	(48,025)	64,996
Other Financing Sources (Uses):				
Operating transfer in	100,000	100,000	45,000	(55,000)
Net Change in Fund Balance	$ (13,021)	$ (13,021)	$ (3,025)	$ 9,996

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

LIQUID FUELS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Intergovernmental:			
State liquid fuels tax	$ 3,789,250	$ 877,443	$ (2,911,807)
Interest	5,000	4,014	(986)
Total revenues	3,794,250	881,457	(2,912,793)
Expenditures:			
Public works and enterprises:			
Highways and bridges	3,791,146	895,619	2,895,527
Excess (Deficiency) of Revenues Over Expenditures	3,104	(14,162)	(17,266)
Other Financing Sources (Uses):			
Operating transfer in	50,000	-	50,000
Net Change in Fund Balance	$ 53,104	$ (14,162)	$ 32,734

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

HAZARDOUS MATERIALS EMERGENCY RESPONSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Federal grant	$ 9,000	$ 26,196	$ 17,196
State grant	7,500	16,758	9,258
Charges for services	44,500	80,907	36,407
Interest	150	148	(2)
Other	500	4,775	4,275
Total revenues	61,650	128,784	67,134
Expenditures:			
Public safety	98,291	96,681	1,610
Excess (Deficiency) of Revenues Over Expenditures	$ (36,641)	$ 32,103	$ 68,744

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

DOMESTIC RELATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Department of Public Welfare - IV-D funds	$ 1,675,000	$ 1,491,652	$ (183,348)
Department of Public Welfare - incentive	275,000	255,499	(19,501)
Charges for services	200,000	139,946	(60,054)
Other	5,000	10,800	5,800
Total revenues	2,155,000	1,897,897	(257,103)
Expenditures:			
General government - judicial	2,753,336	2,572,747	180,589
Excess (Deficiency) of Revenues Over Expenditures	(598,336)	(674,850)	(76,514)
Other Financing Sources (Uses):			
Operating transfer in	600,000	600,000	-
Net Change in Fund Balance	$ 1,664	$ (74,850)	$ (76,514)

COUNTY OF WASHINGTON, PENNSYLVANIA

CAPITAL PROJECTS FUNDS

AIRPORT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Federal grant	$ 475,000	$ 20,836	$ (454,164)
Expenditures:			
Capital projects	500,000	21,370	478,630
Excess (Deficiency) of Revenues Over Expenditures	(25,000)	(534)	24,466
Other Financing Sources (Uses):			
Operating transfer in	25,000	534	(24,466)
Net Change in Fund Balance	$ -	$ -	$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

CAPITAL PROJECTS FUNDS

CAPITAL EXPENDITURES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 150,000	$ 664,329	$ 514,329
Interest	30,000	14,741	(15,259)
Other	500,000	680,520	180,520
Total revenues	680,000	1,359,590	679,590
Expenditures:			
Capital projects	1,705,000	1,614,637	90,363
Excess (Deficiency) of Revenues Over Expenditures	(1,025,000)	(255,047)	769,953
Other Financing Sources (Uses):			
Operating transfers in	300,000	300,000	-
Operating transfers out	(25,000)	(534)	24,466
Total other financing sources (uses)	275,000	299,466	24,466
Net Change in Fund Balance	$ (750,000)	$ 44,419	$ 794,419

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2010

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts	Court Administrator - Supervision Fees
Assets						
Cash and cash equivalents	$ 70,673	$ 1,144,959	$ 164,020	$ 994,922	$ 567,420	$ 743,273
Liabilities						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ 743,273
Due to other governments	70,673	1,144,959	164,020	-	-	-
Escrow liability	-	-	-	994,922	567,420	-
Total Liabilities	$ 70,673	$ 1,144,959	$ 164,020	$ 994,922	$ 567,420	$ 743,273

	CYS Services	Tax Claim	Domestic Relations	Prison Commissary	Sheriff's Office	Total
Assets						
Cash and cash equivalents	$ 13,489	$ 1,675,727	$ 59,893	$ 342,987	$ 504,259	$ 6,281,622
Liabilities						
Due to other funds	$ -	$ 25,257	$ -	$ -	$ -	$ 768,530
Due to other governments	-	212,003	-	-	-	1,591,655
Escrow liability	13,489	1,438,467	59,893	342,987	504,259	3,921,437
Total Liabilities	$ 13,489	$ 1,675,727	$ 59,893	$ 342,987	$ 504,259	$ 6,281,622

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2010

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
Treasurer:				
Assets				
Cash and cash equivalents	$ 43,133	$ 404,131	$ 376,591	$ 70,673
Liabilities				
Due to other governments	$ 43,133	$ 404,131	$ 376,591	$ 70,673
Recorder of Deeds:				
Assets				
Cash and cash equivalents	$ 1,191,881	$ 14,272,648	$ 14,319,570	$ 1,144,959
Liabilities				
Due to other governments	$ 1,191,881	$ 14,272,648	$ 14,319,570	$ 1,144,959
Register of Wills:				
Assets				
Cash and cash equivalents	$ 148,218	$ 13,093,300	$ 13,077,498	$ 164,020
Liabilities				
Due to other governments	$ 148,218	$ 13,093,300	$ 13,077,498	$ 164,020

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2010
(Continued)

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
Prothonotary:				
Assets				
Cash and cash equivalents	$ 3,329,132	$ 1,604,495	$ 3,938,705	$ 994,922
Liabilities				
Escrow liability	$ 3,329,132	$ 1,604,495	$ 3,938,705	$ 994,922
Clerk of Courts:				
Assets				
Cash and cash equivalents	$ 624,507	$ 3,293,487	$ 3,350,574	$ 567,420
Liabilities				
Escrow liability	$ 624,507	$ 3,293,487	$ 3,350,574	$ 567,420
Court Administrator - Supervision Fees:				
Assets				
Cash and cash equivalents	$ 638,040	$ 355,233	$ 250,000	$ 743,273
Liabilities				
Due to other funds	$ 638,040	$ 355,233	$ 250,000	$ 743,273

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2010
(Continued)

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
CYS Services:				
Assets				
Cash and cash equivalents	$ 15,706	$ 9,997	$ 12,214	$ 13,489
Liabilities				
Escrow liability	$ 15,706	$ 9,997	$ 12,214	$ 13,489
Tax Claim:				
Assets				
Cash and cash equivalents	$ 1,724,751	$ 8,913,726	$ 8,962,750	$ 1,675,727
Liabilities				
Due to other funds	$ 39,065	$ 2,081,828	$ 2,095,636	$ 25,257
Due to other governments	231,004	6,905,021	6,924,022	212,003
Escrow liability	1,454,683	1,002,025	1,018,241	1,438,467
	$ 1,724,752	$ 9,988,874	$ 10,037,899	$ 1,675,727
Domestic Relations:				
Assets				
Cash and cash equivalents	$ 51,044	$ 1,734,638	$ 1,725,789	$ 59,893
Liabilities				
Escrow liability	$ 51,044	$ 1,734,638	$ 1,725,789	$ 59,893

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2010
(Continued)

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
Prison Commissary:				
Assets				
Cash and cash equivalents	$ 310,961	$ 356,513	$ 324,487	$ 342,987
Liabilities				
Escrow liability	$ 310,961	$ 356,513	$ 324,487	$ 342,987
Sheriff's Office:				
Assets				
Cash and cash equivalents	$ 438,277	$ 3,082,240	$ 3,016,258	$ 504,259
Liabilities				
Escrow liability	$ 438,277	$ 3,082,240	$ 3,016,258	$ 504,259

(Concluded)