

THURSTON COUNTY ANNUAL FINANCIAL REPORT

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Thurston County, Washington 2003

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KIM WYMAN
AUDITOR

TO THE CITIZENS OF THURSTON COUNTY

September 2004

I am pleased to present the 2003 Annual Financial Report (AFR) of the Thurston County government for your review. The AFR is prepared in accordance with generally accepted accounting principles and provides detailed financial information on the revenues, expenditures, assets, and liabilities of Thurston County government for the fiscal year ending December 31, 2003. The major objective of the AFR is to describe the County's financial condition and the financial results of its operations. As such, it is designed to provide financial status information to our county commission, legislative bodies, creditors, investors, bond counsels, students of public finance, political scientists, and the public we serve.

This is the second year Thurston County is preparing their annual report in compliance with the new Governmental Accounting Standards Board Statement 34. I am proud to be able to present our financial information in a format that gives our readers an objective and easily readable analysis of our county's financial performance for the year. The AFR is available upon request in hard copy, or via the Internet at the following address: <http://www.co.thurston.wa.us/auditor>.

REPORT SECTIONS

The AFR is presented in three sections: introductory, financial, and statistical. The introductory section includes a transmittal letter, the County's organization chart, and a list of principal elected officials. The transmittal letter will present an overview of the report, the County's economic conditions and outlook, and identifies current issues that affect the government's financial circumstances. The financial section contains the general-purpose financial statements, including the management discussion and analysis (MD&A), notes, and the entity wide/individual fund/account groups' financial schedules. The statistical section presents a history of selected financial and demographic information over the past ten years.

THE COUNTY

Thurston County, Washington, is located at the southern end of Puget Sound in the beautiful Pacific Northwest. Majestic Mount Rainier and the rugged Cascade Mountains are nearby to the east, while Washington's Pacific Ocean coast is just an hour's drive to the west. Thurston County is 60 miles south of Seattle, Washington and is 100 miles north of Portland, Oregon. Thurston County is home to more than 200,000 residents. Nearly 100,000 residents live in the more urban north county areas in and around the cities of Lacey, Olympia, and Tumwater. The rest live in and around the smaller towns of Bucoda, Tenino, Rainier, and Yelm and in the more rural areas of Thurston County. Thurston County is the eighth most populated county among Washington State's 39 counties and is among the fastest growing counties in the Pacific Northwest.

Thurston County, Washington 2003

Thurston County was created on January 12, 1852, by the Oregon Territorial Legislature and operates under the laws of the State of Washington applicable to county governments. The County is managed by a three member Board of Commissioners and provides a full range of municipal services, including: public safety (sheriff, judicial, and emergency services), construction and maintenance of roads and bridges, water and waste management, health and social services, cultural and recreational facilities and activities, planning and zoning services, job training, and general administrative services. The financial statements present Thurston County as the primary government as required by generally accepted accounting principles.

Thurston County is a statute county, which means the organization of the County is prescribed by state statute. Locally elected officials include the County Assessor, Auditor, Clerk, Prosecuting Attorney, Sheriff, Treasurer, seven Superior Court Judges, two District Court Judges and the three-member Board of County Commissioners. These elected officials govern the County and establish policies on the basis of the local community's needs and preferences. The Board of County Commissioners acts as the County's legislative body and appoints a County Administrator who acts as the chief administrative officer of the County and oversees twelve major departments. By virtue of the County's authority over their operations, this AFR includes financial data for all the funds and account groups of the County, including activities considered to meet the entity definition criteria established in Governmental Accounting Standards Board Statement No. 14 and No.34.

ECONOMIC CONDITIONS

Economic conditions play a significant role in the financial stability of Thurston County. The economy is dependent on many factors, including (a) population and demographic trends; (b) employment and housing factors; (c) per capita income and inflation; and (d) retail sales. From 1990 to 2000, the Thurston County economy continued to increase steadily, but not at the same rate as the prior two decades. The economy took a downturn in 2001 and 2002, fueled first by the cutbacks in Boeing and then by the aftermath of the tragic events of September 11, 2001. This was somewhat mitigated by the opening of two large retail stores and two large warehouse distribution centers. In 2003, an emphasis was placed on business retention and the creation of quality jobs in technology-based businesses, light manufacturing, and distribution centers. The statistics and information that follows highlight the changes in the County's economic conditions for 2002 and 2003.

Population and Demographic Trends

The population of Thurston County has grown from 181,700 in 1994 to 214,800 in 2003. This is an increase of 33,100 residents and an average growth rate of 2.0 percent per year. The majority of the population increase has been due to the continued in-migration of people into the County. Thurston County continues to be a desirable place to live, and has been one of the fastest growing of our State's 39 counties over the past decade. In 2003 the County's population increased slightly from 212,300 to 214,800. This reflected a much slower growth rate of approximately 1.2 percent. This is the result of less job opportunities and less in-migration.

Seniors continue to be one of the fastest growing segments of Thurston County's population. From 1980 to 2000, the population aged 65 and older increased from 12,230 to 23,629, basically doubling in number. Today our senior citizens constitute 11 percent of our total population. Projections show that by the year 2010, the population of people aged 65 or over will have increased to 13 percent of our total population and by the year 2020 to 19 percent. This is a trend that will place increased pressures on our public health care services and retirement facilities.

Over the past twenty years, population growth has been fairly evenly distributed between the incorporated and unincorporated areas of the county. This is in stark contrast to the two previous decades of the 60's and 70's, when major shifts in population occurred in both directions. In CY 2003, approximately 56 percent of our population lives in unincorporated areas and 44 percent in incorporated jurisdictions.

The growth within our municipal cities has not been constant however. During the past decade, the city of Yelm has been the fastest growing area, with an annual rate of over 5 percent. Growth in other cities, including Tumwater, Olympia, and Lacey, ranged from .67 to 1.79 percent. Excluding Yelm, the average rate of growth was at or very near the statewide average of 1.1 percent. Much of the growth in Yelm took place through annexation.

Employment and Housing

Between 1990 and 2000, the number of jobs available in the County has increased by 32 percent. By far, the largest percentage of increase over this 10-year span occurred in the Service industry, showing an increase of over 50 percent. In 2001 (the latest statistical year) the number of full-time and part-time jobs in Thurston County was 112,929. For the period 2000 to 2001, the Financial, Insurance, and Real Estate sector showed the greatest rate of growth in covered employment, increasing from 2,906 jobs to 3,131 jobs or 7.7 percent. The second largest rate of growth was in the Government sector. The number of new jobs provided by the Government sector was 1,065, a 3.2 percent increase. Within the Government sector, local government had the largest increase at 666 jobs, or 6.7 percent. Employment in Thurston County government was on the other hand very stable, decreasing by 14 positions. The only other sectors to show increased employment growth in 2001 were the Transportation and Public Utilities Sector, which grew 0.7 percent from 2,216 jobs to 2,232 jobs, and the Retail sector, which grew by 85 jobs or 0.6 percent in the same time period.

While the Service industry was the fastest growing job sector in Thurston County in the 1990's, it joined Manufacturing, Construction, Mining, Agriculture, and Wholesale Trade as net job losers in 2001. The Manufacturing sector was hardest hit in 2001 with a net loss of 308 jobs or a negative growth rate of 7.6 percent in Thurston County. This trend will continue with the closure of Miller Brewing Company in 2003, and a reduction of another 400 jobs. Service industry employment was only slightly down in 2001, but was beginning to experience the pressures of rising health care and liability costs.

Over the past decade, new housing starts in Thurston County have reduced steadily. There were 2,789 residential housing permits in 1990, 2,029 in 1995, and 1,666 in 2002. Forty percent of these permits were located within Thurston County cities, 24 percent in the urban growth boundaries, and 36 percent in the unincorporated areas of the county. The average sales price for a home in 1990 was \$91,568. In 2002, the average sales price was \$171,360.

Housing affordability overall was relatively good for Thurston County with an index of 154.1 vs. 145.1 statewide. The higher the index is, the more affordable the housing. An index of 100.0 is considered a good balance between monthly income and housing costs. For first time homebuyers, the index was 92.7, slightly above the previous year.

Household and Per Capita Income

In 2001, the estimated median household income for Thurston County was \$47,998, down slightly from \$48,388 in 2000. Projections for 2002 show a rise to \$48,959, or slightly higher than 2000 levels. In comparison with adjacent counties, Thurston County continues to experience a higher median household income than adjacent Lewis, Mason, Pierce and Grays Harbor counties, but is projected to be almost a thousand dollars lower than the overall average for Washington State.

Thurston County, Washington 2003

Real personal income for Thurston County, which is measured by dividing total personal income by population and adjusted for inflation, has increased slightly from \$23,733 in 1990 to \$26,989 in 2000. This is a real per capita increase of \$3,256. During the same time period, Washington State's real personal income increased from \$25,564 to \$31,855, an increase of \$6,291. In 2001 (the latest statistical year), Thurston County's per capita income increased to \$28,266. This is an increase of \$1,277 and compares with an overall statewide increase of only \$121.

Taxable Retail Sales

Another indication of economic conditions, especially as it applies to local government, is "taxable retail sales". This indicator measures purchasing and consumption activity in the County. In the last reported year, between 2001 and 2002, the County experienced a 10 percent increase in taxable retail sales. This is double the growth in taxable retail sales from 2000 to 2001. The "taxable retail sales" for the County has increased by an average of 6.5 percent annually from 1990 to 2002. The unincorporated sector of the County increased by 5.1 percent during this same time period, while the city of Yelm increased by almost 10 percent. From 2001 to 2002, the rate of growth in taxable retail sales increased significantly to 10 percent, possibly due to low interest rate loans on large consumer items such as cars and trucks.

Communities such as Tenino and Lacey actually experienced a jump of 24 percent and 17 percent respectively. All city jurisdictions and the unincorporated county rebounded from the down years of 2000 and 2001, with the exception of Bucoda. After doubling taxable retail sales over the past decade, Bucoda experienced a decrease of \$148,149 in 2002 or 11 percent.

Future Economic Outlook

Thurston Regional Planning predicts that the population in the year 2025 will be over 334,000, an increase of 56 percent over this twenty-two year period. The Thurston Regional Planning Council also has projected an increase in employment for Thurston County from 112,900 persons in 2001 to 160,900 by the year 2025. This is an increase of 43 percent over the twenty-four year period. The number of local jobs available is expected to increase at about the same rate as the labor force, with government and the service industry continuing to be the dominant employment base.

Thurston County's economic vitality has traditionally come from being the state capital. State government, with its substantial employment base, has significant ripple effects in the consumer business trade and services sectors. However, recent downturns in the economy and shortfalls in revenues are expected to continue to hold state government employment growth down in the Thurston County area in the immediate future.

With a curtailment in state government growth, Thurston County is working to solidify its role as a regional retail and services center. Recent construction of large warehouses for Target and Home Depot will help to establish this niche. Currently more people commute out of the County to work every day than those who commute into the County. The trend is expected to continue over the next 25 years. One of the keys to Thurston County's economy will be the success of efforts to have Thurston County residents purchase goods and services locally. Another is continued diversification in the work force, with a growth in business-to-business and home-based services.

Health care services, in particular, present the county with significant growth opportunities and challenges. Thurston County health care services are among the most comprehensive in southwest Washington, and Providence St. Peter Hospital is in the midst of completing a major expansion project. On the other hand, rising medical malpractice liability insurance costs and reduced government reimbursement rates are driving private health care providers out of the county and state.

Local governments in Thurston County are also experiencing a slow down in employment growth. Passage of recent Initiatives and potential for new voter-approved Initiatives has placed tight limits on revenue increases from traditional sources such as property taxes. Coupled with the elimination of state grant funds from Motor Vehicle Excise Taxes, many local cities and the county will continue to experience employment reductions that began in 2001 and 2002. Thurston County governments' strong reserve base will be a significant factor in offsetting future reductions in state and federal support, at least in the short run. The long-term outlook will depend on a combination of the strength in local economic recovery and the availability of dedicated revenue sources to support new and ongoing program growth opportunities.

MAJOR ACCOMPLISHMENTS AND SERVICE EFFORTS

Like the previous year, calendar year 2003 brought with it many challenges. The biggest challenge was the increased emphasis on public safety, combined with limited resources and a need for budgetary restraint. Even while resources were limited and caution was an undertone to most decisions, Thurston County experienced several significant accomplishments and ventures worthy of note.

Given the continued pressure on the State and local economy, the Board of County Commissioners worked with both elected and non-elected offices and departments to trim the 2003 General Fund budget by \$3.6 million, a reduction of approximately 3 percent from 2002. Seventeen General Fund-supported positions were slated for elimination in the approved budget. Two Deputy Sheriff positions were subsequently restored when the citizens of Thurston County successfully passed a sales tax increase to support the County's enhanced 911- communication system. Passage of this measure freed up General Fund dollars that were then redirected to the Sheriff's Office to support the continued operation of these two positions and seven correctional officer positions that were earmarked for reduction in the preliminary budget.

One of the most significant accomplishments in 2003 was the implementation and associated training of a new financial system, MUNIS Corporation, for Thurston County. This involved hundreds of people and the installation of software on over 150 local personal computers. This was a true team effort, involving many hours of coordinating planning and implementation from the selected vendor, Central Services, Human Resources, the County Treasurer, the County Auditor, and department accountants. The contract was negotiated within budget and signed in early 2003. The new system went live on January 4, 2004.

The Pacific Mountain Workforce Consortium (PMWC) is Thurston County's administrative entity for federal employment and training programs within Grays Harbor, Lewis, Mason, Pacific, and Thurston counties. In 2003, PMWC received several grants and awards for their leadership in training and providing opportunities for people to find jobs. These included:

- \$229,000 for meeting all the federal performance standards in the Workforce Investment Act
- \$835,000 from a Medical Capacity Building grant to help double the capacity of nursing programs at local community colleges;
- \$125,000 for a Targeted Industry Partnership grant with local hospitals; and
- \$50,000 for a Corrections Clearinghouse grant to assist state and county offenders re-enter the work force.

In 2003, Thurston County continued its successful participation in the grant program entitled "Weed and Seed". The grant is a partnership with the Sheriff's Office, local law enforcement entities, local community volunteer groups and the Rochester School District. The County Prosecuting Attorney's Office (PAO) is the major lead in administering the grant. Another significant PAO grant is \$470,000 from the Prevention of Violence Against Women Office in the Department of Justice to coordinate domestic violence, sexual assault, and stalking services. The PAO and Sheriff's Office were involved in 2003 with several successful partnerships including the Thurston County Methamphetamine Coalition and a domestic violence prevention summit.

Thurston County, Washington 2003

Law and Justice activities were at the forefront in 2003. Planning for a new Regional Justice Center moved into high gear. The proposed project underwent a citizen review. Three independent studies were conducted to analyze compliance with SEPA requirements, projected operating costs, and the impact on the overall criminal justice system. The Oversight Committee agreed on a scope for a new 640-bed jail with four courts and some backfill renovation at a total cost of \$103 million. The County sought voter approval in May 2004 for an \$88 million bond issue backed by property taxes to construct the new jail facility. The bond issue did not pass. The inter-governmental partnership is continuing to work toward a long-term solution.

With caseloads continuing to increase, the District Court initiated the use of a drop box for after-hour payment of fines, placed a public access terminal in the lobby of Building Three of the Courthouse, and established a program of holding mitigation hearings on a portion of contested traffic infractions via email. The Sheriff's Office's special enforcement division was able to reduce methamphetamine lab incidents by 28 percent, and the jail improved their accounts receivables by sending over \$700,000 to collections. Both the Clerk's Office and District Court established new public on-line computer sites to provide self-help assistance to individuals wanting to know more about upcoming court dates, obtain forms, or actually conduct hearings.

Thurston County's Communication Center received voter support of a dedicated sales tax increase for an enhanced 911 system, and voters overwhelmingly showed their support for the ongoing operation of the Medic One program. As part of an improved response system, Yelm paramedics moved into the Yelm Fire Station. This saved the county \$7,000 in annual operating costs. With emphasis being placed on efficiency and cost containment, all interlocal agreements for paramedic services included a cap of 8% on overtime. The County also implemented an expired drug return credit program that saved an additional \$6,000 annually.

Public Health and Social Services started a new home visitation program in 2003 to help families work with young children. They also implemented a new, automated client tracking system known as KIPHS, which improved client scheduling and billing functions. One of their most significant accomplishments was an increase of 10 new developmentally disabled individuals who were placed in contracted employment or community access programs.

General Government offices and departments, while receiving level or reduced staffing, were able to continue to provide quality service to their customers. The Assessor's Office expanded their online system making it easier for county departments to access property records from their office workstations. The Auditor's Office responded to a 30 percent increase in recording volume while keeping on schedule.

In addition to a very aggressive public works program, Thurston County also began work on a new 15-bed mental health triage center scheduled to open in the fall of 2004. Other significant capital projects included partnerships with the State of Washington and local cities on seven miles of the Chehalis-Western Trail linking Yelm to Tenino and the beginning of a new 67-acre sports complex in Lacey. The latter to be paid through sales tax credits received from formation of a Public Facilities District. Many smaller projects were undertaken with County labor crews, saving taxpayers over \$500,000 annually.

Water and Waste Management (W&WM) worked with local community volunteers to successfully rear and release 20,000 rainbow trout into Lawrence Lake. W&WM also diverted more than 300 tons of waste materials from County streams, including 13 tons of drug-related materials.

The County's Internal Auditor was able to work successfully with office and department accountants and the State Auditor's Office team to help save over \$22,000 in state audit fees and ensure that Thurston County received an unqualified opinion.

INTERNAL CONTROLS

In developing and evaluating the County's accounting systems, the County Auditor's Office has continued to give special consideration to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance to citizens regarding: (1) accountability for assets, and safeguards against their loss through unauthorized use or disposition; and (2) the reliability of financial records as the basis for preparation of financial statements. The concept of "reasonable assurance" recognizes that: (a) the costs of control should not exceed the derived benefits; and (b) management is required to make estimates and use its judgment in evaluating all of the costs and benefits.

Thurston County management recognizes the importance of adequate internal controls and has an Internal Audit Committee. The Internal Audit Committee is comprised of the County Auditor, County Treasurer, and the Chief Administrative Officer. The County Internal Auditor reports to the committee, and works with county departments and offices to improve the effectiveness and efficiency of administrative and financial internal controls. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording and presentation of financial transactions.

BUDGETARY CONTROLS

The 2003 Thurston County budget is \$316.4 million in all funds and \$53.6 million in General Funds (excluding the fund balance and residual equity transfers). This is a slight reduction of \$8.4 million in total funds from the 2002 budget, and \$1.4 million more in General Funds. A combination of higher than expected revenues from sales taxes and fines, and expenditure savings, has resulted in an increase of \$2.4 million in available reserves. These additional reserves will be useful in meeting future budget challenges, as projected revenues continue to lag expenditure needs. Budgets are prepared and maintained by establishing detailed line items. Office and department heads have the authority to move budget authorizations between objects within their funds, but the Chief Administrative Officer is the only position authorized to transfer appropriation units between offices and departments within a fund.

On-line reports are available monthly for all department managers, comparing current budget appropriation levels to actual expenditures by detailed line item. The financial system also provides managers with on-line access to current expenditure and revenue balances, activities, and budgets. At year-end, the County utilizes a "13th month" accounting period to post all financial transactions attributable to the appropriate fiscal year. The County Budget Team reviews the budget status of offices and departments at the mid-point of the fiscal year. If there is a need for budget modifications, requests are submitted to the County Auditor's Office, Chief Administrative Officer, and/or Board of County Commission (BoCC). Only the Board can approve budget extensions.

FINANCIAL INFORMATION

The financial information section provides detailed data on revenues, expenditures, assets and liabilities. Various schedules and notes show comparisons and trends between budgets and actuals, and between the current and prior year. Financial summary information is grouped into categories entitled: General Government Functions, Proprietary Operations, Fiduciary Operations, and Debt Administration. Entity wide statements are shown for the second time in compliance with GASB 34, including the capitalization of assets such as roads, bridges, and parks.

CASH MANAGEMENT

In order to obtain maximum return on secure investments, the County Treasurer invests cash in certificates of deposit with qualified Washington State public depositories, U.S. Treasury and Agency securities, bankers' acceptances, commercial paper and investments in the Washington State Treasurer's Local Government Investment Pool. Over 80% of the cash investments held by the County are in US Agency and Instrumentality Securities. All investments at year-end 2003 were insured, registered, and/or held by the County or its agent in the County's name. All of these investments are classified in the lowest-risk category, as defined by the Governmental Accounting Standards Board (GASB).

RISK MANAGEMENT

Thurston County acquires insurance for general risk liability through the Washington Counties Risk Pool. Thurston County's insurance, loss expenditures, and accounting activities are centrally tracked within the County's Insurance Risk Internal Service Fund. The County presently purchases insurance for workers' compensation liabilities.

INDEPENDENT AUDIT

Washington State laws require an annual audit by the Washington State Auditor's Office (SAO) of the financial records and transactions of the County. SAO consistently performs this audit annually and I am pleased to report that Thurston County has continued to receive an unqualified opinion.

ACKNOWLEDGMENTS

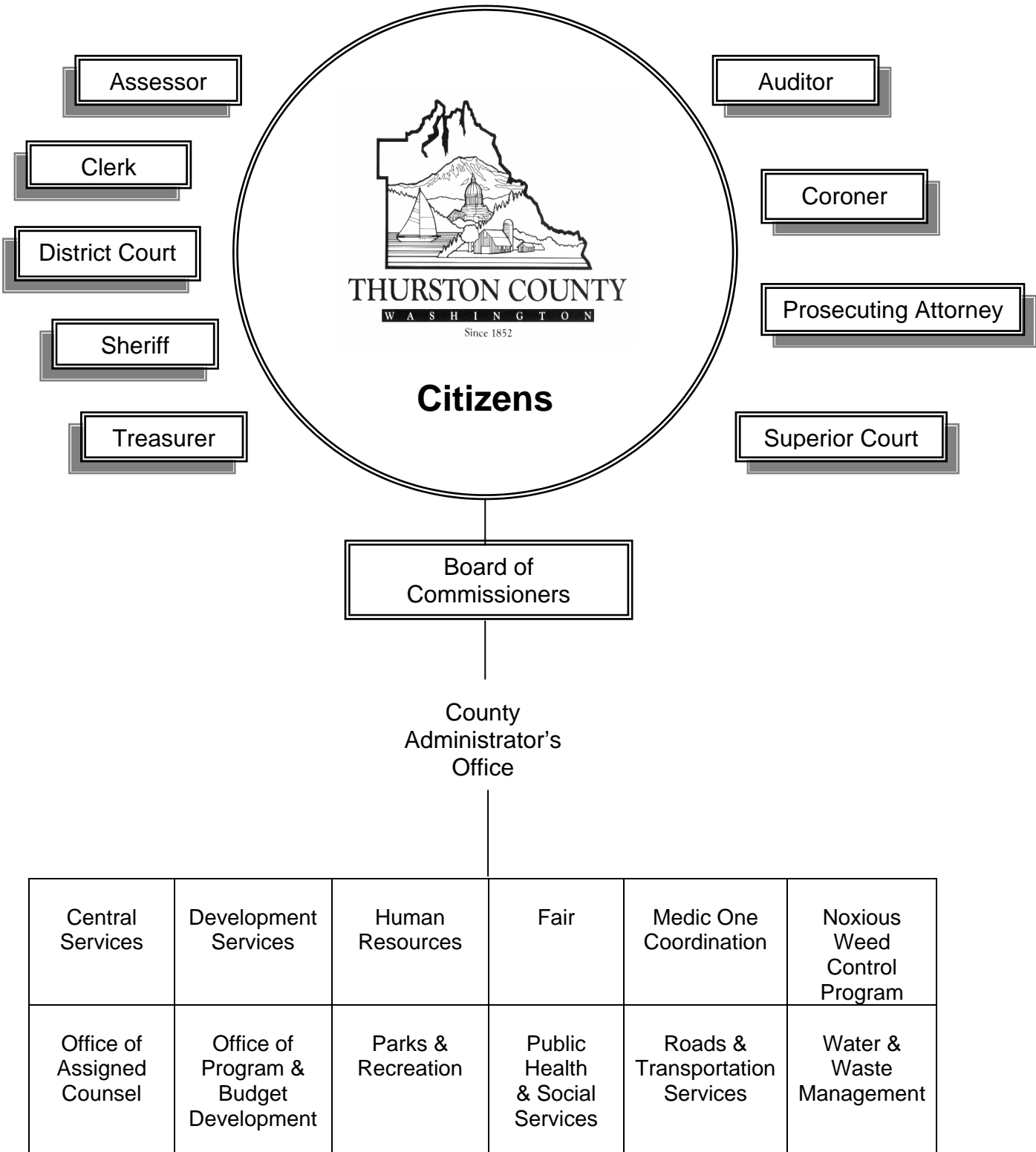
The professional and dedicated staff of the Financial Services Division of the County Auditor's Office and the County Treasurer's Office jointly prepared this report. In addition, the report could not be accomplished without the valuable assistance of accounting personnel of other County departments. I appreciate their efforts, and appreciate also the sound and progressive approach of the Board of Commissioners, in their conduct of the financial affairs of the County.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kim Wyman".

Kim Wyman
County Auditor, Chairman

THURSTON COUNTY ORGANIZATION CHART



Elected Officials

December 31, 2003

Thurston County Board of Commissioners

Honorable Cathy Wolfe, **District One**
Honorable Diane Oberquell, **District Two**
Honorable Robert N. Macleod, **District Three**

Honorable Patricia Costello, **Assessor**

Honorable Kim Wyman, **Auditor**

Honorable Betty J. Gould, **Clerk**

Honorable Judy Arnold, **Coroner**

Honorable Edward G. Holm, **Prosecuting Attorney**

Honorable Gary Edwards, **Sheriff**

Honorable Robin Hunt, **Treasurer**

District Court Judges

Honorable Susan A. Dubuisson
Honorable Clifford L. Stiliz, Jr.

Superior Court Judges

Honorable Daniel J. Berschauer
Honorable Paula Casey
Honorable Richard A. Strophy
Honorable Wm. Thomas McPhee
Honorable Richard D. Hicks
Honorable Christine A. Pomeroy
Honorable Gary R. Tabor



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INDEPENDENT AUDITOR'S REPORT

August 9, 2004

Board of County Commissioners
Thurston County
Olympia, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thurston County, Washington, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our financial 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thurston County, Washington, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 13 through 32 and budgetary comparison information on pages 79 through 94 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information listed as supplemental information on pages 109 through 122 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The

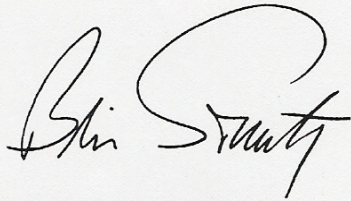


Thurston County, Washington 2003

supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive style with a large, looping initial "B".

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT DISCUSSION AND ANALYSIS

Thurston County's discussion and analysis offers the readers of the annual financial report a narrative overview of the County's financial activities for the fiscal year ending December 31, 2003. We encourage readers of our financial report to use this information in conjunction with our letter of transmittal, financial statements and notes to the financial statements to analyze our financial activities and health.

This financial report is prepared under the new Governmental Accounting Standards Board (GASB) Statement #34, "Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments".

FINANCIAL HIGHLIGHTS

- Thurston County's overall financial position has improved. Thurston County's governmental net assets of \$466 million at December 31, 2003 increased by \$11 million, or 2.4%, from net assets at December 31, 2002. The \$11 million increase in net assets in 2003 was \$3 million greater than the \$8 million increase in net assets in 2002. The primary reason for the increase in the change in governmental net assets in 2003 was profit realized on the County's internal service operations in 2003.
- Thurston County's total assets exceeded its liabilities at December 31, 2003 by \$466 million. \$354 million, or 76%, is invested in capital assets (net of depreciation and related debt). \$70 million is restricted for specific governmental activities and operations. \$19 million is restricted for enterprise operations and another \$16 million is restricted for internal service operations. The remaining \$7 million is unrestricted and may be used to meet any of the County's ongoing obligations to its citizens and creditors.
- Thurston County's total cash balance was \$125 million at December 31, 2003. \$45 million, or 36%, is for current and future County construction projects, including roads projects, and for debt service. \$24 million is for other governmental activities of which \$11 million is for health and human services activities and operations. \$31 million is for enterprise operations and another \$18 million is for internal service operations. The remaining \$7 million is unrestricted General Fund cash and may be used to meet any of the County's ongoing obligations to its citizens and creditors.
- The County's non-depreciable governmental capital assets increased by \$8 million. The primary reason for the increase was an increase in construction in progress and primarily for Communications, Roads, the Detention Center and Parks. The County's depreciable governmental net capital assets decreased by \$11 million. The primary reason for the decrease was a devaluation in Roads infrastructure assets. Business type depreciable net capital assets increased \$7 million. The primary reason for the increase was recognition of previously excluded assets for the Grand Mound water and sewer system and for completion of other construction projects from the prior year.
- The solid waste utility is the County's dominant business activity since it comprises 75% of business type revenues and expenses and 87% of business type cash assets. The only utility operating at a continuing net loss is Grand Mound. The County expects future utility hook-ups and new customer service revenues to eventually reduce and then eliminate operating losses in the Grand Mound utility.
- The 2003 unreserved General Fund balance of \$9.6 million increased by \$2.9 million over the prior year. The primary reason for the increase was the recognition of \$2.2 million in fines and forfeitures.

- The County's net bonded indebtedness at December 31, 2003 was \$46 million. This liability provides an additional \$167 million of future debt capacity for non-voted debt. Thurston County did not sell bonds in 2003.

COUNTY GOVERNMENT OVERVIEW

Governmental activities provided by Thurston County include:

General Government Services:

Commissioners, Human Resources, Auditor, Assessor, and the Treasurer.

Culture and Recreation:

Fair, Parks, and Cooperative Extension.

Economic Environment:

Planning and Development Services, Office of Program and Budget Development, Pacific Mountain Job Training Consortium and Veterans Services.

Health & Human Services:

Public Health and Social Services.

Physical Environment:

Lakes Management Districts for Long, Lawrence and South Pattison lakes.

Public Safety:

Law Enforcement, Corrections, Juvenile Services, Medical Aid (Medic One), Emergency Services and Communications, Civil Services, Clerk, District Court, Superior Court, Assigned Council and the Coroner's Office.

Transportation:

This section includes Road Construction and Maintenance and Road Improvement Districts.

Business type activities:

Water and Wastewater Utilities (for unincorporated parts of the County including Tamoshan, Grand Mound, Boston Harbor, and Olympic View), Solid Waste, and Storm Drainage.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management Discussion and Analysis, Basic Financial Statements, and Required Supplementary Information. We have provided additional Statistical and Supplemental Information that is often utilized by readers of our financial statements.

Government-wide Financial Statements

The first two statements are government-wide financial statements that give the reader a broad overview of Thurston County finances. These statements include both long-term and short-term assets and liabilities for all Thurston County funds combined and they tend to resemble the type of financial report that you would see for a private-sector business. Both of these statements segregate Governmental activities from business type activities. Governmental activities are principally supported by taxes and intergovernmental revenues. Business-type activities are functions of government that are intended to recover all or a significant portion of their costs through user fees and charges.

The statement of net assets includes all of Thurston County's assets and liabilities using similar accounting methods as those used in private industry. Over time increases and decreases in net assets may serve as one way to measure the County's financial health. To assess the overall health of the County you need to take into consideration some non-financial factors such as the condition of the County's infrastructure (roads, bridges, drainage systems, etc.), property tax base and general economic conditions within the County.

The statement of activities presents the specific services of our government and how they affect the change in net assets. This statement separates program revenues like charges for services, grants and contributions from general revenue such as taxes and other revenue not tied to a specific program. It shows to what extent the services rely on taxes for funding. This statement is prepared using the full accrual basis of accounting, which recognizes revenue and expenses when they are incurred as opposed to when the cash is received or transferred. Items such as outstanding property taxes receivable and vacation leave that is earned but unused is reported as a revenue and expense respectively regardless of when the cash is received or distributed.

Thurston County has no separately identified component units included in the government-wide financial statements.

Fund Financial Statements

Fund financial statements present more detailed information about the County's most significant funds. Funds are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Thurston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Thurston County's operations are segregated into three types of funds in this financial report: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental funds are used to account for most of the general government services that are primarily supported by tax dollars. These funds provide the reader with a short-term (within 1 year) overview of the fund financial health. The information presented in these fund statements excludes long-term assets and obligations. The statements report resources available to spend in the near future on a fund's programs and services.

Proprietary funds are used to account for business type activities where all or part of the cost is paid for by fees and charges paid directly by those who benefit from the activities. These funds provide both long-term and short-term financial information.

Fiduciary funds are used to account for resources that are held by the County Treasurer as a trustee or agent for parties outside of the County government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances present separate columns of financial data for the General Fund, Real Estate Excise Tax, Roads, Medic One and Public Health and Social Services Funds, all of which are considered to be major funds based on the criteria established by GASB Statement #34. In order to be a major fund, the assets, liabilities, revenue or expenditures must 1) comprise at least 10% of the total dollar amount of the same category within either all governmental or all enterprise funds, as appropriate, and 2) At least 5% of the total dollar amount of all governmental and enterprise funds combined into the same category. However, the General Fund is always a major fund. The governmental fund financial statements immediately follow the government-wide financial statements.

Governmental Funds are reported in the Governmental Activities section of the government-wide financial statements. However, the Statement of Revenues, Expenditures and Changes in Fund Balances uses a slightly different classification method for expenditures than used in the Government-wide statements. The classification method used in the former statement is in accordance with the State prescribed chart of accounts defined by the Washington State Auditor in the Budgeting Accounting and Reporting manual. These differences relate primarily to reported expenditure roll-ups for Security of Persons and Property and General Government. A footnote disclosure on the face of the statement further defines these differences.

It is frequently useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's short-term financing decisions. This comparison is reported in a reconciliation statement that reconciles the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to the governmental activities column in the government-wide statements.

The County maintains budgetary control for all governmental and proprietary funds. The budget was adopted in 2003 at appropriation unit level, except for a few elected official offices that operate under one appropriation unit. Appropriation units segregate expenditures into four groups including "O" operations, "P" personnel, "T" travel and "R" reserves. In accordance with state law the annual budget is adopted at the fund level. Personnel dollars are projected using full time equivalents (FTE). Capital Projects are approved on a project, group of projects or item basis.

Thurston County has attempted to control expenditure growth by adopting a base budget strategy. The Board of County Commissioners allow for normal increases in personnel costs and other fixed costs like indirect costs, insurance, records, communications, space use and data processing. Offices and departments are then asked to hold their remaining discretionary expenditures to a base level. A budgetary comparison is provided for the General Fund, which is discussed in detail later in this analysis.

Proprietary Funds

There are two types of proprietary funds, Enterprise and Internal Service. Enterprise Funds are used to account for functions presented as business-type activities in the government-wide financial statements. Thurston County uses enterprise funds to account for services provided by the solid waste, storm water, clean water, wastewater, utilities planning and development and septic assistance community loan programs. Internal Service funds accumulate and allocate costs for services provided to County programs and to other intergovernmental jurisdictions. Risk management, benefits administration, utilities administration, engineering services, central services (facilities, maintenance and information technology support), equipment rental and replacement and emergency communications services are provided by these County funds. Revenues and expenses of the internal service funds are duplicated in other funds, but are eliminated in the government-wide statements with any remaining balances included in the governmental activities column.

The proprietary funds presented in this report follow the governmental fund statements. They provide the same type of information as the government-wide statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Assets to the business-type column on the Government-Wide Statement of Net Assets, you will notice that total net assets agree, except for inter-fund transaction eliminations, and therefore these funds require no additional reconciliation within this financial report.

The proprietary fund financial statements provide separate data for the Solid Waste and Grand Mound programs. All other non-major proprietary and internal service funds are aggregated into separate single presentations in the proprietary fund statements.

Fiduciary Funds

Fiduciary Funds account for resources held for the benefit of parties other than the Thurston County government. Fiduciary funds are not included in the government-wide financial statements since resources of those funds are not available to support the County's programs. The accounting used to account for fiduciary funds is similar to that used for proprietary funds.

Thurston County has three types of fiduciary funds: 1) Investment Trust Funds (which report the County's investment pool), 2) Private Purpose Trust funds (which report trust arrangements where the principal and interest benefit those outside of the primary government), and 3) Agency Funds (which are clearing accounts for assets held by Thurston County in its role as custodian until the funds are distributed to private parties, organizations, or government agencies to which they belong). The fiduciary fund statements can be found following the proprietary fund financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

Thurston County's net assets as of December 31, 2003 were \$466,072,473. The following table reflects the condensed Government-Wide Statement of Net Assets. This reflects a net increase of \$12,737,931 from fiscal year 2002, the first year that this report was prepared in compliance with GASB statement 34.

The most significant change occurs in unrestricted governmental activities. Unrestricted governmental net assets increased from \$17.7 million to \$22.7 million. There are a number of reasons for the increase including a prior period adjustment recognizing \$2.2 million in customer accounts receivable related to court fines and forfeitures. Overall our total governmental assets increased by \$8 million and our liabilities decreased by \$1.3 million. The biggest increase in Governmental Activities is \$9 million in the cash and pooled investments. The increase is mainly a result of an overall reduction in expenditure growth and an increase in revenues or a combination of both. Examples of significant changes include the follow funds: General Fund (increase in tax revenues combined with minimal increase in expenditures; revenue growth outpaced expenditure growth by close to \$1 million) Roads and Transportation (reduction in expenditures), Development Services (increase in license and permits combined with minimal increase in expenditures).

Thurston County, Washington 2003

Thurston County Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets	\$ 107,260,885	\$ 96,429,569	\$ 38,924,602	\$ 38,850,603	\$ 146,185,487	\$ 135,280,172
Capital Assets	373,383,270	376,486,824	33,011,819	29,709,110	406,395,089	406,195,934
Total Assets	480,644,155	472,916,393	71,936,421	68,559,713	552,580,576	541,476,106
Current Liabilities	7,354,687	6,377,753	1,443,735	1,263,543	8,798,422	7,641,296
Long term Liabilities	40,297,726	43,075,883	37,411,955	37,424,385	77,709,681	80,500,268
Total Liabilities	47,652,413	49,453,636	38,855,690	38,687,928	86,508,103	88,141,564
Net Assets:						
Invested in Capital Assets, net of related debt	339,570,786	341,688,727	13,409,717	11,319,538	352,980,503	353,008,265
Restricted	70,692,383	64,048,027	18,652,242	(1,447,653)	89,344,625	62,600,374
Unrestricted	22,728,573	17,726,003	1,018,772	19,999,900	23,747,345	37,725,903
Total Net Assets	\$432,991,742	\$423,462,757	\$33,080,731	\$29,871,785	\$466,072,473	\$ 453,334,542

Thurston County's total assets stand at \$552.5 million as of December 31, 2003. Of this amount \$406.4 million is accounted for by capital assets, including infrastructure and construction in progress.

Of the remaining assets, approximately \$124.7 million or 22% are in cash and pooled investments, \$13.1 million in current receivables and \$7.6 in long-term receivables.

As of December 31, 2003 the County had outstanding liabilities of \$86.5 million. Of that amount only \$8.8 million was due within the next fiscal year. The majority of the long-term liabilities are outstanding General Obligation Bonds accounting for 49% of total liabilities and 26% are related to the Accumulated Landfill Closure Costs. The notes to the financial statements have additional details on these liabilities.

Of the total net assets, 76% or \$353 million is investments in capital assets net of related debt used to acquire those assets. The County's capital assets are used to provide services to the citizens of the County, so these assets are not available for future spending. Although the amount is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources since capital assets cannot be liquidated to cover these liabilities.

Of the remaining \$113 million in net assets (excluding capital assets), approximately 79% are subject to external restrictions on how they may be used. External restrictions include those provided in State Law or by contractual agreements with parties outside the primary government like Federal agencies.

The restricted net asset for business-type activities is \$18.6 million. As required by state and federal regulations Thurston County estimated its post closure care liability to be \$22.3 million at the end of this reporting period and the utility currently has \$18.2 million in reserves to cover these costs. It is anticipated that future inflationary cost adjustments will be financed in part from earnings on the restricted reserves.

Eighty-three percent (\$59 million) of the total restricted net assets in governmental activities are accounted for in Transportation, Health & Human Services, Internal Service and Public Safety. The majority of funding for these assets originated from restricted sources. Health and Human services restricted net assets are funds predominately originating from state and federal grants or intergovernmental services that are required to be spent on a specific program or service. Approximately one-half of these funds are related to the construction of a new Evaluation Triage and Treatment Facility for individuals with mental health or drug abuse problems. Internal service restricted net assets are almost all in our Equipment Rental and Replacement (ER&R) Funds. Equity within these accounts must be used for ER&R purposes per State Law. Public Safety restricted assets originate from specific revenues received from criminal justice backfill monies designated by the legislature, criminal justice sales tax, detention facilities sales tax and property taxes specific to the operation of Medic One operations and the construction of alternate jail space. During 2003 we researched and documented the need for an inter-jurisdictional justice center. A voter approved bond to fund the construction failed in May of 2003, but the County continues to work with the surrounding jurisdictions to create a solution to some of our criminal justice problems. Transportation restricted assets are related to tax revenues that are required to be spent on the County road infrastructure.

The remaining balance of \$23.7 million is "Unrestricted Net Assets" that can be used to meet the County's ongoing financial obligations. Of that total 96% is in governmental activities and the remaining 4% is in business-type activities. The General Fund balance accounts for over 9 million of the total Governmental Activities unrestricted net assets (see Governmental Funds Balance Sheet Analysis section).

Statement of Activities

The County's net assets increased by \$12.7 million in 2003. This increase included a net prior period adjustment of \$513 thousand. Governmental activities increased \$9.5 million while business-type activities had an increase of \$3.2 million.

The following chart presents key elements in the Statement of Activities. Total Revenues for Thurston County were \$156.4 million in 2003. Governmental activities provided \$138.4 million (88%), while business-type activities added \$18.0 million (12%).

The largest source of revenue within the governmental activities section is taxes accounting for \$81.1 million or 59%, with Grants and Contributions making up 28% of total governmental activities revenues. The remaining 13% of the revenues are related to charges for services, interest earnings and other general revenues. The special items in the governmental activities column of a negative \$2 million are related to the sale of capital assets. Compared to 2002, our largest increase in revenues occurred in Taxes (\$4 million), Charges for Services (\$1.8 million) and Operating Grants and Contributions (\$1.7 million) respectively. General-purpose property taxes increased by \$1.6 million due to a combination of new construction and a levy increase. The increase in Franchise and Public service taxes is mainly attributed to a new 911 tax used to fund emergency communications department operations and an overall increase in sales tax revenue.

Business-type activities main source of revenue is charges for services accounting for 83% of total business-type revenues. The remaining revenues are in Interest (7%) and Grants (9%) respectively.

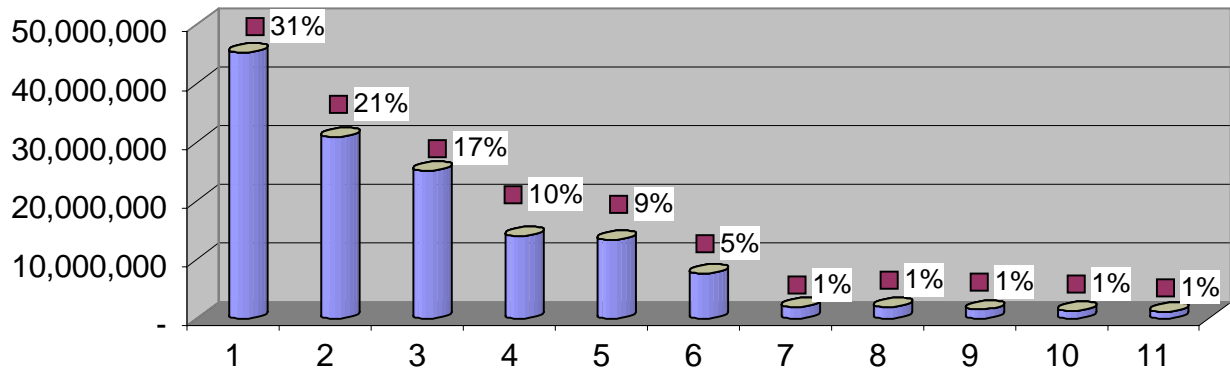
Thurston County, Washington 2003

Thurston County's Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues:						
Charges for Services	\$ 17,752,910	\$ 15,917,361	\$ 14,854,171	\$ 14,090,816	\$ 32,607,081	\$ 30,008,177
Operating Grants & Contrib.	35,957,385	34,167,007	114,927	323,438	36,072,312	34,490,445
Capital Grants & Contrib.	2,836,121	2,614,344	1,606,132	199,428	4,442,253	2,813,772
General Revenues:						
Taxes	81,141,816	77,286,257	-	-	81,141,816	77,286,257
Interest and Invest. Earnings	2,852,966	3,891,717	1,301,833	1,733,499	4,154,799	5,625,216
Other General Revenues	70,750	285,653	93,940	31,092	164,690	316,745
Special Items	(2,115,537)	526,134	-	(1,505,230)	(2,115,537)	(979,096)
Total Revenues	<u>138,496,411</u>	<u>134,688,473</u>	<u>17,971,003</u>	<u>14,873,043</u>	<u>156,467,414</u>	<u>149,561,516</u>
Program Expenses: (Net)						
General Government	7,729,613	8,872,772	-	-	7,729,613	8,872,772
Culture and Recreation	2,012,956	2,444,790	-	-	2,012,956	2,444,790
Economic Environment	14,107,884	13,161,330	-	-	14,107,884	13,161,330
Health & Human Services	30,867,847	26,205,973	-	-	30,867,847	26,205,973
Physical Environment	1,382,660	1,388,082	-	-	1,382,660	1,388,082
Public Safety	45,304,472	50,057,524	-	-	45,304,472	50,057,524
Transportation	25,125,598	23,163,128	-	-	25,125,598	23,163,128
Interest	1,561,608	1,607,743	-	-	1,561,608	1,607,743
Solid Waste	-	-	13,368,506	13,307,547	13,368,506	13,307,547
Grand Mound	-	-	1,291,520	1,169,620	1,291,520	1,169,620
Other Business-Type Exp.	-	-	1,906,017	2,003,277	1,906,017	2,003,277
Total Expenses	<u>128,092,638</u>	<u>126,901,342</u>	<u>16,566,043</u>	<u>16,480,444</u>	<u>144,658,681</u>	<u>143,381,786</u>
Excess (deficiency) of Revenues over (under) Expenses	10,403,773	7,787,131	1,404,960	(1,607,401)	11,808,733	6,179,730
Transfers	799,154	200,576	(383,082)	(274,571)	416,072	(73,995)
Change in Net Assets	11,202,927	7,987,707	1,021,878	(1,881,972)	12,224,805	6,105,735
Ending Net Assets January 1	423,462,757	415,475,050	29,871,785	31,753,757	453,334,542	447,228,807
Prior Period Adjustment	(1,673,942)	-	2,187,068	-	513,126	-
Restated Net Assets January 1	421,788,815	415,475,050	32,058,853	31,753,757	453,847,668	447,228,807
Ending Net Assets	<u>\$ 432,991,742</u>	<u>\$ 423,462,757</u>	<u>\$ 33,080,731</u>	<u>\$ 29,871,785</u>	<u>\$ 466,072,473</u>	<u>\$ 453,334,542</u>

Expenses for the year totaled \$144.6 million. As in 2002 the distribution of expenses over Governmental and Business-type activities closely resemble revenues, with Governmental activities accounting for \$128 million (89%) and Business-type activities of \$16 million (11%). Public Safety, Health and Human Services, Transportation, and Economic Environment programs account for 90% of the governmental activities and 80% of the total activity expenses. Public Safety and Health and Human Services had offsetting fluctuations in expenses of over 4.5 million dollars. This variance is caused by the reclassification of our Medic One operations from Public Safety to Health and Human Services. Of the \$16 million in business-type expenses, 90% are associated with Solid Waste and Grand Mound utilities. The following graph illustrates the distribution of expenses by program for both governmental and business type activities.

Program Expenses - Government Wide



Legend:

- | | | | |
|------------------------|------------------|------------------------|------------------|
| 1.Public Safety | 4.Economic Env. | 7.Culture & Recreation | 10.Physical Env. |
| 2.Health & Human Serv. | 5.Solid Waste | 8. Other Business Type | 11.Grand Mound |
| 3.Transportation | 6.Gen Government | 9.Interest | |

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Thurston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is an analysis of the County's governmental and proprietary funds.

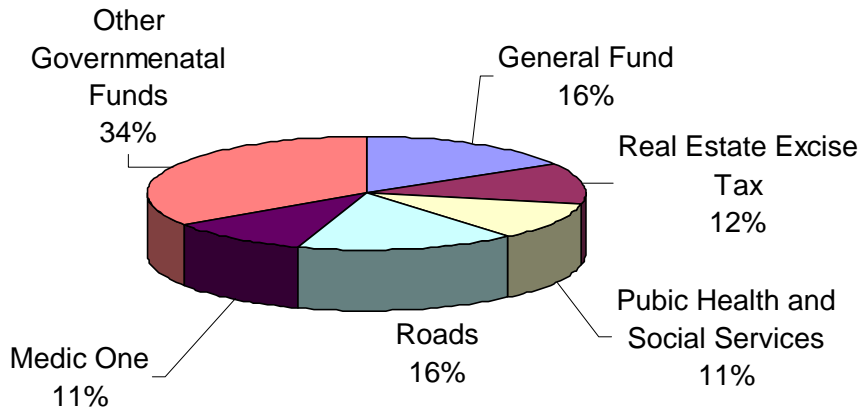
Governmental Funds Balance Sheet Analysis

The General Fund, Real Estate Excise Tax, Public Health and Social Services, Roads fund and Medic One are the County's major governmental funds. Together these major funds account for 66% of total governmental fund assets and 64% of total governmental fund balance.

Thurston County's governmental funds provide information on the short-term inflows, outflows and balances of expendable resources. Unreserved fund balance is often a useful measurement of a fund's net resources available for spending at the end of the fiscal year. Of the total \$77.6 million in fund balance, 94% or \$73.3 million is unreserved. The remaining \$4.3 million is reserved for Medic One emergency programs and debt service requirements.

The General Fund is the chief operating fund of Thurston County. At year-end the unreserved fund balance remaining in the general fund was \$9.6 million, amounting to 12% of the total governmental funds unreserved fund balance. This represents a \$2.9 million dollar increase over last years ending fund balance. The increase was mainly attributable to a \$2.2 million prior period adjustment we booked to recognize fines and forfeitures receivable. Likewise the general fund total assets of \$14.4 million are 16% of the total governmental funds assets.

Total Assets - Governmental Funds



The Real Estate Excise Tax (REET) fund is a dual-purpose fund. This fund accounts for restricted money associated with the collection of excise taxes on real estate transactions and is also used by the Board of County Commissioners as a holding account for excess general fund dollars that are designated for capital expenditures. About 60% of the REET fund balance or \$6 million dollars is unreserved general fund dollars. There are no outside restrictions on how this portion of the unreserved fund balance is spent. Adding this amount to the General Fund unreserved fund balance amounts to approximately \$15.6 million of the total \$22.7 million in unrestricted net assets in Governmental activities column on the Statement of Net Assets.

Roads total assets and liabilities were relatively unchanged based on activity throughout 2003. Fund Balance increased by slightly over 4% to \$13 million.

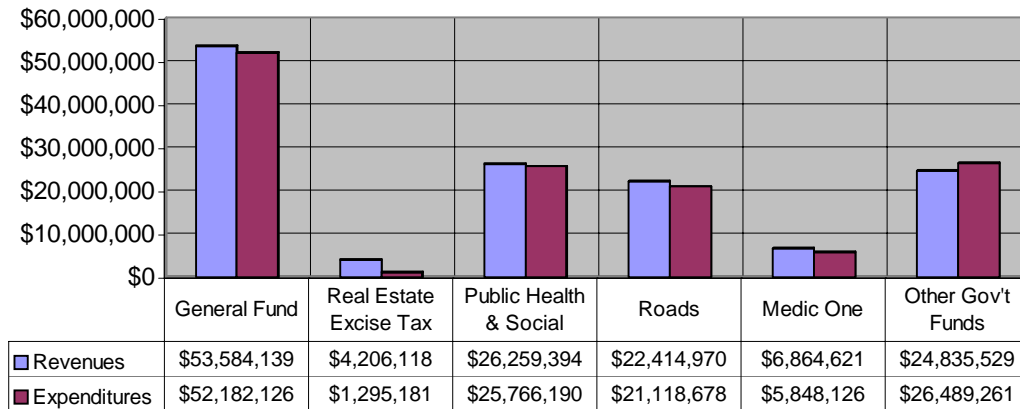
Public Health and Social Services fund total assets decreased by 2.9 million without a corresponding decrease on the liability side. Thurston County is in the process of building a new Evaluation Triage and Treatment facility to help treat individuals with mental health and drug abuse problems. The Public Health and Social Services fund transferred \$6 million into the construction fund in 2003.

Governmental Funds Revenue/Expenditure Analysis

The following chart shows the revenue and expenditure amounts for the five major governmental funds and for all other governmental funds.

The revenues and expenditures listed below do not include other financing sources (uses) or transfers. The General Fund and the Public Health and Social Services Fund account for close to 58% of both the total revenues and total expenditures. The Real Estate Excise Tax Fund and Medic One Fund fall into the category of major funds by the merits of their total assets.

Governmental Fund Revenues and Expenditures



As shown above, General Fund revenues exceeded expenditures by \$1.4 million. Including other financing sources and a prior period adjustment of \$2.6 million. The net change in fund balance for the General Fund in 2003 was a positive \$2.9 million. This increase in fund balance is largely attributable to the full accrual of fines and forfeitures from the Clerk's office and the courts that are currently reflected in accounts receivables. Total Governmental Funds overall had a \$9.3 million increase in fund balance, including \$2.4 million in prior period adjustments.

Real Estate Excise Tax (REET) revenues increased in 2003 by \$749 thousand or 22%, while expenditures more than doubled (from \$468 thousand to \$1.3 million). The Board of County Commissioners has made a decision to deposit proceeds from the sale of buildings into the REET, since the majority of debt is financed from REET. Low interest rates coupled with an active real estate market is the driving force behind the \$800 thousand increase in tax revenues. One of the major capital outlays was the purchase of the County's new financial system software.

The Roads Fund as presented in these statements includes the County Road Fund and the Roads Construction in Progress Fund. There was a \$1.4 million or 7% increase in revenues for roads and a \$621 thousand dollar decrease in the total expenditures between 2002 and 2003. Intergovernmental revenues increased over \$1 million from 2002. Actual expenditures were 30% under budgeted expenditures for 2002. The majority of this difference is due to under spending in capital projects. Total capital projects budgeted for 2002 was \$5.9 million and actual construction expenditures amounted to \$2.6 million. Some of the larger projects that were not even started include bridge reserves (\$1.8 million) and Reservation Rd project (\$700 thousand). Grant revenues make up 40% of the total revenues received in the Roads Fund. Once these projects are approved for funding the time lines to complete the work is fairly defined, and priorities of the projects tend to follow the funding. Roads uses reserve categories to lump projects into specific types, but not separating out specific projects targeted for completion within the year. Starting in 2003 the engineers are attempting to define specific projects that will be completed as opposed to combining them into a reserve group. This will provide administration with a better perspective on the specific jobs slated for construction within the current year. We also expect to see the budgeted dollars more closely resemble the total amount expended.

Public Health and Social Services Fund includes the health and social services programs administered by the County. Revenues and expenditures in this major fund increased by 3% and 4% respectively from 2002 levels. The major increase in revenues was mainly attributable to intergovernmental sources increasing by \$954 thousand. Intergovernmental revenues are predominantly tied to federal and state grants for specific services or functions provided through the health department. Expenditures within the Public Health and Social Services fund tend to follow the ebbs and flows of revenue fluctuations due to their involvement with federal and state grants.

Medic One fund accounts for the programs involved in with the overall coordination of basic and advanced life support services in conjunction with police and fire services. Most of the programs are funded through voter-approved property taxes. In 2003, revenues increased by 9% and expenditures by almost 4% in the Medic One fund.

Enterprise Funds Net Assets Analysis

The Solid Waste and Grand Mound utilities are the only major enterprise funds, but they account for 79% of the total assets and 91% of the total liabilities. The Solid Waste fund contains the financial activities for the ongoing operations of the Solid Waste and Recovery Center built in 1999. This fund also accounts for the post closure of the Landfill located in the Hawks Prairie area within the City of Lacey. The estimated liability for post closure care costs is currently underfunded by \$4 million. Since the post closure liability is estimated, any remaining portion of the costs will be covered by interest earnings on the restricted investments but may require future landfill users or taxpayers to cover any additional costs. The following table reflects the Proprietary Funds Statement of Net Assets for the year ending December 31, 2003.

As of December 31, 2003 the County's enterprise funds reported combined net assets of \$33.2 million, of which 65% are being contributed by the major funds. Of the \$33 million in net assets, 54% or \$17.9 million are accounted for in capital assets net of related debt. Total current assets are \$2.9 million less than 2002, due to the reclassification of two administrative enterprise funds to internal service funds. Grand Mound Water and Wastewater utility has a positive \$911 thousand in capital assets net of related debt. We booked a prior period adjustment related to the Ground Mound utility increasing the water and wastewater capital assets by \$3,237,560. The remaining enterprise net assets not restricted for a specific purpose had a negative balance of \$3.3 million.

**Thurston County
Proprietary Net Assets**

Assets	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds
Cash & Pooled Investments	\$ 7,191,175	\$ 135,264	\$ 2,537,116	\$ 9,863,555
Other Current Assets	1,749,091	216,762	179,388	2,145,241
Restricted Assets:				
Cash and Pooled Investments	18,728,484	831,120	1,622,230	21,181,834
Total Current Assets	<u>27,668,750</u>	<u>1,183,146</u>	<u>4,338,734</u>	<u>33,190,630</u>
Long-Term Assets:				
Receivables and Deff Chrgs.	-	4,738,004	1,958,063	6,696,067
Fixed Assets	30,078,565	13,733,680	12,604,419	56,416,664
Less Accumulated Depreciation	<u>(18,861,867)</u>	<u>(1,102,297)</u>	<u>(3,440,681)</u>	<u>(23,404,845)</u>
Total Long Term Assets	<u>11,216,698</u>	<u>17,369,387</u>	<u>11,121,801</u>	<u>39,707,886</u>
Total Assets	<u>38,885,448</u>	<u>18,552,533</u>	<u>15,460,535</u>	<u>72,898,516</u>
Liabilities				
Current Liabilities:				
Accounts Payable/ Due To's	1,581,518	39,968	259,759	1,881,245
Lim.Tax G.O.Bond-Current	-	250,000	95,000	345,000
Total Current Liabilities	<u>1,581,518</u>	<u>289,968</u>	<u>354,759</u>	<u>2,226,245</u>
Long-Term Liabilities:				
Limited G.O. Bonds Payable	-	11,470,000	745,000	12,215,000
Compensated Absences Payable	-	-	-	-
Intergov. Loans & Contracts Payable	-	365,000	2,577,455	2,942,455
Accumulated Landfill Closure Costs	<u>22,254,500</u>	<u>-</u>	<u>-</u>	<u>22,254,500</u>
Total Long Term Liabilities	<u>22,254,500</u>	<u>11,835,000</u>	<u>3,322,455</u>	<u>37,411,955</u>
Total Liabilities	<u>23,836,018</u>	<u>12,124,968</u>	<u>3,677,214</u>	<u>39,638,200</u>
Net Assets				
Invested in Capital Assets, net rel. debt	11,216,698	911,383	5,746,283	17,874,364
Restricted For:				
Postclosure, Net Of Related Liability	(4,071,287)	-	4,071,287	-
Debt Service	-	1,191,738	(1,146,857)	44,881
Unrestricted (Deficit)	<u>7,904,019</u>	<u>4,324,444</u>	<u>3,112,608</u>	<u>15,341,071</u>
Total Net Assets	<u>\$ 15,049,430</u>	<u>\$ 6,427,565</u>	<u>\$ 11,783,321</u>	<u>\$ 33,260,316</u>

Enterprise Funds Revenue/Expense Analysis

Revenues from the Solid Waste fund contributed 84% of the total enterprise funds in 2003. The following table provides a condensed look at revenues, expenses, and net change in retained earnings for the enterprise funds.

Thurston County Washington
Enterprise Funds Revenues and Expenses

	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds
Revenues:				
Charges for Services	\$ 13,051,310	\$ 181,673	\$ 412,085	\$ 13,645,068
Assessments	-	-	1,339,755	1,339,755
Miscellaneous	90,701	1,926	1,313	93,940
Interest Revenue	726,011	320,203	255,619	1,301,833
Other Nonoperating Revenue	113,808	-	59,160	172,968
Total Revenues	13,981,830	503,802	2,067,932	16,553,564
Expenses:				
Salaries and Benefits	1,546,428	187,531	603,970	2,337,929
Other Supplies and Expenses	532,900	18,140	100,669	651,709
Contractual Services	928,023	40,097	153,296	1,121,416
Longhaul Contract	9,283,251	-	-	9,283,251
Interfund Services and Charges	482,595	46,823	276,995	806,413
Depreciation/Amortization	777,084	341,150	544,090	1,662,324
Misc. Nonoperating Expenses	-	634,090	78,019	712,109
Total Expenses	13,550,281	1,267,831	1,757,039	16,575,151
Income (Loss) before contrib. and trans.	431,549	(764,029)	310,893	(21,587)
Capital Contributions	-	71,625	1,534,507	1,606,132
Transfers In (Out)	(193,083)	1	(190,000)	(383,082)
Change in Net Assets	238,466	(692,403)	1,655,400	1,201,463
Net Assets as of January 1	15,272,112	4,247,408	10,352,265	29,871,785
Prior Period Adjustments	(461,148)	2,872,560	(224,344)	2,187,068
Net Assets as of January 1-Restated	\$ 14,810,964	\$ 7,119,968	\$ 10,127,921	\$ 32,058,853
Net Assets as of December 31	\$ 15,049,430	\$ 6,427,565	\$ 11,783,321	\$ 33,260,316

Total operating revenues for enterprise funds equated to \$15 million, covering all but 5% of the operating expenses. Total operating revenues decreased by \$1.9 million compared to 2002 because of the reclassification of the Water and Waste Management Administrative fund and the Engineering Services Fund to Internal Service funds. The majority of the non-operating revenues are attributable to interest earnings. The solid waste utility earned 56% of the total interest earnings for all enterprise funds. This is mainly due to the large amount of required cash reserves for post closure costs. Grand Mound was another major fund based on assets and liabilities. Interest Revenues comprised 64% of the total revenues for Grand Mound. The \$800 thousand dollars in restricted investments is related to proceeds from the GO Bonds issued in 1999 for the construction of the utility. This is main source of investment earnings. Development within the Grand Mound area is starting to increase. This should generate capital from hook-up fees as well as continued operating revenue related to monthly usage. Operating expenditures exceeded operating income by \$450 thousand; excluding annual depreciation charges these expenditures were only \$109 thousand above operating income. The \$71,625 of Capital Contributions is attributable to new connection charges.

General Fund Budgetary Highlights

Thurston County adopts an annual budget. The following table shows the changes between the original and the final budget as of December 31, 2003.

**Thurston County
General Fund Changes in Budget**

	Original Budget	Final Budget	Variance Positive (Neg)	Percentage
Revenues:				
Taxes	\$ 37,338,989	\$ 37,855,712	\$ 516,723	1%
Licenses & Permits	48,758	48,758	-	0%
Intergovernmental	5,739,112	6,077,415	338,303	6%
Charges for Services	5,308,091	5,558,091	250,000	5%
Fines & Forfeitures	1,528,300	1,832,300	304,000	20%
Miscellaneous	1,109,887	1,117,387	7,500	1%
Total Revenues	51,073,137	52,489,663	1,416,526	3%
Expenditures:				
General Government	25,427,760	25,512,073	(84,313)	0%
Security of Persons & Property	25,351,943	26,198,487	(846,544)	-3%
Physical Environment	399,829	399,829	-	0%
Transportation	994	994	-	0%
Economic Environment	432,564	432,564	-	0%
Mental & Physical Health	455,539	458,644	(3,105)	-1%
Culture & Recreation	372,627	372,627	-	0%
Capital Outlay	6,300	128,218	(121,918)	-1935%
Debt Service-Principal	133,889	133,889	-	0%
Debt Service-Interest	6,877	6,877	-	0%
Total Expenditures	52,588,322	53,644,202	(1,055,880)	-2%
Excess (Deficiency) of Revenues				
Over Expenditures	(1,515,185)	(1,154,539)	360,646	-24%
Sale of Fixed Assets	363,262	363,262	-	0%
Transfers In	1,095,884	1,095,884	-	0%
Transfer Out	(2,376,314)	(2,376,314)	-	0%
Excess (Deficiency) of Revenues &				
Other Sources over Expenditures	(2,432,353)	(2,071,707)	360,646	-15%
Fund Balance as of January 1	5,200,000	6,734,414	1,534,414	30%
Fund Balance as of December 31	\$ 2,767,647	\$ 4,662,707	\$ 1,895,060	68%

Overall differences from the original general fund budget to the final adopted budget for 2003 were minimal with a 3% increase in total revenues and a 2% increase in budgeted expenditures.

The largest dollar value change in the revenue budget was general taxes. Tax revenues increased by \$516 thousand from better than anticipated sales tax growth. The next largest increase was in intergovernmental revenues that increased by 6% or \$338 thousand dollars.

Thurston County, Washington 2003

Other significant increases in budgeted revenues were in Charges for Services and Fines and Forfeitures. The increase of \$250,000 in Charges for Services was generated mainly from additional recording fees in the County Auditor's office due to continued high volume of refinancing and new purchases generated by low interest rates on loans. The main reason for the increase in fines and forfeitures is the higher emphasis that the local and state patrol is putting on traffic infractions.

The most significant increase in expenditures was in Security of Person's and Property line items. This budgeted increase of \$847 thousand is attributable principally to salary adjustments for correctional officers, additional overtime requirements in the jail, and new contracted bed rates for inmates sent to Yakima.

The big change in budgeted capital outlay expenditures was mainly due to the rollover from 2002 in the records management grant in the Sheriff's budget for the new Records Management Information system.

General Fund Budget to Actual

The final actual results for 2003 showed revenues coming in 3% higher than budgeted revenues and expenditures 2% less than budgeted expenditures. The combined effect resulted in a \$2.4 million dollar positive variance to the General Fund ending fund balance.

Actual General Fund revenues increased by 5% over 2002, but expenditures grew by only 2%. This resulted in a net increase in available funds of \$1.4 million before adjustments for other financing sources. These funds were increased slightly by the sale of capital assets (\$200,000) and then reduced by the net adjustment for transfers from internal service transactions. The result was a small increase of \$291 thousand dollars to the General Fund balance. This increase was augmented by a prior period adjustment of \$2.6 million related to the recognition of accrued fines and forfeitures. The total of the two resulted in an overall addition of \$2.9 million.

**Thurston County
General Fund Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
as of December 31, 2003**

	Final 2003 Budget	2003 Actuals	Variance Positive (Negative)
Revenues:			
Taxes	\$ 37,855,712	\$ 37,946,816	\$ 91,104
Licenses & Permits	48,758	44,960	(3,798)
Intergovernmental	6,077,415	6,134,566	57,151
Charges for Services	5,558,091	6,276,448	718,357
Fines & Forfeitures	1,832,300	2,030,943	198,643
Miscellaneous	1,117,387	1,150,406	33,019
Total Revenues	52,489,663	53,584,139	1,094,476
Expenditures:			
General Government	25,512,073	24,633,544	878,529
Security of Persons & Property	26,198,487	25,600,702	597,785
Physical Environment	399,829	399,829	-
Transportation	994	5,934	(4,940)
Economic Environment	432,564	418,580	13,984
Mental & Physical Health	458,644	456,695	1,949
Culture & Recreation	372,627	369,247	3,380
Capital Outlay	128,218	118,174	10,044
Debt Service-Principal	133,889	145,538	(11,649)
Debt Service-Interest	6,877	13,664	(6,787)
Total Expenditures	53,644,202	52,161,907	1,482,295
Excess (Deficiency) of Revenues			
Over Expenditures	(1,154,539)	1,422,232	2,576,771
Sale of Capital Assets	363,262	203,979	(159,283)
Transfers In	1,095,884	1,041,412	(54,472)
Transfer Out	(2,376,314)	(2,378,006)	(1,692)
Excess (Deficiency) of Revenues & Other Sources over Expenditures	(2,071,707)	289,617	2,361,324
Fund Balance as of January 1	6,734,414	6,734,464	50
Prior Period Adjustments		2,618,340	2,618,340
Fund Balance as of December 31	\$ 4,662,707	\$ 9,642,421	\$ 4,979,714

Overall expenditures for the General Fund increased by \$907 thousand over 2002 actuals. The two largest increases occurred in General Government and Security of Persons and Property. The offices and departments with the largest General Fund expenditure increase between 2002 and 2003 were Juvenile Probation (\$202 thousand), Prosecuting Attorney (\$226 thousand), and the Sheriff's office (\$154 thousand).

In 2003 the average cost of living increase for county employees was a little less than one percent. The County also had major union contract revisions for 2003 including the Sheriff's office, which carried over from the negotiations in 2002. Overall health care benefits increased by approximately 22%, so the County increased their contributions rates by an average of \$50 per employee. These personnel costs increases were the largest factor in the expenditure increases.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Thurston County's total investment in capital assets amounts to \$406 million net of related depreciation. This represents all of the capital assets in both governmental and business-type activities. Capital assets include Land, Construction in progress, Buildings, Improvements, Machinery & Equipment and Infrastructure. Historically infrastructure assets like roads, bridges, drainage systems, sidewalks, trails and paths have not been included in the capital assets for governmental activities. Thurston County valued all infrastructure assets acquired after July 1, 1980 using historical costs from the County Road Administration Board (CRAB) and Washington Department of Transportation (DOT) annual reports as well as a devaluation process applied against the estimated replacement cost of the assets. A further breakdown of this information is included in Notes to the Financial Statements (Note VI – Capital Assets). Capital assets amount to 73% of total assets. Of the \$406 million in net capital assets, 65% or \$263 million are non-depreciable assets and 35% or \$143 million are depreciated.

Major capital asset events during the current year include the following:

During 2003, the County completed construction on the new Coroner Building, and purchased the property for a new Evaluation and Treatment Triage Facility for the mentally ill and drug abusers and a new 67 acre Sports and Recreation Complex in cooperation within the City of Lacey. A decision was reached on a new financial system for the County and \$500 thousand dollars was set aside out of General Fund REET to purchase the software. We also incurred expenses on the design and outreach efforts for the proposed Regional Justice Center.

The Roads department spent approximately \$4.6 million on construction projects during 2003. Some of the larger projects include: Marvin Road expansion (\$1.2 million); Duterrow Road (\$124K); Reservation Road (\$511K); Chehalis Western Trail (\$353K); Yelm Highway (\$343K), and Pleasant Glade Road Bridge (\$347K).

Thurston County developed an inter-local agreement with the surrounding cities of Lacey, Olympia, Tumwater, Yelm, Tenino/Bucoda, and Rainier to create a "Thurston Regional Justice Center". This facility was designed to house a regional jail and four court facilities that would be utilized by Thurston County and the respective cities. In 2003 the County spent approximately \$1 million on related design and development costs. The bond proposal to construct the jail was not authorized by the voters. The public strongly rejected the regional justice center as it was proposed so the inter-local team will reconvene and solicit the public's opinion on the needs for a regional justice center.

Long-Term Debt

As of December 31, 2003, Thurston County had total bonded debt outstanding of \$44.8 million (\$32.2 million in governmental activities and \$12.5 million in Business-type activities). Loans, contracts and leases make up the remaining debt obligations totaling \$4.2 million.

In 2002 Moody's Investor service increased our bond rating to Aaa for general obligation debt. This continues to be the rating. The County did not issue any new major GO bonds during 2003.

The County is far from its limitation of indebtedness having the legal ability to issue debt without a vote in the amount of \$230 million. Currently the excess of debt liabilities over assets is \$44 million, leaving \$186 million of additional indebtedness available under the 1.5% limit of taxable property value.

In 2004 the County is preparing to issue an additional \$11 million in General Obligation Debt. The proceeds from the debt are for the purchase and remodel of a new office building (Twin County Credit Union \$4 million), the purchase of land and additional planning for the new Regional Justice Center (\$2 million), reconstruct a portion of the Juvenile Detention facility (\$3.2million) and the remaining \$1.8 million is for a new phone system and the purchase of park properties.

Economic Factors

The average growth rate of the Thurston County's population over the past decade was 2% per year. In 2003 the County's population only increased by 1.2%. We expect this slowed rate of in-migration to continue.

With the closure of the Miller Brewing Company in 2003, Thurston County lost one of its largest non-government employers. This company employed over 400 people with an average payroll and benefits of \$74,200 per person. In the past state and local government jobs have helped insulate our community from the unemployment rates experienced by a major business closure. However, with the decline in State general fund revenues and cumulative effect of tax limitation initiatives: I-747, I-695 and I-601, results of these factors caused employment stabilization and reductions in state and local government jobs that did not offset declines in private sector jobs.

On the positive side, retail sales tax revenues have continued to increase at a fairly significant pace partly due to the low interest rate loans on large-scale consumer items like cars and trucks. New housing starts are on the incline and recent economic indicators are pointing upward.

County administration recognizes that there are still unpredictable times ahead, especially with potential new Initiatives on the horizon. Both elected officials and department heads are working together to ensure core services are provided and that the overall County maintains fiscal stability and sustainability.

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Government Wide Financial Statements

Statement Of Net Assets
December 31, 2003
Page 1 of 2

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash & Pooled Investments	\$ 93,673,570	\$ 9,863,555	\$ 103,537,125
<i>Receivables:</i>			
Taxes Receivable	1,973,935	-	1,973,935
Special Assessment Receivables	70,783	284,561	355,344
Accrued Interest & Penalties	2,001,141	63,451	2,064,592
Customer Account Receivables	2,651,477	1,509,523	4,161,000
Internal Balances	778,521	(745,321)	33,200
Due from Other Government Units	4,495,012	70,932	4,565,944
Inventory	542,640	-	542,640
Prepayments	128,742	-	128,742
<i>Restricted Assets:</i>			
Cash & Pooled Investments	-	19,743,209	19,743,209
Investments at Cost	-	1,438,625	1,438,625
Long-Term Assets:			
Deferred Charges	-	170,372	170,372
Community Loans Receivable	-	146,613	146,613
Other Long-Term Receivables	580,064	1,524,023	2,104,087
Special Assessment Receivables	-	4,855,059	4,855,059
Advances From Other Funds	365,000	-	365,000
<i>Capital Assets:</i>			
Non-Depreciable	262,994,565	4,014,340	267,008,905
Depreciable, Net	110,388,705	28,997,479	139,386,184
Total Assets	480,644,155	71,936,421	552,580,576

See accompanying notes to the financial statements

Statement Of Net Assets
December 31, 2003
Page 2 Of 2

LIABILITIES	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Accounts Payable	3,884,240	1,094,879	4,979,119
Notes Payable	443,388	-	443,388
Due to Other Government Units	557,418	3,856	561,274
Limited G.O. Bonds Payable	1,808,644	345,000	2,153,644
Deferred Revenues	660,997	-	660,997
Long-Term Liabilities:			
Limited G.O. Bonds Payable	30,422,351	12,215,000	42,637,351
Compensated Absences Payable	5,344,614	-	5,344,614
Claims & Judgments Payable	2,949,272	-	2,949,272
Intergovernmental Loans & Contracts Payable	1,581,489	2,577,455	4,158,944
Advances To Other Funds	-	365,000	365,000
Accumulated Landfill Closure Costs	-	22,254,500	22,254,500
Total Liabilities	47,652,413	38,855,690	86,508,103
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	339,570,786	13,409,717	352,980,503
Restricted For Governmental Activities:			
Culture & Recreation	537,600	-	537,600
Economic Environment	3,594,700	-	3,594,700
General Government	5,010,300	-	5,010,300
Health and Human Services	14,953,700	-	14,953,700
Internal Service	15,885,983	-	15,885,983
Public Safety	15,140,500	-	15,140,500
Physical Environment	2,593,300	-	2,593,300
Transportation	12,976,300	-	12,976,300
Restricted For Business-Type Activities:			
Debt Service	-	510,940	510,940
Landfill Postclosure	-	18,183,213	18,183,213
Unrestricted (Deficit)	22,728,573	976,861	23,705,434
Total Net Assets	\$ 432,991,742	\$ 33,080,731	\$ 466,072,473

See accompanying notes to the financial statements

Statement Of Activities
For the Year Ended December 31, 2004
1 of 2

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants And Contributions	Capital Grants & Contributions
PRIMARY GOVERNMENT					
<i>Governmental Activities:</i>					
General Government	\$ 12,747,267	\$ (5,017,654)	\$ 2,955,977	\$ 26,657	\$ -
Culture & Recreation	1,859,715	153,241	684,795	27,575	202,509
Economic Environment	13,509,135	598,749	6,395,917	8,636,663	463,776
Health & Human Services	30,189,887	677,960	1,165,833	23,679,942	-
Physical Environment	1,364,606	18,054	481,929	41,071	-
Public Safety	42,796,606	2,507,866	5,240,296	3,095,908	-
Transportation	24,460,081	665,517	828,163	449,569	2,169,836
Interest and Fiscal Charges	1,561,608				
Total Governmental Activities	<u>128,488,905</u>	<u>(396,267)</u>	<u>17,752,910</u>	<u>35,957,385</u>	<u>2,836,121</u>
<i>Business-Type Activities:</i>					
Solid Waste	13,263,816	104,690	13,033,858	114,927	-
Grand Mound	1,265,654	25,866	181,673	-	71,625
Other	1,640,306	265,711	1,638,640	-	1,534,507
Total Business-Type Activities	<u>16,169,776</u>	<u>396,267</u>	<u>14,854,171</u>	<u>114,927</u>	<u>1,606,132</u>
Total Primary Government	<u>\$ 144,658,681</u>	<u>\$ -</u>	<u>\$ 32,607,081</u>	<u>\$ 36,072,312</u>	<u>\$ 4,442,253</u>

See accompanying notes to the financial statements

Statement Of Activities
For the Year Ended December 31, 2004
2 of 2

Functions/Programs	Net (Expense) Revenue and Changes In Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT			
<i>Governmental Activities:</i>			
General Government	\$ (4,746,979)		\$ (4,746,979)
Culture & Recreation	(1,098,077)		(1,098,077)
Economic Environment	1,388,472		1,388,472
Health & Human Services	(6,022,072)		(6,022,072)
Physical Environment	(859,660)		(859,660)
Public Safety	(36,968,268)		(36,968,268)
Transportation	(21,678,030)		(21,678,030)
Interest and Fiscal Charges	(1,561,608)		(1,561,608)
Total Governmental Activities	<u>(71,546,222)</u>		<u>(71,546,222)</u>
<i>Business-Type Activities:</i>			
Solid Waste	-	(219,721)	(219,721)
Grand Mound	-	(1,038,222)	(1,038,222)
Other	-	1,267,130	1,267,130
Total Business-Type Activities	<u>-</u>	<u>9,187</u>	<u>9,187</u>
Total Primary Government	<u>(71,546,222)</u>	<u>9,187</u>	<u>(71,537,035)</u>
General Revenues:			
<i>Taxes:</i>			
Property Taxes, Levied for Specific Purposes	21,858,490	-	21,858,490
Franchise/Public Serv. Taxes, Assessed for Specific Purposes	16,921,960	-	16,921,960
Property Taxes, Levied for General Purposes	28,989,246	-	28,989,246
Franchise/Public Serv. Taxes, Assessed for General Purposes	13,372,120	-	13,372,120
<i>Other General Revenues:</i>			
Interest & Investment Earnings	2,852,966	1,301,833	4,154,799
Miscellaneous	70,750	93,940	164,690
<i>Special Items:</i>			
Gain/(Loss) on Sale of Capital Assets	(2,137,153)	-	(2,137,153)
Insurance/Settlement Recoveries/(Losses)	21,616	-	21,616
<i>Net Transfers In/(Out)</i>	799,154	(383,082)	416,072
Total General Revenues, Special Items and Transfers	<u>82,749,149</u>	<u>1,012,691</u>	<u>83,761,840</u>
Change in Net Assets	<u>11,202,927</u>	<u>1,021,878</u>	<u>12,224,805</u>
Net Assets as of January 1	423,462,757	29,871,785	453,334,542
Prior Period Adjustment	(1,673,942)	2,187,068	513,126
Net Assets as of January 1 - Restated	<u>421,788,815</u>	<u>32,058,853</u>	<u>453,847,668</u>
Net Assets as of December 31	<u>\$ 432,991,742</u>	<u>\$ 33,080,731</u>	<u>\$ 466,072,473</u>

Note: Clerk, District Court, Superior Court, Assigned Council and Prosecuting Attorney general government expenditures have been reclassified as Public Safety expenses in the Statement of Activities

See accompanying notes to the financial statements

Thurston County, Washington 2003

Balance Sheet
Governmental Funds
December 31, 2003

ASSETS	General Fund	Real Estate Excise Tax	Roads	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
Current Assets:							
Cash & Pooled Investments	\$ 7,560,201	\$ 10,407,153	\$ 12,876,971	\$ 9,071,950	\$ 6,969,264	\$ 28,771,322	\$ 75,656,861
<i>Receivables:</i>							
Taxes Receivable	1,008,254	-	652,553	258,892	13,588	40,648	1,973,935
Special Assessment Receivables	-	-	-	-	-	70,783	70,783
Accrued Interest & Penalties	1,824,839	25,039	10,683	20,699	29,889	60,335	1,971,484
Customer Account Receivables	2,543,166	-	-	-	42,088	65,038	2,650,292
Due from Other Funds	89,846	6,011	29,931	-	158,472	169,539	453,799
Due from Other Government Units	1,062,160	-	338,265	-	2,325,291	745,639	4,471,355
Inventory	-	-	379,344	-	-	1,309	380,653
Prepayments	4,475	-	-	-	-	-	4,475
Advances From Other Funds	365,000	-	-	-	-	-	365,000
Total Assets	\$ 14,457,941	\$ 10,438,203	\$ 14,287,747	\$ 9,351,541	\$ 9,538,592	\$ 29,924,613	\$ 87,998,637
LIABILITIES							
Current Liabilities:							
Accounts Payable	\$ 658,896	\$ 38,027	\$ 252,926	\$ 475,200	\$ 844,671	\$ 990,416	\$ 3,260,136
Due to Other Funds	1,209,371	311,363	60,973	23,890	114,220	302,186	2,022,003
Due to Other Government Units	-	-	3,908	-	556,846	(5,684)	555,070
Deferred Revenues	2,947,253	-	906,745	258,892	28,618	365,355	4,506,863
Total Liabilities	4,815,520	349,390	1,224,552	757,982	1,544,355	1,652,273	10,344,072
FUND BALANCES							
Reserved For:							
Debt Service	-	-	-	-	-	38,464	38,464
Advances From Other Funds	365,000	-	-	-	-	-	365,000
Unreserved - Designated, Reported In:							
Petty Cash	23,400	-	300	100	2,850	18,425	45,075
Inventories	-	-	379,344	-	-	1,309	380,653
Unreserved - Undesignated, Reported In:							
General Fund	9,254,021	-	-	-	-	-	9,254,021
Special Revenue Funds	-	10,088,813	12,683,551	8,593,459	7,991,387	16,004,113	55,361,323
Debt Service Funds	-	-	-	-	-	38,464	38,464
Capital Projects Funds	-	-	-	-	-	12,171,565	12,171,565
Total Fund Balance	9,642,421	10,088,813	13,063,195	8,593,559	7,994,237	28,272,340	77,654,565
Total Liabilities & Fund Balances	\$ 14,457,941	\$ 10,438,203	\$ 14,287,747	\$ 9,351,541	\$ 9,538,592	\$ 29,924,613	\$ 87,998,637

See accompanying notes to the financial statements

**Reconciliation Of The Balance Sheet Of Governmental Funds
And The Statement Of Net Assets Of Proprietary Funds
To The Statement Of Net Assets
December 31, 2003**

	Governmental Funds		Business Type Funds
Fund balances as shown in governmental and proprietary statements	\$	- \$ 77,654,565	\$ 33,260,316
Capital assets used in governmental activities are not financial resources and therefore are not capitalized and reported in governmental funds			
Capital assets	444,985,272	-	-
Depreciation	(82,807,350)	-	-
Capital assets net of depreciation	-	362,177,922	-
Long term debt and compensated absences have not been included in governmental fund activity			
Bonds payable	(31,541,427)	-	-
Intergovernmental loans & contracts payable	(562,637)	-	-
Compensated absences	(4,567,160)	-	-
Long term liabilities	-	(36,671,224)	-
Internal services, provided primarily by internal service funds, also occurs within most other County funds. The net effect of the elimination of these services is reflected in the statement of net assets.			
Interfund transactions		(216,682)	216,682
Allocated direct and indirect costs from the County's Cost Plan		396,267	(396,267)
Some receivables are not available to pay current period expenditures and are therefore deferred or not recognized in governmental funds			
Deferred revenues	3,845,866	-	-
Other long-term receivables	580,064	-	-
Change in deferred revenues and long term receivables	-	4,425,930	-
Internal services are used by management to charge the costs of individual activities to certain funds (the assets and liabilities of these funds must be added to the statement of net assets)			
Capital assets, net of depreciation	11,205,348	-	-
Other assets	20,779,551	-	-
Liabilities	(6,759,935)	-	-
Internal service net assets	-	25,224,964	-
Net assets as shown in statement of net assets	\$	432,991,742	\$ 33,080,731

See accompanying notes to the financial statements

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2003**

	General Fund	Real Estate Excise Tax	Roads	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$37,946,816	\$ 3,878,783	\$13,569,451	\$ 6,252,999	\$ 424,546	\$ 5,664,471	\$ 67,737,066
Licenses & Permits	44,960	-	-	-	190,348	3,754,829	3,990,137
Intergovernmental	6,134,566	-	7,860,336	225,772	24,258,502	9,741,967	48,221,143
Charges for Services	6,276,448	15,900	785,117	-	1,007,481	4,505,876	12,590,822
Fines & Forfeits	2,030,943	-	-	-	-	-	2,030,943
Miscellaneous Revenue	1,150,406	311,435	200,066	385,850	378,517	1,168,386	3,594,660
Total Revenues	53,584,139	4,206,118	22,414,970	6,864,621	26,259,394	24,835,529	138,164,771
Expenditures:							
General Government	24,633,544	326,698	179,045	-	-	2,326,548	27,465,835
Security of Persons & Property	25,600,702	97,955	860,865	5,339,287	110,095	425,345	32,434,249
Physical Environment	399,829	81,996	-	-	-	908,878	1,390,703
Transportation	5,934	-	14,869,052	-	-	1,487,034	16,362,020
Economic Environment	418,580	-	-	-	-	13,510,046	13,928,626
Mental & Physical Health	456,695	1,215	-	-	25,646,615	-	26,104,525
Culture & Recreation	369,247	1,780	-	-	-	1,538,125	1,909,152
Capital Outlay	138,393	785,537	5,209,716	508,839	9,480	3,128,635	9,780,600
Debt Service:							
Principal	145,538	-	-	-	-	1,616,706	1,762,244
Interest & Fiscal Charges	13,664	-	-	-	-	1,547,944	1,561,608
Total Expenditures	52,182,126	1,295,181	21,118,678	5,848,126	25,766,190	26,489,261	132,699,562
Excess (Deficiency) of Revenues Over Expenditures	1,402,013	2,910,937	1,296,292	1,016,495	493,204	(1,653,732)	5,465,209
Other Financing Sources (Uses)							
Capital Lease Financing	20,219	-	-	-	-	-	20,219
Sale of Capital Assets	203,979	-	314,694	54,942	2,882	42,509	619,006
Transfers In	1,041,412	250,000	166,105	3,800	2,579,716	15,677,410	19,718,443
Transfers Out	(2,378,006)	(3,261,988)	(1,090,193)	(3,800)	(6,057,780)	(6,127,522)	(18,919,289)
Total Other Financing Sources (Uses)	(1,112,396)	(3,011,988)	(609,394)	54,942	(3,475,182)	9,592,397	1,438,379
Net Changes In Fund Balances	289,617	(101,051)	686,898	1,071,437	(2,981,978)	7,938,665	6,903,588
Fund Balances as of January 1	6,734,464	10,189,864	12,630,489	7,522,122	10,976,215	20,333,675	68,386,829
Prior Period Adjustments	2,618,340	-	(254,192)	-	-	-	2,364,148
Fund Balances as of January 1 - Restated	9,352,804	10,189,864	12,376,297	7,522,122	10,976,215	20,333,675	70,750,977
Fund Balances as of December 31	\$ 9,642,421	\$ 10,088,813	\$13,063,195	\$ 8,593,559	\$ 7,994,237	\$ 28,272,340	\$ 77,654,565

See accompanying notes to the financial statements

**Reconciliation Of Statements Of
Revenues And Expenditures/Expenses
Of Governmental And Proprietary Funds
To The Statement Of Activities
For The Year Ended December 31, 2003**

	Governmental Funds	Business-Type Funds
Net changes in fund balances	\$ 6,903,588	\$ 1,201,463
Governmental funds report capital outlays as expenditures. However, in the statement of activities, this cost is deferred (capitalized) and then depreciated over their estimated lives.	9,780,600	-
Governmental funds report the repayment of bond principal as an expenditure. However, this expenditure reduces the liability in the statement of net assets and is therefore excluded in the statement of activities.	1,762,244	-
Governmental funds report the receipt of funds from bond proceeds, intergovernmental loans and lease financing as revenues. However, this receipt increases the liability in the statement of net assets and is therefore excluded in the statement of activity.	(20,219)	-
Internal services, provided primarily by internal service funds, also occurs within most other County funds. The net effect of the elimination of these services is reflected in the statement of activities.		
Profit (including prior period adjustments) from internal service funds	3,289,162	-
Other interfund transactions	(216,682)	216,682
Allocated direct and indirect costs from the County's cost plan	396,267	(396,267)
Some receivables are not available to pay current period expenditures and are therefore deferred or not recognized in governmental funds.	3,845,866	-
Expense for compensated absences, which is not reflected in governmental fund statements, is recognized in the statement of activities.	(557,814)	-
Gain (Loss) on sale of governmental capital assets, which is not reflected in governmental fund statements, is recognized in the statement of activities.	(2,171,045)	-
Governmental funds do not report usage (depreciation) of capital assets. However, in the statement of activities, the cost of these assets are depreciated over their estimated lives.	(11,809,040)	-
Change in net assets	\$ 11,202,927	\$ 1,021,878

See accompanying notes to the financial statements

Statement Of Net Assets
Proprietary Funds
December 31, 2003

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current Assets:					
Cash & Pooled Investments	\$ 7,191,175	\$ 135,264	\$2,537,116	\$9,863,555	\$ 18,016,709
<i>Receivables:</i>					
Special Assessment Receivables	-	195,000	89,561	284,561	-
Accrued Interest & Penalties	55,133	2,113	6,205	63,451	29,657
Customer Account Receivables	1,465,154	12,426	31,943	1,509,523	1,185
Due From Other Funds	198,144	-	18,630	216,774	2,422,089
Due From Other Government Units	30,660	7,223	33,049	70,932	23,657
Inventory	-	-	-	-	161,987
Prepayments	-	-	-	-	124,267
<i>Restricted Assets:</i>					
Cash and Pooled Investments	18,728,484	831,120	183,605	19,743,209	-
Investments at Cost	-	-	1,438,625	1,438,625	-
Long-Term Assets:					
Deferred Charges	-	165,252	5,120	170,372	-
Community Loans Receivable	-	-	146,613	146,613	-
Other Long-Term Receivables	-	-	1,524,023	1,524,023	-
Special Assessment Receivables	-	4,572,752	282,307	4,855,059	-
Capital Assets	30,078,565	13,733,680	12,604,419	56,416,664	27,320,854
Accumulated Depreciation	(18,861,867)	(1,102,297)	(3,440,681)	(23,404,845)	(16,115,506)
Total Assets	38,885,448	18,552,533	15,460,535	72,898,516	31,984,899
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 977,668	\$ 1,234	\$ 115,977	\$1,094,879	\$ 624,104
Notes Payable	-	-	-	-	285,441
Due To Other Funds	599,994	38,734	143,782	782,510	254,949
Due To Other Government Units	3,856	-	-	3,856	2,348
Lim.Tax G.O.Bond-Current Portion	-	250,000	95,000	345,000	165,786
Long-Term Liabilities:					
Limited G.O. Bonds Payable	-	11,470,000	745,000	12,215,000	523,782
Compensated Absences Payable	-	-	-	-	777,454
Claims and Judgments Payable	-	-	-	-	2,949,272
Intergovernmental Loans & Contracts Payable	-	-	2,577,455	2,577,455	1,176,799
Advances To Other Funds	-	365,000	-	365,000	-
Accumulated Landfill Closure Costs	22,254,500	-	-	22,254,500	-
Total Liabilities	23,836,018	12,124,968	3,677,214	39,638,200	6,759,935
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	11,216,698	911,383	5,746,283	17,874,364	9,338,981
Restricted For:					
Postclosure	18,183,213	-	-	18,183,213	-
Debt Service	-	-	510,940	510,940	-
Unrestricted (Deficit)	(14,350,481)	5,516,182	5,526,098	(3,308,201)	15,885,983
Total Net Assets	\$ 15,049,430	\$ 6,427,565	\$ 11,783,321	\$ 33,260,316	\$ 25,224,964

See accompanying notes to the financial statements

**Statement Of Revenues, Expenses And Changes In Fund Net Assets
Proprietary Funds
For The Year Ended December 31, 2003**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues:					
Charges for Services	\$ 13,051,310	\$ 181,673	\$ 412,085	\$13,645,068	\$13,892,936
Equipment Rental	-	-	-	-	4,436,516
Assessments	-	-	1,339,755	1,339,755	3,917,587
Interfund Contributions	-	-	-	-	667,627
Miscellaneous	90,701	1,926	1,313	93,940	326,016
Total Operating Revenues	13,142,011	183,599	1,753,153	15,078,763	23,240,682
Operating Expenses:					
Salaries and Benefits	1,546,428	187,531	603,970	2,337,929	11,198,168
Other Supplies and Expenses	532,900	18,140	100,669	651,709	1,749,210
Contractual Services	928,023	40,097	153,296	1,121,416	3,671,101
Longhaul Contract	9,283,251	-	-	9,283,251	-
Interfund Services and Charges	482,595	46,823	276,995	806,413	1,188,816
Depreciation/Amortization	777,084	341,150	544,090	1,662,324	2,724,185
Claims Payments	-	-	-	-	724,843
Total Operating Expenses	13,550,281	633,741	1,679,020	15,863,042	21,256,323
Operating Income	(408,270)	(450,142)	74,133	(784,279)	1,984,359
Nonoperating Revenue (Expenses):					
Interest Revenue	726,011	320,203	255,619	1,301,833	356,826
Other Nonoperating Revenue (Expense)	113,808	(88)	59,160	172,880	(265,252)
Interest Expense & Fiscal Charges	-	(634,002)	(78,019)	(712,021)	(65,870)
Total Nonoperating Revenue (Expense)	839,819	(313,887)	236,760	762,692	25,704
Income Before Contributions and Transfers:	431,549	(764,029)	310,893	(21,587)	2,010,063
Capital Contributions	-	71,625	1,534,507	1,606,132	1,009,676
Transfers In (Out)	(193,083)	1	(190,000)	(383,082)	(416,069)
Change in Net Assets	238,466	(692,403)	1,655,400	1,201,463	2,603,670
Net Assets as of January 1	15,272,112	4,247,408	10,352,265	29,871,785	21,935,802
Prior Period Adjustments	(461,148)	2,872,560	(224,344)	2,187,068	685,492
Net Assets as of January 1 - Restated	14,810,964	7,119,968	10,127,921	32,058,853	22,621,294
Net Assets as of December 31	\$ 15,049,430	\$ 6,427,565	\$ 11,783,321	\$ 33,260,316	\$ 25,224,964

See accompanying notes to the financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2003
1 of 2

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 14,834,264	\$ 180,975	\$ 2,247,897	\$ 17,263,136	\$ 21,446,403
Cash Paid for Goods & Services	(13,764,795)	(77,852)	(531,746)	(14,374,393)	(8,090,041)
Cash Paid to Employees	(1,546,428)	(187,531)	(832,810)	(2,566,769)	(10,875,221)
Net Cash Provided (Used) by Operating Activities	(476,959)	(84,408)	883,341	321,974	2,481,141
Cash Flows from Noncapital Financing Activities:					
Operating Transfers In	674,680	-	787,375	1,462,055	865,477
Operating Transfers Out	(1,222,004)	-	(1,195,619)	(2,417,623)	(611,075)
Grant Proceeds	114,927	-	-	114,927	-
Payments On Community Loans	-	-	6,920	6,920	-
Insurance Recoveries	-	-	-	-	(805)
Net Cash Provided (Used) by Noncapital Financing Activities	(432,397)	-	(401,324)	(833,721)	253,597
Cash Flows from Capital & Related Financing Activities:					
Sales/Dispositions Of Capital Assets	134,670	(1,001)	(172,040)	(38,371)	(220,326)
Capital Asset Acquisitions	(320,452)	(4,752)	(1,523,867)	(1,849,071)	(2,849,987)
Bond/Loan Payments	-	-	(197,780)	(197,780)	(160,000)
Bond/Loan Proceeds	-	-	922,798	922,798	1,304,068
Grant Proceeds	-	-	94,371	94,371	75
Contributed Capital	-	71,625	-	71,625	-
Assessment Receipts	-	193,143	126,248	319,391	-
Interest Payments	-	(634,002)	(78,019)	(712,021)	(65,870)
Net Cash Provided (Used) by Capital & Related Financing Activities	(185,782)	(374,987)	(828,289)	(1,389,058)	(1,992,040)
Cash Flows from Investing Activities:					
Interest Receipts	744,319	321,254	257,289	1,322,862	362,325
Net Cash Provided (Used) by Investing Activities	744,319	321,254	257,289	1,322,862	362,325
Net Increase in Cash & Cash Equivalents	(350,819)	(138,141)	(88,983)	(577,943)	1,105,023
Cash & Cash Equivalents 1-1-03	\$26,270,478	\$1,104,525	4,248,329	31,623,332	16,911,686
Cash & Cash Equivalents 12-31-03	\$ 25,919,659	\$ 966,384	\$ 4,159,346	\$ 31,045,389	\$ 18,016,709

See accompanying notes to the financial statements

**Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2003**

2 of 2

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Income To Net Cash Provided (Used) by Operating Income:					
Operating Income	\$ (408,270)	\$ (450,142)	\$ 74,133	\$ (784,279)	\$ 1,984,359
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	777,084	341,150	544,090	1,662,324	2,724,185
(Increase) Decrease in:					
Other Current Receivables	(338,892)	(1,813)	1,899	(338,806)	11,923
Due from Other Funds	1,551,845	-	382,149	1,933,994	(1,784,068)
Due from Other Government Units	479,300	(811)	110,696	589,185	(22,134)
Inventories	-	-	-	-	(18,234)
Deferred Charges	-	10,548	853	11,401	-
Increase (Decrease) in:					
Accounts Payable	(54,043)	(3,263)	53,932	(3,374)	73,803
Due to Other Funds	(1,865,153)	19,923	15,641	(1,829,589)	208,470
Due to Other Government Units	(222)	-	(71,212)	(71,434)	2,348
Claims and Judgments	-	-	-	-	(1,022,458)
Compensated Absences Payable	-	-	(228,840)	(228,840)	322,947
Accumulated Landfill Closure	(618,608)	-	-	(618,608)	-
Total Adjustments	(68,689)	365,734	809,208	1,106,253	496,782
Net Cash Provided by Operating Activities	\$ (476,959)	\$ (84,408)	\$ 883,341	\$ 321,974	\$ 2,481,141

Noncash Investing, Capital, and Financing Activities:

Gain on Purchase/Sale Of Fixed Assets	\$ 70	\$ 30,248	\$ 63,132	\$ 93,450	\$ 127,311
Loss on Purchase/Sale of Fixed Assets	\$ (167,224)	\$ (30,335)	\$ (66,843)	\$ (264,402)	\$ (865,104)
Prior Period Adjustment/Capital Assets	\$ -	\$ 3,237,560		\$ 3,237,560	\$ -
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ 1,009,676
Prior Period Adjustment/Advance to Other Funds	\$ -	\$ (365,000)	\$ -	\$ (365,000)	\$ -

See accompanying notes to the financial statements

Statement Of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

ASSETS	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash & Pooled Investments	\$ 210,421,563	\$ 1,236,843	\$ 18,348,583
Cash and Deposits in Trust	-	-	274,060
Cash and Deposits with Fiscal Agent	-	-	120,730
Receivables:			
Taxes Receivable	-	-	6,390,251
Special Assessment Receivables	-	-	68,575
Accrued Interest Receivables	-	-	2,258,216
Customer Account Receivables	-	-	-
Due from Other Funds	-	-	68,633
Investments at Fair Value:			
US Treasury State and Local Government	56,683	-	-
Total Assets	<u>210,478,246</u>	<u>1,236,843</u>	<u>27,529,048</u>
LIABILITIES			
Liabilities:			
Warrants Payables	-	-	9,613,055
Accounts Payable	-	-	5,564,999
Due to Other Funds	-	-	101,836
Due to Fiscal Agent	-	-	954,475
Due to Other Governments	-	-	11,294,683
Total Liabilities	<u>-</u>	<u>-</u>	<u>27,529,048</u>
NET ASSETS			
Investments Held in Trust for Pool Participants	210,478,246	-	-
Investments Held in Trust for Other Purposes	<u>-</u>	<u>1,236,843</u>	<u>-</u>
Total Net Assets	<u><u>\$ 210,478,246</u></u>	<u><u>\$ 1,236,843</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2003

	Investment Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Additions By Participants	\$ 441,862,405	\$ 7,561,333
Trust Revenues	107,480	\$ -
Total Contributions	441,969,885	7,561,333
Investment Income:		
Net Increase In Fair Value Of Investments	56,683	-
Interest, Dividends and Other	-	12,776
Total Investment Income	56,683	12,776
Total Additions	442,026,568	7,574,109
Deductions:		
Distributions to Participants	367,955,248	7,911,510
Trust Administrative Costs	107,480	-
Total Deductions	368,062,728	7,911,510
Change in Net Assets Held for Individuals, Organizations and Other Governments	73,963,840	(337,401)
Net Assets as of January 1	\$136,514,406	1,574,244
Net Assets as of December 31	\$ 210,478,246	\$ 1,236,843

See accompanying notes to the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

Guide to Notes

Year ended December 31, 2003

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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2003

Note I - Summary Of Significant Accounting Policies

The financial statements of Thurston County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. REPORTING ENTITY

The financial statements present Thurston County as the primary government as required by generally accepted accounting principles.

Component Unit

The Annual Financial Report of Thurston County does not include any component units for which the County is financially accountable.

B. GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Government wide financial statements comprise the statement of net assets and the statement of activities. These statements report information on non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separate from business type activities. Business type activities rely to a significant extent on fees and charges for support. Internal service balances are summarized with governmental balances in the statement of net assets since most internal services are provided to governmental functions. However, the doubling effect of internal service activities has been removed from the statement of activities.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Fund financial statements are used to report additional and more detailed information about the primary government. 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. These statements are reported on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on all balance sheets. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenues, expenses, gains, losses, assets and liabilities are recognized when the exchange takes place. All revenues and service costs are reported each year regardless whether they were received or paid in the current year or soon thereafter.

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

1. Government-Wide Financial Statements

Capital assets are capitalized in the statement of net assets instead of being expensed in the statement of activities. Capital assets include governmental infrastructure (primarily road) assets (See Note VI). The use of these assets over time is then recognized as a depreciation expense in the statement of activities (See Note VI for depreciation expenses reported in the statement of activities).

Proceeds of long-term debt are recorded as a liability in the statement of net assets instead of being reported as general revenues in the statement of activities. Amounts paid to reduce long-term indebtedness are reported as a reduction in the related liability in the statement of net assets instead of being reported as expenses in the statement of activities.

Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges
- Special assessments
- Grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment

Taxes, unrestricted grants, entitlements, interest and other special and extraordinary items not properly included among program revenues are reported as general revenues. Non-exchange general revenue transactions occur when the County gives (or receives) value without directly receiving (or giving) equal value in exchange. These transactions are either unrestricted or restricted for specific purposes or uses and are segregated into either property taxes or franchise and public service taxes. Franchise and public service taxes in the statement of activities include the following general tax revenue and service fees: government land lease, forest board, timber sales, liquor excise, harvest, real estate, leasehold excise, motor vehicle license and excise, punch board and pull tabs, retail sales, motel/hotel, cable TV and document preservation fees. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other internal charges for services provided by the government's operating utilities and programs. Additionally, the county's cost allocation plan allocates indirect and direct service costs to individual functions. The full allocation of these costs has been included, and separately reported, as program expenses in each reported function or segment.

2. Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or "financial flow" measurement focus. These funds are reported in the governmental fund financial statements using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included in their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources."

Governmental fund operating statements focus on measuring changes in financial position rather than net income. They present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the County considers all revenues (including property, sales and franchise taxes, licenses and interest) to be available if they are collected within sixty days after year-end.

Expenditures are generally recorded when the related fund liability is incurred using the modified accrual basis of accounting. The modified accrual basis differs from the accrual basis in the following ways:

- Purchases of capital assets are considered expenditures.
- Redemptions of long-term debt are considered expenditures when due.
- Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Revenues that are measurable but not available are recorded as a receivable and offset by deferred revenues.
- Interest on long-term debt is not accrued but is recorded as an expenditure when due.
- Accumulated unpaid vacation and sick leave are considered expenditures when paid.

Thurston County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- The County Road Fund accounts for the design, construction, and maintenance of County roads.
- The Public Health and Social Services Fund accounts for the following services: mental health, developmental disabilities, substance abuse treatment, prevention, children and family, environmental, and personal health.
- The Medic One Fund accounts for countywide delivery of advanced life support response and transport services.
- The Real Estate Excise Tax Fund accounts for proceeds dedicated to capital projects from the permanent one-half percent tax on real property sales in unincorporated Thurston County.

3. Proprietary Fund Financial Statements

Proprietary funds disclose cash flows in a separate statement that reports their investing and financing activities. Proprietary funds also distinguish operating revenues and expenses from non-operating items in their operating statements. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of personnel and contractual services, other supplies and expenses and depreciation on capital assets. All revenues and expenses not meeting this definition, including capital and non-capital financing and investing activities and non-exchange and exchange like transactions, are reported as non-operating revenues and expenses.

The County reports the following major proprietary funds:

- The Solid Waste Fund accounts for all solid waste activity including the maintenance and operation of the County's waste and recovery center.
- The Grand Mound Water and Wastewater Fund accounts for maintenance and operations of the Grand Mound water & wastewater systems.

Additionally, the County reports internal service funds which account for the following types of internal County services: equipment repair and rental, data processing, facilities upkeep and maintenance, unemployment compensation and benefits administration payments, insurance risk and county-wide emergency communication services.

4. Fiduciary Fund Financial Statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Thurston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Thurston County has three types of fiduciary funds:

- Investment Trust funds report pooled investments held on behalf of external pool participants in the County's investment program.
- Private Purpose Trust funds report trust arrangements where the principal and interest benefit those outside of the primary government.
- Agency Funds account for assets and liabilities the County holds for others in an agency capacity. These funds are custodial in nature and do not present results of operations or have a measurement focus. These funds primarily comprise clearing accounts for assets and liabilities held by the County in its role as custodian until the funds are allocated to private parties, organizations, or government agencies to which they belong.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer except when otherwise requested in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. A segment or function's portion of total cash and pooled investments is summarized in the entity wide and fund financial statements under the classification of cash and pooled investments. Balances in cash and pooled investments are available on a demand basis to each of the funds. Earnings on the cash and pooled investments are allocated to participating funds on an average daily balance basis. For purposes of the statement of cash flows, unrestricted and restricted cash and pooled investments are treated as cash and cash equivalents since balances are available as demand deposits.

The amounts reported as cash and pooled investments also include compensatory balances maintained with certain banks. These balances are in addition to payments made for banking services rendered. However, the book value of deposits does not differ materially from the bank balance of deposits. The average compensatory balances maintained during 2003 were approximately \$4,231,000.

2. Receivables From and Payables To External Sources

Taxes receivable consist of current and delinquent property taxes and are offset by deferred revenue in the governmental funds balance sheet. Accrued interest receivable consists of related interest and penalties on property taxes (See Note V), interest on investments and on special assessments at the end of the year.

Special Assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited and related interest and penalties.

Customer and other accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Receivables have been recorded net of estimated uncollectible amounts. Because property taxes, special assessments and utility billings are considered liens on property, no estimates of uncollectible amounts are established. Fines and forfeitures for court receivables are not reported in the financial statements.

3. Receivables From and Payables To Internal Sources or Other Governmental Units

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loans receivable/payable" or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds" in the governmental funds balance sheet and proprietary funds statement of net assets. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide statement of net assets as "internal balances". A separate schedule of interfund transactions by fund is furnished in Note VIII - Interfund Transactions. These amounts include amounts due to/from the County's fiduciary funds. Due to/from other funds was reported as a cash flow change impacting operating activities in 2003. However, due to/from other governmental units was reported as a cash flow change impacting non-operating activities in 2003.

4. Inventories and Prepaid Items

Inventories are defined as assets that may be held for internal consumption or for resale. Any material inventory remaining at year-end is included in the balance sheet of the appropriate fund. In the governmental funds, except for the Roads Special Revenue Fund, the purchase method is used in which the cost is recorded as an expenditure when individual items are purchased. In the Roads Special Revenue Fund and the proprietary funds, a perpetual inventory is maintained, in which the cost is capitalized when inventory items are purchased and recorded as an expenditure (expense in proprietary funds) when the item is consumed. Inventories recorded in the Roads Special Revenue fund and the proprietary funds are stated at cost. Inventories are valued on a moving weighted average basis.

Prepayments are payments in advance of the receipt of goods and services in an exchange transaction. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements. These items primarily include prepaid rents for computer software. Prepaid expenditures (expenses) are recorded as expenditures (expenses) when consumed. They are recorded on the balance sheet at year-end.

5. Long-Term Liabilities

Revenue and general obligation bonds and intergovernmental loans and contracts directly related to and financed from enterprise funds are accounted for in the respective enterprise funds. All other long-term debt is reported in the governmental column of the government-wide statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Amounts reserved, as stipulated in bond covenants or agreements, for the current portion of long-term liabilities is shown as a reservation of fund balance in the fund financial statements and a restriction of fund balance in the statement of net assets. Specific debt service requirements are described in Note VII – Long-Term and Other Significant Debt.

6. Capital Assets and Depreciation

Capital assets include land, improvements to land, easements, buildings, building improvements, machinery and equipment, construction in progress, infrastructure, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Thurston County defines capital assets as assets (including capital leases) valued at \$5,000 or more (including ancillary costs) with an estimated useful life in excess of one year.

Infrastructure assets are long-lived assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, sidewalks, trails and paths, and water and sewer systems. Infrastructure assets acquired after July 1, 1980 are reported. Some infrastructure assets are reported at historical costs using County Road Administration Board and Washington State Department of Transportation annual reports. Other infrastructure assets are reported at estimated historical costs on a discounted current replacement value basis. Infrastructure acquired prior to June 30, 1980, except for Right of Ways and easements, are not reported.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair market value, if estimable, or donor's net book value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. The cost of normal maintenance and repairs that do not significantly add to the value of the asset or materially extend the assets' life is expensed in the year incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Machinery & Equipment	3-20 years
Improvements	10-40 years
Buildings	10-40 years
Infrastructure	20-40 years

Interest on borrowed funds to finance construction projects is capitalized and added to the cost of the constructed capital asset in proprietary funds. Because interest costs were offset by interest earnings on the investments of funds for these projects, no interest expense was capitalized during asset construction.

7. Rebutable Arbitrage

Thurston County has chosen to treat any rebutable arbitrage as a reduction of revenue.

8. Net Assets or Equity

Net assets in the statement of net assets is either (a) an investment in capital assets, net of related debt, (b) restricted or (c) unrestricted. Fees and charges for services (except for the general fund) are usually considered to be restricted since they have been charged or levied for a specific purpose or use. When both restricted and unrestricted resources are available for use, it is the County's policy to use these resources proportionately based on their overall contribution to the total resources of that fund, function or program.

Net assets in the proprietary funds statement of net assets are restricted and fund equity in the governmental funds balance sheet is reserved if there are "outside" restrictions placed on the use of these funds. Debt service reservations and restrictions from bond covenants and resolutions are reported for governmental and proprietary funds. Medic One's property taxes are reserved for emergency programs by statute. Solid waste restricted cash and investments are also restricted within the net assets section of the statement of net assets to fund a 30-year landfill postclosure care period. This restricted net asset was offset by the accumulated long-term liability for postclosure care.

Note II - Reconciliation of Government Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation that reconciles the total fund balance for governmental funds to the total net assets for governmental activities reported in the government-wide statement of net assets. The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation that reconciles total net changes in fund balances to total changes in net assets for governmental activities in the statement of activities. This latter reconciliation also reconciles total changes in net assets in the proprietary funds statement of revenues, expenses and changes in fund net assets to total changes in net assets for business-type activities in the statement of activities.

Note III - Stewardship, Compliance And Accountability

A. BUDGETS AND BUDGETARY ACCOUNTING

The County prepares its budgets in accordance with state law. In November 2002, the County Administrator submitted to the Board of County Commissioners a proposed operating budget for 2003. The operating budget includes proposed expenditures and the means of financing them. Public hearings were conducted at the County Courthouse to obtain taxpayer comments. On December 16, 2002 the budget was legally enacted through passage of a resolution.

For 2003, appropriations were authorized at the appropriation unit level. An appropriation unit is a fund-agency combination of certain objects (personnel, travel/training, ER&R, contingency, ending fund balance, and other) of expenditures. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of detailed line-item budgets at the sub-function level. The Chief Administrative Officer is authorized to transfer budgeted amounts between appropriation units for any fund, except in cases dealing with ending fund balance or contingency reserves. The Board of County Commissioners must approve any revisions that increase the total appropriation of any fund/agency or that affect the number of authorized employee positions, salary range, hours, or other conditions of employment. Changes in the total appropriated in any fund/agency, or uses of ending fund balance, must be approved by resolution by a majority of the Board of County Commissioners after holding a public hearing.

Thurston County, Washington 2003

Formal budgetary integration is employed as a management control device during the year for all budgeted funds. Budgets for all County funds are adopted on a modified accrual basis, as required by statute. Agency Fund budgets are recorded in the financial system for management use. However, the Board of County Commissioners does not adopt agency budgets and there are no legal limits on agency expenditures. The Governmental Accounting Standards Board does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

Budgeted amounts reflect the budget adopted on December 16, 2002 and various amendments made throughout the year. All appropriations lapse each year.

Thurston County's expenditures did not exceed budgeted appropriations. There were no material violations of finance-related legal or contractual provisions.

The following governmental funds had deficit fund balances at December 31, 2003: Geo Data Center (\$11,922), Pacific Mountain Job Development and Training (\$411,566) and RID # 2 (\$8,088). The timing of revenues and expenditures in 2004 should produce positive fund balances for these funds.

The following proprietary funds had deficit net assets at December 31, 2003: Solid Waste Reserve for Post Closure (\$3,412,838), Grand Mound Wastewater Utility (\$226,194), Olympic View Debt Service (\$3,834), Grand Mound Debt Service (\$5,954,069) and Insurance Risk Management (\$344,017). These funds have contributed capital and generally utilize multiple funds within the same functional group. They have been segregated to more clearly account for interest revenues and bond covenants. These groups, when combined, have a positive fund equity. Additionally, the timing of revenues and expenditures should produce a positive fund balance for the Insurance Risk Management fund in 2004.

Note IV - Deposits And Investments

A. AUTHORIZED DEPOSIT AND INVESTMENT INSTRUMENTS

Deposits and investments are governed by State statute. Such authorized investments include: U.S. Treasury and agency securities, repurchase agreements and reverse repurchase agreements for securities otherwise authorized as an investment, municipal bonds of this state or local bonds of this state with one of the three highest ratings of a national rating agency, certificates of deposit issued by Washington State depositories that participate in a state insurance pool managed by the Washington Public Deposit Protection Commission (PDPC), bankers' acceptances, commercial paper, the State Treasurer's Local Government Investment Pool, and deposits with Washington State banks and savings and loan institutions. During 2002 we did not buy or own any securities earning interest at a rate which varied depending on an underlying reference rate or index.

B. DEPOSITS

The County's deposits, including money markets and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington PDPC. The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington. PDPC coverage is of the nature of insurance pursuant to the Governmental Accounting Standards Board Statement No. 31. All deposits held at December 31, 2003, and throughout the year were classified as category 1, insured or collateralized with securities held by the County or by its agent in the County's name.

Thurston County, Washington 2003

Thurston County, Washington
Reconciliation of Deposits and Investments
Per Statements of Net Assets and Fiduciary Net Assets
December 31, 2003

Thurston County Investment Pool

	State Treasurer's Local Govt. Investment Pool (LGIP)	U.S. Agency & Instrumentality Securities	Money Market (US Bank)	Municipal Bonds	Other Cash & Investments	Total
County Cash & Investments:						
County Investments (Internal Investment Pool)	\$ 6,900,228	\$ 105,769,273	\$ 10,561,574	\$ 1,358,316	\$ -	\$ 124,589,391
Net Increase (Decrease) in Fair Value of Investments				80,309		80,309
Total County Investments	6,900,228	105,769,273	10,561,574	1,438,625	-	124,669,700
Petty Cash, Change, Revolving, and Advance Travel Funds					49,259	49,259
Total County Cash & Investments	\$ 6,900,228	\$ 105,769,273	\$ 10,561,574	\$ 1,438,625	\$ 49,259	\$ 124,718,959
Agency Cash & Investments:						
Outside Agency Investments	\$ 11,782,392	\$ 180,604,897	\$ 18,034,273	\$ -	\$ -	\$ 210,421,562
County Agency Investments	917,380	14,061,939	1,404,153			16,383,472
Net Increase (Decrease) in Fair Value of Investments		56,683				56,683
Total Agency Investments	12,699,772	194,723,519	19,438,426	-	-	226,861,717
Cash with Fiscal Agent and Deposits With Financial Institutions					2,317,852	2,317,852
Petty Cash, Change, Revolving, and Advance Travel Funds					42,050	42,050
Clerk's Trust Funds					1,236,843	1,236,843
Total Agency Cash & Investments	\$ 12,699,772	\$ 194,723,519	\$ 19,438,426	\$ -	\$ 3,596,745	\$ 230,458,462
Total Investments:						
Total County Investments	\$ 6,900,228	\$ 105,769,273	\$ 10,561,574	\$ 1,438,625	\$ -	\$ 124,669,700
Total Agency Investments	12,699,772	194,723,519	19,438,426	-	-	226,861,717
Total County & Agency Cash & Investments	\$ 19,600,000	\$ 300,492,792	\$ 30,000,000	\$ 1,438,625	\$ -	\$ 351,531,417
Total Cash & Investments:						
Total County Cash & Investments	\$ 6,900,228	\$ 105,769,273	\$ 10,561,574	\$ 1,438,625	\$ 49,259	\$ 124,718,959
Total Agency Cash & Investments	12,699,772	194,723,519	19,438,426	-	3,596,745	230,458,462
Total Cash & Investments	\$ 19,600,000	\$ 300,492,792	\$ 30,000,000	\$ 1,438,625	\$ 3,646,004	\$ 355,177,421

Thurston County, Washington 2003

These amounts agree to the Statement of Net Assets and Fiduciary Net Assets after including market value increases.

Current and Restricted Assets

	<u>Total</u>	<u>Current Assets</u>	<u>Restricted Assets</u>
Pooled Investments	\$351,394,425	\$332,665,941	\$18,728,484
Investments	-	-	-
Total	<u>\$351,394,425</u>	<u>\$332,665,941</u>	<u>\$18,728,484</u>

Refer to Note XIII - Closure and Post Closure Care Costs for details on the restricted assets shown above.

**Thurston County, Washington
Reconciliation of Deposits and Investments
Footnote Disclosure per GASB 31
December 31, 2003**

	<u>Total</u>	<u>Deposits</u>	<u>Investments</u>
<u>Pool Investments:</u>			
State Treasurer's Local Govt. Invest. Pool (LGIP)	\$ 19,600,000	\$ -	\$ 19,600,000
U.S. Agency & Instrumentality Securities	300,436,109	-	300,436,109
Money Market (US Bank)	30,000,000	30,000,000	-
<u>Investments:</u>			
U.S. Agency & Instrumentality Securities	-	-	-
Municipal Bonds	1,358,316	-	1,358,316
Total	<u>\$ 351,394,425</u>	<u>\$ 30,000,000</u>	<u>\$ 321,394,425</u>

C. INVESTMENTS

1. General

The Thurston County Investment Pool (TCIP) operates on an amortized cost-book value basis rather than a net asset value (NAV) basis. The County Auditor, the Chair of the Board of Commissioners and the County Treasurer, as the statutory County Financial Committee, perform oversight functions for the pool. The State Treasurer's Local Government Investment Pool (LGIP) operates in a manner consistent with SEC Rule 2a7. As a 2a7-like pool, investments in LGIP are reported at amortized cost.

All funds deposited in the pool are returned to the participant at full face value without regard to current market values of the investment pool. Earnings distributions, including any realized transactions in the pool, are distributed monthly, calculated on the average daily balance of the participant's cash in the pool. Investments are stated at amortized cost.

Thurston County, Washington 2003

In 2003, the difference between amortized cost and market value was \$136,992. These recognized gains will not be realized in the various funds since each participant will receive the full face value of their investment when held to maturity. The fair value of the State Treasurer's Local Government Investment Pool (LGIP) is the same as the value of the pool shares (refer to State LGIP Consolidated Annual Financial Report dated June 30, 2003).

2. Risk Categorization

The County's investments are categorized to give an indication of the risk assumed at year-end. The following summary shows the County's investments at year-end categorized by risk. All investments held at December 31, 2003, and throughout the year were classified as category 1.

Category 1 - Insured, registered, or held by the County or its agent in the County's name.

Category 2 - Uninsured and unregistered, which are held by the counter party's trust department or agent in the County's name.

Category 3 - Uninsured and unregistered, which are held by the counter party, or by its trust department or agent, but not in the County's name.

**Schedule of Classification of Investments per GASB 31
December 31, 2003**

Investment Type	GASB Category			Carrying Amount	Fair Value
	1	2	3		
Municipal Bonds	\$ 1,358,316	\$ -	\$ -	\$ 1,358,316	\$ 1,438,625
U.S. Agency & Instrumentality Securities	300,436,109	-	-	300,436,109	300,492,792
Total	<u>\$ 301,794,425</u>	<u>\$ -</u>	<u>\$ -</u>	301,794,425	301,931,417
Investments not subject to categorization:					
Investment in State Treasurer's Local Government Investment Pool (LGIP)				<u>19,600,000</u>	<u>19,600,000</u>
Total Investments				<u>\$ 321,394,425</u>	<u>\$ 321,531,417</u>

This schedule classifies investments only; deposits have been classified above in the schedule under the column "deposits".

Note V – Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

Property Tax Calendar

January 1 Taxes are levied and become an enforceable lien against the properties.

February 15 First day tax payments can be made.

April 30 First of two equal installment payments is due.

October 31 Second installment is due.

Property taxes are recorded as receivables when levied, but revenue is not recognized until collected. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. An enforceable lien attaches at the point of levy. Interest accrues on delinquent taxes at a rate of 12% per annum. Penalties of 3% are assessed in June and 8% in December, in the first year of delinquency.

The County is permitted by law to levy up to a combined amount of \$4.05 per \$1,000 of assessed valuation. A maximum of \$1.80 per \$1,000 of assessed valuation may be levied on all property in the County for general government services. A maximum of \$2.25 per \$1,000 of assessed valuation may be levied on property in unincorporated Thurston County for the County Road Fund for road construction and maintenance. However a county is authorized to increase its levy from \$1.80 to a rate not to exceed \$2.475 per \$1,000 of assessed value for general county purposes if the total levies for both the county and the county road district do not exceed \$4.05 per \$1,000 of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy. These levies may be reduced for any of the following reasons:

The Washington State Constitution limits the total regular property taxes to 1 percent of true and fair market valuation. This would equate to a regular levy rate of \$10 per \$1,000 of value if the property were assessed at its true and fair value. If the taxes of regular districts (excluding the Port & PUD) exceed this amount, the junior taxing districts taxes are reduced first and then the other entities are proportionately reduced until the total is at the 1 percent limit. This does not apply to special levies approved by voters.

Most taxing districts are authorized by state law to levy a certain rate each year without approval by the voters; these are commonly referred to as regular levies. The aggregate levies of junior taxing districts and senior taxing districts, other than the state, shall not exceed five dollars and ninety cents per thousand dollars of assessed valuations (RCW 84.52.043). At the county level this limitation does not apply to the Conservation Futures or Medic One levies.

RCW 84.55.010 limits all regular taxing districts to a limit factor not to exceed 106 percent of the highest lawful levy since 1985, plus additional levy capacity generated through new construction and state assessed utility increases. However, in 2002 voters passed Initiative 747, which now limits a taxing district's combined total annual increase to no more than 1%. The initiative applies to regular levies only.

The County may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations.

Thurston County, Washington 2003

The following identifies the tax rates levied in 2002 for collection in 2003:

	Levy In Dollars Per Thousand	Assessed Value	Total Levy
County	\$ 1.6481	\$ 14,146,526,273	\$ 23,315,553
Roads	1.8861	\$ 7,541,357,429	14,223,398
	<u>\$ 3.5342</u>		<u>\$ 37,538,951</u>

Note VI - Capital Assets

Capital assets activity for the year ended December 31, 2003 was as follows:

GOVERNMENTAL TYPE ACTIVITIES	Beginning Balance 01/01/03	Increases	Decreases	Ending Balance 12/31/03
Capital Assets, not being depreciated:				
Land	\$ 250,102,698	\$ 2,165,914	\$ 1,279,364	\$ 250,989,248
Construction in Progress	4,999,905	7,535,446	530,035	12,005,316
Total Capital Assets, not being depreciated	<u>255,102,603</u>	<u>9,701,360</u>	<u>1,809,399</u>	<u>262,994,564</u>
Capital Assets being depreciated:				
Buildings	54,995,980	17,884,928	17,401,214	55,479,694
Improvements other than buildings	4,340,279	405,929	306,837	4,439,371
Machinery & Equipment	36,093,043	5,072,019	4,333,033	36,832,029
Infrastructure	113,322,343	3,100,697	3,862,574	112,560,466
Total Capital Assets, being depreciated	<u>208,751,645</u>	<u>26,463,573</u>	<u>25,903,658</u>	<u>209,311,560</u>
Less Accumulated Depreciation for:				
Buildings	10,988,709	1,434,130	31,008	12,391,831
Improvements other than buildings	1,274,477	204,811	5,960	1,473,328
Machinery & Equipment	22,475,185	4,805,103	2,940,824	24,339,464
Infrastructure	52,629,049	8,089,182	-	60,718,231
Total Accumulated Depreciation	<u>87,367,420</u>	<u>14,533,226</u>	<u>2,977,792</u>	<u>98,922,854</u>
Total Capital Assets being depreciated, net	<u>121,384,225</u>	<u>11,930,347</u>	<u>22,925,866</u>	<u>110,388,706</u>
Governmental Type Activities Capital Assets, net	<u>\$ 376,486,828</u>	<u>\$ 21,631,707</u>	<u>\$ 24,735,265</u>	<u>\$ 373,383,270</u>

Thurston County, Washington 2003

Depreciation Expense was charged to funtions as follows:	
General Government Services	\$ 1,287,191
Judicial/Security of Persons and Property	587,137
Utilities and Environment	61,432
Transportation	9,266,217
Economic Environment	170,163
Health and Human Services	213,028
Culture and Recreation	223,872
	<u>11,809,040</u>
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based upon their usage of the assets.	<u>2,724,185</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 14,533,225</u></u>

Business Type Activities for the year ended December 31, 2003 was as follows:

BUSINESS TYPE ACTIVITIES	Beginning Balance 01/01/03	Increases	Decreases	Ending Balance 12/31/03
Capital Assets, not being depreciated:				
Land	\$ 1,387,202	\$ 12,754	\$ 166,105	1,233,851
Construction In Progress	2,132,348	1,692,155	1,044,014	2,780,489
Total Capital Assets, not being depreciated	<u>3,519,550</u>	<u>1,704,909</u>	<u>1,210,119</u>	<u>4,014,340</u>
Capital Assets, being depreciated:				
Buildings	16,870,452	4,322,701	31,008	21,162,145
Improvements other than buildings	27,263,779	17,604	-	27,281,383
Machinery & Equipment	3,939,861	150,201	131,266	3,958,796
Infrastructure	-	-	-	-
Total Capital Assets, being depreciated	<u>48,074,092</u>	<u>4,490,506</u>	<u>162,274</u>	<u>52,402,324</u>
Less Accumulated Depreciation For:				
Buildings	1,863,211	566,905	31,008	2,399,108
Improvements other than buildings	18,551,100	813,103	-	19,364,203
Machinery & Equipment	1,470,221	282,317	111,004	1,641,534
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>21,884,532</u>	<u>1,662,325</u>	<u>142,012</u>	<u>23,404,845</u>
Total Capital Assets being depreciated, net	<u>26,189,560</u>	<u>2,828,181</u>	<u>20,262</u>	<u>28,997,479</u>
Business Type Activities Capital Assets, net	<u><u>\$ 29,709,110</u></u>	<u><u>\$ 4,533,090</u></u>	<u><u>\$ 1,230,381</u></u>	<u><u>\$ 33,011,819</u></u>

Thurston County, Washington 2003

Depreciation expense was charged to functions as follows:

Solid Waste	\$ 777,084
Grand Mound	341,150
Other Enterprise Funds	<u>544,090</u>
Total	<u>\$ 1,662,324</u>

Note VII - Long-Term And Other Significant Debt

A. DISCLOSURES ABOUT EACH SIGNIFICANT DEBT INCURRED

1. General Obligation Bonded Indebtedness

The County issues general obligation bonds to provide funds for the acquisition, construction, and improvement of capital facilities, and major equipment purchases. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

1997 General Obligation Bonds of \$26,415,000 and Refunding Bonds of \$4,660,000 were issued in annual principal installments of \$1,020,000 to \$2,260,000. The G. O. Bond portion of the issue was used to currently refund the 1995 G.O. Bonds (\$8,200,000) and the 1996 G. O. Bonds (\$9,900,000). The use of funds involves financing various capital projects including: a juvenile detention center and family court facility, an emergency service center, an information technology system for tax appraisal, assessment and collection, jail facilities and improvements, other capital equipment and Road Improvement District #2 construction. The refunding bond proceeds were used for a partial advance refunding of \$1,075,000 of outstanding 1990 bonds and an advance refunding of \$3,470,000 of outstanding 1991 bonds. The bonds bear an interest rate of 4.75% to 5.0%. The G. O. Bond portion is serviced by the 1997 General Obligation Bond Redemption Fund (Debt Service Fund) and has \$20,780,000 in bonds outstanding at December 31, 2003. The Refunding bond portion is serviced by the Boston Harbor Water/Sewer Debt Redemption Fund (Enterprise Fund) and has \$840,000 in bonds outstanding at December 31, 2003, less a deferred amount on refunding of \$45,994 for a net liability of \$794,006. The deferred amount on refunding has been netted against the bond payable liability on the balance sheet.

1998 General Obligation Bonds of \$3,170,000 were issued. A portion of the issue, \$1,700,000, was issued in annual principal installments of \$242,858. The proceeds were used for the acquisition of farmland development rights. The bonds bear an interest rate of 50% of a bank reference rate. The issue is serviced by the 1998 General Obligation Bond Redemption Fund (Debt Service Fund) and has \$971,427 in bonds outstanding at December 31, 2003. The other portion of the issue, \$1,470,000, was issued in annual principal installments of \$67,145 to \$98,015. The proceeds were used for constructing and equipping a regional emergency dispatch center. The bonds bear an interest rate of 50% of a bank reference rate. The issue is serviced by the Communications Fund (Internal Service Fund) and has \$689,568 in bonds outstanding at December 31, 2003.

1999 Grand Mound General Obligation Bonds of \$11,720,000 were issued in annual principal installments of \$250,000 to \$1,300,000 beginning in 2004 and running through 2019. The issue is serviced by the Grand Mound Debt Service Redemption Fund. Proceeds will be used in the construction of Grand Mound water and wastewater facilities. The bonds bear an interest rate of 5.0% to 5.6% with \$11,720,000 in bonds outstanding as of December 31, 2003.

2002 Limited General Obligation Bonds of \$10,635,000 were issued in annual principal installments of \$320,000 to \$790,000 beginning in 2002 and running through 2022. Proceeds of this issue were used to payoff the 2000 General Obligation Bonds, along with continuing to finance the acquisition of improvements to various county facilities. The bonds bear an interest rate of 4.0% to 5.13% with \$9,790,000 outstanding as of December 31, 2003.

2. Loans and Contracts Payable

The County has entered into an agreement with the Department of Community Development, State of Washington, for five loans from the State of Washington, Public Works Trust Fund. The loans are to finance in part the construction of the Boston Harbor water and sewer infrastructure, the Tamoshan water system upgrade, the Olympic View drain field, and the Sunrise Beach Landslide Mitigation Project (also known as Road Improvement District #2). The County has agreed to repay the Public Works Trust Fund loans from the water and sewer utility revenues, homeowner assessments in the improvement district, and other available County monies.

The Boston Harbor Water/Sewer Debt Redemption Fund (Enterprise Fund) has two Public Works Trust Fund loans, which total \$467,713 at December 31, 2003. The first loan is to not exceed \$808,000 with an interest rate of 1.0% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the loan's principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years due in 2008 with a balance at December 31, 2003 of \$215,585. The second loan is not to exceed \$798,407 with an interest rate of 1% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the loan balance plus interest on the unpaid balance of the loan. The term of the loan is for 20 years due in 2009, and the balance at December 31, 2003 is \$252,128.

Tamoshan Debt Redemption Fund (Enterprise Fund) has the third Public Works Trust Fund loan, which is not to exceed \$173,166 with an interest rate of 1.0% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the loan's principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years. The loan is due in 2009 and has a balance at December 31, 2003 of \$57,247.

Olympic View Debt Redemption Fund (Enterprise Fund) has the fourth Public Works Trust Fund loan, which is not to exceed \$110,000 with an interest rate of 5% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years. The loan is due in 2016 and has a balance at December 31, 2003 of \$75,681.

Road Improvement District #2 Fund (Debt Service Fund) has the fifth and newest Public Works Trust Fund loan that is not to exceed \$500,000 with an interest rate of 4% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years. The loan is due in 2020 and has a balance at December 31, 2003 of \$447,368.

Thurston County, Washington 2003

The Community Loan Repayment Funds (Enterprise Funds) entered into five state revolving fund (SRF) loan agreements with the State of Washington Department of Ecology to create a community loan program to provide low interest loans for the repair of failing on-site septic systems. The loan programs are 80% federal from the Environmental Protection Agency, and 20% State from the Department of Ecology. The first loan is not to exceed \$300,000 with an interest rate of 5% per annum. Repayment began in 1996. The term of the loan is for twenty years. The balance at December 31, 2003 is \$166,973. The second loan is not to exceed \$200,000 with an interest rate of 0%. The term of the loan is for twenty years. The balance at December 31, 2003 is \$79,489. The third loan is not to exceed \$200,000 with an interest rate of 4.3%. Repayment began in 2003. The term of the loan is for twenty years. The balance at December 31, 2003 is \$143,632. A fourth loan began in 2000 and is not to exceed \$100,000 with an interest rate of 0%. Repayments began in 2003. The balance at December 31, 2003 is \$21,526. During 2002 a fifth loan began with a not to exceed value of \$150,000 and an interest rate of 1.5%. Repayment will begin not later than one year after project completion, which is estimated to be December 31, 2005. The balance as of December 31, 2003 in this new loan was \$38,687.

Water and Waste Management entered into a state revolving fund (SRF) loan agreement with the State of Washington Department of Ecology to create a new Utility Local Improvement District for Tamoshan/Beverly Beach Wastewater Plant Improvements late in 2002. Repayments will begin in 2004 against the loan balance at December 31, 2003 of \$1,526,507. The interest rate of the loan is 0% with a 20-year repayment term.

Communications Fund (Internal Service) entered into a contract with AT & T for Cerulean Software, support and services and began making principal payments on the note during 2000. The note requires five annual payments with principal installments ranging in value from \$91,139 to \$62,249. The note, which is due to be complete in 2004, contains an interest rate of 10%. The amount outstanding at December 31, 2003 is \$82,851.

Communications also entered into an agreement with Government Capital Corporation to fund a new computer aided dispatch system during 2003. As of yearend, the system was still a project in progress awaiting final system acceptance before capitalization. Principal payments began in 2003 and the note will be complete in 2009 with principal payments varying from \$142,611 to \$259,611. The total financed is \$1,522,000 with an effective interest rate of 4.94%. The amount outstanding at December 31, 2003 is \$1,379,389.

3. Leases Payable

The County has many agreements for the lease and eventual ownership of equipment. Where the lease incorporates some or all of the benefits and risks of ownership, the transaction is recorded as a capital lease purchase on a long-term contract. Leases payable totaled \$115,269 at December 31, 2003.

4. Long-term Compensated Absences

Thurston County currently has two leave plans, traditional and alternative leave. Thurston County employees who chose the traditional leave plan earn 12 days of sick leave and 12-22 days of vacation leave per year depending upon the employee's length of service. A maximum of 140 days of sick leave may be accrued and a maximum of 45 days of vacation may be accrued. Thurston County employees who were hired after May 31, 1996, or who chose the alternative leave plan, earn 18-28 days of personal leave (a combination of sick leave and vacation leave) per year depending upon the employee's length of service. A maximum of 185 days of personal leave may be accrued. Accumulated unpaid vacation/annual leave is recorded as earned by employees. Terminating employees are entitled to be paid for unused vacation up to a maximum of 240 hours and, if retiring, half of unused sick leave to a maximum of 360 hours.

Thurston County, Washington 2003

The County has reported a long-term liability for that portion of unpaid accumulated vacation payable in governmental fund types, which will not reasonably expect to be paid from expendable available financial resources. Amounts to be paid from expendable available financial resources are deemed to be immaterial. The balance in the governmental fund types at December 31, 2003 was \$4,567,160. In the proprietary funds, the liability for compensated absences is also recorded as a long-term liability. The balance in the enterprise funds at December 31, 2003 was zero. The compensated absences payable balance for internal service funds totals \$777,454. Vested sick leave is not considered material and is not accrued.

B. CHANGES IN LONG-TERM AND OTHER SIGNIFICANT DEBT

The following is a summary of long-term and other significant debt transactions of the County:

**Schedule Of Changes In Long-term And Other Significant Debt
For The Period Ended December 31, 2003**

	General Obligation Bonded Debt	Leases Payable	Loans & Contracts Payable	Compensated Absences	Totals
Balance at Jan 1, 2003	\$ 33,134,284	\$ 257,710	\$ 473,684	\$ 4,009,347	\$ 37,875,025
New Issues	-	20,219	-	557,813	578,032
Reductions & Adj.	(1,592,857)	(162,660)	(26,316)	-	(1,781,833)
Balance at Dec 31, 2003	<u>31,541,427</u>	<u>115,269</u>	<u>447,368</u>	<u>4,567,160</u>	<u>36,671,224</u>
Proprietary Funds					
Balance at Jan 1, 2003	13,499,568	-	1,920,609	683,347	16,103,524
New Issues	-	-	2,462,031	94,107	2,556,138
Reductions	(250,000)	-	(342,945)	-	(592,945)
Balance at Dec 31, 2003	<u>13,249,568</u>	<u>-</u>	<u>4,039,695</u>	<u>777,454</u>	<u>18,066,717</u>
Total Long-term Debt	<u>\$ 44,790,995</u>	<u>\$ 115,269</u>	<u>\$ 4,487,063</u>	<u>\$ 5,344,614</u>	<u>\$ 54,737,941</u>

The \$13,249,568 in outstanding bonds for proprietary funds is combined with deferred amount of refunding of (\$44,994) and the unamortized premium of \$4,597 for a net amount of \$13,208,171. \$12,697,385 is classified as long-term, with \$510,786 classified as current portion/G.O. bonds. Proprietary segment information is not disclosed since revenue streams are not pledged to support proprietary long-term debt.

Thurston County, Washington 2003

C. DEBT SERVICE REQUIREMENTS

Annual debt requirements for all outstanding bonded and contractual debt is as follows:

**Schedule Of Annual Requirements
For Debt Payments
As Of December 31, 2003**

	General Obligation Bonded Debt		Leases Payable		Loans/Contracts/Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2004	2,153,644	2,215,775	31,131	12,464	412,257	104,739	4,930,010
2005	2,227,036	2,118,327	34,911	8,684	339,617	83,950	4,812,525
2006	2,365,854	2,015,866	32,472	4,582	350,343	70,934	4,840,051
2007	2,574,461	1,905,996	16,316	1,695	361,609	57,377	4,917,454
2008	2,270,000	1,785,412	439	5	373,442	43,253	4,472,551
2009-2013	13,830,000	7,074,290	-	-	471,305	74,936	21,450,531
2014-2018	15,160,000	3,317,213	-	-	149,044	28,062	18,654,319
2019-2023	4,210,000	450,500	-	-	52,632	3,158	4,716,290
Total	<u>\$ 44,790,995</u>	<u>\$ 20,883,379</u>	<u>\$ 115,269</u>	<u>\$ 27,430</u>	<u>\$ 2,510,249</u>	<u>\$ 466,409</u>	<u>\$ 68,793,731</u>

D. ASSETS AVAILABLE FOR DEBT SERVICE

The County is meeting debt service requirements. At December 31, 2003, the County had \$38,380 available in the Debt Service Funds to service the general obligation debt.

E. LEGAL DEBT MARGIN

State law sets Thurston County's limitation on external long-term debt as follows:

Purpose of Indebtedness	Total Capacity	Remaining Capacity
General Government (No vote required)	\$ 230,269,387	\$ 186,480,645
General Government (With 3/5-majority vote)	\$ 383,782,312	\$ 339,993,570

F. CONTINGENT LIABILITY FOR REFUNDED AND DEFEASED DEBT

In prior years, the County issued general obligation refunding (new) bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded (old) debt. As a result, the refunded bonds are considered to be defeased and the liability for the defeased bonds is not included in the County's financial statements. Currently the County has two outstanding refunded issues.

Thurston County, Washington 2003

Schedule Of Refunded And Defeased Bonds, Assets, And Liabilities
As of December 31, 2003

Assets	
Cash & Investments With Treasurer	\$ 954,475
Cash With Fiscal Agent	15,666
Cash With Trustee	-
Investments With Trustee	<u>360,868</u>
Total Assets	<u>\$ 1,331,009</u>
Total Liabilities	<u>\$ 1,070,000</u>

Refunded & Defeased Bonds Outstanding	<u>01/01/03</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/03</u>
	\$ 1,800,000	\$ -	\$ 730,000	\$ 1,070,000

Note VIII - Interfund Transactions

A. INTERFUND RECEIVABLES AND PAYABLES

Revenues, expenditures or expenses between County funds are treated as if they were from external organizations. Interfund transactions usually involve the exchange of goods and services in a normal business relationship. The composition of interfund receivables and payables as of December 31, 2003 is shown in the following table.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 89,846	\$ 1,209,368
Real Estate Excise Tax	6,011	311,363
Roads	29,931	60,973
Medic One	-	23,890
Public Health & Social Services	158,472	114,220
Non-Major Governmental Funds	169,539	302,186
Internal Service Funds	2,422,089	254,949
TOTAL GOVERNMENTAL & INTERNAL SERVICE FUNDS	<u>2,875,888</u>	<u>2,276,949</u>
Enterprise Funds		
Solid Waste	198,144	599,994
Grand Mound	-	38,734
Non-Major Enterprise Funds	18,630	143,782
TOTAL ENTERPRISE FUNDS	<u>216,774</u>	<u>782,510</u>
TOTAL COUNTY FUNDS	<u>3,092,662</u>	<u>3,059,459</u>
Agency & Fiduciary Funds		
Agency Funds	68,633	101,836
TOTAL	<u>\$ 3,161,295</u>	<u>\$ 3,161,295</u>

B. ADVANCES TO AND FROM OTHER FUNDS

Advances of funds are non-interest bearing transfers of funds that will be repaid in a future years.

Advances – To Be Repaid in More than One Year

<u>To</u>	<u>From</u>	<u>Amount</u>
Grand Mound Water	General Fund	\$ 100,000
Grand Mound Sewer	General Fund	<u>265,000</u>
		<u>\$ 365,000</u>

C. OPERATING TRANSFERS

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General fund transfers are usually made to subsidize other operating activities and capital projects. Proprietary and non-major governmental fund transfers are usually made to fund debt service and associated capital projects. Transfers also include transfers of residual fund balances to an active fund, usually preparatory to closure of the transferring fund.

Interfund transfers occurring between major funds, non-major governmental, non-major enterprise, internal service funds and fiduciary funds of the county during the year ended December 31, 2003 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,041,409	\$ 2,378,006
Real Estate Excise Tax	250,000	3,261,988
Roads	166,105	1,090,193
Medic One	3,800	3,800
Public Health & Social Services	2,579,716	6,057,780
Non-Major Governmental Funds	15,677,410	6,127,522
Internal Service Funds	132,616	548,685
TOTAL GOVERNMENTAL & INTERNAL SERVICE FUNDS	<u>19,851,056</u>	<u>19,467,974</u>
Enterprise		
Solid Waste	674,680	867,763
Grand Mound	30,248	30,247
Non-Major Enterprise Funds	850,507	1,040,507
TOTAL ENTERPRISE FUNDS	<u>1,555,435</u>	<u>1,938,517</u>
TOTAL	<u><u>\$ 21,406,491</u></u>	<u><u>\$ 21,406,491</u></u>

Note IX - Pension Plans

Substantially all county full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Department of Retirement Systems, under cost-sharing multiple-employer defined benefit public employee retirement systems.

Thurston County, Washington 2003

Historical trend and other information regarding each plan are presented in the State Department of Retirement Systems 2003 annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Administrative Services Division
PO Box 48380
Olympia, WA 98504-8380

Public Employees' Retirement System (PERS)

PERS is a cost-sharing multiple-employer defined benefit pension plan. Membership in the plan includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; colleges and university employees not in national higher education retirement programs; judges of district and municipal courts; non-certified employees of school districts; and employees of local government.

The PERS system includes 3 plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining thereafter are enrolled in Plan 2. As of September 1, 2002 employees have an option of switching from PERS 2 to a new retirement plan, PERS 3. The window for the switch closed May 31, 2003. PERS Plan 3 has a dual benefit structure. Member contributions finance a defined contribution component, and employer contributions finance a defined benefit component. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan 1 and Plan 2 are vested after completion of 5 years of eligible service.

Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with 5 years of service, or at the age of 55 with 25 years of service. The monthly pension is 2 percent of the final average compensation per year of service, capped at 60 percent. If qualified, after reaching age 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 members may retire at age 65 with 5 years of service, or at 55 with 20 years of service actuarially reduced for each year under age 65, or age 55 with 30 years of service, benefit reduced 3% for each year under age 65. The monthly benefit is 2% of average final compensation per year of service. There is no cap on years of service and a cost of living allowance is granted to a maximum of 3% per year.

Plan 3 members may retire at age 65 with at least 10 service credit years; or 5 service credit years, including 12 service credit months that were earned after age 54; or 5 service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members may retire at age 55 with at least 10 years of service actuarially reduced for each year under age 65, or with 30 years of service, benefit reduced by 3% for each year under age 65. The monthly benefit for the defined portion is 1% of average final compensation per year of service. There is no cap on years of service and cost of living allowance is granted to a maximum of 3% per year.

Each biennium the state Pension Funding Council adopts Plan 1 employer contribution rates needed to fully amortize the total costs of the plan. Employee contribution rates for Plan 1 are established by statute at 6 percent and do not vary from year to year. The Pension Funding Council establishes the employer and employee contribution rates for Plan 2. All employers are required to contribute at the level established by state law. The methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.40 and 41.45 RCW. The Pension Funding Council sets the employer contribution for Plan 3. The employee contribution rates are chosen by the employee upon switching to the plan and cannot change unless you terminate from employment, or change employers and re-enter PERS covered employment.

Thurston County, Washington 2003

Thurston County's contribution rates expressed as a percentage of covered payroll, for the year ending December 31, 2003, were:

<u>PERS 1</u>	<u>Jan 01-Jun 30</u>	<u>Jul 1-Dec 31</u>	
Employer	1.32%	1.40%	
Employee	6.00%	6.00%	
<u>PERS 2</u>	<u>Jan 01-Jun 30</u>	<u>Jul 1-Dec 31</u>	
Employer	1.32%	1.40%	
Employee	0.65%	1.18%	
<u>PERS 3</u>	<u>Jan 01-Jun 30</u>	<u>Jul 1-Dec 31</u>	
Employer	1.32%	1.40%	
Employee	5%-15%	5%-15%	Rate is selected by employee

Both Thurston County and the employees made the required contributions. The county's required contribution for the years ended December 31, were:

	<u>PERS 1</u>	<u>PERS 2</u>	<u>PERS 3</u>
2003	\$ 88,952	\$ 560,411	\$ 20,830
2002	\$ 97,022	\$ 580,743	\$ 1,398
2001	\$ 220,975	\$ 1,189,315	\$ -

Law Enforcement Officers and Fire Fighters (LEOFF)

LEOFF is a cost-sharing multiple-employer defined benefit pension plan. Membership includes all full time, fully compensated, local law enforcement officers and fire fighters. Retirement benefits are financed from employee and employer contributions, investment earnings and state contribution. LEOFF is comprised solely of non-state employees.

LEOFF system includes 2 plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining thereafter are enrolled in Plan 2. Retirement benefits in both Plan 1 and 2 are vested after completion of 5 years of eligible service.

Plan 1 members are eligible to retire with 5 years of service at age 50. The benefit per year of service is as follows, with a cost-of-living allowance granted, capped at three percent annually:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20+	2.0%
10-19	1.5%
5-9	1.0%

Thurston County, Washington 2003

Plan 2 participants are eligible to retire at age 50 with 20 years of service, or at 55 with 5 years of service. Retirement benefits prior to age 55 are actuarially reduced. The benefit is 2 percent of average salary per year of service. The average salary is based on the highest 5-year period. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3 percent annually.

Plan 1 employer and employee contribution rates are established by statute at 6 percent. State contribution rates for Plan 1 are set by the Pension Funding Council to fully amortize the total costs of the plan. The Pension Funding Council also sets employer, employee, and state contribution rates for Plan 2. All employers are required to contribute at the level required by state law. The methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of covered payroll, as of December 31, 2003 were:

<u>LEOFF 1</u>	<u>Jan 1-Jun 30</u>	<u>Jul 1-Dec 31</u>
Employer	0.22%	0.22%
Employee	0.00%	0.00%
<u>LEOFF 2</u>	<u>Jan 1-Jun 30</u>	<u>Jul 1-Dec 31</u>
Employer	2.86%	3.25%
Employee	4.39%	5.05%

Both County and the employees made the required contributions. The County's required contributions for the years ended December 31, 2003 were:

	<u>LEOFF 1</u>	<u>LEOFF 2</u>
2003	\$ 1,157	\$ 160,134
2002	\$ 1,150	\$ 152,983
2001	\$ 1,098	\$ 171,291

Note X - Risk Management

The County is a member of the Washington Counties Risk Pool (pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the extent that they may individually purchase insurance, self insure, or hire or contract for risk management or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on August 18, 1988 when counties in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Twenty-eight counties have joined the WCRP.

The pool allows members to establish a plan of self-insurance, jointly purchase excess or reinsurance and provide related services. All pool joint self-insurance liability coverages, including public officials' errors and omissions, are on an "occurrence" basis. The pool also provides property and special events/concessionaires optional group purchase insurance coverage for its members.

Thurston County, Washington 2003

Members make an annual contribution to fund the pool. The pool acquires reinsurance from unrelated underwriters that are subject to the pool's self-insured retention of \$100,000 per occurrence. Members may elect deductible amounts ranging from \$10,000 to \$500,000 per occurrence. Members are responsible for the first deductible amounts of each covered claim while the pool is responsible for the remaining difference. The pool pays from their reserve funds up to the pool's \$100,000 deductible and reinsures to the maximum limits of each policy.

Since the pool is a cooperative program, there is joint liability among the participating members. A retroactive assessment was approved in 1999 for \$6.5 million with payments starting in 1999 and spread over ten years. The county's proportional share of the assessment is approximately 2.9%. The pool's Board approved an additional retro assessment in 2003 of \$7.6 million. Thurston County prepaid our premium (totaling \$311,363) earning a discount of 10% from the assessed portion of \$345,959 realizing a \$34,596 savings.

Members contract to remain in the pool for a minimum of five years, and must give notice one year before terminating participation. Thurston County rejoined the pool on October 1, 2000, after a one-year absence, and is obligated to remain a member until September 30, 2005. The inter-local agreement is renewed automatically each year until terminated. Even after termination, a member is still responsible for contributions to the pool for any incurred liability for the period that it was a signatory to the inter-local agreement.

The pool is fully funded by its member participants. Member Counties file their claims with the pool. A board of directors, comprised of one designated representative from each participating member, governs the pool. An executive committee is elected at the annual meeting and is responsible for conducting the business affairs of the pool.

The County has recorded in its financial statements all material liabilities. This includes estimates for expense, defense and/or payment of pending claims and claims incurred but not reported. Although fund 505 reserves have decreased to a level below total liability, in the opinion of management, the County's insurance policies, including its participation in the Washington Counties Risk Pool, in conjunction with our funded retention are adequate to pay all known or pending claims as they come due. However, it is the County's intention, through premium adjustments and loss control, to increase the reserve over the next five years to equal or exceed estimated outstanding liability thereby strengthening our reserve capacity.

The County paid general claims costs of \$617,158 during 2003. The County's potential liability for claims costs not covered by the Risk Pool estimated at December 31, 2003 is \$2,949,272. The estimated additional liability incurred includes an adjustment to reserves for both changes in open claims (Incurred Claims) and estimates of incurred but not reported (IBNR) claims. It should be recognized that portions of the estimated additional liability incurred are projections. As estimates, these values are subject to inherent variability and may, or may not, become payable over the course of several years.

Schedule of Claim and Judgements Payable

	2003	2002
Estimated Liability, January 1	3,971,730	1,826,183
Adjustment to estimated IBNR & incurred claim reserves	(405,300)	3,025,913
Less claims paid	(617,158)	(880,366)
Estimated Liability, December 31	2,949,272	3,971,730

As discussed in Note VII, the County also has a contingent financial liability for the payment of refunded debt.

Note XI - Postretirement Health Care Benefits

In addition to the pension benefits described in Note IX, and in accordance with the Washington Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Act (RCW 41.26), the County pays for health insurance and medical costs not covered by insurance for retired full time, fully compensated, law enforcement officers who established membership in the LEOFF 1 retirement system on or before September 30, 1977. Substantially all of the County's law enforcement officers who established membership in the LEOFF 1 retirement system may become eligible for those benefits when they reach normal retirement age. Thurston County reimburses retired LEOFF 1 police officers for reasonable medical charges as described in the LEOFF act. In 2003, 22 retirees received benefits under this act. As of December 31, 2003, there were 6 active officers who may become eligible for those benefits when they reach normal retirement age.

The cost of retiree health care benefits is recognized as an expenditure in the General Fund as claims are paid. For 2003, these costs total \$75,721 with an average cost per retiree of \$3,442.

In 2003 Thurston County continued to use the Long Term Care Special Revenue Fund, to purchase additional long-term care insurance for LEOFF 1. The premium costs for this insurance was \$6,987.

Note XII - Joint Ventures/Jointly Governed Organizations

Thurston County is currently participating in several interlocal agreements as noted below.

Animal Control Services is a joint venture governed by a six-member board of which Thurston County is a member. Thurston County had an equity interest of \$766,349 in Animal Control Services as of December 31, 2003. This interest has been recognized as a general government asset of the County. The County contributed \$429,155 as its share of operations in 2003. Each member's contribution is based on a formula factoring population and basic service components. The 2003 contribution was 56% of Animal Control Services' total budget. Complete financial statements for Animal Control can be obtained from its administrative office at the City of Lacey, Post Office Box 3400, Lacey, Washington 98509-3400.

The Interlocal Drug Control Unit is a joint venture governed by a five member executive committee of which Thurston County is a member. Thurston County did not have a computable equity interest in the Interlocal Drug Control Unit in 2003. The Interlocal Drug Control Unit is funded by grants and seizures of drug funds. Financial information on the Interlocal Drug Control Unit can be obtained from its administrative office at the City of Lacey, Post Office Box 3400, Lacey, Washington 98509-3400.

Olympic Region Clean Air Agency (ORCAA) is a jointly governed organization governed by a nine-member board of which Thurston County is a member. Thurston County contributed \$43,636 as its share of operations in 2003. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2003. Complete financial statements for ORCAA can be obtained from its administrative office at 2940 B Limited Lane NW, Olympia, Washington 98502.

Thurston Regional Planning Council (TRPC) is a jointly governed organization governed by a fifteen-member council of which Thurston County is a member. Thurston County contributed \$170,389 as its share of operations in 2003. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2003. Complete financial statements for TRPC can be obtained from its administrative office at 2404-B Heritage Court SE, Olympia, Washington 98502.

Note XIII - Closure And Post Closure Care Costs

State and federal laws and regulations require Thurston County to perform landfill maintenance and monitoring activities for thirty years after closure. An expense provision and related liability for these activities was recognized in the Solid Waste Enterprise Fund before the landfill was closed. This expense provision was based on estimated future post closure care costs after closure.

Cell No. 1, the last landfill cell used for waste disposal at the Hawke's Prairie landfill site, was closed on April 30, 2000. The County's long haul of waste to a regional landfill in Klickitat County was initiated on May 1, 2000. The post closure care period was deferred for one year and initiated on January 1, 2003. The estimated liability for post closure care costs was \$22,254,500 on December 31, 2003. The post closure care cost was based on the amount that would have been paid if all equipment, facilities and services required to monitor and maintain the landfill site were acquired as of December 31, 2000. However, the actual cost of post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Thurston County, as required by state and federal laws and regulations, made annual contributions to finance post closure care. The County is in compliance with these requirements, and at December 31, 2003, cash and pooled investments of \$18,265,549 are held for these purposes. These are reported as restricted assets on the balance sheet. It is anticipated that future inflation costs will be financed in part from earnings on the cash and investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that may arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

Note XIV - Other Disclosures

A. PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were recorded in 2003:

Governmental Activities – Governmental net assets was reduced by \$7,144,352 to recognize a devaluation in Roads sign, drainage and culvert infrastructure capital assets. This adjustment was partially offset by \$3,106,262 for various reconciling adjustments to the prior year's governmental net asset balance.

Internal Service Funds - Water & Waste Management Administrative and Engineering Services Funds were reported as internal service funds in 2003. They were reported as enterprise funds in 2002. This increased internal service funds net assets, and decreased enterprise funds net assets, by \$685,492 in 2003.

General Fund – Fund balance was increased by \$2,253,340 to recognize fines and forfeitures for the Clerk's Office and District Court. Fund balance was also increased by \$365,000 to reflect an outstanding advance of funds due from Grand Mound Water and Wastewater Utility funds.

Road Fund – Fund balance was reduced by \$254,000 to reflect outstanding deposits for roads mitigation fees.

Grand Mound Fund – Fund balance was reduced by \$365,000 to reflect an outstanding advance of funds due to the General Fund. Fund balance was also increased by \$3,237,560 to recognize unrecognized water and wastewater capital assets.

B. SPECIAL ITEMS

The loss on government capital assets was primarily due to a devaluation in road infrastructure capital assets. This devaluation resulted in a reduction in the total value of governmental capital assets by \$2,171,045 when compared to what was reported in the prior year. A gain from the sale of governmental capital assets of \$33,892 partially offsets this devaluation resulting in the \$2,137,153 loss reported in the Statement of Activities. This statement also reports, as a special item, \$21,616 in recoveries on insurance settlements.

C. FUND CHANGES

During 2003, the following fund was added: Tamoshan Beverly Beach Sewer Utility

During 2003, the following funds were abolished: Forest Management, 2000 Debt Holding

During 2003, the following fund's name changed from Solid Waste Construction to WWM Engineering Services.

D. CONTINGENCIES

Thurston County has claims and lawsuits pending at this time that could be a liability to the County over the next few years. The amount of these claims cannot be reasonably estimated.

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General Fund
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$ 37,338,989	\$ 37,855,712	\$ 37,946,816	\$ 91,104
Licenses & Permits	48,758	48,758	44,960	(3,798)
Intergovernmental	5,739,112	6,077,415	6,134,566	57,151
Charges for Services	5,308,091	5,558,091	6,276,448	718,357
Fines & Forfeitures	1,528,300	1,832,300	2,030,943	198,643
Miscellaneous	1,109,887	1,117,387	1,150,406	33,019
Total Revenues	51,073,137	52,489,663	53,584,139	1,094,476
Expenditures:				
General Government	25,427,760	25,512,073	24,633,544	878,529
Security of Persons & Property	25,351,943	26,198,487	25,600,702	597,785
Physical Environment	399,829	399,829	399,829	-
Transportation	994	994	5,934	(4,940)
Economic Environment	432,564	432,564	418,580	13,984
Mental & Physical Health	455,539	458,644	456,695	1,949
Culture & Recreation	372,627	372,627	369,247	3,380
Capital Outlay	6,300	128,218	118,174	10,044
Debt Service-Principal	133,889	133,889	145,538	(11,649)
Debt Service-Interest	6,877	6,877	13,664	(6,787)
Total Expenditures	52,588,322	53,644,202	52,161,907	1,482,295
Excess (Deficiency) of Revenues Over Expenditures	(1,515,185)	(1,154,539)	1,422,232	2,576,771
Other Financing Sources (Uses):				
Sale of Fixed Assets	363,262	363,262	203,979	(159,283)
Transfers In	1,095,884	1,095,884	1,041,412	(54,472)
Transfer Out	(2,376,314)	(2,376,314)	(2,378,006)	(1,692)
Total Other Financing Sources (Uses)	(917,168)	(917,168)	(1,132,615)	(215,447)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(2,432,353)	(2,071,707)	289,617	2,361,324
Fund Balance as of January 1	5,200,000	6,734,414	6,734,464	50
Fund Balance as of December 31	\$ 2,767,647	\$ 4,662,707	\$ 7,024,081 (a)	\$ 2,361,374

Note: (a) Excludes non-budgetary capital lease financing expenditures and prior period adjustments

General Fund
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

Revenues	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Taxes				
Real & Personal Property	\$ 23,873,222	\$ 23,873,222	\$ 23,926,405	\$ 53,183
Timber Harvest Taxes	198,180	198,180	205,531	7,351
Retail Sales Taxes	10,901,011	11,417,734	11,143,283	(274,451)
Excise Taxes	335,424	335,424	399,527	64,103
Penalties & Interest on Delinquent Taxes	2,031,152	2,031,152	2,272,070	240,918
Total Taxes	37,338,989	37,855,712	37,946,816	91,104
Licenses & Permits				
Business Licenses & Permits	1,300	1,300	2,065	765
Non-Business Licenses & Permits	47,458	47,458	42,895	(4,563)
Total Licenses & Permits	48,758	48,758	44,960	(3,798)
Intergovernmental				
Federal Entitlements	20,000	20,000	26,657	6,657
Federal Grants - Direct	168,527	168,527	119,263	(49,264)
Federal Grants - Indirect	1,557,601	1,889,527	1,616,870	(272,657)
State Grants	1,236,926	1,243,303	1,263,883	20,580
State Shared Revenues	528,781	528,781	657,752	128,971
State Entitlements	1,230,479	1,230,479	1,340,165	109,686
Intergovernmental Services	996,798	996,798	1,109,976	113,178
Total Intergovernmental	5,739,112	6,077,415	6,134,566	57,151
Charges for Services				
General Government	2,969,908	3,219,908	3,795,861	575,953
Security of Persons & Property	911,547	911,547	1,071,590	160,043
Economic Environment	200	200	150	(50)
Other	1,426,436	1,426,436	1,408,847	(17,589)
Total Charges for Services	5,308,091	5,558,091	6,276,448	718,357
Fines & Forfeits				
Felony Penalties	156,300	156,300	172,204	15,904
Civil Penalties	-	-	1,880	1,880
Non-Parking Infraction Penalties	1,055,000	1,355,000	1,437,063	82,063
Parking Infraction Penalties	4,000	4,000	10,587	6,587
Criminal Traffic Misdemeanor Penalties	179,000	183,000	241,827	58,827
Non-Traffic Misdemeanor Penalties	64,000	64,000	95,517	31,517
Criminal Costs	70,000	70,000	71,865	1,865
Total Fines & Forfeits	1,528,300	1,832,300	2,030,943	198,643
Miscellaneous				
Interest Earnings	1,059,987	1,059,987	1,102,300	42,313
Rents & Royalties	38,350	38,350	24,339	(14,011)
Donations from Private Sources	-	7,500	-	(7,500)
Other Miscellaneous Revenue	11,550	11,550	23,767	12,217
Total Miscellaneous Revenue	1,109,887	1,117,387	1,150,406	33,019
Total Revenues	\$ 51,073,137	\$ 52,489,663	\$ 53,584,139	\$ 1,094,476

General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003
(Page 1 of 2)

<u>Expenditures By</u>		<u>Original</u>	<u>Final</u>		<u>Variance with</u>
<u>Department</u>	<u>Appropriation</u>	<u>2003</u>	<u>2003</u>	<u>Actual</u>	<u>Final Budget</u>
		<u>Budget</u>	<u>Budget</u>	<u>2003</u>	<u>Positive or</u>
					<u>(Negative)</u>
Assessor's Office	Other Services*	\$ 2,753,230	\$ 2,791,904	\$ 2,736,813	\$ 55,091
Department Total		2,753,230	2,791,904	2,736,813	55,091
Auditor	Other Services	202,029	202,029	190,603	11,426
	Personnel	820,721	824,721	814,257	10,464
	Travel	8,507	8,507	5,497	3,010
Department Total		1,031,257	1,035,257	1,010,357	24,900
Auditor - Elections	Other Services	643,303	642,303	561,917	80,386
	Personnel	540,903	536,903	480,649	56,254
	Travel	6,167	7,167	7,065	102
	Equip. Rental	12,513	12,513	12,513	-
Department Total		1,202,886	1,198,886	1,062,144	136,742
Auditor - Fin. Svcs.	Other Services	380,163	392,179	391,654	525
	Personnel	949,790	936,345	934,457	1,888
	Travel	6,837	8,266	8,178	88
Department Total		1,336,790	1,336,790	1,334,289	2,501
Assigned Counsel	Other Services	111,278	114,137	114,137	-
	Personnel	674,623	690,603	690,603	-
	Travel	700	628	627	1
	Prof. Svcs.	1,066,679	1,088,171	1,084,689	3,482
Department Total		1,853,280	1,893,539	1,890,056	3,483
Civil Service	Other Services	10,787	17,092	17,092	-
	Personnel	64,169	64,769	64,705	64
	Travel	300	895	437	458
Department Total		75,256	82,756	82,234	522
Cooperative Ext.	Other Services	150,712	150,712	149,611	1,101
	Personnel	160,129	160,129	159,398	731
	Travel	2,610	2,610	1,657	953
	Equip. Rental	2,123	2,123	2,123	-
Department Total		315,574	315,574	312,789	2,785
Clerk's Office	Other Services	481,587	497,987	497,784	203
	Personnel	1,946,771	1,928,771	1,925,451	3,320
	Travel	4,900	6,500	6,185	315
Department Total		2,433,258	2,433,258	2,429,420	3,838
Commissioner's Off.	Other Services	912,811	940,811	928,235	12,576
Department Total		912,811	940,811	928,235	12,576

General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003
(Page 2 of 2)

<u>Expenditures By</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with</u>
<u>Department</u>	<u>Appropriation</u>	<u>2003</u>	<u>2003</u>	<u>2003</u>	<u>Final Budget</u>
		<u>Budget</u>	<u>Budget</u>		<u>Positive or</u>
					<u>(Negative)</u>
Coroner's Office	Other Services	54,614	47,655	47,653	2
	Personnel	339,371	351,158	351,138	20
	Travel	1,668	725	725	-
	Equip. Rental	9,536	9,606	9,598	8
	Autopsies	50,350	49,500	49,500	-
Department Total		455,539	458,644	458,614	30
District Court	Other Services	293,945	297,945	282,913	15,032
	Personnel	1,780,095	1,799,542	1,768,256	31,286
	Travel	1,723	1,723	755	968
	Jury Fees	27,000	27,000	19,775	7,225
Department Total		2,102,763	2,126,210	2,071,699	54,511
Human Resources	Other Services	165,441	165,441	132,475	32,966
	Personnel	724,650	724,650	665,284	59,366
	Travel	7,170	7,170	1,362	5,808
	County Training	14,745	14,745	6,304	8,441
Department Total		912,006	912,006	805,425	106,581
Juvenile Probation	Other Services	1,057,252	1,057,252	916,918	140,334
	Personnel	3,856,122	3,866,122	3,843,258	22,864
	Travel	7,163	7,163	4,993	2,170
	Equip. Rental	41,012	41,012	35,858	5,154
Department Total		4,961,549	4,971,549	4,801,027	170,522
Non-Departmental	Other Services	2,069,360	1,890,956	1,474,991	415,965
Department Total		2,069,360	1,890,956	1,474,991	415,965
Prosecuting Attorney	Other Services	5,393,517	5,494,687	5,446,200	48,487
Department Total		5,393,517	5,494,687	5,446,200	48,487
State Audit	Other Services	112,335	112,335	89,649	22,686
Department Total		112,335	112,335	89,649	22,686
Superior Court	Other Services	756,920	806,940	803,598	3,342
	Personnel	2,272,761	2,241,108	2,241,067	41
	Travel	9,711	13,711	13,685	26
	Jury Fees	101,888	103,188	103,105	83
Department Total		3,141,280	3,164,947	3,161,455	3,492
Sheriff	Other Services	5,337,625	5,708,627	5,626,126	82,501
	Personnel	15,289,894	15,877,354	15,550,709	326,645
Department Total		20,627,519	21,585,981	21,176,835	409,146
Treasurer's Office	Other Services	898,112	898,112	889,675	8,437
Department Total		898,112	898,112	889,675	8,437
Total Expenditures		\$ 52,588,322	\$ 53,644,202	\$ 52,161,907	\$ 1,482,295

Note: Other Services* contains one appropriation for all services

**1/4% Real Estate Excise Tax
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 2,827,466	\$ 2,827,466	\$ 3,878,783	\$ 1,051,317
Charges for Services	15,900	15,900	15,900	-
Miscellaneous	507,070	507,070	311,435	(195,635)
Total Revenues	3,350,436	3,350,436	4,206,118	855,682
Expenditures				
General Government	365,250	365,250	326,698	38,552
Security of Persons & Property	74,512	74,512	97,955	(23,443)
Physical Environment	82,001	82,001	81,996	5
Mental and Physical Health	1,262	1,262	1,215	47
Culture and Recreation	1,780	1,780	1,780	-
Capital Outlay	6,471,503	6,987,049	785,537	6,201,512
Total Expenditures	6,996,308	7,511,854	1,295,181	6,216,673
Excess (Deficiency) of Revenues Over Expenditures	(3,645,872)	(4,161,418)	2,910,937	7,072,355
Other Financing Sources (Uses):				
Transfer In	250,000	250,000	250,000	-
Transfer Out	(3,287,688)	(3,287,688)	(3,261,988)	25,700
Total Other Financing Sources (Uses)	(3,037,688)	(3,037,688)	(3,011,988)	25,700
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(6,683,560)	(7,199,106)	(101,051)	7,098,055
Fund Balance as of January 1	9,199,522	10,189,865	10,189,864	(1)
Fund Balance as of December 31	\$ 2,515,962	\$ 2,990,759	\$ 10,088,813	\$ 7,098,054

**1/4% Real Estate Excise Tax
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

Revenues	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Taxes:				
Excise Taxes	\$ 2,827,466	\$ 2,827,466	\$ 3,878,365	\$ 1,050,899
Penalties & Interest on Delinquent Taxes	-	-	418	418
Total Taxes	2,827,466	2,827,466	3,878,783	1,051,317
Charges for Services:				
Other	15,900	15,900	15,900	-
Total Charges for Services	15,900	15,900	15,900	-
Miscellaneous:				
Interest Earnings	507,070	507,070	311,435	(195,635)
Total Miscellaneous Revenue	507,070	507,070	311,435	(195,635)
Total Revenues	\$ 3,350,436	\$ 3,350,436	\$ 4,206,118	\$ 855,682

**1/4% Real Estate Excise Tax
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

<u>Expenditures By</u>		Original	Final		Variance with
Department	Appropriation	2003	2003	Actual	Final Budget
		Budget	Budget	2003	Positive or (Negative)
Real Estate Excise Tax	Other Services	\$ 6,996,308	\$ 7,511,854	\$ 1,295,181	\$ 6,216,673
Department Total		\$ 6,996,308	\$ 7,511,854	\$ 1,295,181	\$ 6,216,673

**Roads and Transportation
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$ 13,573,862	\$ 13,573,862	\$ 13,569,451	\$ (4,411)
Intergovernmental	8,664,680	8,657,552	7,860,336	(797,216)
Charges for Services	147,330	147,330	785,117	637,787
Miscellaneous	313,500	313,500	200,066	(113,434)
Total Revenues	22,699,372	22,692,244	22,414,970	(277,274)
Expenditures:				
General Government	179,045	179,045	179,045	-
Security of Persons & Property	322,906	507,508	860,865	(353,357)
Transportation	17,400,572	17,400,572	14,869,206	2,531,366
Capital Outlay	9,467,326	9,738,036	5,209,562	4,528,474
Total Expenditures	27,369,849	27,825,161	21,118,678	6,706,483
Excess (Deficiency) of Revenues Over Expenditures	(4,670,477)	(5,132,917)	1,296,292	6,429,209
Other Financing Sources (Uses):				
Sale of Fixed Assets	260,000	260,000	314,694	54,694
Transfer In			166,105	166,105
Transfer Out	(1,059,665)	(1,119,665)	(1,090,193)	29,472
Total Other Financing Sources (Uses)	(799,665)	(859,665)	(609,394)	250,271
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(5,470,142)	(5,992,582)	686,898	6,679,480
Fund Balance as of January 1	17,391,900	12,135,805	12,630,489	494,684
Fund Balance as of December 31	\$ 11,921,758	\$ 6,143,223	\$ 13,317,387	\$ 7,174,164

Roads and Transportation
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

Revenues	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Taxes:				
Real & Personal Property	\$ 13,261,862	\$ 13,261,862	\$ 13,313,371	\$ 51,509
Timber Harvest Taxes	300,000	300,000	239,542	(60,458)
Excise Taxes	11,000	11,000	15,225	4,225
Penalties & Interest on Delinquent Taxes	1,000	1,000	1,313	313
Total Taxes	13,573,862	13,573,862	13,569,451	(4,411)
Intergovernmental:				
Federal Entitlements	51,000	51,000	58,630	7,630
Federal Grants - Indirect	2,741,380	2,734,252	1,882,564	(851,688)
State Grants	982,600	982,600	678,210	(304,390)
State Shared Revenues	200,000	200,000	767,620	567,620
State Entitlements	4,484,700	4,484,700	4,353,295	(131,405)
Intergovernmental Services	205,000	205,000	120,017	(84,983)
Total Intergovernmental	8,664,680	8,657,552	7,860,336	(797,216)
Charges for Services:				
General Government	3,000	3,000	3,811	811
Economic Environment	2,000	2,000	945	(1,055)
Other	142,330	142,330	780,361	638,031
Total Charges for Services	147,330	147,330	785,117	637,787
Miscellaneous:				
Interest Earnings	300,500	300,500	167,462	(133,038)
Rents & Royalties	11,000	11,000	21,365	10,365
Other Miscellaneous Revenue	2,000	2,000	11,239	9,239
Total Miscellaneous Revenue	313,500	313,500	200,066	(113,434)
Total Revenues	\$ 22,699,372	\$ 22,692,244	\$ 22,414,970	\$ (277,274)

Roads & Transportation
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

<u>Expenditures By</u>		Original	Final		Variance with
Department	Appropriation	2003	2003	Actual	Final Budget
		Budget	Budget	2003	Positive or
					(Negative)
Roads & Transportation	Other Services	\$ 17,399,739	\$ 17,070,661	\$ 12,034,467	\$ 5,036,194
	Personnel	7,411,012	8,168,187	6,518,382	1,649,805
	Travel	79,653	88,168	73,422	14,746
	Equip. Rental	2,479,445	2,498,145	2,492,407	5,738
Department Total		\$ 27,369,849	\$ 27,825,161	\$ 21,118,678	\$ 6,706,483

Medic One
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$ 6,221,796	\$ 6,221,796	\$ 6,252,999	\$ 31,203
Intergovernmental	77,100	77,100	225,772	148,672
Charges for Services	220	220	-	(220)
Miscellaneous	301,800	301,800	385,850	84,050
Total Revenues	6,600,916	6,600,916	6,864,621	263,705
Expenditures:				
Security of Persons & Property	6,359,100	6,359,100	5,339,287	1,019,813
Capital Outlay	395,000	675,000	508,839	166,161
Total Expenditures	6,754,100	7,034,100	5,848,126	1,185,974
Excess (Deficiency) of Revenues Over Expenditures	(153,184)	(433,184)	1,016,495	1,449,679
Other Financing Sources (Uses):				
Sale of Fixed Assets	56,000	56,000	54,942	(1,058)
Transfers In	3,800	3,800	3,800	-
Transfer Out	(3,800)	(3,800)	(3,800)	-
Total Other Financing Sources (Uses)	56,000	56,000	54,942	(1,058)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(97,184)	(377,184)	1,071,437	1,448,621
Fund Balance as of January 1	7,603,798	7,232,222	7,522,122	289,900
Fund Balance as of December 31	\$ 7,506,614	\$ 6,855,038	\$ 8,593,559	\$ 1,738,521

Medic One
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

Revenues	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Taxes:				
Real & Personal Property	\$ 6,168,796	\$ 6,168,796	\$ 6,185,621	\$ 16,825
Timber Harvest Taxes	53,000	53,000	55,437	2,437
Excise Taxes	-	-	10,879	10,879
Penalties & Interest on Delinquent Taxes	-	-	1,062	1,062
Total Taxes	6,221,796	6,221,796	6,252,999	31,203
Intergovernmental:				
State Grants	12,000	12,000	11,850	(150)
State Shared Revenues	53,000	53,000	177,456	124,456
Interlocal Grants	100	100	-	(100)
Intergovernmental Services	12,000	12,000	36,466	24,466
Total Intergovernmental	77,100	77,100	225,772	148,672
Charges for Services:				
General Government	220	220	-	(220)
Total Charges for Services	220	220	-	(220)
Miscellaneous:				
Interest Earnings	300,500	300,500	227,141	(73,359)
Rents & Royalties	1,300	1,300	4,934	3,634
Donations from Private Sources	-	-	50,071	50,071
Other Miscellaneous Revenue	-	-	103,704	103,704
Total Miscellaneous Revenue	301,800	301,800	385,850	84,050
Total Revenues	\$ 6,600,916	\$ 6,600,916	\$ 6,864,621	\$ 263,705

Medic One
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

<u>Expenditures By</u>		Original	Final		Variance with
Department	Appropriation	2003	2003	Actual	Final Budget
		Budget	Budget	2003	Positive or
					(Negative)
Medic One	Other Services	\$ 6,393,595	\$ 6,655,705	\$ 5,473,644	\$ 1,182,061
	Personnel	352,657	366,047	364,791	1,256
	Travel	7,348	11,848	9,458	2,390
	Equip. Rental	500	500	233	267
Department Total		\$ 6,754,100	\$ 7,034,100	\$ 5,848,126	\$ 1,185,974

Public Health & Social Services
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$ 403,620	\$ 403,620	\$ 424,546	\$ 20,926
Licenses & Permits	162,565	162,565	190,348	27,783
Intergovernmental	24,229,487	24,877,891	24,258,502	(619,389)
Charges for Services	1,023,442	1,142,692	1,007,481	(135,211)
Miscellaneous	140,100	140,100	378,517	238,417
Total Revenues	25,959,214	26,726,868	26,259,394	(467,474)
Expenditures:				
Security of Persons & Property	112,166	121,005	110,095	10,910
Mental & Physical Health	32,625,494	33,357,544	25,646,615	7,710,929
Capital Outlay	2,600	2,600	9,480	(6,880)
Total Expenditures	32,740,260	33,481,149	25,766,190	7,714,959
Excess (Deficiency) of Revenues Over Expenditures	(6,781,046)	(6,754,281)	493,204	7,247,485
Other Financing Sources (Uses):				
Sale of Fixed Assets	8,000	8,000	2,882	(5,118)
Transfers In	2,600,441	2,600,632	2,579,716	(20,916)
Transfer Out	(3,557,780)	(6,057,780)	(6,057,780)	-
Total Other Financing Sources (Uses)	(949,339)	(3,449,148)	(3,475,182)	(26,034)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(7,730,385)	(10,203,429)	(2,981,978)	7,221,451
Fund Balance as of January 1	7,734,426	11,034,345	10,976,215	(58,130)
Fund Balance as of December 31	\$ 4,041	\$ 830,916	\$ 7,994,237	\$ 7,163,321

**Public Health & Social Services
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

	Original 2003 Budget	Final 2003 Budget	Actual 2003	Variance with Final Budget Positive or (Negative)
Taxes:				
Real & Personal Property	\$ 403,620	\$ 403,620	\$ 421,011	\$ 17,391
Timber Harvest Taxes	-	-	2,908	2,908
Excise Taxes	-	-	571	571
Penalties & Interest on Delinquent Taxes	-	-	56	56
Total Taxes	403,620	403,620	424,546	20,926
Licenses & Permits:				
Business Licenses & Permits	119,445	119,445	154,448	35,003
Non-Business Licenses & Permits	43,120	43,120	35,900	(7,220)
Total Licenses & Permits	162,565	162,565	190,348	27,783
Intergovernmental:				
Federal Grants - Direct	-	-	2,642	2,642
Federal Grants - Indirect	2,510,244	2,618,911	3,759,993	1,141,082
State Grants	4,240,546	4,287,946	6,977,849	2,689,903
State Shared Revenues	10,000	10,000	9,301	(699)
State Entitlements	337,127	634,127	637,396	3,269
Intergovernmental Services	17,131,570	17,326,907	12,871,321	(4,455,586)
Total Intergovernmental	24,229,487	24,877,891	24,258,502	(619,389)
Charges for Services:				
Other	1,023,442	1,142,692	1,007,481	(135,211)
Total Charges for Services	1,023,442	1,142,692	1,007,481	(135,211)
Miscellaneous:				
Interest Earnings	138,500	138,500	349,625	211,125
Rents & Royalties	-	-	259	259
Donations from Private Sources	500	500	6,217	5,717
Other Miscellaneous Revenue	1,100	1,100	22,416	21,316
Total Miscellaneous Revenue	140,100	140,100	378,517	238,417
Total Revenues	\$ 25,959,214	\$ 26,726,868	\$ 26,259,394	\$ (467,474)

Public Health and Social Services
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

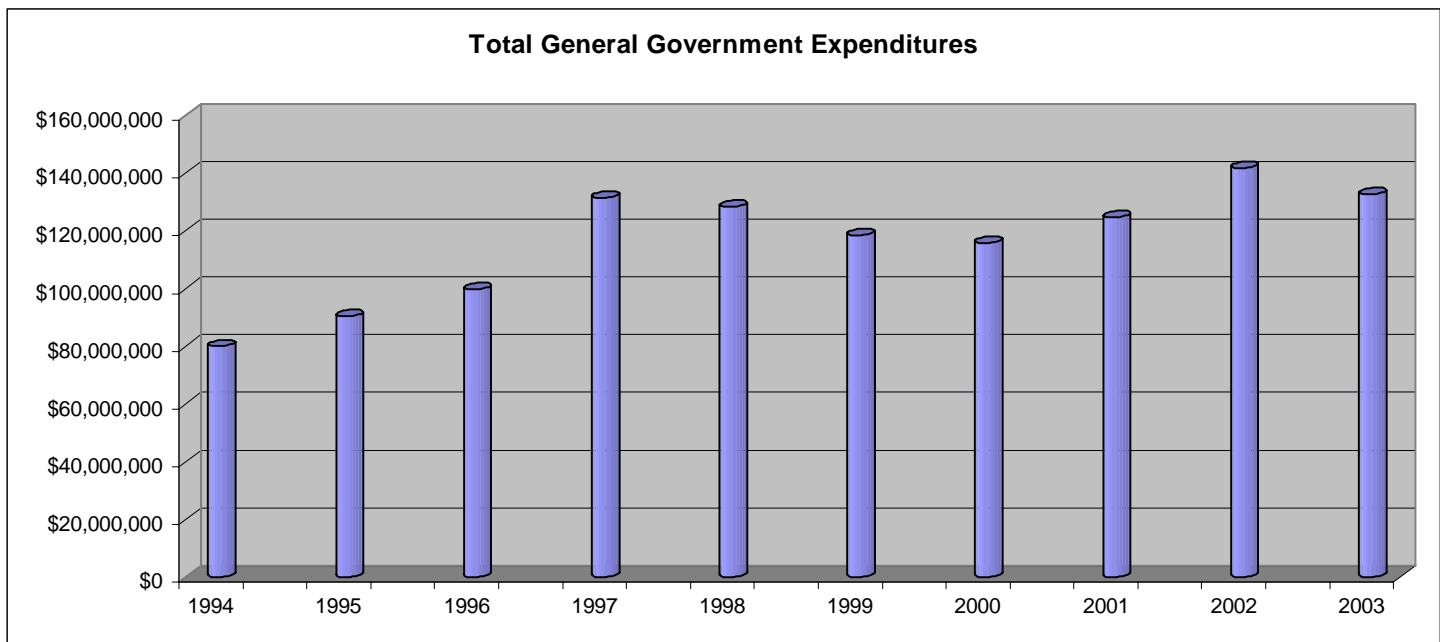
<u>Expenditures By</u>		Original	Final		Variance with
<u>Department</u>	<u>Appropriation</u>	2003	2003	Actual	Final Budget
		Budget	Budget	2003	Positive or
					(Negative)
Public Health	Other Services	\$ 9,186,272	\$ 8,942,174	\$ 8,055,141	\$ 887,033
Total Public Health		9,186,272	8,942,174	8,055,141	887,033
Social Services	Other Services	23,553,988	24,538,975	17,711,049	6,827,926
Total Social Services		23,553,988	24,538,975	17,711,049	6,827,926
Department Total		\$ 32,740,260	\$ 33,481,149	\$ 25,766,190	\$ 7,714,959

General Government Expenditures By Function Last Ten Years *Table 1*

Fiscal Year	General Gov't Service	Security Of		Physical Environ-ment	Transpor-tation	Economic Environ-ment	Mental & Physical Health	Culture & Recreation	Capital Outlay	Debt Service	Totals
		Persons & Property	Physical Environ-ment								
1994	\$18,288,352	\$15,578,467	\$2,248,570	\$10,371,673	\$10,880,866	\$14,680,870	\$1,701,390	\$5,318,772	\$937,082	\$80,006,042	
1995	\$19,508,439	\$17,223,730	\$2,174,582	\$11,359,160	\$10,888,237	\$16,509,088	\$1,864,107	\$8,676,491	\$2,237,928	\$90,441,762	
1996	\$22,886,910	\$18,561,501	\$1,621,157	\$12,784,103	\$14,244,221	\$16,636,953	\$1,999,038	\$9,395,903	\$1,641,554	\$99,771,340	
1997	\$22,210,746	\$19,512,006	\$1,501,555	\$12,689,005	\$13,982,912	\$18,536,029	\$1,997,344	\$20,522,812	\$20,493,289	\$131,445,698	
1998	\$23,606,536	\$21,517,114	\$1,433,255	\$14,672,312	\$13,666,157	\$21,182,768	\$1,981,529	\$27,002,611	\$3,343,621	\$128,405,903	
1999	\$24,966,070	\$24,263,566	\$1,324,438	\$15,399,447	\$16,222,204	\$20,654,998	\$4,645,622	\$6,425,751	\$4,683,971	\$118,586,067	
2000	\$23,305,103	\$27,295,351	\$1,308,728	\$15,236,454	\$13,282,357	\$20,675,383	\$2,001,181	\$10,087,016	\$2,634,262	\$115,825,835	
2001	\$24,243,352	\$29,979,500	\$1,289,608	\$17,367,425	\$12,491,181	\$22,799,944	\$2,211,708	\$11,098,175	\$3,167,563	\$124,648,456	
2002	\$27,383,494	\$31,596,865	\$1,362,896	\$18,446,582	\$12,440,678	\$25,153,015	\$2,194,849	\$11,127,093	\$12,110,906	\$141,816,378	
2003	\$27,465,835	\$32,434,249	\$1,390,703	\$16,362,020	\$13,928,626	\$26,104,525	\$1,909,152	\$9,780,600	\$3,323,852	\$132,699,562	

Source: Thurston County Auditor

* Includes all governmental funds

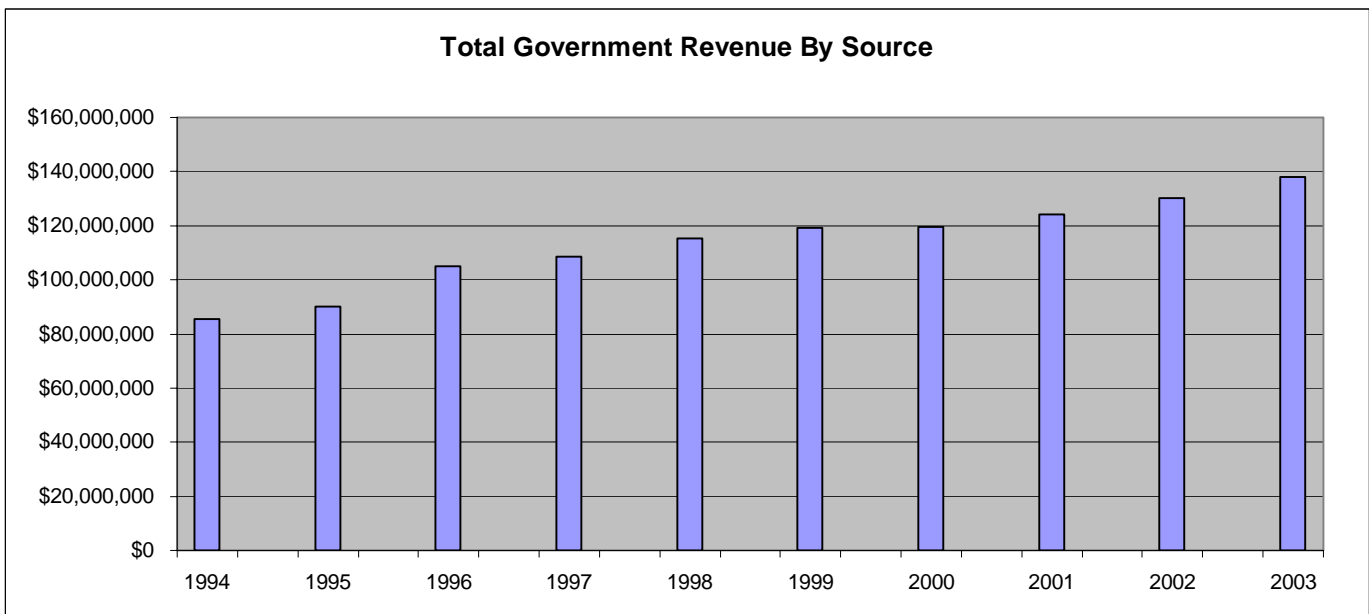


**General Government Revenues By Source
Last Ten Years
Table 2**

Fiscal Year	Taxes	Licenses & Permits	Inter-Governmental	Charges For Services	Fines & Forfeits	Misc.	Totals
1994	\$37,395,445	\$1,855,368	\$33,878,197	\$8,441,086	\$892,101	\$2,991,744	\$85,453,941
1995	\$40,560,944	\$1,714,524	\$33,163,150	\$8,314,736	\$796,473	\$5,634,240	\$90,184,067
1996	\$45,329,192	\$2,329,139	\$42,682,696	\$8,679,531	\$932,683	\$5,193,065	\$105,146,306
1997	\$48,669,974	\$2,079,617	\$42,523,814	\$9,186,405	\$1,021,120	\$5,195,497	\$108,676,427
1998	\$51,549,984	\$2,276,162	\$34,407,184	\$20,344,565	\$1,263,194	\$5,511,669	\$115,352,758
1999	\$53,072,233	\$2,406,412	\$47,671,797	\$9,627,041	\$1,346,374	\$5,063,888	\$119,187,745
2000	\$57,073,237	\$2,273,569	\$43,562,639	\$9,002,140	\$1,323,871	\$6,331,244	\$119,566,700
2001	\$60,813,878	\$2,655,338	\$43,494,212	\$9,948,628	\$1,308,925	\$6,110,827	\$124,331,808
2002	\$63,876,390	\$3,189,891	\$45,828,752	\$10,893,062	\$1,797,063	\$4,762,656	\$130,347,814
2003	\$67,737,066	\$3,990,137	\$48,221,143	\$12,590,822	\$2,030,943	\$3,594,660	\$138,164,771

Source: Thurston County Auditor

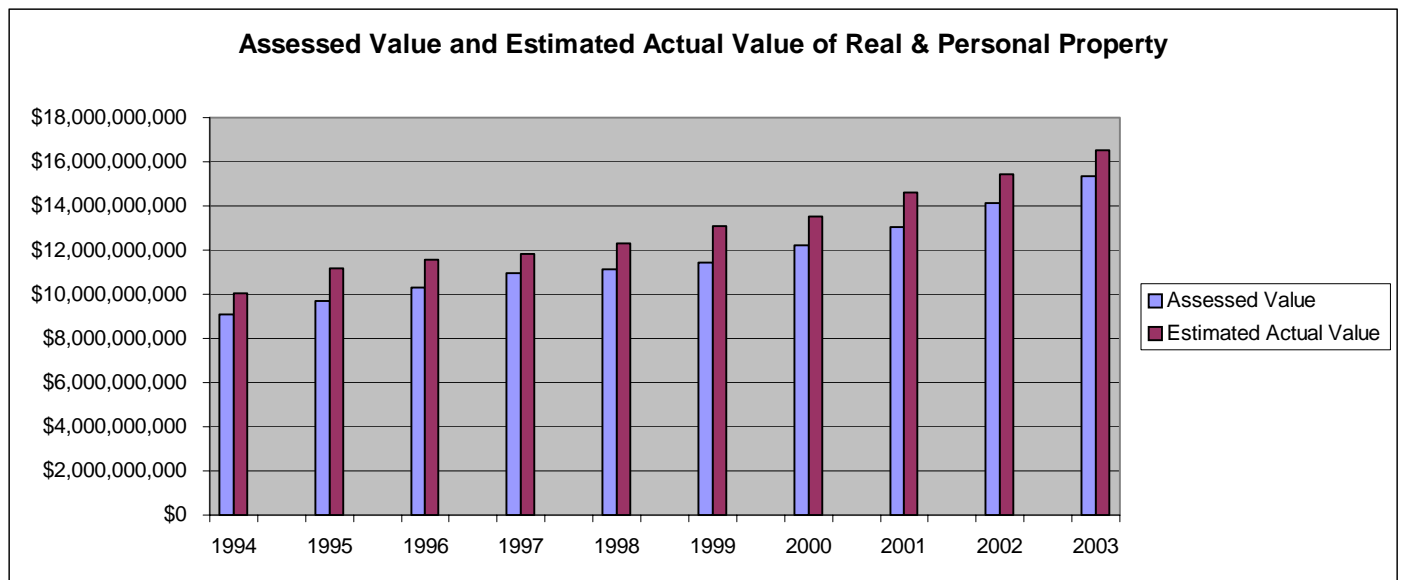
* Includes all governmental funds



Taxable & Estimated Actual Value of Real & Personal Property Last Ten Years *Table 3*

Fiscal Year	Real Property		Personal Property		Total		Assessed Value To Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1994	\$8,489,785,038	\$9,308,974,822	\$603,773,289	\$753,774,393	\$9,093,558,327	\$10,062,749,215	90.37%
1995	\$9,034,099,223	\$10,480,393,530	\$670,819,640	\$706,125,937	\$9,704,918,863	\$11,186,519,467	86.76%
1996	\$9,557,891,392	\$10,775,525,808	\$742,974,877	\$777,984,102	\$10,300,866,209	\$11,553,509,910	89.16%
1997	\$10,218,595,177	\$11,023,295,768	\$719,448,133	\$822,226,438	\$10,938,043,310	\$11,845,522,206	92.34%
1998	\$10,425,713,541	\$11,584,126,279	\$707,594,913	\$718,370,470	\$11,133,308,564	\$12,302,496,749	90.50%
1999	\$10,729,656,008	\$12,347,130,044	\$724,315,797	\$759,240,877	\$11,453,971,805	\$13,106,370,921	87.39%
2000	\$11,371,528,943	\$12,635,032,159	\$836,254,772	\$869,287,705	\$12,207,783,715	\$13,504,319,864	90.40%
2001	\$12,153,163,988	\$13,685,995,482	\$884,808,092	\$930,397,573	\$13,037,972,080	\$14,616,393,055	89.20%
2002	\$13,230,130,646	\$14,443,374,068	\$916,395,627	\$971,787,515	\$14,146,526,273	\$15,415,161,583	91.77%
2003	\$14,454,303,092	\$15,558,991,488	\$896,989,393	\$953,229,961	\$15,351,292,485	\$16,512,221,448	92.97%

Source: Thurston County Assessor



**Direct And Overlapping Governments - Weighted Average (4)
Last Ten Years
Table 4**

Fiscal Year	County Funds (1)	County Funds (2)	Total County Funds	Local School District	State School	Fire District	Cemetery District	Port Of Olympia	Cities & Towns	Timber-Land Library	Public Utility District	(3) Totals
1994	1.72	2.26	3.98	5.13	3.46	1.55	0.10	0.22	3.37	0.49	0.00	18.30
1995	1.69	2.30	3.99	4.74	3.56	1.70	0.09	0.21	3.35	0.47	0.02	18.13
1996	1.73	2.35	4.08	4.78	3.55	1.70	0.08	0.19	3.37	0.46	0.00	18.21
1997	1.78	2.38	4.16	4.98	3.63	1.76	0.09	0.18	3.51	0.47	0.00	18.78
1998	1.74	2.36	4.10	4.94	3.44	1.73	0.09	0.22	3.36	0.47	0.00	18.35
1999	1.77	2.40	4.17	5.27	3.38	1.75	0.09	0.22	3.64	0.49	0.00	19.01
2000	1.80	2.61	4.41	5.60	3.38	1.76	0.05	0.29	3.72	0.50	0.02	19.73
2001	1.77	2.57	4.34	5.27	3.13	1.72	0.08	0.28	3.68	0.50	0.00	19.00
2002	1.72	2.51	4.23	5.16	3.03	1.72	0.09	0.28	3.53	0.49	0.00	18.53
2003	1.65	2.38	4.03	4.93	2.88	1.72	0.09	0.27	3.44	0.48	0.01	17.85

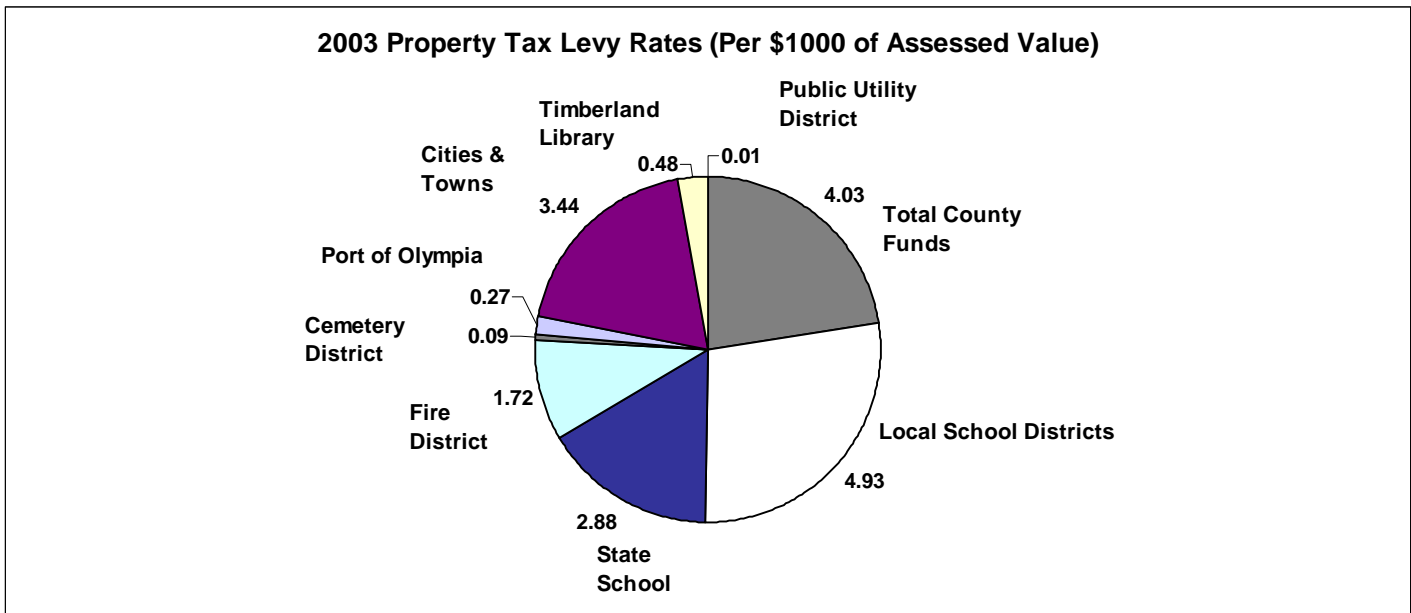
Source: Thurston County Assessor

(1) Includes County General fund, Mental Health, Developmental Disabilities, and Veterans levies.

(2) Includes County Road District, Medic One and Land Conservation Futures levies.

(3) Totals shown are greater than the levy possible on any one parcel (I.e. A city levy is not imposed on unincorporated parcels and likewise, County Road, Fire District and Cemetery Districts are not levied on incorporated parcels.)

(4) The table is based on a weighted average calculation using assessed value, levy rates, and total tax levied. The levy rate is weighted proportionately by the relative tax levy of each district.

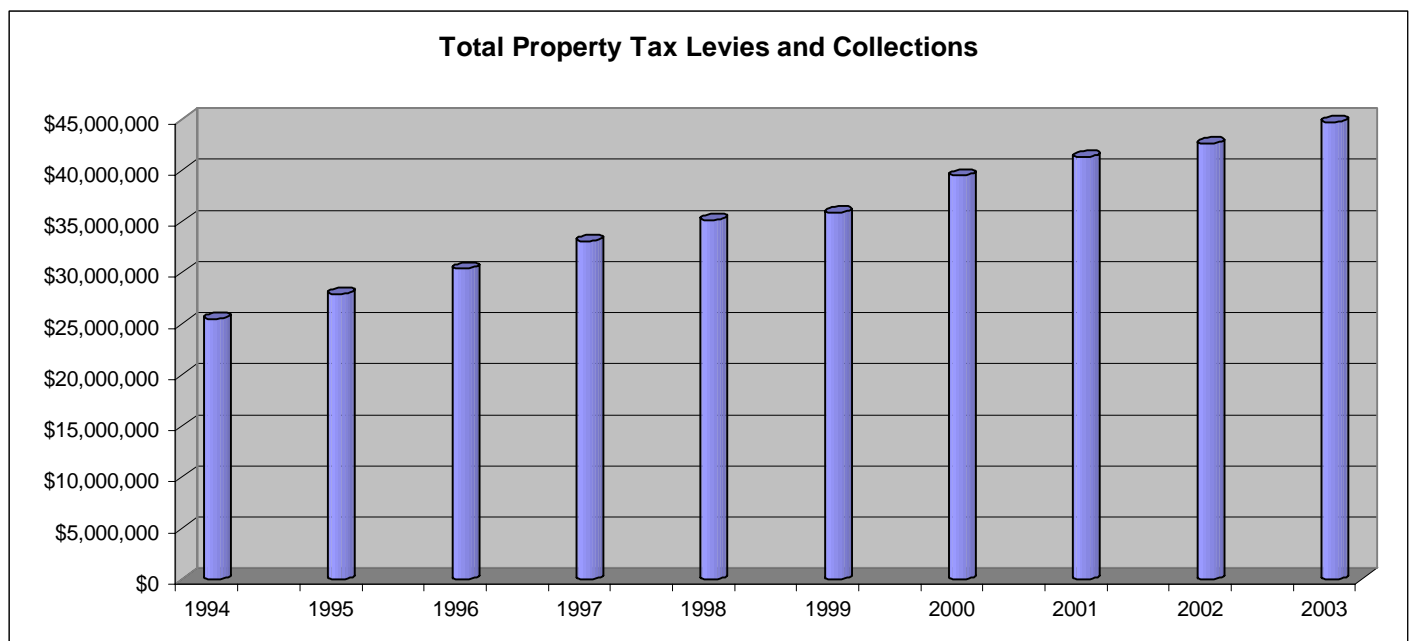


Property Tax Levies And Collections Last Ten Years *Table 5*

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent Of Delinquent Taxes to Tax Levy
1994	\$25,436,416	\$24,594,278	96.7%	\$867,464	\$25,461,742	100.1%	\$1,371,337	5.4%
1995	\$28,151,146	\$27,153,443	96.5%	\$751,461	\$27,904,904	99.1%	\$1,644,286	5.8%
1996	\$30,670,605	\$29,536,263	96.3%	\$847,535	\$30,383,798	99.1%	\$1,794,877	5.9%
1997	\$33,255,890	\$32,046,213	96.4%	\$1,038,988	\$33,085,201	99.5%	\$1,875,255	5.6%
1998	\$34,851,641	\$33,604,797	96.4%	\$1,552,550	\$35,157,347	100.9%	\$1,966,773	5.6%
1999	\$36,102,918	\$34,735,607	96.2%	\$1,121,754	\$35,857,361	99.3%	\$2,000,251	5.5%
2000	\$39,729,591	\$38,417,951	96.7%	\$1,082,232	\$39,500,183	99.4%	\$2,122,825	5.3%
2001	\$41,441,550	\$40,123,022	96.8%	\$1,176,368	\$41,299,390	99.7%	\$2,169,926	5.2%
2002	\$42,910,569	\$41,365,902	96.4%	\$1,262,000	\$42,627,902	99.3%	\$2,287,368	5.3%
2003	\$44,539,818	\$43,201,855	97.0%	\$1,511,802	\$44,713,657	100.4%	\$1,974,287	4.4%

Source: Thurston County Assessor

(1) Includes County General Fund, Roads, Veteran's, Medic One, Conservation Futures, Tax Refund, and Mental Health Tax Levies



**Special Assessment Billings And Collections
Last Ten Years
Table 6**

Fiscal Year	Assessments Receivable January 1	Billings	Collections (2)	Assessments Receivable December 31 (1)
1994	\$2,065,269	\$1,611,217	\$1,657,497	\$2,018,989
1995	\$2,018,989	\$1,030,959	\$1,298,529	\$1,751,419
1996	\$1,751,419	\$1,107,512	\$1,317,104	\$1,541,827
1997	\$1,541,827	\$1,133,202	\$1,359,225	\$1,315,804
1998	\$1,315,804	\$1,267,546	\$1,382,590	\$1,200,760
1999	\$1,200,760	\$6,956,838	\$1,540,431	\$6,617,167
2000	\$6,617,167	\$1,790,585	\$2,137,231	\$6,270,521
2001	\$6,270,521	\$2,511,935	\$1,948,214	\$6,834,242
2002	\$6,834,242	\$1,564,566	\$2,343,209	\$6,055,599
2003	\$6,055,599	\$1,140,304	\$1,985,500	\$5,210,403

Source: Thurston County Treasurer

(1) Special assessments include: Noxious Weed, Long Lake, Lawrence Lake, Stormwater, Tamoshan, Boston Harbor, Olympic View, Grand Mound, and RID #2.

(2) Includes cancellations, supplements, and adjustments.

Reconciliation to Combined Statements

Per Combined Statements

Special Assessment Receivables:

Current

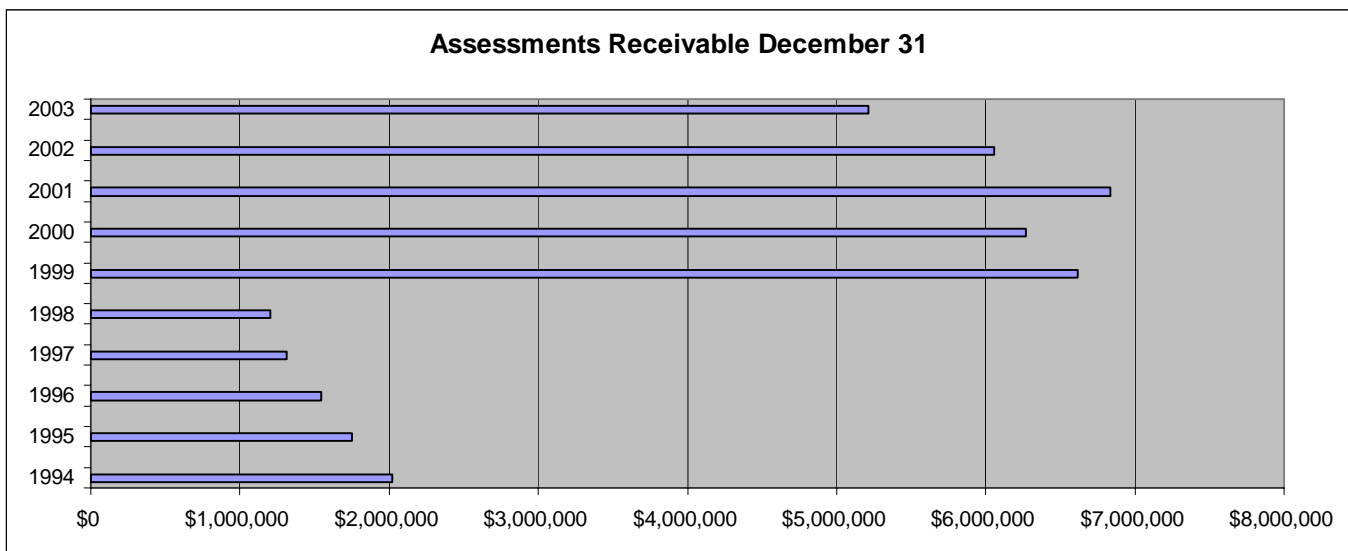
355,344

Long-Term

4,855,059

Total Special Assessments

\$5,210,403



**Ratio Of Net General Obligation Bonded Debt To Assessed Value
Last Ten Years
Table 7**

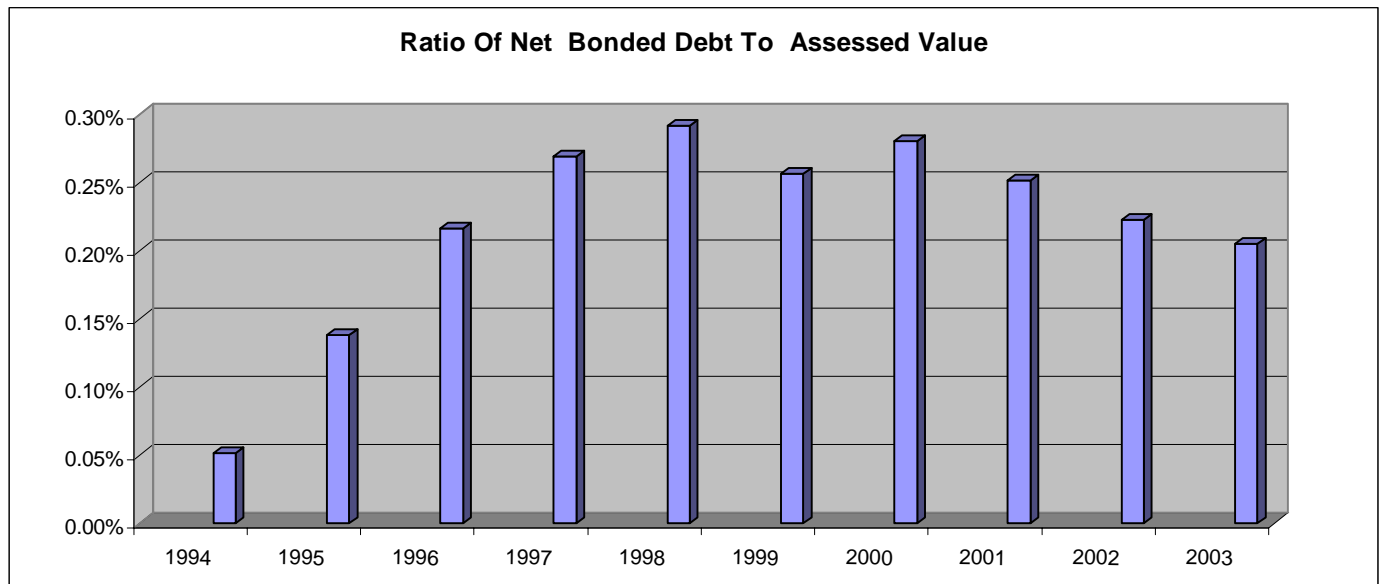
Fiscal Year	(1) Popu- lation	(2) Assessed Value	(3) Gross G.O. Bonded Debt	(4) Less Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1994	185,900	\$9,093,558,327	\$4,675,000	\$14,403	\$4,660,597	0.051%	25
1995	189,200	\$9,704,918,862	\$13,430,000	\$16,517	\$13,413,483	0.138%	71
1996	193,100	\$10,300,866,207	\$22,290,000	\$10,837	\$22,279,163	0.216%	115
1997	197,600	\$10,938,043,310	\$29,510,000	\$109,285	\$29,400,715	0.269%	149
1998	199,700	\$11,133,308,564	\$32,500,350	\$13,237	\$32,487,113	0.292%	163
1999	202,700	\$11,453,971,805	\$29,364,350	\$14,288	\$29,350,062	0.256%	145
2000	204,300	\$12,207,783,715	\$34,248,998	\$18,672	\$34,230,326	0.280%	168
2001	210,200	\$13,037,972,080	\$32,826,140	\$23,485	\$32,802,655	0.252%	156
2002	212,300	\$14,146,526,273	\$31,541,427	\$70,331	\$31,471,096	0.222%	148
2003	214,800	\$15,351,292,485	\$31,541,427	\$38,381	\$31,503,046	0.205%	147

(1) Source: Regional Planning.

(2) Source: County Assessor.

(3) Excludes proprietary debt.

(4) Amount available for repayment of general obligation bonds.



Ratio Of Annual Debt Service Expenditures For General Bonded Debt To Total General Expenditures For A Ten Year Period
Table 8

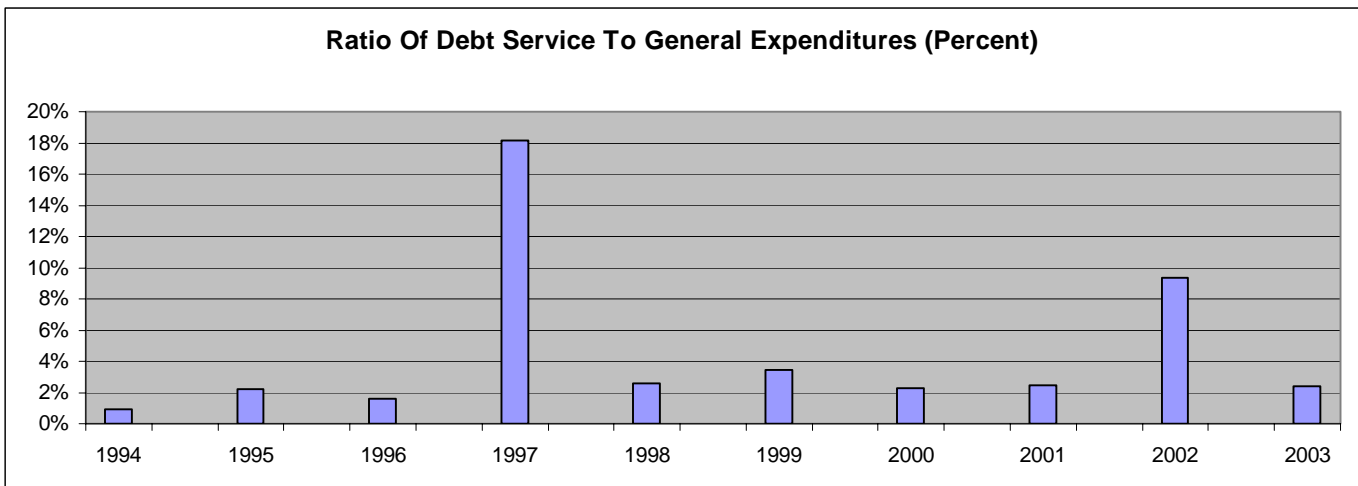
Fiscal Year	Principal	Interest	(1) Total Debt Service	(2) Total General Expenditures	Ratio Of Debt Service To General Expenditures (Percent)
1994	\$601,702	\$145,597	\$747,299	\$79,258,743	0.94%
1995	\$1,695,548	\$286,896	\$1,982,444	\$88,459,318	2.24%
1996	\$1,040,000	\$556,669	\$1,596,669	\$98,174,671	1.63%
1997	\$19,195,000	\$995,193	\$20,190,193	\$111,255,143	18.15%
1998	\$2,225,000	\$1,079,770	\$3,304,770	\$128,405,903	2.57%
1999	\$3,136,000	\$1,498,930	\$4,634,930	\$133,950,717	3.46%
2000	\$1,135,000	\$1,417,492	\$2,552,492	\$112,868,465	2.26%
2001	\$1,422,858	\$1,546,086	\$2,968,944	\$121,679,512	2.44%
2002	\$10,503,163	\$1,607,743	\$12,110,906	\$129,705,472	9.34%
2003	\$1,573,887	\$1,522,684	\$3,096,571	\$129,375,710	2.39%

Source: Thurston County Auditor

(1) Total debt service comprises interest and principal expenditures from Debt Service Funds.

(2) Total general expenditures exclude interest and principal from Debt Service Funds:

Total Governmental Fund Expenditures	\$ 132,699,562
Less Total Debt Service	<u>(3,323,852)</u>
Total General Expenditures	<u>\$ 129,375,710</u>



**Computation Of Legal Debt Margin
December 31, 2003
Table 9**

Total Property Value	<u>\$15,351,292,485</u>	
I. Indebtedness For General Purposes <u>Without A Vote</u>		
Legal Limit Is 1.5% Of Taxable Property Value		<u>\$230,269,387</u>
1. G.O. Bond Liabilities		
Indebtedness (Liabilities): GO Bonds	<u>\$44,790,995</u>	
Less Redemption Fund Assets Available to Pay Principal:		
Cash on Hand Plus Investments	\$1,002,253	
Uncollected Taxes	-	
Total Applicable Assets	<u>\$1,002,253</u>	
Excess of Liabilities Over Assets		\$43,788,742
2. General Fund Liabilities Including Warrants, Contracts And Others; But Not Loan Agreements with the State or Federal Government Dated April 3, 1987, or Later	<u>\$6,550,700</u>	
Less General Fund Assets:		
Cash on Hand Plus Investments	\$7,536,751	
Uncollected Taxes	681,666	
Total Applicable Assets	<u>\$8,218,417</u>	
Excess of Liabilities over Assets		-
3. Road Fund Liabilities including Warrants, Contracts And Others; But Not Loan Agreements With The State or Federal Government Dated April 3, 1987, or Later	<u>\$254,604</u>	
Less Road Fund Assets:		
Cash on Hand Plus Investments	\$7,984,845	
Uncollected Taxes	431,779	
Total Applicable Assets	<u>\$8,416,624</u>	
Excess of Liabilities Over Assets		-
Total Section I Indebtedness Incurred		<u>\$43,788,742</u>
Indebtedness Margin Before Excess		\$186,480,645
Indebtedness Incurred From Section II in <u>Excess</u> of 1% of Taxable Property Value		-
Margin Of Indebtedness Available <u>Without A Vote</u>		<u>\$186,480,645</u>
II. Indebtedness For General Purposes <u>With 3/5 Vote</u>		
Legal Limit 2.5% Of Taxable Property Value		\$383,782,312
Indebtedness (Liabilities):		
G.O. Bond Liabilities	-	
Other Liabilities	-	
Less Assets Available:		
Cash on Hand	-	
Uncollected Taxes	-	
Indebtedness Incurred - Section II		-
Margin of Indebtedness Available <u>with 3/5 Vote</u>		<u>\$383,782,312</u>
Total Indebtedness Incurred Allowable (Legal Limit 2.5%)		\$383,782,312
Less: Indebtedness Incurred - Section I		\$ 43,788,742
Less: Indebtedness Incurred - Section II		-
Margin Of Indebtedness Available		<u>\$339,993,570</u>

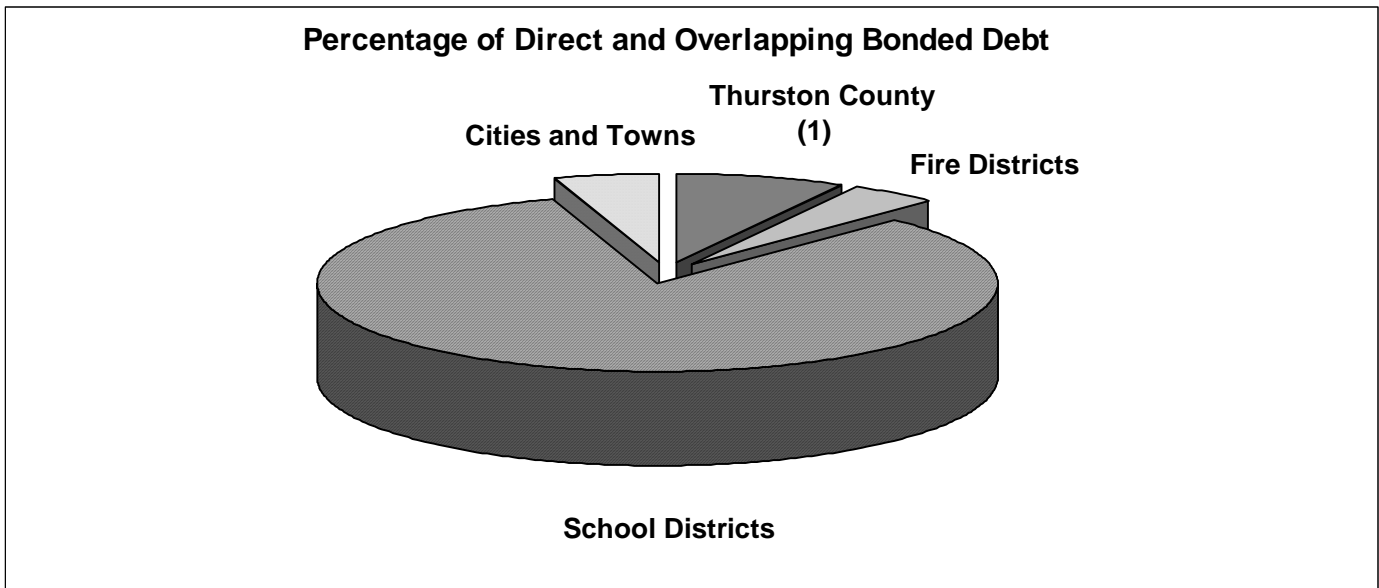
Source: Thurston County Treasurer and Auditor

**Computation Of Direct And Overlapping Bonded Debt
General Obligation Bonds
December 31, 2003
Table 10**

Jurisdiction	G.O. Bonded Debt Outstanding
Direct:	
Thurston County (1)	\$31,541,427
Overlapping:	
Fire Districts	16,833,880
Library	-
Port of Olympia	-
School Districts	328,422,512
Cities and Towns	19,773,856
Total Overlapping	365,030,248
Total	\$396,571,675

Source: Thurston County Treasurer

(1) Excluding general obligation bonds reported in the proprietary funds.



**Demographic Statistics
Last Ten Years (1) (2)
Table 11**

Fiscal Year	Population		Total	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
	Unincorporated	Incorporated					
1994	108,382	77,518	185,900	\$21,437	33.6	35,812	6.20%
1995	79,340	109,860	189,200	\$21,855	33.6	36,343	6.20%
1996	111,245	81,855	193,100	\$22,587	33.6	37,159	6.60%
1997	113,130	84,470	197,600	\$23,803	33.6	37,181	5.10%
1998	113,815	85,885	199,700	\$25,018	33.6	37,752	4.90%
1999	114,375	88,325	202,700	\$25,711	33.6	38,031	4.60%
2000	115,350	88,950	204,300	\$26,460	36.5	37,786	5.00%
2001	116,300	93,900	210,200	\$28,266	36.5	35,760	5.70%
2002	117,935	94,365	212,300	N/A	36.5	37,945	5.80%
2003	119,475	95,325	214,800	N/A	36.5	38,102	5.80%

1) Thurston County Regional Planning Council, The Profile, date October 2003.

(www.trpc.org/statistics_ataglance.html)

*Year 1995 population adjusted.

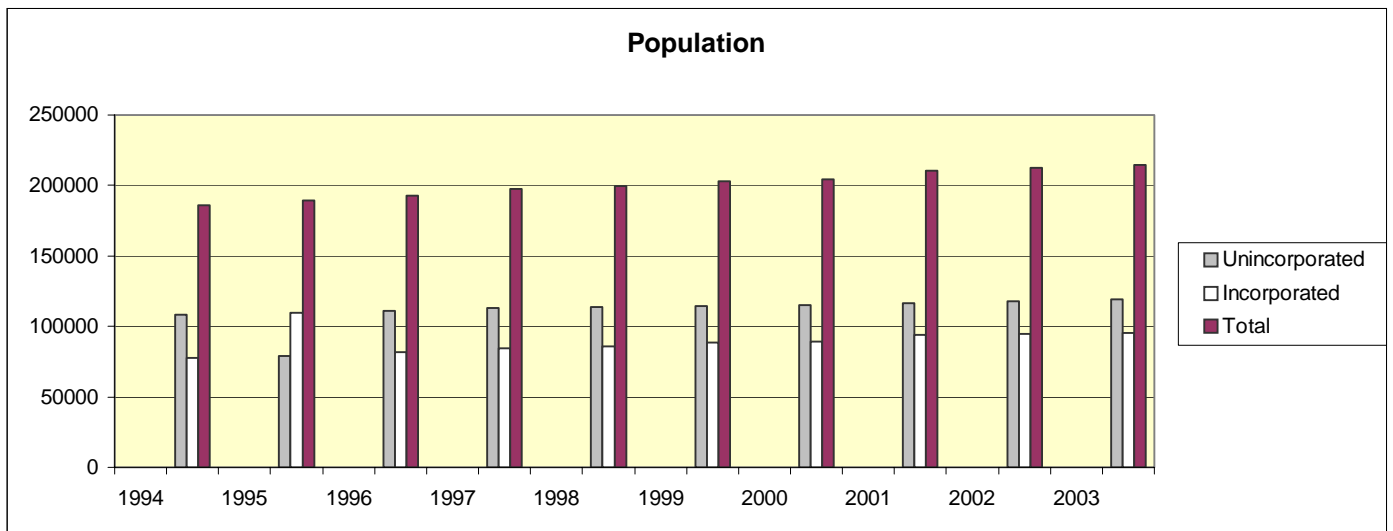
*Median Age adjusted. Reported every 10 years.

2) Access Washington State Government Information & Services

(access.wa.gov)

3) Unemployment Rate reflect 2002 statistics. 2003 unavailable.

*1998-2002 adjusted.



**Construction Activity
Last Ten Years
Table 12**

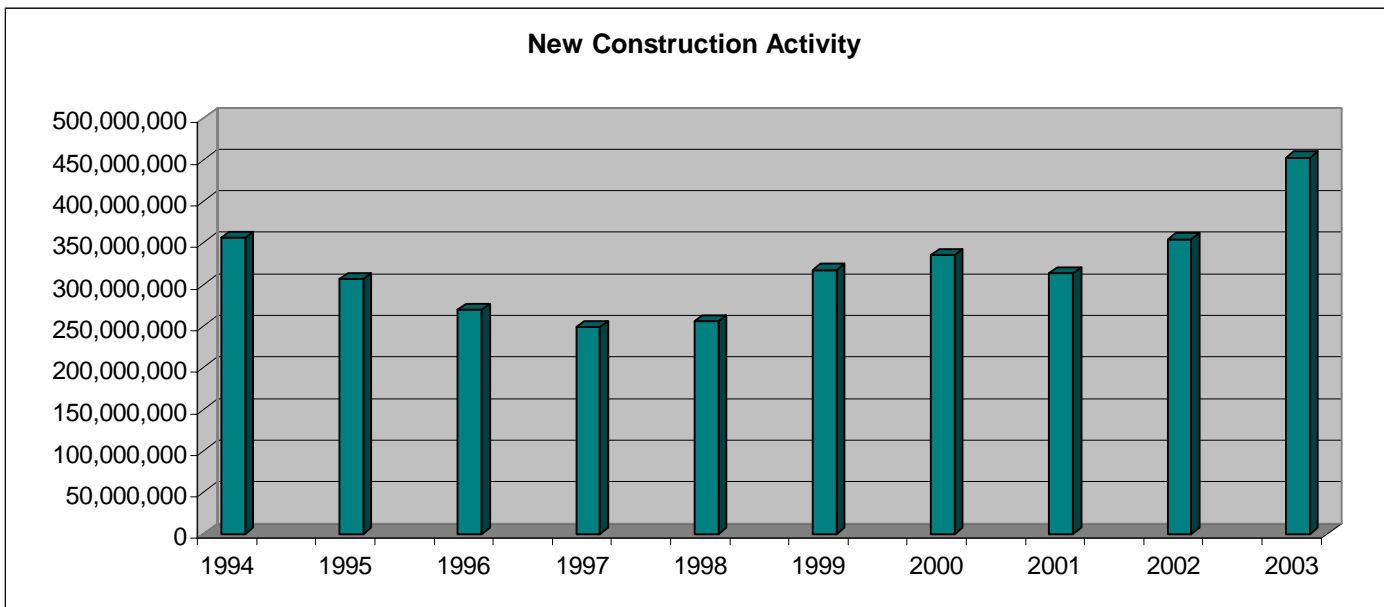
Fiscal Year	New Construction	Nontaxable Property (1)	Property Value		Total
			Commercial (2)	Residential	
1994	\$356,353,915	\$1,654,507,327	\$2,127,385,853	\$6,966,172,474	\$9,093,558,327
1995	\$306,334,038	\$1,693,133,443	\$2,298,372,574	\$7,406,546,289	\$9,704,918,863
1996	\$269,603,755	\$1,844,107,852	\$2,415,099,196	\$7,885,767,013	\$10,300,866,209 (1)
1997	\$248,984,582	\$2,016,279,965	\$2,470,979,299	\$8,467,064,011	\$10,938,043,310
1998	\$256,069,825	\$2,111,866,878	\$2,485,628,123	\$8,647,680,441	\$11,133,308,564
1999	\$317,639,763	\$2,148,209,883	\$2,630,789,495	\$8,823,182,310	\$11,453,971,805
2000	\$335,760,178	\$2,254,228,239	\$3,797,759,938	\$8,410,023,777	\$12,207,783,715 (3)
2001	\$313,835,627	\$2,309,771,757	\$4,139,967,270	\$8,898,004,810	\$13,037,972,080 (3)
2002	\$354,691,502	\$2,403,266,094	\$4,387,424,609	\$9,759,101,664	\$14,146,526,273
2003	\$452,479,167	\$2,599,629,427	\$4,751,551,360	\$10,599,741,125	\$15,351,292,485

Source: Thurston County Assessor

(1) Excludes exemptions for real and personal, head-of-household and senior citizen exempt properties prior to 1997

(2) Commercial property value includes agriculture and forest

(3) 2000 and 2001 commercial and residential property values are adjusted



**Thurston County
Principal Taxpayers
Table 13**

Name	Nature Of Business	Assessed Valuation	% Of Total
Puget Sound Energy/Elec/Gas	Utility	\$173,718,132	1.13%
U. S. West Communications	Telecommunications	\$87,914,938	0.57%
Target Corporation	Retail Sales	\$80,214,150	0.52%
Vine Street Investors LLC	Property Management	\$78,332,350	0.51%
Home Depot	Retail Sales	\$53,669,650	0.35%
Rainier General Inc.	Real Estate/Developer	\$45,811,650	0.30%
Panorama City Inc.	Retirement Center-Health Care	\$43,060,243	0.28%
Amcor Pet Packaging NA	Manufacturer	\$35,936,173	0.23%
Capital Development Co.	Real Estate/Developer	\$33,564,915	0.22%
Kaufman Development LP	Real Estate/Developer	\$33,040,500	0.22%
Olympia Mall Co.	Retail Shopping Mall	\$32,155,200	0.21%
Columbia Beverage Company	Manufacturer	\$31,778,312	0.21%
Miller Brewing Company	Manufacturer	\$29,752,991	0.19%
Walter W. Cox	Real Estate/Developer	\$29,042,120	0.19%
Weyerhaeuser Co.	Timber Products	\$27,116,094	0.18%
Illuminet Inc.	Telecommunications	\$27,014,860	0.18%
Vine Street Associates LLC	Property Managements	\$26,995,700	0.18%
Northwest Pipeline Corp.	Natural Gas Distribution	\$26,292,771	0.17%
Fred Meyer Inc.	Retail Sales	\$24,411,896	0.16%
Capital Medical Center	Health Care-Hospital	\$23,123,535	0.15%
Group Health Cooperative of Puget Sound	Health Care	\$18,957,050	0.12%
Lacey Market Square I and II LLC	Property Management	\$18,378,450	0.12%
Weyerhaeuser Vicwood Partner	Timber Products	\$18,101,150	0.12%
Comcast of Washington IV Inc.	Cable TV/Communications	\$17,142,012	0.11%
Property Development Associates	Real Estate/Developer	\$17,074,050	0.11%
Holland Holdings I Somerset Hill LLC	Real Estate/Developer	\$16,495,200	0.11%
BNSF- Burlington Northern	Railroad/Utility	\$16,249,201	0.11%
Ocean Front-Cambridge LLC	Real Estate/Developer	\$16,188,100	0.11%
E. De Tray	Real Estate/Developer	\$15,696,203	0.10%
Lacey Center Partners LLC	Real Estate/Developer	\$14,541,450	0.09%
Total Principal Taxpayers		\$1,111,769,046	7.24%
Other County Taxpayers		\$14,239,523,439	92.76%
Total County Assessed Value		\$15,351,292,485	100.00%

2003 Assessed Valuation for 2004 taxes.

Source: Thurston County Assessor

Miscellaneous Statistical Information
Last Ten Years
Table 14

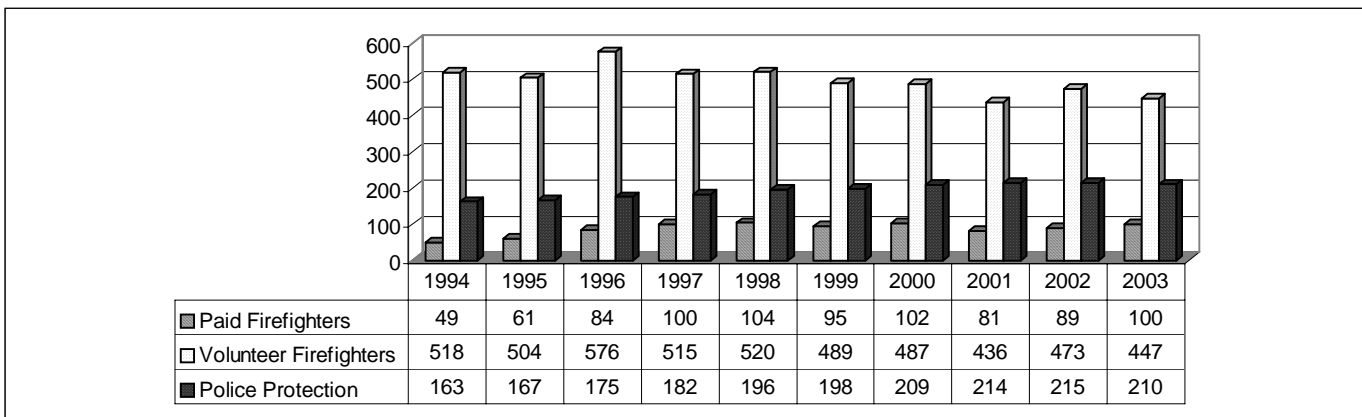
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
(A) Miles of Road (1)										
Paved	926	930	947	967	968	972	979	982	991	992
Unpaved	69	69	53	46	48	45	42	41	40	39
(B) Building Permits										
Permits Issued	5,340	3,880	3,382	2,974	3,189	2,904	2,896	3,233	3,347	3,868
Value of Building (000'S Omitted)	\$128,450	\$115,396	\$125,820	\$130,302	\$142,791	\$154,471	\$150,790	\$196,827	\$261,162	\$278,009
(C) Fire Protection										
Districts	16	16	16	16	16	16	16	15	15	15
Paid Firefighters	49	61	84	100	104	95	102	81	89	100
Volunteer Firefighters	518	504	576	515	520	489	487	436	473	447
(D) Police Protection										
Number of Employees:										
Commissioned	77	81	80	80	86	87	87	92	91	86
Civilian	85.5	86	95	102	110	111	122	122	123.70	123.70
Average Monthly Jail Pop. (All Programs)	278	318	359	391	447	469	428	463	446	488
Police Patrol Units :										
- Vehicles	78	93	92	90	95	94	95	95	96	96
- Boats	3	4	4	4	4	4	4	4	4	4
- Special Purpose Vehicles	N/A	N/A	N/A	5	5	5	6	6	6	6
(E) Recreation Facilities:										
Parks	21	21	25	25	24	26	25	25	25	25
Parks Acres	2,595	2,595	3,003	3,026	2,706	2,773	2,773	2,773	2,773	2,773
(F) General Elections:										
Registered Voters	106,412	111,470	122,297	116,514	119,604	119,016	126,680	132,072	133,582	127,138
Votes Cast	67,323	63,173	88,566	70,708	79,202	74,204	98,610	58,131	73,859	49,949
% of Registered Voters Voting	63.3%	56.7%	72.4%	60.69%	66.22%	62.35%	77.84%	44.01%	55.29%	39.29%
(G) Public Education										
Special	3	4	5	0	0	0	0	0	0	0
Elementary	41	41	51	42	41	41	41	41	40	40
Middle	12	12	12	12	13	13	13	13	13	13
High	13	12	13	13	11	11	11	11	11	11
Complete (K-12)	0	0	2	0	0	0	0	0	0	0
Community College	1	1	1	1	1	1	1	1	1	1
State College	1	1	1	1	2	2	2	1	1	1
Alternative	0	0	0	0	4	5	5	6	5	5

(1) Miles of paved and unpaved roads for years 1998-2000 have been revised

Source:

- (A) Thurston County Roads and Transportation Department
- (B) Thurston County Building and Fire Safety Department
- (C) Thurston County Fire Districts
- (D) Thurston County Sheriff's Office

- (E) Thurston County Parks and Recreation
- (F) Thurston County Auditor's Office
- (G) www.K12.wa.us



Thurston County, Washington 2003

MCAG NO. 0170

THURSTON COUNTY
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2003

Schedule 16

Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
COUNTY ROAD ADMIN BOARD							
119	019	County Areterial Preservation Program	334.03.72	3437	n/a	\$387,267	Note 6
301	019	61156 Reservation Road South	334.03.70	3437	3497-02	\$33,258	
301	019	61185 Hawks Prairie Road	334.03.70	3437	3499-01	\$34,174	
TOTAL FOR COUNTY ROAD ADMIN BOARD						\$454,698	
CTED							
124	034	Growth Management Update	334.02.00	3442	S02-63000-17	\$8,312	
124	034	Growth Management Update	334.02.00	3442	S04-62600-05	\$70,438	
126	027	Re-employment Support Program	334.04.70	3442	S05-32800-00	\$25,716	
126	027	Re-employment Support Program	334.04.70	3442	S03-32800-00	\$43,639	
TOTAL FOR CTED						\$148,105	
IAC							
132	026	Kenneydell Park Phase 2	334.02.73	3427	98-1201C	\$2,094	
132	024	ORV Sports Park-M&O	334.02.73	3427	01-1166M	\$3,568	
132	026	Chehalis Western Trail Phase 2	334.02.73	3427	98-113C	\$283,625	
TOTAL FOR IAC						\$289,287	
WA STATE ADMIN OFFICE FOR THE COURTS							
001	160	Witness Reimbursement	334.01.02	3412	n/a	\$1,888	Note 6
102	180	CASA	334.01.02	3412	ICA-2004-495	\$8,758	
102	180	CASA	334.01.02	3412	ICA-2002-41	\$10,528	
TOTAL FOR WA STATE ADMIN OFFICE FOR THE COURTS						\$21,174	
WA STATE DEPT OF AGRICULTURE							
103	016	Fairs Program	334.02.10	3421	1A-03-17-01	\$19,513	Note 2
TOTAL FOR WA STATE DEPT OF AGRICULTURE						\$19,513	
WA STATE DEPT OF ECOLOGY							
150	018	Coordinated Prevention Grant-HW	334.03.10	3431	G0200198	\$124,947	
150	018	Nisqually Reach Pollution ID	334.03.10	3431	G0200281	\$16,591	
150	018	Rehab the Lab	334.03.10	3431	G0300177	\$13,010	
150	018	Well Delegation	334.03.10	3431	C9500175	\$26,800	
150	018	Site Hazard Assessment	334.03.10	3431	G0200027	\$13,417	
150	018	Coordinated Prevention Grant-SW	334.03.10	3431	G0200254	\$87,509	
150	018	Coordinated Prevention Grant-Clopyralid	334.03.10	3431	G0200346	\$11,772	
150	018	Coordinated Prevention Grant-Mercury	334.03.10	3431	G0200344	\$6,209	
150	018	Henderson Shellfish Response	334.03.10	3431	G0300138	\$75,137	
150	018	Site Hazard Assessment	334.03.10	3431	G0300215	\$129,800	

The Accompanying Notes To The Schedule Of Expenditures Of State And Local Awards Are An Integral Part Of This Schedule.

Thurston County, Washington 2003

MCAG NO. 0170

THURSTON COUNTY

Schedule 16

Schedule of Expenditures of State Awards
For the Year Ended December 31, 2003

Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
172	032	Vegetation Management Plan	334.03.10	3431	G0300159-A	\$21,394	
174	032	Vegetation Management Plan	334.03.10	3431	G0300159-A	\$16,840	
178	032	Woodland Crk/Deschutes River	334.03.11	3431	G02000338	\$2,836	
178	032	Deschutes Watershed Mgmt Plan	334.03.11	3431	G9800019	\$79,643	
403	032	WWR/MLCF Litter	334.03.10	3431	C0400045	\$12,566	
403	032	Local Toxics Control	334.03.10	3431	G0200197	\$57,338	Note 2/7
403	032	Local Toxics Control	334.03.10	3431	G0200347	\$1,938	Note 2
403	032	Local Toxics Control	334.03.10	3431	G0200343	\$7,164	Note 2
403	032	WWR/MLCF Litter	334.03.10	3431	C0200024	\$35,803	
TOTAL FOR WA STATE DEPT OF ECOLOGY						\$740,717	
WA STATE DEPT OF HEALTH							
129	021	EMS&T	334.04.90	3449	FY04	\$6,000	
129	021	EMS&T	334.04.90	3449	FY03	\$6,800	
150	018	Recreational Shellfish	334.04.90	3449	C08697	\$2,943	
150	018	Local Capacity Fund	334.04.90	3449	C08697	\$264,045	
150	018	Oral Health	334.04.90	3449	C08697	\$41,239	
150	018	Family Planning	334.04.90	3449	C08697	\$80,800	
150	018	Youth Tobacco	334.04.90	3449	C08697	\$17,429	
150	018	Breast & Cervical Health	334.04.90	3449	N10260	\$71,070	
150	018	Vaccine in Lieu of Cash	334.04.90	3449	C08697	\$543,899	Note 5
150	018	WIC	334.04.90	3449	C08697	\$1,430	
150	018	EH Assessments	334.04.90	3449	C08697	\$11,669	
150	018	Safe Drinking Water	334.04.90	3449	C08697	\$33,835	
TOTAL FOR WA STATE DEPT OF HEALTH						\$1,081,159	
WA STATE DOT							
301	019	61308 Pacific/Kinwood	334.03.80	3438	8-5-034-012-1	\$9,359	
301	019	61192 Yalm Hwy	334.03.80	3438	8-5-034-013-1	\$210,584	
TOTAL FOR WA STATE DOT						\$219,943	
WA STATE DSHS							
001	190	IVD Child Support Enforcement	334.04.60	3446	2110-80383	\$203,661	
001	160	IVD Child Support	334.04.60	3446	2110-80383	\$45,895	
001	185	JRA-Becca Bill	334.04.60	3446	0163-01651	\$57,895	
001	185	JRA-Becca Bill	334.04.60	3446	ICA-2004-455	\$186,253	
001	185	JRA-Juv Accountability Incentive Block Grant	334.04.60	3446	0263-15090	\$56,450	Note 2
001	185	JRA-ESHB3900	334.04.60	3446	0163-03004-2	\$54,705	
001	185	JRA-CDDA	334.04.60	3446	0363-45232	\$11,741	
001	185	JRA-CDDA	334.04.60	3446	0163-03582	\$15,896	
001	185	JRA-Juv Accountability Incentive Block Grant	334.04.60	3446	0363-35938	\$1,057	Note 2
001	185	JRA-CJAA	334.04.60	3446	0363-42532	\$53,818	
001	185	JRA-ESHB3900	334.04.60	3446	0363-42563	\$50,195	

The Accompanying Notes To The Schedule Of Expenditures Of State And Local Awards Are An Integral Part Of This Schedule.

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Schedule 16

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2003

Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
001	185	JRA-Special Sex Offender Disposition	334.04.60	3446	0163-03582	\$67,322	
001	185	JRA-Juv Accountability Incentive Block Grant	334.04.60	3446	0363-35935	\$25,079	Note 2
001	185	JRA-CJAA	334.04.60	3446	0163-03582	\$45,196	
001	185	JRA-At Risk	334.04.60	3446	0163-03582	\$118,136	
001	185	JRA-Diagnostic Beds	334.04.60	3446	0163-03582	\$8,056	
001	185	JRA-At Risk	334.04.60	3446	0163-03582	\$112,851	
001	185	JRA-Special Sex Offender Disposition	334.04.60	3446	0163-03582	\$63,803	
001	185	JRA-Diagnostic Beds	334.04.60	3446	0363-42532	\$7,080	
001	185	JRA-Firearms At School	334.04.60	3446	0163-03582	\$564	
102	160	Assess & Visitation Grant	334.04.60	3446	9863-13664	\$28,857	
123	027	Vendor Pre-employment Services	334.04.70	3446	n/a	\$7,644	Note 6
126	027	Contracted Pre-employment Services	334.04.70	3446	0261-08179	\$39,820	
150	018	CPS Public Health Nurse	334.04.60	3446	21349	\$32,198	
150	017	RSN-Consolidated-integrated	334.04.60	3446	0363-23158	\$653,324	
150	018	Home Visitation	334.04.60	3446	1-800-00603	\$6,098	
150	018	Child Death Review	334.04.60	3446	C08697	\$1,591	
150	018	Drug Task Force	334.04.60	3446	0163-45019	\$69,860	
150	017	RSN-Consolidated-integrated	334.04.60	3446	0169-00344	\$516,545	
150	017	Developmental Disabilities	334.04.60	3446	0263-26641	\$1,319,942	
150	018	Alternative Response	334.04.60	3446	0363-28905	\$12,738	
150	018	Passport	334.04.60	3446	21348	\$24,812	
150	017	Crisis Stabilization	334.04.60	3446	0169-0157	\$56,102	
150	017	Developmental Disabilities	334.04.60	3446	0363-36357	\$1,111,445	
150	017	DASA-Chemical Dependency	334.04.60	3446	0363-28199	\$652,213	
150	017	DASA-Chemical Dependency	334.04.60	3446	0163-02169	\$690,979	
150	017	Family Policy Council Network	334.04.60	3446	0174-01410	\$103,900	
150	017	DCFS	334.04.60	3446	n/a	\$15,000	Note 6
TOTAL FOR WA STATE DSHS						\$6,528,721	
WA STATE EMPLOYMENT SECURITY							
126	027	TC Jail Projects-Vendor Services	334.04.70	3447	n/a	\$16,695	Note 6
126	027	Corrections Clearinghouse	334.04.70	3447	04-167-CS	\$32,540	
126	027	Corrections Clearinghouse	334.04.70	3447	03-336-Z	\$37,975	
TOTAL FOR WA STATE EMPLOYMENT SECURITY						\$87,209	
WA STATE HECB							
001	330	Work Study Program	334.05.30	3453	n/a	\$4,279	Note 6
TOTAL FOR WA STATE HECB						\$4,279	
WA STATE MILITARY DEPT							
119	019	Disaster Assistance	334.01.80	3418	EM01048106	\$3,569	
424	032	Disaster Assistance	334.01.80	3418	EM010481-06	\$13,483	

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Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
TOTAL FOR WA STATE MILITARY DEPT						\$17,052	
WA STATE TRAFFIC SAFETY COMMISSION							
001	200	School Zone Enforcement Grant	334.03.50	3435	n/a	\$6,377	Note 6
001	200	School Zone Enforcement Grant	334.03.50	3435	n/a	\$1,736	Note 6
TOTAL FOR WA STATE TRAFFIC SAFETY COMMISSION						\$8,113	
WA STATE TREASURER							
001	190	Reimburse 1/2 PA Salary	334.00.10	3401	RCW36.17.02	\$48,300	
001	210	Death Investigation	334.00.12	3401	RCW68.50.10	\$34,891	
TOTAL FOR WA STATE TREASURER						\$83,191	
TOTAL STATE ASSISTANCE						\$9,703,161	

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Schedule 16

**Schedule of Expenditures of Federal Awards
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Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
DEPT OF AGRICULTURE								
<u>PASSED THRU Wa State DSHS</u>								
001	190	Food Stamp Act of 1977	10.551	333.10.51	3310	9763-14115	\$1,655	
<u>PASSED THRU Wa State Superintendent of Public Instruction</u>								
001	185	National School Breakfast Program	10.553	333.10.53	3310	34-111-9757	\$22,528	
<u>PASSED THRU Wa State Superintendent of Public Instruction</u>								
001	200	National School Lunch Program	10.555	333.10.55	3310	Non Cash Award	\$5,408	Note 2/5
001	185	National School Lunch Program	10.555	333.10.55	3310	34-111-9757	\$29,350	
TOTAL CFDA NUMBER							\$34,758	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	WIC	10.557	333.10.57	3310	C08697	\$366,740	
TOTAL FOR DEPT OF AGRICULTURE							\$425,682	
Dept of Commerce-NOAA								
<u>PASSED THRU IAC</u>								
301	019	Pacific Coast Salmon Recovery	11.438	333.11.40	3311	00-1887D	\$221,681	
TOTAL FOR Dept of Commerce-NOAA							\$221,681	
DEPT OF DEFENSE								
<u>PASSED THRU</u>								
301	019	Military Forest Yield	10.665	332.12.00	3212	n/a	\$56,665	Note 6
TOTAL FOR DEPT OF DEFENSE							\$56,665	
Dept of Health & Human Services								
<u>PASSED THRU CTED</u>								
150	018	Housing-HOPWA	14.241	333.14.00	3314	n/a	\$24,792	Note 6
<u>PASSED THRU Wa State DSHS</u>								
150	017	DASA	16.579	333.16.50	3316	n/a	\$55,002	Noete 6
TOTAL FOR Dept of Health & Human Services							\$79,794	
Dept of Housing & Urban Development								
<u>PASSED THRU CTED</u>								
140	028	Community Devel Block Grant-Rehabilitation	14.228	333.14.20	3314	02-64002-048	\$300,937	
140	028	Community Devel Block Grant-Mud Bay	14.228	333.14.20	3314	03-64003-026	\$1,166	

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Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
140	028	Community Devel Block Grant-Public Service	14.228	333.14.20	3314	03-64003-012	\$102,675	
140	028	Community Devel Block Grant-Evaluation	14.228	333.14.20	3314	02-64002-064	\$49,997	
		TOTAL CFDA NUMBER					\$454,776	
		TOTAL FOR Dept of Housing & Urban Development					\$454,776	
DEPT OF JUSTICE								
<u>PASSED THRU Wa State Patrol</u>								
001	200	Marijuana Eradication	16.000	333.16.50	3316	C030674GSC	\$17,000	
<u>PASSED THRU CTED</u>								
001	190	VOCA-Crime Victims Assistance	16.575	333.16.50	3316	0263-14247	\$52,437	Note 2
<u>PASSED THRU CTED</u>								
001	180	Byrne Formula Grant	16.579	333.16.50	3316	8041-1	\$110,000	
001	200	Byrne Formula Grant	16.579	333.16.50	3316	n/a	\$18,527	Note 6
001	200	Byrne Formula Grant	16.579	333.16.50	3316	n/a	\$29,310	Note 6
		TOTAL CFDA NUMBER					\$157,837	
<u>PASSED THRU CTED</u>								
001	190	STOP Violence Against Women Formula Grant	16.588	333.16.51	3316	F02-30302-020	\$16,515	Note 2
<u>PASSED THRU</u>								
144	200	2001 LLEBG	16.592	331.16.11	6111	Program Income	\$128	Note 3
144	200	2002 LLEBG	16.592	331.16.11	3116	n/a	\$29,249	Note 2/6
144	200	2002 LLEBG	16.592	331.16.11	6111	Program Income	\$1,468	Note 3
144	200	2001 LLEBG	16.592	331.16.50	3116	n/a	\$3,231	Note 2/6
144	200	2003 LLEBG	16.592	331.16.11	3116	n/a	\$43,292	Note 6
144	200	2003 LLEBG	16.592	331.16.11	6111	Program Income	\$195	Note 3
		TOTAL CFDA NUMBER					\$77,562	
<u>PASSED THRU Office of Justice Programs</u>								
001	205	Residential Substance Abuse Treatment	16.593	333.16.50	3316	n/a	\$89,199	Note 2/6
001	205	Residential Substance Abuse Treatment	16.593	333.16.50	3316	n/a	\$92,937	Note 2/6
		TOTAL CFDA NUMBER					\$182,135	
<u>PASSED THRU Office of Justice Programs</u>								
001	190	Weed & Seed Program	16.595	333.16.50	3316	2003-WS-QX-00	\$160,921	
<u>PASSED THRU Office of Justice Programs</u>								
001	205	State Criminal Alien Assist Program	16.606	331.16.60	3116	n/a	\$39,854	Note 6
<u>PASSED THRU</u>								
001	190	Community Prosecution & Project Safe Neighborho	16.609	331.16.60	3116	2001-GP-CX-00	\$40,000	

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Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
001	190	Community Prosecution & Project Safe Neighborho	16.609	331.16.60	3116	2001-PP-CX-001	\$30,786	
		TOTAL CFDA NUMBER					\$70,786	
		<u>PASSED THRU</u>						
001	200	Public Safety Partnership & Comm Policing	16.710	331.16.00	3116	n/a	\$8,623	Note 6
		<u>PASSED THRU Wa Assoc of Sheriffs & Police Chiefs</u>						
001	200	Washington State Meth Initiative	16.710	333.16.70	3316	n/a	\$98,289	Note 2/6
		TOTAL CFDA NUMBER					\$106,912	
		<u>PASSED THRU OFM</u>						
001	200	National Incident Based Reporting System	16.733	333.16.70	3316	n/a	\$122,177	Note 6
		TOTAL FOR DEPT OF JUSTICE					\$1,004,136	
		DEPT OF LABOR						
		<u>PASSED THRU King County Workforce Development Council</u>						
126	027	Senior Community Service Employment Program	17.235	333.17.20	3317	X3PMC-913-SE	\$14,649	
		<u>PASSED THRU Wa State Employment Security</u>						
126	027	Workforce Incentive Grant-Job Task Analysis	17.253	333.17.20	3317	PY03	\$32,001	
126	027	Workforce Incentive Grant-Welcome	17.253	333.17.20	3317	PY02	\$73,934	
		TOTAL CFDA NUMBER					\$105,934	
		<u>PASSED THRU Wa State Employment Security</u>						
126	027	WIA-One Stop Funds	17.258	333.17.20	3317	20-02-7201/727	\$23,408	
126	027	WIA-Administrative Cost Pool	17.258	333.17.20	3317	20-02-1023	\$109,115	
126	027	WIA-Adult Programs	17.258	333.17.20	6111	Program Income	\$3,160	Note 3
126	027	WIA-Adult Formula Programs	17.258	333.17.20	3317	20-02-1021	\$1,037,695	
126	027	WIA-Adult Formula Programs	17.258	333.17.20	3317	20-03-7021	\$326,430	
126	027	WIA-One Stop Funds	17.258	333.17.20	3317	20-02-1026	\$9,931	
126	027	WIA-Administrative Cost Pool	17.258	333.17.20	3317	20-04-1023	\$56,456	
126	027	10% Governor's Discretionary-Tech Assistance	17.258	333.17.20	3317	20-03-0128	\$2,481	
126	027	SKILLS Gap-Medical	17.258	333.17.20	3317	020XK(011)	\$15,931	
126	027	10% Governor's Discretionary-Incentive	17.258	333.17.20	3317	20-01-1026	\$31,397	
126	027	10% Governor's Discretionary-Incentive	17.258	333.17.20	3317	20-02-7026	\$25,271	
126	027	10% Governor's Discretionary-Incentive	17.258	333.17.20	3317	20-02-7026	\$120	
126	027	Industries of the Future	17.258	333.17.20	3317	20-01-7924/727	\$84,390	
126	027	Targeted Industry Partnerships	17.258	333.17.20	3317	20-02-7203/727	\$20,959	
126	027	WIA-Adult Formula Programs	17.258	333.17.20	3317	20-04.1021	\$382,926	
126	027	WIA-Administrative Cost Pool	17.258	333.17.20	3317	20-03-7027	\$36,270	
		TOTAL CFDA NUMBER					\$2,165,941	
		<u>PASSED THRU Wa State Employment Security</u>						
126	027	WIA-Youth Healthcare Training	17.259	333.17.20	3317	20-02-7124/727	\$121,367	
126	027	WIA-Administrative Cost Pool	17.259	333.17.20	3317	20-03-1023	\$140,525	

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126	027	One Stop Fund	17.259	333.17.20	3317	20-02-7201/727	\$30,146	
126	027	10% Governor's Youth Integration	17.259	333.17.20	3317	20-02-7202/727	\$28,292	
126	027	WIA-Administrative Cost Pool	17.259	333.17.20	3317	20-03-7027	\$119,418	
126	027	WIA-Youth Formula Program	17.259	333.17.20	3317	20-03-7029	\$899,645	
126	027	WIA-Youth Formula Program	17.259	333.17.20	3317	20-02-7029	\$1,350,316	
126	027	WIA-Youth Programs	17.259	333.17.20	3317	Program Income	\$694	Note 3
126	027	One Stop Fund	17.259	333.17.20	3317	20-02-1026	\$12,790	
		TOTAL CFDA NUMBER					\$2,703,193	
		<u>PASSED THRU Wa State Employment Security</u>						
126	027	WIA-Administrative Cost Pool	17.260	333.17.20	3317	20-04-1023	\$43,706	
126	027	One Stop Funds	17.260	333.17.20	3317	20-02-1026	\$12,081	
126	027	Dislocated Worker Formula Program	17.260	333.17.20	3317	20-04-1022	\$91,021	
126	027	Dislocated Worker Formula Program	17.260	333.17.20	3317	20-03-7022	\$621,802	
126	027	Dislocated Worker Formula Program	17.260	333.17.20	3317	20-02-1022	\$1,412,354	
126	027	Additional Assistance	17.260	333.17.20	3317	20-02-7025	\$595,980	
126	027	WIA-Administrative Cost Pool	17.260	333.17.20	3317	20-02-1023	\$132,732	
126	027	WIA-Administrative Cost Pool	17.260	333.17.20	3317	20-03-7027	\$89,089	
126	027	10% Governor's Discretionary-Incentive	17.260	333.17.20	3317	20-01-1026	\$38,192	
126	027	10% Governor's Discretionary-Incentive	17.260	333.17.20	3317	20-02-7026	\$30,886	
126	027	10% Governor's Discretionary-Tech Assistance	17.260	333.17.20	3317	20-03-0128	\$3,019	
126	027	9-11 Nat'l Emergency Grant	17.260	333.17.20	3317	20-01-7302	\$59,688	
126	027	Boise Cascade	17.260	333.17.20	3317	20-02-1928	\$26,505	
126	027	One Stop Funds	17.260	333.17.20	3317	20-02-7201/727	\$28,474	
126	027	WIA-Dislocated Worker Programs	17.260	333.17.20	3317	Program Income	\$862	Note 3
126	027	Moduline Nat'l Emergency Grant	17.260	333.17.20	3317	20-00-5375	\$366	
126	027	Lamb Grays Harbor	17.260	333.17.20	3317	20-02-7025	\$53,227	
		TOTAL CFDA NUMBER					\$3,219,984	
		TOTAL FOR DEPT OF LABOR					\$8,209,701	
		DEPT OF THE INTERIOR						
		<u>PASSED THRU IAC</u>						
132	023	Fish & Wildlife Management Assistance	15.608	333.15.60	3310	72-0546-9-35	\$394	
		TOTAL FOR DEPT OF THE INTERIOR					\$394	
		FEDERAL HIGHWAY ADMIN						
		<u>PASSED THRU Wa State DOT</u>						
301	019	61400 Bald Hills Road	20.205	333.20.20	3320	LA-5524	\$2,831	
301	019	61377 Yelm-Tenino Trail Ph II	20.205	333.20.20	3320	LA-04937	\$1,849	
301	019	61362 Thomsen Road RR Crossing	20.205	333.20.20	3320	LA-4765	\$65,134	
301	019	61355 188th Bridges	20.205	333.20.20	3320	LA-04648	\$496,587	
301	019	61325 Old 99 Bridge	20.205	333.20.20	3320	LA-05315	\$14,746	

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301	019	61140 Marvin Road	20.205	333.20.20	3320	LA-4139	\$440,860	
		TOTAL CFDA NUMBER					\$1,022,007	
		TOTAL FOR FEDERAL HIGHWAY ADMIN					\$1,022,007	
		NATL HIGHWAY TRAFFIC SAFETY ADMIN						
		<u>PASSED THRU Wa State DOT</u>						
001	200	State & Community Hwy Safety	20.600	333.20.65	3320	n/a	\$3,055	Note 6
		<u>PASSED THRU Wa State DOT</u>						
001	200	Drive Hammered Get Nailed	20.601	333.20.60	3320	n/a	\$5,072	Note 6
		<u>PASSED THRU Wa State DOT</u>						
001	200	Occupant Protection	20.602	333.20.60	3320	Non Cash Award	\$1,200	Note 5
		<u>PASSED THRU Wa State DOT</u>						
001	200	Click It or Ticket	20.604	333.20.60	3316	n/a	\$6,984	Note 6
		TOTAL FOR NATL HIGHWAY TRAFFIC SAFETY ADMIN					\$16,311	
		Dept of Health & Human Services						
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	Drinking Water	66.468	333.06.60	3366	N11635	\$8,000	
		TOTAL FOR Dept of Health & Human Services					\$8,000	
		ENVIRONMENTAL PROTECTION AGENCY						
		<u>PASSED THRU Wa State Dept of Ecology</u>						
451	018	State Revolving Loan	66.458	382.80.00	8281	n/a	\$13,482	Note 4/6
		TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY					\$13,482	
		Dept of Health & Human Services						
		<u>PASSED THRU</u>						
150	018	Medical Reserve Corp	93.008	331.90.08	3193	US2SG03108-01	\$2,642	
		<u>PASSED THRU Wa State DSHS</u>						
150	017	PATH	93.150	333.91.50	3391	0163-01088	\$21,188	
150	017	PATH	93.150	333.91.50	3391	0363-36340	\$5,939	
		TOTAL CFDA NUMBER					\$27,127	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	Family Planning Title X	93.217	333.92.17	3392	C08697	\$64,810	

The Accompanying Notes To The Schedule Of Expenditures Of Federal Awards Are An Integral Part Of This Schedule.

Thurston County, Washington 2003

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THURSTON COUNTY

Schedule 16

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	Vaccine in Lieu of Cash	93.268	333.92.68	3392	C08697	\$687,292	Note 5
150	018	Immunizations	93.268	333.92.68	3392	C08697	\$77,676	
		TOTAL CFDA NUMBER					\$764,968	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	Bioterrorism	93.283	333.92.00	3392	C08697	\$691,360	
150	018	STEPS	93.283	333.92.00	3392	N12343	\$4,200	
		TOTAL CFDA NUMBER					\$695,560	
		<u>PASSED THRU Wa State DSHS</u>						
150	018	Alternative Response	93.556	333.95.00	3395	0363-28905	\$38,214	
		<u>PASSED THRU CTED</u>						
126	027	Community Jobs	93.558	333.17.20	3317	S04-16000-009	\$92,651	
		<u>PASSED THRU Wa State DSHS</u>						
001	190	Child Support Enforcement	93.563	333.95.63	3395	2110-80383	\$423,759	
001	160	IVD Child Support	93.563	333.95.63	3395	n/a	\$256,302	Note 6
001	180	Child Support Enforcement	93.563	333.95.63	3395	2110-80383	\$53,827	
102	180	Supervised Visitation	93.563	333.95.63	3395	0363-24341	\$1,613	
102	180	Supervised Visitation	93.563	333.95.63	3395	0363-38972	\$4,325	
		TOTAL CFDA NUMBER					\$739,826	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	Infant Toddler	93.575	333.95.75	3395	C08697	\$33,000	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	017	Medical Assistance	93.778	333.97.78	3397	0063-42359	\$48,861	
150	018	Medical Assistance	93.778	333.97.78	3397	21348	\$328,420	
		TOTAL CFDA NUMBER					\$377,280	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	HIV Care Formula Grants	93.917	333.99.17	3399	N11709	\$147,714	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	Breast & Cervical Cancer Early Detection	93.919	333.99.19	3399	N10260	\$223,822	
		<u>PASSED THRU Wa State Dept of Health</u>						
150	018	HIV/AIDS Prevention	93.940	333.99.40	3391	n/a	\$32,419	Note 6

The Accompanying Notes To The Schedule Of Expenditures Of Federal Awards Are An Integral Part Of This Schedule.

Thurston County, Washington 2003

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THURSTON COUNTY

Schedule 16

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
<u>PASSED THRU Wa State DSHS</u>								
150	017	RSN Block Grant	93.958	333.99.58	3399	0369-23158	\$86,935	
150	017	RSN Block Grant-Expanded Comm Svcs	93.958	333.99.58	3399	0269-09161	\$14,832	
150	017	RSN Block Grant	93.958	333.99.58	3399	0169-00344	\$132,685	
TOTAL CFDA NUMBER							\$234,451	
<u>PASSED THRU Wa State DSHS</u>								
150	017	Chemical Dependency Prevention	93.959	333.99.59	3399	0163-02169	\$494,045	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Preventative Health Block Grant	93.991	333.99.91	3399	C08697	\$16,687	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Maternal & Child Health Block Grant	93.994	333.99.00	3399	C08697	\$136,082	
TOTAL FOR Dept of Health & Human Services							\$4,121,299	
DEPT OF HOMELAND SECURITY								
<u>PASSED THRU Wa State Emergency Management</u>								
119	019	State Domestic Preparedness Equip Support	97.004	333.97.04	3397	2003-TE-CX-016	\$281,307	Note 5
119	019	State Domestic Preparedness Equipment	97.004	333.97.04	3397	2002-TE-CX-013	\$151,157	Note 5
TOTAL CFDA NUMBER							\$432,464	
<u>PASSED THRU Wa State Emergency Management</u>								
119	019	Hazard Mitigation	97.039	333.97.03	3383	E03-092	\$66,624	
119	019	Hazard Mitigation	97.039	333.97.03	3383	EM0101491-069	\$21,417	
119	019	Hazard Mitigation	97.039	333.97.03	3383	1100-DR-WA	(\$82)	Note 9
424	032	Hazard Mitigation	97.039	333.83.00	3383	EM0101491-069	\$80,888	
TOTAL CFDA NUMBER							\$168,848	
<u>PASSED THRU Wa State Emergency Management</u>								
119	019	Emergency Management Performance Grant	97.042	333.97.04	3383	E03-0143	\$65,554	
<u>PASSED THRU Wa State Emergency Management</u>								
119	019	Homeland Security Region 3	97.051	333.97.05	3383	E03-196	\$35,794	
TOTAL FOR DEPT OF HOMELAND SECURITY							\$702,659	
OFFICE OF NATIONAL DRUG CONTROL POLICY								
<u>PASSED THRU ESD</u>								
001	180	NW HIDTA	99.999	333.16.00	3316	13PNWP506	\$15,000	Note 8
TOTAL FOR OFFICE OF NATIONAL DRUG CONTROL POLICY							\$15,000	

The Accompanying Notes To The Schedule Of Expenditures Of Federal Awards Are An Integral Part Of This Schedule.

Thurston County, Washington 2003

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THURSTON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003

Schedule 16

Fund Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
<u>TOTAL FEDERAL ASSISTANCE</u>						<u>\$16,351,587</u>	

The Accompanying Notes To The Schedule Of Expenditures Of Federal Awards Are An Integral Part Of This Schedule.

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Schedule 16

THURSTON COUNTY
Notes to the Schedule of Expenditures of
Federal, State, and Local Awards
For the Year Ended December 31, 2003

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as Thurston County's financial statements. Thurston County uses the accrual basis of accounting for all funds except the government types and agency funds, which use the modified accrual basis of accounting.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal and state portion of the costs. Actual program costs, including Thurston County's portion may be more than shown.

NOTE 3 – PROGRAM INCOME

Pacific Mountain receives electronic funds transmittals in the exact dollar amount to correspond with the vouchers in process for disbursement. Monies are received and disbursed again, usually within 24 hours, but monies are never held more than three days. The WIA Laws and Regulations govern these EFT's. Thurston County Treasurer's Office invests these monies in accordance with their office policy. Per the WIA Laws and Regulations interest earned on these federal monies is accounted and reported for as program income.

NOTE 4 – FEDERAL LOANS

The County has been approved by the Environmental Protection Agency to receive 5 loans to establish low interest septic improvement loans to homeowners with failing septic systems that meet the low income requirements of the program. Two of the loans have a maximum amount available to borrow of \$200,000, one loan has a maximum of \$300,000, one has a maximum of \$100,000, and one has a maximum amount of \$150,000. The loans are 80% federally funded, and 20% state funded. The current year expenditures represent the amounts drawn down from the federal agency in the County's fiscal year 2003.

NOTE 5 – NONCASH AWARDS

The amount of vaccines reported on this schedule is the value of vaccines distributed by the County during the current year and priced as prescribed by the Washington State Department of Health.

The amount of food commodities reported on this schedule is the value of the commodities distributed by the County during the current year and priced as prescribed by the Washington State Superintendent of Public Instruction.

The amount of car seats reported on this schedule is the value of the commodities distributed by the County during the current year and priced as prescribed by the Washington State Traffic Safety Commission.

NOTE 6 – NOT AVAILABLE (N/A)

The County was unable to obtain other identification numbers.

NOTE 7 – MISCELLANEOUS

An amount of \$112,129.97 was accrued in 2002 for the ORV Sports Park. This amount has not been received due to complications with the closure of the park. The Interagency Committee for Outdoor Recreation is holding the funds until further notice.

Solid Waste Fund (403) accrued \$100,168.48 for 2002; it should have been \$100,286.20.

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Schedule 16 cont.

THURSTON COUNTY
Notes to the Schedule of Expenditures of
Federal, State, and Local Awards
For the Year Ended December 31, 2003

NOTE 8 – CFDA NUMBER

Per contractual agreement for Northwest HIDTA Drug Court Development Initiative, ONDCP does not use CFDA numbers.

NOTE 9 – REFUND

Per Washington State Emergency Management, Thurston County was over paid \$81.69 for disaster 1100-DR-WA.