

**Washington State Auditor's Office**  
**Financial Statements and Federal Single Audit Report**

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**Thurston County**

Audit Period  
**January 1, 2007 through December 31, 2007**

**Report No. 75190**

Issue Date  
**September 2, 2008**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

September 2, 2008

Board of Commissioners  
Thurston County  
Olympia, Washington

***Report on Financial Statements and Federal Single Audit***

Please find attached our report on Thurston County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the County's financial condition.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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# Federal Summary

## Thurston County January 1, 2007 through December 31, 2007

The results of our audit of Thurston County are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

### **FINANCIAL STATEMENTS**

An unqualified opinion was issued on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

#### **Internal Control Over Financial Reporting:**

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the County.

### **FEDERAL AWARDS**

#### **Internal Control Over Major Programs:**

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the County's compliance with requirements applicable to its major federal programs.

We reported no findings that are required to be disclosed under OMB Circular A-133.

#### **Identification of Major Programs:**

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.239	HOME Investment Partnerships Program
20.205	Highway Planning and Construction
93.558	Temporary Assistance For Needy Families (TANF)
93.959	Block Grants for Prevention and Treatment of Substance Abuse

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$552,781.

The County qualified as a low-risk auditee under OMB Circular A-133.

# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

## Thurston County January 1, 2007 through December 31, 2007

Board of Commissioners  
Thurston County  
Olympia, Washington

We have audited the 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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2008. During the year ended December 31, 2007, the County implemented Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 20, 2008

# Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**Thurston County**  
**January 1, 2007 through December 31, 2007**

Board of Commissioners  
Thurston County  
Olympia, Washington

## **COMPLIANCE**

We have audited the compliance of Thurston County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, cursive script.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 20, 2008



# Independent Auditor's Report on Financial Statements

## **Thurston County January 1, 2007 through December 31, 2007**

Board of 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, 2007, which collectively comprise the County's basic financial statements as listed on page 8. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Thurston County, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Detention Facilities Sales Tax Holding, Real Estate Excise Tax, Roads and Transportation, Medic One, and Public Health and Social Services funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2007, the County implemented Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 9 through 28 is not a required part of the basic financial statements but is 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 an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 20, 2008

# Financial Section

## Thurston County January 1, 2007 through December 31, 2007

### **REQUIRED SUPPLEMENTAL INFORMATION**

Management Discussion and Analysis – 2007

### **BASIC FINANCIAL STATEMENTS**

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Statement of Net Assets – Proprietary Funds – 2007

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Statement of Cash Flows – Proprietary Funds – 2007

Statement of Fiduciary Net Assets – Fiduciary Funds – 2007

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### **SUPPLEMENTAL INFORMATION**

Schedule of Expenditures of Federal Awards – 2007

Notes to the Schedule of Expenditures of Federal, State and Local Awards – 2007

## MANAGEMENT DISCUSSION AND ANALYSIS

Thurston County's management discussion and analysis is a narrative overview of County financial activities for the year ended December 31, 2007. We encourage readers of our financial report to use this information in conjunction with the letter of transmittal, financial statements and notes to the financial statements to analyze our County's financial health and activities.

### FINANCIAL HIGHLIGHTS

#### Entity-Wide Statements

- Thurston County's overall financial position improved in 2007. The combined total of Governmental and business net assets in 2007 were greater than the combined total of governmental and business net assets in 2006. This report will further explain some of the details behind these increases.
- Governmental net assets increased by \$9.8 million to \$491.6 million at December 31, 2007. This represents a 2% increase over net assets of the prior year. This increase is a result of revenues exceeding expenses by \$8.9 million and a prior period adjustment of \$0.9 million. The 2007 change in governmental net assets is \$6.9 million, or 41%, less than the 2006 change in governmental net assets, including prior period adjustments. One factor causing this reduction was the one time payout of \$2.7 million in legal settlement for the Juvenile Detention Center in 2006.
- Business net assets decreased by \$1,068,678 to \$33.9 million at December 31, 2007. This represents a 3.1% decrease from net assets of the prior year. This decrease is a net result of business expenses exceeding revenues by \$892,744 or 2.6% and a prior period negative adjustment of \$175,934.
- The County's governmental change in net assets of \$8.9 million in the Statement of Net Assets exceeds the County's governmental change in fund balance of \$5.9 million in the statement of revenues, expenditures and changes in fund balances by \$3 million (excluding prior period adjustments). This difference is a net result of several activities. For example, capital outlays of \$12.4 million are not reported in the statement of activities while depreciation of \$8.3 million is shown. Another significant factor is the Other Post Employment Benefits (OPEB) of \$2.1 million, per GASB 45, which are not reported as governmental funds but are included as an expense in the statement of activities. The detailed reconciliation is described further under Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities in the section Major Fund Statements.
- The County's governmental net assets of \$491.6 million exceed the County's governmental fund balance by \$382.3 million. The additional net assets are a result of recognizing \$350.3 million of net capital assets and another \$83.4 million for internal service balances and receivables that are not reported in governmental funds. These increases are then offset by long term debt obligations of \$43.3 million and compensated absences, other post employment benefits, and interfund balances of \$8 million. This is described further in the Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Assets.

## **Major Funds Statements**

- Governmental cash balance increased by \$5.3 million in 2007 compared to 2006. The cash balance increased by \$7.7 million in the Real Estate Excise Tax, Roads, and Medic One Funds and was then offset by a \$2.4 million decrease in the General Fund and a \$700,000 decrease in the Public Health and Social Services Fund. The remaining difference of \$700,000 is the net result of the creation of a new major fund "Detention Facilities Sales Tax Holding Fund" with \$13.4 million in cash and a reduction in Other Governmental Fund cash of \$12.7 million.
- Governmental revenues in 2007 exceeded revenues in 2006 by a net \$7.3 million or 4.3%. There were two major areas of increase. Tax revenues increased by \$8.8 million and intergovernmental revenues increased by \$4.9 million. These increases were offset by reductions in revenues from licenses and permits of \$2.7 million, miscellaneous revenues of \$3.4 million, and charges for services and fines and forfeits of \$156,482. In terms of individual funds, General Fund revenues increased by \$2.7 million, Public Health and Social Services Fund revenues increased by \$4.3 million, the Roads Fund by \$1.4 million and the Medic One Fund by \$563,073. The new Detention Facilities Sales Tax Holding Fund received \$5.1 million in revenues. Revenue fund reductions occurred in the Real Estate Excise Tax Fund and Other Governmental Funds totaling \$6.7 million.
- Governmental expenditures in 2007 exceeded 2006 expenditures by a net \$12.3 million or 7.6%. The major areas of increase included Public Safety of \$7.5 million, Culture and Recreation of \$2.7 million, Health and Human Services of \$2.2 million, and Transportation of \$1.9 million. The most significant decrease in governmental fund expenditures of \$3.1 million occurred in the category of Economic Environment. The overall expenditure growth in the General Fund was \$4.4 million or 7 percent.
- The County Treasurer is responsible for managing, receipting, investing and disbursing \$465.8 million in cash as valued on December 31, 2007. Of this total, \$310.4 million was managed for outside agencies and organizations; and \$27.9 and \$24.6 million were for enterprise and internal service operations respectively. The remaining \$102.9 million was comprised of the following governmental funds: general fund - \$4.0 million, detention facility sales tax holding - \$13.4 million, real estate excise tax - \$20.1 million, roads - \$18.8 million, medic one - \$16.4 million, public health and social services - \$4.3 million, and other governmental funds - \$25.9 million.
- The Solid Waste Utility is the dominant business activity because it comprises 74% of the County's business type operating revenues and 64% of the business operating expenses. The Grand Mound Utility is the other major business type activity for Thurston County, comprising 2.4% of the business revenues and 4.7% of the expenses.

## **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 Recreation, and WSU Cooperative Extension

**Economic Environment:** Community Development, Pacific Mountain Job Training Consortium, and Veterans Services

**Health & Human Services:** Public Health, Social Services, and Medical Aid (Medic One)

**Utilities and Environment:** Noxious Weeds, Conservation Futures, and Lakes Management Districts for Long, Lawrence and South Pattison lakes

**Public Safety:** Sheriff, Corrections, Juvenile Services, Emergency Services and Communications, Civil Services, Clerk, District Court, Superior Court, Assigned Council, Prosecuting Attorney, and the Coroner's Office

**Transportation:** Road Construction and Maintenance, Road Improvement Districts, Roads Development Review, and the Geo-Data Center

**Business type activities:** Water and Wastewater Utilities (for unincorporated parts of the County including Tamoshan, Grand Mound, Boston Harbor, and Olympic View), Solid Waste, Storm Drainage, and Septic System Repair Financing

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report (CAFR) is presented in four sections: introductory, financial, supplementary, and statistical. The introductory section includes a transmittal letter, the County's organization chart, and a list of principal elected officials as of December 31, 2007. The transmittal letter reports on financial events and conditions that complement other sections of this report including the County's economic condition and demographics, identification of current and prospective financial issues and recent governmental accomplishments. The financial section contains the management discussion and analysis (MD&A), government-wide financial statements, major fund financial and budgetary statements, and notes to the financial statements. The supplementary section contains combining fund and other supplemental information required for a CAFR. The statistical section presents a summary of County financial, revenue, debt, economic, demographic and performance information over the past ten years.

### Government-wide Financial Statements

Government-wide financial statements present a broad overview of County finances. Both long and short term assets and liabilities are reported using full accrual accounting. Revenues and expenses are recognized when they are incurred as opposed to when the cash is received or transferred. The statements therefore resemble a private-sector financial report.

Governmental activities are segregated from business type activities. Governmental activities are principally supported by taxes and intergovernmental revenues whereas business-type activities are principally supported by user fees and charges.

The statement of net assets reports the County's assets, liabilities and remaining net assets. Over time, increases or decreases in net assets are a measure of the County's financial health. However, other non-financial factors impact financial health including the condition of the County's infrastructure (roads, bridges, drainage systems, etc.), property tax base and general economic and demographic conditions within the County.

The statement of activities reports tax flows and service revenues and costs. The report initially measures program funding by offsetting program costs with revenues which includes charges for services, grants and contributions. The resulting excess cost is then offset by taxes and other general revenues. The net effect is the County's annual change in net assets.

### Fund Financial Statements

Fund financial statements report balances and activities for the County's larger and more significant funds. Funds are a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Thurston County also uses fund accounting to comply with finance-related legal requirements.

## Thurston County, Washington 2007

This report segregates County operations into governmental, proprietary and fiduciary funds. Governmental operations are primarily supported by tax dollars. These funds exclude long-term assets and obligations and therefore provide a short-term (1 year) overview of fund financial health.

Proprietary funds account for business type activities where part or all of the cost is directly financed by user fees and charges. These funds include both short-term and long-term assets and obligations and therefore provide both a short-term and long-term overview of fund financial health.

Fiduciary funds account for resources held by the County Treasurer as a trustee or agent for parties outside County government or for balances temporarily held in a suspense account. The resources of fiduciary funds are not used to support County operations and programs.

The County maintains budgetary control for all governmental and proprietary funds. The County adopted the 2007 General Fund budget at the department level. Budgetary control is adopted at the fund level for all other funds. Capital projects are approved by project group, project or project item basis.

### **Governmental Funds**

The balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds present separate financial columns for the General Fund, Detention Facility Sales Tax Holding Fund, Real Estate Excise Tax Fund, Roads, Medic One and Public Health and Social Services Funds. The General Fund is always a major fund. However, other funds are major funds based on criteria established by GASB Statement 34. A fund is a major fund if assets, liabilities, revenues or expenses/expenditures comprise:

- 1) 10% of the total amount for all governmental and enterprise funds, and
- 2) 5% of the total amount of governmental or enterprise funds based on fund type.

Four reconciliation statements are included within this report. These statements reconcile governmental and proprietary balances and activities between the government-wide and major fund financial statements. The proprietary reconciliation statements reconcile only internal balances generated in the preparation of the government-wide statements. However, the governmental reconciliation statements reconcile fund balances and changes in fund balances in the major fund financial statements to net assets and changes in the net assets in the government-wide financial statements. The governmental reconciliation statements therefore report the prior and current long-term financial impact on net assets and changes in net assets from current financing decisions reported in the major fund financial statements in current and prior year financial reports.

Thurston County budgets by both fund and by office or department within the fund. Budgets are also developed for major categories of expenses, such as personnel costs, supplies, professional services, repairs and maintenance, and fixed indirect costs like insurance, records management, communications, space usage and data processing costs. A budgetary comparison showing budget versus actual is provided for the General Fund, which is discussed in detail later in this analysis.

### **Proprietary Funds**

Enterprise and internal service comprise the two types of proprietary funds used by the County. Enterprise funds are reported as business-type activities in the government-wide financial statements. Enterprise funds account for services provided by solid waste, development services, utilities planning and development, septic assistance community loan and storm, clean and waste water programs.

Internal service funds accumulate and allocate program service costs to other funds and intergovernmental jurisdictions. The County's internal service funds include: risk management, engineering services, benefits and utilities administration, central services (facilities maintenance and construction and information technology support) and equipment rental and replacement. Internal service revenues and expenses are excluded from the government-wide statements since the charges for these services are already included as costs in all other serviced County funds.

## Thurston County, Washington 2007

Proprietary funds and government-wide statements report balances and activities using the economic resources measurement focus and full accrual basis of accounting. The Solid Waste and Grand Mound utility programs are reported separately. All other non-major enterprise funds are aggregated into a separate columnar presentation (similar to the single columnar presentation for all non-major governmental funds in the governmental fund financial statements). Internal service funds are also combined and reported separately. Proprietary fund financial statements are presented after the governmental fund financial statements.

### **Fiduciary Funds**

Fiduciary Funds account for resources held for the benefit of parties other than Thurston County and for amounts temporarily held in suspense. Fiduciary funds are not included in the government-wide statements since these resources do not support or fund County programs. The accounting method used to account for fiduciary external trust 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 external investment pool), 2) private purpose trust funds (which report amounts deposited with the County Clerk through Superior Court trust arrangements and agreements), and 3) agency funds (which are clearing accounts for assets held by the County in its role as custodian until the funds are distributed to private parties, organizations, or other government agencies). Fiduciary fund statements are presented after the proprietary fund financial statements.

### **Notes to Financial Statements**

The notes to the financial statements provide additional information essential to a full understanding of 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**

The following table reflects the condensed Government-Wide Statement of Net Assets. Thurston County's net assets as of December 31, 2007 are \$525.5 million. This reflects a net increase of \$8.7 million from fiscal year 2006. The annual increase in the net assets for 2007 was 1.7%.

**Thurston County Net Assets**

<b>Account</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Assets	\$ 158,805,573	\$ 150,634,182	\$ 34,736,338	\$ 37,080,480	\$ 193,541,911	\$ 187,714,662
Capital Assets	395,805,860	392,036,681	33,695,040	33,557,655	429,500,900	425,594,336
Total Assets	554,611,433	542,670,863	68,431,378	70,638,135	623,042,811	613,308,998
Current Liabilities	14,735,664	13,300,272	2,294,776	2,008,690	17,030,440	15,308,962
Long Term Liabilities	48,332,750	47,559,232	32,198,876	33,623,041	80,531,626	81,182,273
Total Liabilities	63,068,414	60,859,504	34,493,652	35,631,731	97,562,066	96,491,235
Net Assets:						
Invested in Capital						
Assets, Net of Related						
Debt	355,096,136	351,868,678	21,723,075	20,358,678	376,819,211	372,227,356
Restricted	107,897,449	111,379,265	5,361,448	5,643,212	113,258,897	117,022,477
Unrestricted	28,549,434	18,563,416	6,853,203	9,004,514	35,402,637	27,567,930
Total Net Assets	\$ 491,543,019	\$ 481,811,359	\$ 33,937,726	\$ 35,006,404	\$ 525,480,745	\$ 516,817,763

Thurston County's total assets were \$623 million as of December 31, 2007. Of this total, \$429.5 million was reported as capital assets, which includes infrastructure and construction in progress. The remaining assets include approximately \$155.4 million or 80% in cash and pooled investments, \$29.6 million in current receivables and prepayments, and \$8.5 million in other long-term assets.

Thurston County's total liabilities were \$97.5 million as of December 31, 2007. Of this total, \$17 million is due within the next fiscal year. Long-term general obligation bonds are 51.5% of total liabilities and 20.6% are due to accumulated landfill closure costs. The other significant liability is compensated absences and the new OPEB payable for \$9.1 million or 9.4% of total liabilities. The notes to the financial statements have additional details on these liabilities.

Total governmental assets increased by \$11.9 million whereas total governmental liabilities increased by \$2.2 million. The largest increases in assets were in cash and pooled investments of \$6.6 million, customer account receivables of \$1.9 million, and depreciable governmental capital assets of \$8.7 million. Non-depreciable assets decreased by \$5 million due primarily to a reclassification of road assets to depreciable.

Total assets increased by \$9.7 million; other than capital assets increased by \$5.8 million, while capital assets increased by \$3.9 million. Of the total increase in non-capital assets, \$6.4 million is attributable to restricted and unrestricted cash and pooled investments and \$1.9 million is from increases in customer account receivables. This is offset by a decrease of \$2.5 million from special assessment revenues, due from other governments, and other investments.

## Thurston County, Washington 2007

Of the total net assets of \$525.5 million, 71.7% or \$376.9 million is investments in capital assets net of related debt. These assets provide services to County citizens and are not available for future spending purposes. However, resources needed to repay this debt must be provided by other sources since capital assets cannot be readily liquidated to pay these liabilities. Of the remaining \$148.6 million in net assets (excluding investments in capital assets) 76.2% are subject to external spending restrictions. External restrictions include those provided in state law or by contractual agreement with outside entities, primarily state and federal agencies.

For governmental activities, \$107.9 million is restricted for various purposes in almost every major service area in the County. Restricted net assets decreased by \$3.5 million from the prior year primarily due to decreases in restricted net assets for the major functional service areas of economic environment of \$2.1 million, general government of \$4.4 million, and physical environment of \$1.6 million. Service areas that increased in restricted net assets included transportation of \$2.6 million, internal services of \$1.1 million, public safety of \$1.2 million, and culture and recreation of \$169,000.

For business-type activities, 99.5% of the \$5.4 million in restricted net assets is for landfill post-closure and the small remainder is for debt repayment. At the close of 2007, \$20.6 million in restricted cash and investments funds has been set aside to meet the accumulated landfill closure cost liability of \$20.1 million. Of the remaining net assets, \$35.4 million is unrestricted and available to fund any future County financial obligation. Of this total, 81% is available to fund governmental activities and the remaining 19% is available to fund business-type activities in 2007.

The County's governmental net assets of \$491.6 million in the statement of net assets exceed the County's governmental fund balance in the governmental balance sheet by \$382.3 million as noted in the "Financial Highlights to the Entity-Wide Statements". The adjustments that increase governmental net assets over governmental fund balance are summarized in the following table.

### Reconciliation Of Governmental Fund Balance To Net Assets

Balances & Adjustments	Amount
Governmental Fund Balance	\$ 109,300,510
Capitalized Net Capital Assets	350,256,111
Internal Service Net Assets & Receivables	83,373,608
Long Term Debt & Compensated Absences	<u>(51,387,210)</u>
Governmental Net Assets	<u>\$ 491,543,019</u>

# Thurston County, Washington 2007

## Statement of Activities

The following chart presents key elements in the Statement of Activities. Total County revenues (including net general revenues and adjustments) were increased by \$14 million from \$188.7 million in 2006 to \$202.7 million in 2007. Total County expenses were increased by \$23.3 million from \$171.6 million in 2006 to \$194.7 million in 2007. The annual growth in total net assets therefore decreased by \$9.1 million before any prior period adjustments.

### Thurston County's Statement of Activities

Account	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Program Revenues:</b>						
Charges for Services	\$ 19,244,740	\$ 20,747,902	\$ 22,650,457	\$ 18,139,718	\$ 41,895,197	\$ 38,887,620
Operating Grants & Contrib.	43,981,345	39,764,951	284,147	284,458	44,265,492	40,049,409
Capital Grants & Contrib.	5,967,081	5,815,999	217,312	977,843	6,184,393	6,793,842
<b>General Revenues:</b>						
Taxes	101,151,580	91,775,978	-	-	101,151,580	91,775,978
Interest and Invest. Earnings	6,900,520	7,598,430	1,713,000	1,455,460	8,613,520	9,053,890
Other General Revenues	517,886	2,615,862	61,783	(512,705)	579,669	2,103,157
<b>Total Revenues</b>	<b>177,763,152</b>	<b>168,319,122</b>	<b>24,926,699</b>	<b>20,344,774</b>	<b>202,689,851</b>	<b>188,663,896</b>
<b>Program Expenses: (Net)</b>						
General Government	9,729,554	9,906,700	-	-	9,729,554	9,906,700
Culture and Recreation	5,848,770	3,032,683	-	-	5,848,770	3,032,683
Economic Environment	10,968,763	14,204,195	-	-	10,968,763	14,204,195
Health and Human Services	45,933,859	43,346,401	-	-	45,933,859	43,346,401
Utilities and Environment	1,636,119	1,593,881	-	-	1,636,119	1,593,881
Public Safety	64,826,213	55,514,228	-	-	64,826,213	55,514,228
Transportation	25,223,760	22,354,754	-	-	25,223,760	22,354,754
Interest	1,911,474	1,826,956	-	-	1,911,474	1,826,956
Solid Waste	-	-	18,115,101	16,150,450	18,115,101	16,150,450
Grand Mound	-	-	1,352,425	1,311,225	1,352,425	1,311,225
Other Business-Type Exp.	-	-	9,217,284	2,375,838	9,217,284	2,375,838
<b>Total Expenses</b>	<b>166,078,512</b>	<b>151,779,798</b>	<b>28,684,810</b>	<b>19,837,513</b>	<b>194,763,322</b>	<b>171,617,311</b>
<b>Excess (Deficiency) of Revenues over (under) Expenses before Transfers</b>	<b>11,684,640</b>	<b>16,539,324</b>	<b>(3,758,111)</b>	<b>507,261</b>	<b>7,926,529</b>	<b>17,046,585</b>
<b>Transfers</b>	<b>(2,865,367)</b>	<b>213,024</b>	<b>2,865,367</b>	<b>(213,024)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>8,819,273</b>	<b>16,752,348</b>	<b>(892,744)</b>	<b>294,237</b>	<b>7,926,529</b>	<b>17,046,585</b>
Ending Net Assets January 1	481,811,359	465,185,564	35,006,404	34,712,167	516,817,763	499,897,731
Prior Period Adjustment	912,387	(126,553)	(175,934)	-	736,453	(126,553)
<b>Restated Net Assets January 1</b>	<b>482,723,746</b>	<b>465,059,011</b>	<b>34,830,470</b>	<b>34,712,167</b>	<b>517,554,216</b>	<b>499,771,178</b>
<b>Ending Net Assets</b>	<b>\$ 491,543,019</b>	<b>\$ 481,811,359</b>	<b>\$ 33,937,726</b>	<b>\$ 35,006,404</b>	<b>\$ 525,480,745</b>	<b>\$ 516,817,763</b>

Governmental activities provided \$177.8 million in revenues (88%), while business-type activities provided \$24.9 million (12%). The 2007 ratio of total revenues between governmental and business-type is consistent with 2006. The two largest governmental revenues are taxes at \$101.2 million or 57% of

## Thurston County, Washington 2007

total governmental revenues and operating grants and contributions at \$44 million or 25% of total governmental revenues. The remaining 18% of governmental revenues include charges for services, interest and investment earnings and other general revenues.

The net change in governmental revenues was \$9.4 million. The largest increases in governmental revenues were taxes of \$9.4 million, operating grants and contributions of \$4.2 million, and a slight increase of capital grants and contributions of \$151,082. This was offset by decreases in governmental revenues occurring in charges for services of \$1.5 million, other general revenues of \$2.1 million, and interest and investment earnings of \$697,910.

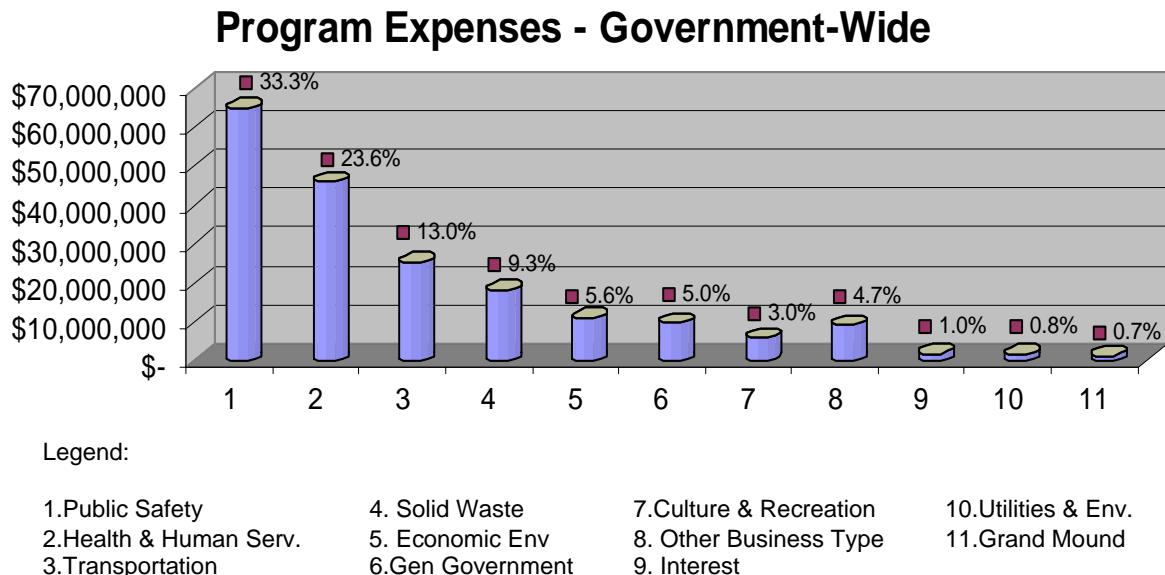
Charges for services account for 91% of total business-type revenues. Solid waste revenues account for 75% of business-type charges for services. Solid waste revenues increased by \$758,525 in 2007 due to a combination of a rate increase and an increase in tons of disposed waste. The remaining revenues include 2% for operating and capital grants and contributions and 5% for Interest and other miscellaneous and general revenues. The decrease in other general revenues is primarily due to a re-classification of storm water revenues from taxes to charges for services.

The County increased expenses by \$23.1 million to \$194.7 million in 2007. The governmental and business-type expense distribution in 2007 closely resembles the distribution from the prior year: \$166 million or 85% was in governmental activities and \$28.7 million or 15% was in business-type activities.

Public safety, health and human services, transportation, and economic environment programs comprise 89% of governmental expenses and 76% of total expenses. The largest increases in expenses include a \$9.3 million increase in public safety and a \$6.8 million increase in other business-type expenses. Other significant increases occurred in culture and recreation of \$2.8 million health and human services of \$2.6 million, and transportation of \$2.9 million. There was a decrease of \$3.2 million in economic environment activities.

The solid waste and grand mound utilities comprise 68% of the \$28.7 million in business-type expenses. The \$1.5 million increase in solid waste expenses out of a total \$8.2 million increase from 2006 was primarily due to an increase in disposed tons in 2007. The utility incurs a contracting and disposal fee through Lemay to provide long-hall and regional waste disposal services.

The following graph illustrates the distribution of expenses by program for both governmental and business type activities.



## Thurston County, Washington 2007

As noted in the "Financial Highlights to the Entity-Wide Statements", the County's governmental change in net assets of \$8.7 million in the "Statement of Net Assets" exceeds the County's governmental change in fund balance of \$5.9 million in the "Statement Of Revenues, Expenditures And Changes In Fund Balances" by \$2.8 million. The major changes and adjustments in the Statement of Activities for capital assets, debt, and interfund transactions are summarized and illustrated in the following table.

### Reconciliation Of Governmental Change In Fund Balance To Change In Net Assets

Balances & Adjustments	Amount
Net Changes in Governmental Fund Balances	\$ 5,850,214
Capital Outlay	12,434,621
Debt Issuance and Premium on Debt Issuance	(5,019,195)
Debt & Lease Principal Payments	<u>3,062,950</u>
Net Change After Excluding Amounts Excluded from the Statement of Activities	16,328,590
Depreciation & Gain On Capital Assets	(7,835,573)
Interfund Elimination & Revenue Deferral Recognition	2,618,581
Debt & Liability Expense & Adjustments	<u>(2,292,325)</u>
Net Change After Including Additional Adjustments in the Statement of Activities	<u><u>\$ 8,819,273</u></u>

### FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

Following is an analysis of the county's major governmental and proprietary funds.

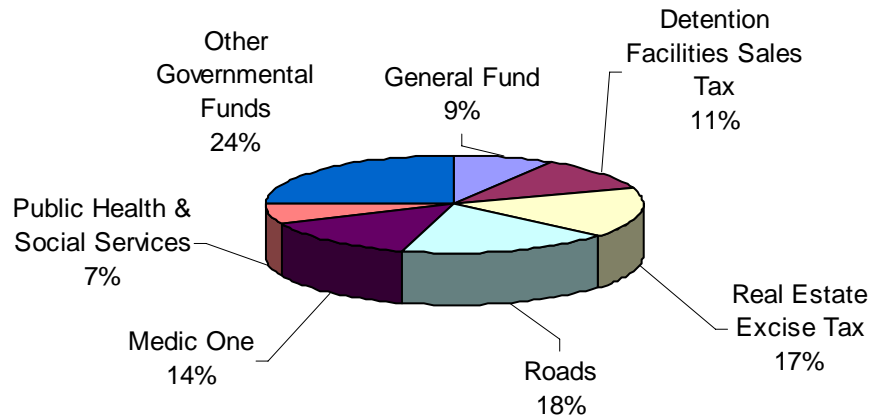
#### Governmental Funds Balance Sheet Analysis

Thurston County's governmental funds provide information on the short-term inflows, outflows and balances of expendable resources. The County's major funds account for 75% of total governmental fund assets and 75% of total governmental fund balance. Unreserved fund balance, as reported in the major governmental funds balance sheet, provides a useful measure of a fund's net resources available to be spent at year end. Of the \$109.3 million total fund balance, all but \$115,236 for debt service is unreserved. However, while unreserved, most of the funds are in essence restricted to fund specific activities and programs.

The General Fund is the chief operating fund of the County. The General Fund unreserved fund balance was \$6.5 million at the end of 2007, which is 5.9% of the total governmental fund balance. Likewise, General Fund total assets of \$10.5 million are 8.6% of total governmental fund assets. For 2007, General Fund expenditures exceeded revenues by \$1,167,117 and after further reductions from other financing sources of \$753,947, the total decrease in the General Fund balance was \$1.9 million.

The following chart shows the distribution of total assets for all major governmental funds:

### Total Assets - Governmental Funds



The Real Estate Excise Tax (REET) Fund cash and investments increased by \$4.2 million due to an increase in revenues and limited transfers of expenditures in 2007. This special revenue fund accounts for excise taxes collected from real estate transactions. Each real estate transaction is charged  $\frac{1}{2}$  of 1 percent of the value of transacted property. These moneys are restricted for various capital expenditures as stipulated in state statutes.

The REET fund balance increased by \$4.3 million as the only significant expenditures in 2007 were net transfers of \$1.5 million to fund debt payments associated with prior year projects. This fund represents 16.7% of total governmental assets and 18.6% of the total governmental fund balance.

Roads total assets increased by \$2.1 million in 2007. The net increase was primarily due to increases of \$2.9 million in cash and pooled investments and account receivables and decreases of \$808,086 in due from other governments and other funds. Two of the larger grant funded road projects in 2007 include the Hawks Prairie Road and the old Hwy 99 bridge projects. Road Fund liabilities decreased by \$1.4 million in 2007 due primarily to a decrease of deferred revenues of \$835,360. The Roads Fund balance correspondingly realized a slight increase of \$647,430.

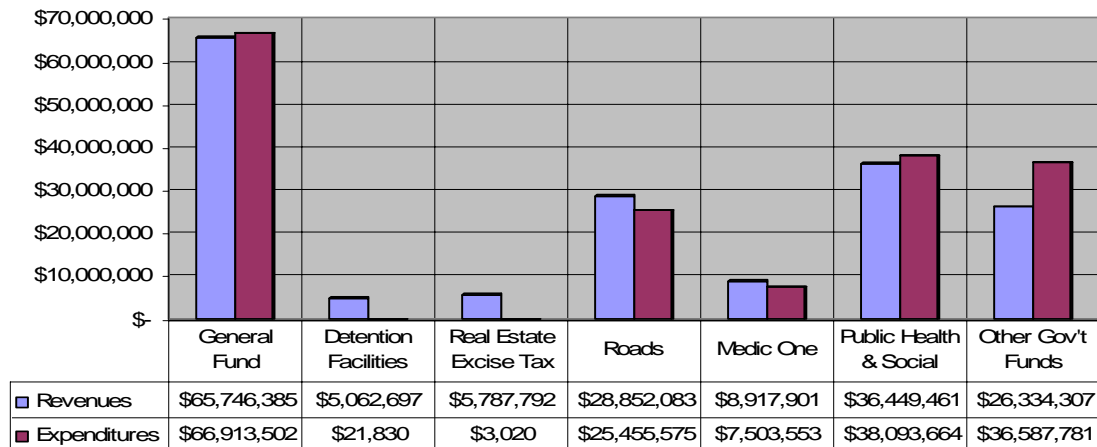
Public Health and Social Services total assets decreased in 2007 by \$786,719 whereas total liabilities decreased by \$367,455. The result was a net decrease in the Public Health and Social Services fund balance of \$419, 264. In 2007, Public Health and Social Services was 6.6% of total governmental assets and 5.1% of the total governmental fund balance, as opposed to 7.7% and 5.9% respectively in 2006.

Medic One's total assets comprise 13.7% of total governmental fund assets. The largest asset increase was an increase of \$628,761 in cash and pooled investments. Liabilities were reduced substantially with a reduction in accounts payable of \$525,120. Medic One liabilities and fund balance comprise 7% and 14% of total governmental liabilities and fund balance, respectively.

## Governmental Funds Revenue/Expenditure Analysis

The following chart shows revenues and expenditures for six major governmental funds and for all other governmental funds. Charted revenues and expenditures exclude other financing sources/uses and transfers.

### Governmental Fund Revenues and Expenditures



The General Fund, Public Health and Social Services Fund and Roads Fund account for 74% of total revenues and 75% of total expenditures. Total governmental fund balance increased by \$7.8 million in 2007, excluding \$600,431 in prior period adjustments. Total revenues increased by \$7.3 million. The total net revenue increase is primarily due to increases of: \$8.8 million in taxes and \$4.9 million in intergovernmental revenues. These increases were offset by revenue decreases of \$2.7 million in licenses and permits and \$3.4 million in miscellaneous revenues. Total governmental expenditures increased by \$12.3 million in 2007. The two largest expenditure increases from 2006 occurred in the General Fund of \$4.4 million and in other governmental funds of \$4.7 million.

Within total governmental funds, General Fund expenditures increased in 2007 by \$4.4 million. Within the General Fund, public safety and general government expenditures accounted for \$4.1 million of that increase. Whereas total General Fund revenues, excluding other financing sources and uses, increased by only \$2.7 million. This \$1.7 million difference accounts for almost 90% of the decrease in the General Fund balance from \$8.4 million to \$6.5 million.

Real Estate Excise Tax (REET) revenues were down \$2.5 million or 30% in 2007 as compared to 2006. Revenues within this fund are directly tied to activity in the real-estate market. This reduction was due to a decrease in tax revenues of \$1.1 million and a decrease in miscellaneous revenues of \$1.4 million due to a contractual remediation settlement for the juvenile detention center in the previous year. While revenues were down, there was again limited expenditure activity in the REET fund in 2007, resulting in a net increase in the fund balance of \$4.3 million.

The Roads Fund provides road maintenance and construction services to the citizens of Thurston County. Revenues increased by \$1.4 million or 5% and expenditures increased by \$757,892 million or 3%. The Roads Fund expended \$17.2 million on transportation projects and \$7 million on capital outlays in 2007, which includes the Hawks Prairie Road (\$1.8 million), Old Highway 99 and 93<sup>rd</sup> street intersection (\$465 thousand), Bald Hill Road (\$354 thousand) and the Morris Road Curve (\$209 thousand). Roads public safety expenditures decreased by \$453,534 in 2007.

## Thurston County, Washington 2007

The Public Health and Social Services Fund provides social and health services to the citizens of Thurston County. Revenues increased by 13% whereas expenditures increased by only 4% in 2007. Increases in revenues were primarily due to a \$3.4 million increase in intergovernmental revenues and a \$752,523 increase in revenues from taxes and charges for services. The majority of the increase in intergovernmental revenue occurred in mental health outpatient programs. The increase in taxes and charges for services was primarily due to service fees generated at the Evaluation and Treatment facility and overall improved service fee collections.

The Medic One Fund provides basic and advanced life support services to the citizens of Thurston County. The primary revenue source for this service is voter approved property taxes. Revenues increased by 7% whereas expenditures increased by 17% in 2007. The increase in expenditures was mainly due to the start of an internal ER&R fund requested by the Medic One EMS Council. The new internal fund would better allow planning, tracking, and reporting on capital and minor equipment purchases. Other reasons included assigning a new paramedic unit to the northeast count area, where the unit completed its first year of 12 hour peak time staffing service. This unit has 4 full time employees and costs roughly \$300 thousand to operate on a yearly basis. Results of operations still resulted in an increase of \$1.4 million to fund balance. The Medic One Fund balance was \$15.9 million at year end which includes \$7.4 million in reserves for major Medic One projects.

The Other Governmental Funds comprise all non-major Special Revenue, Capital Projects, and Debt Service funds of the County. During 2007, revenues in these funds decreased by over \$4 million compared to 2006. The reason for this decrease is twofold. First, in 2007, the Special Revenue fund Detention Facility Sales Tax, is considered a "major" Special Revenue fund for GASB 34 reporting purposes, whereas in 2006, it was considered a "non-major" Special Revenue fund. Second, the County opted to reclassify its Development Services fund from a Special Revenue fund in 2006, to an Enterprise Fund in 2007. This fund's revenues totaled \$4.9 million in 2006. The County also elected to reclassify its Communications Fund from an Internal Service fund in 2006 to a Special Revenue fund in 2007. Reclassifying this fund in 2007, added \$6.8 million in revenues to the Other Governmental Fund category. During 2007, expenditures for Other Governmental Funds increased by just over \$4.5 million. An increase of \$1.5 million in construction costs for a new jail and an increase of \$2.1 million in the County's Regional Athletic Complex joint venture were the main sources of this expenditure increase.



Thurston County, Washington 2007

**Enterprise Funds Net Assets Analysis**

The following table reflects the enterprise fund statement of net assets as of December 31, 2007.

**Thurston County  
Enterprise Net Assets**

<b>Assets</b>	<b>Solid Waste</b>	<b>Grand Mound</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
Cash & Pooled Investments	\$ 4,210,225	\$ 376,471	\$2,372,243	\$ 6,958,939
Other Current Assets	2,781,554	279,094	453,553	3,514,201
Restricted Assets:				
Cash and Pooled Investments	-	99,990	288,599	388,589
Total Current Assets	6,991,779	755,555	3,114,395	10,861,729
Long-Term Assets:				
Receivables and Deff Chrgs.	25,533	3,170,808	1,178,239	4,374,580
Capital Assets	32,583,440	14,836,836	15,915,323	63,335,599
Less Accumulated Depreciation	(21,128,102)	(2,413,701)	(6,098,756)	(29,640,559)
Restrict Assets: Cash and Pooled Investments	20,558,312	-	-	20,558,312
Total Long Term Assets	32,039,183	15,593,943	10,994,806	58,627,932
Total Assets	39,030,962	16,349,498	14,109,201	69,489,661
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable/ Due To's	2,151,432	257,360	540,647	2,949,439
Lim.Tax G.O.Bond-Current	-	479,768	-	479,768
Total Current Liabilities	2,151,432	737,128	540,647	3,429,207
Long-Term Liabilities:				
Limited G.O. Bonds Payable	-	10,057,447	-	10,057,447
Compensated Absences Payable	-	-	410,889	410,889
Intergov. Loans & Contracts Payable	-	100,753	1,737,969	1,838,722
Advances From Other Funds	-	20,000	5,533	25,533
Accumulated Landfill Closure Costs	20,091,050	-	-	20,091,050
Total Long Term Liabilities	20,091,050	10,178,200	2,154,391	32,423,641
Total Liabilities	22,242,482	10,915,328	2,695,038	35,852,848
<b>Net Assets</b>				
Invested in Capital Assets, net rel. debt	11,455,338	1,771,685	8,496,052	21,723,075
Restricted For:				
Postclosure, Net Of Related Liability	5,333,142	-	-	5,333,142
Debt Service	-	-	28,306	28,306
Unrestricted (Deficit)	-	3,662,485	2,889,805	6,552,290
<b>Total Net Assets</b>	<b>\$ 16,788,480</b>	<b>\$ 5,434,170</b>	<b>\$ 11,414,163</b>	<b>\$ 33,636,813</b>

## Thurston County, Washington 2007

The Solid Waste and Grand Mound utilities are the only major enterprise funds for Thurston County. The Solid Waste Fund provides solid waste disposal and reduction services to the citizens of Thurston County. The Grand Mound Fund provides water and waste water services to residents of Grand Mound in southern Thurston County. These funds comprise 80% of enterprise assets and 92% of enterprise liabilities (essentially the same percentages as 2006).

Combined net assets for enterprise funds were \$33.6 million in 2007 of which \$22.2 million or 66% resided in major funds. Of the combined net assets, \$21.7 million or 64% are capital assets net of related debt, whereas \$6.6 million or 19% are unrestricted. Unrestricted net assets decreased by \$1.7 million in 2007. Total current assets for enterprise funds continued to decrease in 2007 by \$3.7 million due primarily to a decrease of \$2.4 million in cash and investments. Total assets decreased by \$2 million in 2007. The restricted assets for the landfill increased from \$18.3 million to \$20.6 million.

### Enterprise Funds Revenue/Expense Analysis

The following table is a summary of enterprise fund revenues and expenses in 2007.

#### Thurston County Washington Enterprise Funds Revenues and Expenses

	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds
<b>Revenues:</b>				
Charges for Services	\$ 16,888,809	\$ 341,512	\$ 5,384,025	\$ 22,614,346
Miscellaneous	46,462	5,402	238,375	290,239
Interest Revenue	1,248,498	232,318	232,184	1,713,000
Other Nonoperating Revenue	-	1,753	78,957	80,710
Total Revenues	<u>18,183,769</u>	<u>580,985</u>	<u>5,933,541</u>	<u>24,698,295</u>
<b>Expenses:</b>				
Salaries and Benefits	2,007,260	258,607	5,634,868	7,900,735
Other Supplies and Expenses	337,186	35,377	327,716	700,279
Contractual Services	2,044,426	73,016	859,474	2,976,916
Longhaul Contract	11,534,875	-	-	11,534,875
Interfund Services and Charges	904,354	41,006	1,388,424	2,333,784
Depreciation/Amortization	833,086	368,135	693,778	1,894,999
Misc. Nonoperating Expenses	295,847	544,582	50,265	890,694
Total Expenses	<u>17,957,034</u>	<u>1,320,723</u>	<u>8,954,525</u>	<u>28,232,282</u>
Income (Loss) Before Contrib. and Trans.	226,735	(739,738)	(3,020,984)	(3,533,987)
Capital Contributions	-	171,965	30,340	202,305
Transfers In (Out)	-	174,609	2,690,758	2,865,367
Change in Net Assets	<u>226,735</u>	<u>(393,164)</u>	<u>(299,886)</u>	<u>(466,315)</u>
Net Assets as of January 1	16,561,745	5,827,334	11,889,983	34,279,062
Prior Period Adjustments	-	-	(175,934)	(175,934)
Net Assets as of January 1-Restated	<u>16,561,745</u>	<u>5,827,334</u>	<u>11,714,049</u>	<u>34,103,128</u>
Net Assets as of December 31	<u>\$ 16,788,480</u>	<u>\$ 5,434,170</u>	<u>\$ 11,414,163</u>	<u>\$ 33,636,813</u>

Total operating revenues from charges for services in 2007 are \$22.6 million and comprise 92% of total enterprise operating and non-operating revenues. Total operating revenues for enterprise funds increased by \$4.5 million in 2007. Please note that operating revenues and expenses are not segregated within the accompanying summarized table whereas they are segregated within the fund financial statements.

## Thurston County, Washington 2007

The Solid Waste Fund has provided waste disposal and reduction services through a solid waste transfer facility since 1999 at the Hawk's Prairie Solid Waste and Recovery Center. Solid waste was disposed at a landfill at this site prior to that time. Maintenance of the closed landfill is fully funded through post closure reserves generated from landfill revenues prior to closure. Solid Waste Fund revenues comprise 74% of total enterprise revenues and 64% of total enterprise expenditures.

The Grand Mound Fund has provided water and waste water services to the Grand Mound area since 1999. Grand Mound Fund revenues comprise 2% of total enterprise revenues and 5% of total enterprise expenditures. Interest revenues comprise 40% of total revenues in the Grand Mound Fund, primarily from funds reserved for the repayment of general obligation debt. In 2007, net assets in the Grand Mound Fund decreased by \$393,164.

The County has usually funded utility capital construction and major replacement with general facility charges and assessments. Consequently, depreciation expense comprises 47% of the \$776,141 Grand Mound Fund operating expenses in 2007. In April of 2007 the County signed an agreement with the Chehalis Tribe for a \$1.6 million water-line construction and service agreement for a Great Wolf Lodge water park, convention center and hotel. The agreement states that the Grand Mound utility will provide up to 85,000 gallons of water per day to this facility. The lodge opened in the spring of 2008.

### **General Fund Budgetary Highlights**

Thurston County adopts an annual budget in December of the preceding year. Adjustments are made to the budget throughout the year with a major review in June. The following table shows the changes between the original and final budget as of December 31, 2007. A positive variance is reported if final budget revenues exceed original budget revenues whereas a negative variance is reported if final budget revenues are less than the original budgeted revenues. The reverse is shown for expenditures. A negative variance is reported if final budget expenditures exceed original budget expenditures and a positive variance is shown if the original budget expenditures exceeds the final budgeted expenditures.

**See Next Page**

Thurston County, Washington 2007

**Thurston County  
General Fund Changes in Budget**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Taxes	\$ 48,027,498	\$ 47,604,102	\$ (423,396)
Licenses & Permits	51,075	51,075	-
Intergovernmental	6,507,780	8,017,327	1,509,547
Charges for Services	7,020,020	7,138,864	118,844
Fines & Forfeitures	1,513,027	1,513,027	-
Miscellaneous	3,111,939	3,115,439	3,500
<b>Total General Revenues</b>	<b>66,231,339</b>	<b>67,439,834</b>	<b>1,208,495</b>
Other Financing Sources:			
Capital Lease Financing	-	-	-
Other Finance Sources - Capital Asset Sales	400	400	-
Transfers In	1,604,390	1,733,460	129,070
<b>Total Other Financing Sources</b>	<b>1,604,790</b>	<b>1,733,860</b>	<b>129,070</b>
<b>Total Revenues</b>	<b>\$ 67,836,129</b>	<b>\$ 69,173,694</b>	<b>\$ 1,337,565</b>
<b>Expenditures by Department:</b>			
Total Assessor's Office	\$ 3,363,347	\$ 3,372,937	\$ (9,590)
Total Auditor's Office	4,448,481	5,201,271	(752,790)
Total Assigned Counsel	2,662,945	2,786,574	(123,629)
Total Civil Service	116,883	116,883	-
Total Clerk's Office	3,100,752	3,100,752	-
Total Commissioner's Office	1,139,805	1,139,805	-
Total Coroner's Office	626,915	721,463	(94,548)
Total Corrections	12,890,138	13,062,232	(172,094)
Total District Court	2,824,804	2,897,611	(72,807)
Total Human Resources	1,387,459	1,429,569	(42,110)
Total Juvenile Probation	6,123,190	6,213,190	(90,000)
Total Non-Departmental	4,373,773	4,251,457	122,316
Total Prosecuting Attorney	7,259,264	7,622,998	(363,734)
Total State Examiner	112,335	115,000	(2,665)
Total Sheriff	14,176,941	14,255,241	(78,300)
Total Superior Court	4,066,436	4,410,614	(344,178)
Total Treasurer's Office	1,039,029	1,064,564	(25,535)
Total WSU Extension	505,288	556,963	(51,675)
<b>Total General Fund Expenditures</b>	<b>70,217,785</b>	<b>72,319,124</b>	<b>(2,101,339)</b>
Net Changes in Fund Balances	(2,381,656)	(3,145,430)	(763,774)
Fund Balances as of January 1	6,794,262	7,081,659	287,397
<b>Fund Balances as of December 31</b>	<b>\$ 4,412,606</b>	<b>\$ 3,936,229</b>	<b>\$ (476,377)</b>

Tax revenues in the final 2007 budget were reduced by \$423,396 or .9% while intergovernmental charges were increased by \$1.5 million or 23%. The net revenue increase for the General Fund from the original budget to the final adopted budget, including other financing sources, was \$1.3 million or 2%.

With regard to expenditures, the net increase in total budget expenditures from the original budget to the final budget was \$2.1 million or 3%. The most significant dollar value change in budget expenditures was for the Auditor's Office, with an increase of \$752,790. This was due to the additional budgetary request for a Help America Vote Act (HAVA) grant for a new elections ballot sorter and a new voter registration

## Thurston County, Washington 2007

system. The next largest increase was in the Prosecuting Attorney's Office at \$363,734 resulting from increased grant funds for the Weed and Seed Program and Crime Victims Advocate Network. The Superior Court budget was increased by \$344,178 to help respond to increased costs related to jury trials, mandated use of professional services, and continued funding for four court security officers. The Corrections Office budget was also increased by \$172,094 due to new grant activity, making up the remaining significant change.

Total final budget revenues increased by \$5.3 million or 8.3% from 2006 whereas budget expenditures increased by \$5.4 million or 8% from the prior year.

### **General Fund Budget to Actual Variances**

The table on the following page summarizes differences between budget and actual for revenues and expenditures in the General Fund. Operating transfers are included within amounts reported for revenues and expenditures for each department.

The final results for 2007 show actual revenues at \$1.7 million or 2.5% below the final budget and actual expenditures at \$2.9 million or 4% under budget. When compared to the prior year, actual revenues increased by \$2.9 million or 4.4% whereas actual expenditures (including transfers out) increased by \$4.6 million or 7%.

The ending General Fund balance in 2007 was \$6.5 million. This was a \$1.9 million decrease from 2006. While the actual General Fund balance decreased by \$1.9, there was a \$2.6 million positive ending fund balance variance from the budgeted ending fund balance of \$3.9 million after including other financing sources, uses and transfers.

Within the \$4.6 million increase in General Fund expenditures in 2007 (including capital outlays, debt service and transfers out), the largest increases from 2006 were in the area of Public Safety. The Sheriff's Office increased by \$613,000, Corrections by \$760,467, Superior Court by \$537,777, District Court by \$370,814, Juvenile Probation by \$507,922 and the Prosecuting Attorney's Office by \$505,363. The Sheriff's Office increase was the result of adding one Sergeant, a new on-line timekeeping and reporting system, and \$357,000 in internal service fund charges. The major increase for Corrections was the addition of five new correctional officers. Superior Court added six new positions and District Court added two new positions, one of which addressed a separation of duties issue in a prior audit. Prosecuting Attorney added three project positions to support their grant activity and Juvenile Court's increase was principally in extra help to meet caseloads.

**Thurston County**  
**General Fund Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**As of December 31, 2007**

	Final 2007 Budget	2007 Actuals	Variance Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 47,604,102	\$ 46,415,174	\$ (1,188,928)
Licenses & Permits	51,075	58,475	7,400
Intergovernmental	8,017,327	7,745,602	(271,725)
Charges for Services	7,138,864	6,784,522	(354,342)
Fines & Forfeitures	1,513,027	1,812,688	299,661
Miscellaneous	3,115,439	2,929,924	(185,515)
<b>Total General Revenues</b>	<b>67,439,834</b>	<b>65,746,385</b>	<b>(1,693,449)</b>
Other Financing Sources:			
Capital Lease Financing	-	164,942	164,942
Other Finance Sources - Capital Asset Sales	400	250	(150)
Transfers In	1,733,460	1,548,857	(184,603)
Total Other Financing Sources	1,733,860	1,714,049	(19,811)
<b>Total Revenues</b>	<b>\$ 69,173,694</b>	<b>\$ 67,460,434</b>	<b>\$ (1,713,260)</b>
<b>Expenditures by Department:</b>			
Total Assessor's Office	\$ 3,372,937	\$ 3,368,973	\$ 3,964
Total Auditor's Office	5,201,271	4,334,958	866,313
Total Assigned Counsel	2,786,574	2,604,465	182,109
Total Civil Service	116,883	108,189	8,694
Total Clerk's Office	3,100,752	3,075,743	25,009
Total Commissioner's Office	1,139,805	1,158,511	(18,706)
Total Coroner's Office	721,463	658,661	62,802
Total Corrections	13,062,232	12,769,243	292,989
Total District Court	2,897,611	2,828,266	69,345
Total Human Resources	1,429,569	1,343,709	85,860
Total Juvenile Probation	6,213,190	6,064,726	148,464
Total Non-Departmental	4,251,457	3,411,496	839,961
Total Prosecuting Attorney	7,622,998	7,628,120	(5,122)
Total State Examiner	115,000	114,217	783
Total Sheriff	14,255,241	13,950,991	304,250
Total Superior Court	4,410,614	4,369,000	41,614
Total Treasurer's Office	1,064,564	1,061,865	2,699
Total WSU Extension	556,963	530,365	26,598
<b>Total General Fund Expenditures</b>	<b>72,319,124</b>	<b>69,381,498</b>	<b>2,937,626</b>
Net Changes in Fund Balances	(3,145,430)	(1,921,064)	1,224,366
Fund Balances as of January 1	7,081,659	8,426,916	1,345,257
<b>Fund Balances as of December 31</b>	<b>\$ 3,936,229</b>	<b>\$ 6,505,852</b>	<b>\$ 2,569,623</b>

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

Thurston County's total net investment in governmental and business-type capital assets was \$429.5 million at year end. Of this total, \$278.8 million (65%) are non-depreciable assets and \$150.7 million (35%) are depreciated. Capital assets comprise 69% of total assets. Capital assets include land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. A capital asset breakdown is provided in Note VI within the financial statement section.

Net depreciable assets increased by \$9.2 million in 2007, while non-depreciable assets decreased by \$5.3 million. A significant part of the increase in depreciable assets was due to \$1.7 million in storm water projects, \$1.7 million in road capitalized equipment through the ER&R fund, improvements to Heritage Hall at the fairgrounds of \$1 million, and improvements to Park facilities at Kennydell, Griffin, and the new Regional Athletic Center of \$681,000. The most significant part of the decrease in non-depreciable assets was a conversion of construction in progress road projects from non-depreciable to depreciable.

### **Long-Term Debt**

Total general obligation debt outstanding at year end was \$52.9 million (\$42.4 million in governmental activities and \$10.5 million in Business-type activities). Loans, contracts and leases were \$2.9 million at year end. The County did issue \$5 million in new general obligation debt during 2007 to finance the new Accountability and Restitution Center (ARC) and conversion of warehouse to office space.

The County has the capacity to issue \$432 million in debt without a vote under the limitation of indebtedness statute. Debt liabilities exceed assets reserved for debt repayment by \$52.7 million. This leaves \$379.4 million of additional indebtedness available under the 1.5% limit of taxable property value.

See financial statement note VII for more information on the various debt issuances outstanding and the original reason for their issuance.

**Statement Of Net Assets**  
**December 31, 2007**  
**Page 1 of 2**

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Current Assets:</b>			
Cash & Pooled Investments	\$ 127,457,636	\$ 6,958,939	\$ 134,416,575
<i>Receivables:</i>			
Taxes Receivable	2,013,932	-	2,013,932
Special Assessment Receivables	63,265	386,985	450,250
Accrued Interest & Penalties	2,983,103	363,896	3,346,999
Customer Account Receivables	12,330,506	1,575,451	13,905,957
Internal Balances	432,286	(432,286)	-
Due from Other Government Units	7,881,120	587,405	8,468,525
Inventory	982,907	-	982,907
Prepayments	409,650	-	409,650
<i>Restricted Assets:</i>			
Cash & Pooled Investments	-	388,589	388,589
Investments at Cost	-	-	-
Total Current Assets	154,554,405	9,828,979	164,383,384
<b>Long-Term Assets:</b>			
Deferred Charges	234,456	188,551	423,007
Community Loans Receivable	-	154,949	154,949
Other Long-Term Receivables	-	-	-
Special Assessment Receivables	232,147	4,005,547	4,237,694
Advances To Other Funds	-	-	-
Investment in Joint Ventures, Net	3,784,565	-	3,784,565
<i>Capital Assets:</i>			
Non-Depreciable	274,253,350	4,538,293	278,791,643
Depreciable, Net	121,552,510	29,156,747	150,709,257
<i>Restricted Assets: Cash and Pooled Investments</i>	-	20,558,312	20,558,312
Total Noncurrent Assets	400,057,028	58,602,399	458,659,427
<b>Total Assets</b>	<b>554,611,433</b>	<b>68,431,378</b>	<b>623,042,811</b>

See accompanying notes to the financial statements



**Statement Of Net Assets**  
**December 31, 2007**  
**Page 2 of 2**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	7,106,701	1,461,319	8,568,020
Due To Other Funds	-	-	-
Notes Payable	381,252	146,760	528,012
Due to Other Government Units	600,692	7,697	608,389
Compensated Absences	4,248,232	199,232	4,447,464
Limited G.O. Bonds Payable	2,282,355	479,768	2,762,123
Unearned Revenue	116,432	-	116,432
Total Current Liabilities	14,735,664	2,294,776	17,030,440
<b>Long-Term Liabilities:</b>			
Limited G.O. Bonds Payable	40,161,961	10,057,447	50,219,408
Compensated Absences & OPEB Payable	4,466,002	211,657	4,677,659
Claims & Judgments Payable	3,158,870	-	3,158,870
Intergovernmental Loans & Contracts Payable	545,917	1,838,722	2,384,639
Advances From Other Funds	-	-	-
Accumulated Landfill Closure Costs	-	20,091,050	20,091,050
Total Noncurrent Liabilities	48,332,750	32,198,876	80,531,626
<b>Total Liabilities</b>	<b>63,068,414</b>	<b>34,493,652</b>	<b>97,562,066</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	355,096,136	21,723,075	376,819,211
<b>Restricted Net Assets:</b>			
Culture & Recreation	432,900	-	432,900
Economic Environment	3,681,800	-	3,681,800
General Government	19,376,900	-	19,376,900
Health and Human Services	18,078,400	-	18,078,400
Internal Service	20,542,249	-	20,542,249
Public Safety	23,657,300	-	23,657,300
Physical Environment	1,928,700	-	1,928,700
Transportation	20,199,200	-	20,199,200
Debt Service	-	28,306	28,306
Landfill Postclosure	-	5,333,142	5,333,142
Unrestricted (Deficit)	28,549,434	6,853,203	35,402,637
<b>Total Net Assets</b>	<b>\$ 491,543,019</b>	<b>\$ 33,937,726</b>	<b>\$ 525,480,745</b>

See accompanying notes to the financial statements

**Statement Of Activities**  
**For The Year Ended December 31, 2007**  
**Page 1 of 2**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants And Contributions	Capital Grants & Contributions
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 13,751,270	\$ (4,021,716)	\$ 2,465,701	\$ 29,199	\$ 252,065
Culture & Recreation	5,756,924	91,846	1,119,202	166,671	-
Economic Environment	10,871,287	97,476	2,443,618	8,568,377	828,811
Health & Human Services	45,151,943	781,916	2,503,671	31,616,470	-
Public Safety	63,503,092	1,323,121	8,262,962	3,413,353	16,694
Transportation	24,384,644	839,116	1,685,740	159,887	4,869,511
Utilities & Environment	1,597,895	38,224	763,846	27,388	-
Interest and Fiscal Charges	1,911,474	-	-	-	-
Total Governmental Activities	166,928,529	(850,017)	19,244,740	43,981,345	5,967,081
Business-Type Activities:					
Solid Waste	18,033,293	81,808	16,890,041	182,531	-
Grand Mound	1,331,573	20,852	341,512	308	184,420
Other	8,469,927	747,357	5,418,904	101,308	32,892
Total Business-Type Activities	27,834,793	850,017	22,650,457	284,147	217,312
Total Primary Government	\$ 194,763,322	\$ -	\$ 41,895,197	\$ 44,265,492	\$ 6,184,393

See accompanying notes to the financial statements

**Statement Of Activities**  
**For The Year Ended December 31, 2007**  
**Page 2 of 2**

Functions/Programs	Net (Expense) Revenue and Changes In Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>			
<i>Governmental Activities:</i>			
General Government	\$ (6,982,589)	\$ -	\$ (6,982,589)
Culture & Recreation	(4,562,897)	-	(4,562,897)
Economic Environment	872,043	-	872,043
Health & Human Services	(11,813,718)	-	(11,813,718)
Public Safety	(53,133,204)	-	(53,133,204)
Transportation	(18,508,622)	-	(18,508,622)
Utilities & Environment	(844,885)	-	(844,885)
Interest and Fiscal Charges	(1,911,474)	-	(1,911,474)
<b>Total Governmental Activities</b>	<b>(96,885,346)</b>	<b>-</b>	<b>(96,885,346)</b>
<i>Business-Type Activities:</i>			
Solid Waste	-	(1,042,529)	(1,042,529)
Grand Mound	-	(826,185)	(826,185)
Other	-	(3,664,180)	(3,664,180)
<b>Total Business-Type Activities</b>	<b>-</b>	<b>(5,532,894)</b>	<b>(5,532,894)</b>
<b>Total Primary Government</b>	<b>\$ (96,885,346)</b>	<b>\$ (5,532,894)</b>	<b>\$ (102,418,240)</b>
<b>General Revenues:</b>			
<i>Taxes:</i>			
Property Taxes, Levied for Specific Purposes	25,849,728	-	25,849,728
Franchise and Public Serv. Taxes, Assessed for Specific Purposes	27,934,302	-	27,934,302
Property Taxes, Levied for General Purposes	30,957,804	-	30,957,804
Franchise and Public Serv. Taxes, Assessed for General Purposes	16,409,746	-	16,409,746
<i>Other General Revenues:</i>			
Interest & Investment Earnings	6,900,520	1,713,000	8,613,520
Miscellaneous	517,886	61,783	579,669
<i>Transfers In/(Out)</i>	<i>(2,865,367)</i>	<i>2,865,367</i>	<i>-</i>
<b>Total General Revenues, Special Items and Transfers</b>	<b>105,704,619</b>	<b>4,640,150</b>	<b>110,344,769</b>
<b>Change in Net Assets</b>	<b>8,819,273</b>	<b>(892,744)</b>	<b>7,926,529</b>
Net Assets as of January 1	481,811,359	35,006,404	516,817,763
Prior Period Adjustment	912,387	(175,934)	736,453
Net Assets as of January 1 - Restated	482,723,746	34,830,470	517,554,216
<b>Net Assets as of December 31</b>	<b>\$ 491,543,019</b>	<b>\$ 33,937,726</b>	<b>\$ 525,480,745</b>

See accompanying notes to the financial statements

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**  
**Page 1 of 2**

	General Fund	Detention Facility Sales Tax Holding	Real Estate Excise Tax	Roads
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash & Pooled Investments	\$ 3,953,958	\$ 13,376,237	\$ 20,113,994	\$ 18,775,876
Receivables:				
Taxes Receivable	1,023,028	-	-	649,107
Special Assessment Receivables	-	-	-	-
Accrued Interest & Penalties	1,973,066	83,196	108,054	55,784
Customer Account Receivables	2,438,072	-	-	-
Due from Other Funds	202,737	2,327	180,000	82,551
Due from Other Government Units	877,761	-	-	1,817,921
Inventory	-	-	-	780,733
Prepayments	23,632	-	-	-
<b>Total Assets</b>	<b>\$ 10,492,254</b>	<b>\$ 13,461,760</b>	<b>\$ 20,402,048</b>	<b>\$ 22,161,972</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 988,240	\$ -	\$ -	\$ 629,263
Due to Other Funds	47,529	41,029	62,598	45,789
Due to Other Government Units	787	-	-	5,358
Deferred Revenues	2,949,846	-	-	748,063
<b>Total Liabilities</b>	<b>3,986,402</b>	<b>41,029</b>	<b>62,598</b>	<b>1,428,473</b>
<b>FUND BALANCES</b>				
<b>Reserved For:</b>				
Debt Service	-	-	-	-
<b>Unreserved-Designated for Inventories</b>				
Special Revenue Funds	-	-	-	780,733
<b>Unreserved-Designated for Petty Cash</b>				
General Fund	25,000	-	-	-
Special Revenue Funds	-	-	-	300
<b>Unreserved - Undesignated, Reported In:</b>				
General Fund	6,480,852	-	-	-
Special Revenue Funds	-	13,420,731	20,339,450	19,952,466
Capital Projects Funds	-	-	-	-
<b>Total Fund Balance</b>	<b>6,505,852</b>	<b>13,420,731</b>	<b>20,339,450</b>	<b>20,733,499</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 10,492,254</b>	<b>\$ 13,461,760</b>	<b>\$ 20,402,048</b>	<b>\$ 22,161,972</b>

See accompanying notes to the financial statements

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**  
**Page 2 of 2**

	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash & Pooled Investments	\$ 16,365,843	\$ 4,335,452	\$ 25,945,040	\$ 102,866,400
Receivables:				
Taxes Receivable	276,060	17,742	47,995	2,013,932
Special Assessment Receivables	-	7,255	56,010	63,265
Accrued Interest & Penalties	112,725	105,835	387,896	2,826,556
Customer Account Receivables	-	35,239	628,781	3,102,092
Due from Other Funds	1,888	194,835	1,503,125	2,167,463
Due from Other Government Units	7,000	3,374,207	1,804,231	7,881,120
Inventory	-	-	1,309	782,042
Prepayments	-	-	301,351	324,983
<b>Total Assets</b>	<b>\$ 16,763,516</b>	<b>\$ 8,070,565</b>	<b>\$ 30,675,738</b>	<b>\$ 122,027,853</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 535,481	\$ 1,942,660	\$ 2,331,237	\$ 6,426,881
Due to Other Funds	490	39,620	1,301,510	1,538,565
Due to Other Government Units	76,271	512,955	5,321	600,692
Deferred Revenues	276,060	24,997	162,239	4,161,205
<b>Total Liabilities</b>	<b>888,302</b>	<b>2,520,232</b>	<b>3,800,307</b>	<b>12,727,343</b>
<b>FUND BALANCES</b>				
<b>Reserved For:</b>				
Debt Service	-	-	115,236	115,236
<b>Unreserved-Designated for Inventories</b>				
Special Revenue Funds	-	-	1,309	782,042
<b>Unreserved-Designated for Petty Cash</b>				
General Fund	-	-	-	25,000
Special Revenue Funds	100	2,850	17,975	21,225
<b>Unreserved - Undesignated, Reported In:</b>				
General Fund	-	-	-	6,480,852
Special Revenue Funds	15,875,114	5,547,483	18,876,755	94,011,999
Capital Projects Funds			7,864,156	7,864,156
<b>Total Fund Balance</b>	<b>15,875,214</b>	<b>5,550,333</b>	<b>26,875,431</b>	<b>109,300,510</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 16,763,516</b>	<b>\$ 8,070,565</b>	<b>\$ 30,675,738</b>	<b>\$ 122,027,853</b>

See accompanying notes to the financial statements

**Reconciliation Of The Balance Sheet Of Governmental Funds  
To The Statement Of Net Assets  
December 31, 2007**

	<u><b>Governmental Funds</b></u>
<b>Fund balance as shown in the Governmental Funds Balance Sheet</b>	\$ 109,300,510
The cost of capital assets and joint ventures, which is expended and not recognized in governmental funds, is deferred to future periods in the statement of net assets	350,256,111
Debt, which is not reported in governmental funds, is reported in the statement of net assets	(43,346,658)
Assets, liabilities and resulting net assets of internal service funds, which are separately reported in proprietary fund statements, are included and combined with governmental balances in the statement of net assets	69,866,332
Long term special assessment receivables and unamortized debt discount on long term debt, which is not reported in governmental funds, is reported in the statement of net assets	466,603
Long term (non-available) receivables, which are deferred in governmental funds, are recognized and accrued as revenues in the statement of net assets	13,040,673
Compensated absences and other post employment benefits, which are not reported in governmental funds, are reported as an accrued liability in the statement of net assets	(7,739,639)
Interfund balances, which are reported in governmental and proprietary funds, are eliminated in the statement of net assets (except for a residual amount outstanding between governmental and enterprise activities)	<u>(300,913)</u>
<b>Net assets for governmental funds as shown in Statement of Net Assets</b>	<u><u>\$ 491,543,019</u></u>

See accompanying notes to the financial statements

**Statement Of Revenues, Expenditures And Changes In Fund Balances  
Governmental Funds**

**For The Year Ended December 31, 2007**

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	<b>General Fund</b>	<b>Detention Facility Sales Tax Holding</b>	<b>Real Estate Excise Tax</b>	<b>Roads</b>
<b>Revenues:</b>				
Taxes	\$ 46,415,174	\$ 4,421,898	\$ 4,843,208	\$ 16,761,782
Licenses & Permits	58,475	-	-	-
Intergovernmental	7,745,602	-	-	10,645,920
Charges for Services	6,784,522	-	15,575	1,331,796
Fines & Forfeits	1,812,688	151	-	-
Miscellaneous Revenue	2,929,924	640,648	929,009	112,585
<b>Total Revenues</b>	<b>65,746,385</b>	<b>5,062,697</b>	<b>5,787,792</b>	<b>28,852,083</b>
<b>Expenditures:</b>				
General Government	11,469,945	-	-	-
Culture & Recreation	541,461	-	-	-
Economic Environment	283,217	-	-	-
Health & Human Services	-	-	-	-
Public Safety	53,599,768	21,830	-	1,230,675
Transportation	936	-	3,020	17,183,047
Utilities & Environment	503,706	-	-	-
Capital Outlay	450,699	-	-	7,036,511
Debt Service:				
Principal	45,560	-	-	3,345
Interest & Fiscal Charges	18,210	-	-	1,997
<b>Total Expenditures</b>	<b>66,913,502</b>	<b>21,830</b>	<b>3,020</b>	<b>25,455,575</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,167,117)</b>	<b>5,040,867</b>	<b>5,784,772</b>	<b>3,396,508</b>
<b>Other Financing Sources (Uses)</b>				
Capital Lease Financing	164,942	-	-	11,270
Sale of Capital Assets	250	-	-	163,007
Debt Issuance				
Premium on Debt Issuance	-	-	-	-
Transfers In	1,548,857	-	832,785	42,787
Transfers Out	(2,467,996)	(2,866,010)	(2,285,874)	(1,054,665)
<b>Total Other Financing Sources (Uses)</b>	<b>(753,947)</b>	<b>(2,866,010)</b>	<b>(1,453,089)</b>	<b>(837,601)</b>
<b>Net Changes In Fund Balances</b>	<b>(1,921,064)</b>	<b>2,174,857</b>	<b>4,331,683</b>	<b>2,558,907</b>
Fund Balances as of January 1	8,426,916	11,245,874	16,007,767	17,262,205
Prior Period Adjustments	-	-	-	912,387
Fund Balances as of January 1-Restated	8,426,916	11,245,874	16,007,767	18,174,592
<b>Fund Balances as of December 31</b>	<b>\$ 6,505,852</b>	<b>\$ 13,420,731</b>	<b>\$ 20,339,450</b>	<b>\$ 20,733,499</b>

See accompanying notes to the financial statements

**Statement Of Revenues, Expenditures And Changes In Fund Balances  
Governmental Funds**

**For The Year Ended December 31, 2007**

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	<b>Medic One</b>	<b>Public Health &amp; Social Services</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Taxes	\$ 7,989,701	\$ 874,363	\$ 9,807,866	\$ 91,113,992
Licenses & Permits	-	511,199	312,948	882,622
Intergovernmental	161,102	32,205,305	10,252,945	61,010,874
Charges for Services	50	2,498,647	3,738,221	14,368,811
Fines & Forfeits	-	-	35,330	1,848,169
Miscellaneous Revenue	767,048	359,947	2,186,997	7,926,158
<b>Total Revenues</b>	<b>8,917,901</b>	<b>36,449,461</b>	<b>26,334,307</b>	<b>177,150,626</b>
<b>Expenditures:</b>				
General Government	-	-	1,735,623	13,205,568
Culture & Recreation	-	-	4,736,274	5,277,735
Economic Environment	-	108,084	10,524,206	10,915,507
Health & Human Services	7,203,720	37,956,600	17,626	45,177,946
Public Safety	-	-	7,164,153	62,016,426
Transportation	-	-	1,779,267	18,966,270
Utilities & Environment	-	-	1,114,946	1,618,652
Capital Outlay	293,986	19,702	4,633,723	12,434,621
Debt Service:				
Principal	4,324	5,625	3,004,096	3,062,950
Interest & Fiscal Charges	1,523	3,653	1,877,867	1,903,250
<b>Total Expenditures</b>	<b>7,503,553</b>	<b>38,093,664</b>	<b>36,587,781</b>	<b>174,578,925</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,414,348</b>	<b>(1,644,203)</b>	<b>(10,253,474)</b>	<b>2,571,701</b>
<b>Other Financing Sources (Uses)</b>				
Capital Lease Financing	25,732	-	25,509	227,453
Sale of Capital Assets	-	-	-	163,257
Debt Issuance	-	-	5,000,000	5,000,000
Premium on Debt Issuance	-	-	19,195	19,195
Transfers In	-	1,294,594	11,783,785	15,502,808
Transfers Out	(35,746)	(69,655)	(8,854,254)	(17,634,200)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,014)</b>	<b>1,224,939</b>	<b>7,974,235</b>	<b>3,278,513</b>
Net Changes In Fund Balances	1,404,334	(419,264)	(2,279,239)	5,850,214
Fund Balances as of January 1	14,470,880	5,969,597	28,088,089	101,471,328
Prior Period Adjustments	-	-	1,066,581	1,978,968
Fund Balances as of January 1-Restated	14,470,880	5,969,597	29,154,670	103,450,296
<b>December 31</b>	<b>\$ 15,875,214</b>	<b>\$ 5,550,333</b>	<b>\$ 26,875,431</b>	<b>\$ 109,300,510</b>

See accompanying notes to the financial statements



**Reconciliation Of The Statement Of Revenues, Expenditures And  
Changes in Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Year Ended December 31, 2007**

		<b>Governmental Funds</b>
<b>Change in fund balance as shown in the Governmental Funds</b>		
<b>Statement of Revenues, Expenditures and Changes in Fund Balances</b>		\$ 5,850,214
<b>Capital Assets:</b>		
Capital outlays, which are reported as expenditures in governmental funds, are capitalized and deferred to future periods and therefore not reported in the statement of activities	12,434,621	
Depreciation (asset usage), which is not reported in governmental funds, is recognized and reported in the statement of activities	(8,318,051)	
Gain (Loss) on the sale and disposition of governmental capital assets, which is not reported in governmental funds, is reported in the statement of activities	<u>482,478</u>	4,599,048
<b>Long-Term Debt:</b>		
Bond and capital lease principal payments (which are reported as expenditures in governmental funds), are not reported as expenditures in the statement of activities (however, they are reported as reductions in the amount owed in the statement of net assets)	3,085,256	
Debt issues costs, and other similar costs on debt issues, which are reported as expenditures in governmental funds, are deferred in the statement of net assets and then expensed over the life of the bond issue in the statement of activities	(8,224)	
Long-term bond and capital lease financing proceeds (which are reported as "other financing sources" in governmental funds), are not recognized or reported in the statement of activities (however, they are reported as an increase in the amount owed in the statement of net assets for new debt). Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(5,246,648)</u>	(2,169,616)
<b>Interfund Transactions:</b>		
Profit or (loss) from internal service funds, which is reported separately in proprietary fund statements, is credited or charged to governmental expenses in the statement of activities	801,217	
Other interfund transactions, which are reported in governmental funds, are eliminated in the statement of activities, except for a residual amount outstanding between governmental and business activities	(423,588)	
Unbilled internal service costs from the County's cost allocation plan, which is not allocated to service users in governmental fund statements, is allocated to service users in the statement of activities, resulting in a residual amount outstanding between governmental and business activities	<u>850,017</u>	1,227,646
<b>Other:</b>		
Long term (non-available) revenues, which are deferred in governmental funds, are reported as revenues (or as a debit adjustment) in the statement of activities	1,390,935	
Compensated absences and other post employment benefits, which are not reported in governmental funds, are reported as an expense in the statement of activities	<u>(2,078,954)</u>	(688,019)
<b>Change in net assets for governmental funds as shown in the Statement of Activities</b>		<u><u>\$ 8,819,273</u></u>

See accompanying notes to the financial statements

**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**  
**Page 1 of 5**

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Revenues By Funding Source</b>				
<b>General Revenues:</b>				
Taxes	\$ 48,027,498	\$ 47,604,102	\$ 46,415,174	\$ (1,188,928)
Licenses & Permits	51,075	51,075	58,475	7,400
Intergovernmental	6,507,780	8,017,327	7,745,602	(271,725)
Charges for Services	7,020,020	7,138,864	6,784,522	(354,342)
Fines & Forfeits	1,513,027	1,513,027	1,812,688	299,661
Miscellaneous Revenue	3,111,939	3,115,439	2,929,924	(185,515)
<b>Total General Revenues</b>	<b>66,231,339</b>	<b>67,439,834</b>	<b>65,746,385</b>	<b>(1,693,449)</b>
<b>Other Financing Sources:</b>				
Capital Lease Financing	-	-	164,942	164,942
Other Finance Sources - Capital Asset Sales	400	400	250	(150)
Transfers In	1,604,390	1,733,460	1,548,857	(184,603)
<b>Total Other Financing Sources</b>	<b>1,604,790</b>	<b>1,733,860</b>	<b>1,714,049</b>	<b>(19,811)</b>
<b>Total Revenues</b>	<b>\$ 67,836,129</b>	<b>\$ 69,173,694</b>	<b>\$ 67,460,434</b>	<b>\$ (1,713,260)</b>

See accompanying notes to the financial statements

**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**

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Expenditures by Department	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Assessor's Office:</b>				
General Government	\$ 3,363,347	\$ 3,372,937	\$ 3,368,973	\$ 3,964
<b>Total Assessor's Office</b>	<b>3,363,347</b>	<b>3,372,937</b>	<b>3,368,973</b>	<b>3,964</b>
<b>Auditor's Office:</b>				
General Government	4,443,248	4,623,220	4,217,558	405,662
Capital Outlay	-	565,901	105,256	460,645
Debt Service:				
Principal	3,729	4,650	4,647	3
Interest and Fiscal Charges	1,504	1,500	1,497	3
Transfers Out	-	6,000	6,000	-
<b>Total Auditor's Office</b>	<b>4,448,481</b>	<b>5,201,271</b>	<b>4,334,958</b>	<b>866,313</b>
<b>Assigned Counsel:</b>				
Public Safety	2,662,945	2,786,419	2,600,564	185,855
Debt Service:				
Principal	-	20	2,759	(2,739)
Interest and Fiscal Charges	-	135	1,142	(1,007)
<b>Total Assigned Counsel</b>	<b>2,662,945</b>	<b>2,786,574</b>	<b>2,604,465</b>	<b>182,109</b>
<b>Civil Service:</b>				
Public Safety	116,883	116,883	108,189	8,694
<b>Total Civil Service</b>	<b>116,883</b>	<b>116,883</b>	<b>108,189</b>	<b>8,694</b>
<b>Clerk's Office:</b>				
Public Safety	3,095,052	3,095,052	3,044,133	50,919
Capital Outlay	-	-	17,384	(17,384)
Debt Service:				
Principal	5,100	5,100	9,876	(4,776)
Interest and Fiscal Charges	600	600	4,350	(3,750)
<b>Total Clerk's Office</b>	<b>3,100,752</b>	<b>3,100,752</b>	<b>3,075,743</b>	<b>25,009</b>

See accompanying notes to the financial statements

**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**  
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	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Commissioner's Office:</b>				
General Government	1,134,649	1,134,649	1,130,333	4,316
Capital Outlay	-	-	23,845	(23,845)
Debt Service:				
Principal	3,208	3,208	3,148	60
Interest and Fiscal Charges	1,948	1,948	1,185	763
<b>Total Commissioner's Office</b>	<b>1,139,805</b>	<b>1,139,805</b>	<b>1,158,511</b>	<b>(18,706)</b>
<b>Coroner's Office:</b>				
Public Safety	624,765	719,313	648,890	70,423
Capital Outlay	-	-	7,707	(7,707)
Debt Service:				
Principal	1,500	1,500	1,474	26
Interest and Fiscal Charges	650	650	590	60
<b>Total Coroner's Office</b>	<b>626,915</b>	<b>721,463</b>	<b>658,661</b>	<b>62,802</b>
<b>Corrections:</b>				
Public Safety	12,890,138	13,062,232	12,740,747	321,485
Transfers Out	-	-	28,496	(28,496)
<b>Total Corrections</b>	<b>12,890,138</b>	<b>13,062,232</b>	<b>12,769,243</b>	<b>292,989</b>
<b>District Court</b>				
Public Safety	2,824,804	2,897,611	2,828,266	69,345
<b>Total District Court</b>	<b>2,824,804</b>	<b>2,897,611</b>	<b>2,828,266</b>	<b>69,345</b>
<b>Human Resources:</b>				
General Government	1,383,009	1,419,119	1,310,942	108,177
Public Safety	2,450	2,450	1,229	1,221
Capital Outlay	-	-	20,504	(20,504)
Debt Service:				
Principal	2,000	2,000	3,447	(1,447)
Interest and Fiscal Charges	-	-	1,587	(1,587)
Transfers Out	-	6,000	6,000	-
<b>Total Human Resources</b>	<b>1,387,459</b>	<b>1,429,569</b>	<b>1,343,709</b>	<b>85,860</b>

See accompanying notes to the financial statements

**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**

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	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Juvenile Probation:</b>				
Public Safety	6,123,190	6,213,190	6,040,234	172,956
Capital Outlay	-	-	23,941	(23,941)
Debt Service:				
Principal	-	-	282	(282)
Interest and Fiscal Charges	-	-	269	(269)
<b>Total Juvenile Probation</b>	<b>6,123,190</b>	<b>6,213,190</b>	<b>6,064,726</b>	<b>148,464</b>
<b>Non-Departmental:</b>				
General Government	1,179,780	1,057,464	289,831	767,633
Public Safety	13,500	13,500	13,500	-
Utilities & Environment	503,706	503,706	503,706	-
Transportation	994	994	936	58
Economic Environment	286,137	286,137	283,217	2,920
Culture and Recreation	83,815	83,815	14,465	69,350
Transfers Out	2,305,841	2,305,841	2,305,841	-
<b>Total Non-Departmental</b>	<b>4,373,773</b>	<b>4,251,457</b>	<b>3,411,496</b>	<b>839,961</b>
<b>Prosecuting Attorney:</b>				
Public Safety	7,259,264	7,622,998	7,538,499	84,499
Capital Outlay	-	-	71,561	(71,561)
Debt Service:				
Principal	-	-	13,291	(13,291)
Interest and Fiscal Charges	-	-	4,769	(4,769)
<b>Total Prosecuting Attorney</b>	<b>7,259,264</b>	<b>7,622,998</b>	<b>7,628,120</b>	<b>(5,122)</b>
<b>State Examiner:</b>				
General Government	112,335	115,000	114,217	783
<b>Total State Examiner</b>	<b>112,335</b>	<b>115,000</b>	<b>114,217</b>	<b>783</b>
<b>Sheriff:</b>				
Public Safety	14,153,441	14,129,757	13,774,670	355,087
Capital Outlay	23,500	125,484	156,727	(31,243)
Transfers Out	-	-	19,594	(19,594)
<b>Total Sheriff</b>	<b>14,176,941</b>	<b>14,255,241</b>	<b>13,950,991</b>	<b>304,250</b>

See accompanying notes to the financial statements

**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**  
**Page 5 of 5**

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Superior Court:</b>				
Public Safety	3,981,850	4,308,549	4,260,847	47,702
Debt Service:				
Principal	-	-	4,639	(4,639)
Interest and Fiscal Charges	-	-	1,449	(1,449)
Transfers Out	84,586	102,065	102,065	-
<b>Total Superior Court</b>	<b>4,066,436</b>	<b>4,410,614</b>	<b>4,369,000</b>	<b>41,614</b>
<b>Treasurer's Office</b>				
General Government	1,039,029	1,064,564	1,038,091	26,473
Capital Outlay	-	-	23,774	(23,774)
<b>Total Treasurer's Office</b>	<b>1,039,029</b>	<b>1,064,564</b>	<b>1,061,865</b>	<b>2,699</b>
<b>WSU Extension</b>				
Culture and Recreation	501,918	553,593	526,996	26,597
Debt Service:				
Principal	1,575	1,575	1,997	(422)
Interest and Fiscal Charges	1,795	1,795	1,372	423
<b>Total WSU Extension</b>	<b>505,288</b>	<b>556,963</b>	<b>530,365</b>	<b>26,598</b>
<b>Total General Fund Expenditures</b>	<b>\$ 70,217,785</b>	<b>\$ 72,319,124</b>	<b>\$ 69,381,498</b>	<b>\$ 2,937,626</b>
Net Changes in Fund Balances	(2,381,656)	(3,145,430)	(1,921,064)	1,224,366
Fund Balances as of January 1	6,794,262	7,081,659	8,426,916	1,345,257
Fund Balances as of December 31	\$ 4,412,606	\$ 3,936,229	\$ 6,505,852	\$ 2,569,623

See accompanying notes to the financial statements

**Detention Facilities Sales Tax Holding  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For The Year Ended December 31, 2007**

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Revenues:</b>				
Taxes	\$ 4,295,717	\$ 4,295,717	\$ 4,421,898	\$ 126,181
Fines & Forfeits	-	-	151	151
Miscellaneous Revenue	276,670	276,670	640,648	363,978
<b>Total Revenues</b>	<b>4,572,387</b>	<b>4,572,387</b>	<b>5,062,697</b>	<b>490,310</b>
<b>Expenditures:</b>				
Public Safety	39,000	39,000	21,830	17,170
<b>Total Expenditures</b>	<b>39,000</b>	<b>39,000</b>	<b>21,830</b>	<b>17,170</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>4,533,387</b>	<b>4,533,387</b>	<b>5,040,867</b>	<b>507,480</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(2,823,582)	(2,905,934)	(2,866,010)	39,924
<b>Total Other Financing Sources (Uses)</b>	<b>(2,823,582)</b>	<b>(2,905,934)</b>	<b>(2,866,010)</b>	<b>39,924</b>
Net Changes In Fund Balances	1,709,805	1,627,453	2,174,857	547,404
Fund Balances as of January 1	9,946,526	11,245,874	11,245,874	-
<b>Fund Balances as of December 31</b>	<b>\$ 11,656,331</b>	<b>\$ 12,873,327</b>	<b>\$ 13,420,731</b>	<b>\$ 547,404</b>

See accompanying notes to the financial statements

**Real Estate Excise Tax**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
***For The Year Ended December 31, 2007***

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,000,000	\$ 6,000,000	\$ 4,843,208	\$ (1,156,792)
Charges for Services	15,900	15,900	15,575	(325)
Miscellaneous Revenue	452,357	452,357	929,009	476,652
<b>Total Revenues</b>	<b>6,468,257</b>	<b>6,468,257</b>	<b>5,787,792</b>	<b>(680,465)</b>
<b>Expenditures:</b>				
Transportation	4,070	4,070	3,020	1,050
Capital Outlay	137,693	137,693	-	137,693
<b>Total Expenditures</b>	<b>141,763</b>	<b>141,763</b>	<b>3,020</b>	<b>138,743</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>6,326,494</b>	<b>6,326,494</b>	<b>5,784,772</b>	<b>(541,722)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	832,785	832,785
Transfers Out	(8,569,860)	(8,929,506)	(2,285,874)	6,643,632
<b>Total Other Financing Sources (Uses)</b>	<b>(8,569,860)</b>	<b>(8,929,506)</b>	<b>(1,453,089)</b>	<b>7,476,417</b>
Net Changes In Fund Balances	(2,243,366)	(2,603,012)	4,331,683	6,934,695
Fund Balances as of January 1	15,681,212	16,007,767	16,007,767	-
<b>Fund Balances as of December 31</b>	<b>\$ 13,437,846</b>	<b>\$ 13,404,755</b>	<b>\$ 20,339,450</b>	<b>\$ 6,934,695</b>

See accompanying notes to the financial statements



**Roads and Transportation**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Revenues:</b>				
Taxes	\$ 17,207,750	\$ 17,207,750	\$ 16,761,782	\$ (445,968)
Intergovernmental	11,233,611	13,348,611	10,645,920	(2,702,691)
Charges for Services	738,600	738,600	1,331,796	593,196
Miscellaneous Revenue	163,500	163,500	112,585	(50,915)
<b>Total Revenues</b>	<b>29,343,461</b>	<b>31,458,461</b>	<b>28,852,083</b>	<b>(2,606,378)</b>
<b>Expenditures:</b>				
Public Safety	1,101,014	1,165,088	1,230,675	(65,587)
Transportation	20,197,780	20,197,780	17,183,047	3,014,733
Capital Outlay	11,198,571	11,536,168	7,036,511	4,499,657
Debt Service:				
Principal	-	-	3,345	(3,345)
Interest & Fiscal Charges	-	-	1,997	(1,997)
<b>Total Expenditures</b>	<b>32,497,365</b>	<b>32,899,036</b>	<b>25,455,575</b>	<b>7,443,461</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,153,904)</b>	<b>(1,440,575)</b>	<b>3,396,508</b>	<b>4,837,083</b>
<b>Other Financing Sources (Uses)</b>				
Capital Lease Financing	-	-	11,270	11,270
Sale of Capital Assets	656,000	656,000	163,007	(492,993)
Transfers In	1,100,000	1,050,000	42,787	(1,007,213)
Transfers Out	(1,083,766)	(1,133,766)	(1,054,665)	79,101
<b>Total Other Financing Sources (Uses)</b>	<b>672,234</b>	<b>572,234</b>	<b>(837,601)</b>	<b>(1,409,835)</b>
Net Changes In Fund Balances	(2,481,670)	(868,341)	2,558,907	3,427,248
Fund Balances as of January 1	12,624,983	17,261,906	17,262,205	299
Prior Period Adjustments	-	-	912,387	912,387
Fund Balances as of January 1 - Restated	12,624,983	17,261,906	18,174,592	912,686
<b>Fund Balances as of December 31</b>	<b>\$ 10,143,313</b>	<b>\$ 16,393,565</b>	<b>\$ 20,733,499</b>	<b>\$ 4,339,934</b>

See accompanying notes to the financial statements

**Medic One**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Revenues:</b>				
Taxes	\$ 7,960,576	\$ 7,960,576	\$ 7,989,701	\$ 29,125
Intergovernmental	126,000	126,000	161,102	35,102
Charges for Services	230	230	50	(180)
Miscellaneous Revenue	341,800	341,800	767,048	425,248
<b>Total Revenues</b>	<b>8,428,606</b>	<b>8,428,606</b>	<b>8,917,901</b>	<b>489,295</b>
<b>Expenditures:</b>				
Health & Human Services	7,971,901	8,038,826	7,203,720	835,106
Capital Outlay	1,181,650	1,516,650	293,986	1,222,664
Debt Service:				
Principal	1,454	1,454	4,324	(2,870)
Interest & Fiscal Charges	4,256	4,256	1,523	2,733
<b>Total Expenditures</b>	<b>9,159,261</b>	<b>9,561,186</b>	<b>7,503,553</b>	<b>2,057,633</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(730,655)</b>	<b>(1,132,580)</b>	<b>1,414,348</b>	<b>2,546,928</b>
<b>Other Financing Sources (Uses)</b>				
Capital Lease Financing	-	-	25,732	25,732
Transfers In	5,250	6,250	-	(6,250)
Transfers Out	(21,823)	(22,823)	(35,746)	(12,923)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,573)</b>	<b>(16,573)</b>	<b>(10,014)</b>	<b>6,559</b>
Net Changes In Fund Balances	(747,228)	(1,149,153)	1,404,334	2,553,487
Fund Balances as of January 1	13,207,800	14,470,780	14,470,880	100
<b>Fund Balances as of December 31</b>	<b>\$ 12,460,572</b>	<b>\$ 13,321,627</b>	<b>\$ 15,875,214</b>	<b>\$ 2,553,587</b>

See accompanying notes to the financial statements

**Public Health & Social Services**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For The Year Ended December 31, 2007**

	Original 2007 Budget	Final 2007 Budget	Actual 2007	Variance with Final Budget Positive or (Negative)
<b>Revenues:</b>				
Taxes	\$ 714,375	\$ 928,375	\$ 874,363	\$ (54,012)
Licenses & Permits	943,005	943,005	511,199	(431,806)
Intergovernmental	31,411,858	32,367,544	32,205,305	(162,239)
Charges for Services	2,752,214	2,574,968	2,498,647	(76,321)
Miscellaneous Revenue	165,300	225,300	359,947	134,647
<b>Total Revenues</b>	<b>35,986,752</b>	<b>37,039,192</b>	<b>36,449,461</b>	<b>(589,731)</b>
<b>Expenditures:</b>				
Economic Environment	112,166	112,166	108,084	4,082
Health & Human Services	37,651,478	38,724,099	37,956,600	767,499
Capital Outlay	1,000,000	1,000,000	19,702	980,298
Debt Service:				
Principal	-	-	5,625	(5,625)
Interest & Fiscal Charges	-	-	3,653	(3,653)
<b>Total Expenditures</b>	<b>38,763,644</b>	<b>39,836,265</b>	<b>38,093,664</b>	<b>1,742,601</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,776,892)</b>	<b>(2,797,073)</b>	<b>(1,644,203)</b>	<b>1,152,870</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,425,114	1,432,114	1,294,594	(137,520)
Transfers Out	(69,655)	(69,655)	(69,655)	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,355,459</b>	<b>1,362,459</b>	<b>1,224,939</b>	<b>(137,520)</b>
Net Changes In Fund Balances	(1,421,433)	(1,434,614)	(419,264)	1,015,350
Fund Balances as of January 1	7,732,563	5,969,247	5,969,597	350
<b>Fund Balances as of December 31</b>	<b>\$ 6,311,130</b>	<b>\$ 4,534,633</b>	<b>\$ 5,550,333</b>	<b>\$ 1,015,700</b>

See accompanying notes to the financial statements

**Statement Of Net Assets**  
**Proprietary Funds**  
**December 31, 2007**  
**Page 1 of 2**

Assets	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
<b>Current Assets:</b>					
Cash & Pooled Investments	\$ 4,210,225	\$ 376,471	\$ 2,372,243	\$ 6,958,939	\$ 24,591,236
<i>Receivables:</i>					
Special Assessment Receivables	-	207,214	179,771	386,985	-
Accrued Interest & Penalties	286,017	6,076	71,803	363,896	156,547
Customer Account Receivables	1,488,953	39,142	47,356	1,575,451	232,514
Due From Other Funds	546,698	4,486	49,280	600,464	466,982
Due From Other Government Units	459,886	22,176	105,343	587,405	-
Inventory	-	-	-	-	200,865
Prepayments	-	-	-	-	84,667
<i>Restricted Assets:</i>					
Cash and Pooled Investments	-	99,990	288,599	388,589	-
Total Current Assets	6,991,779	755,555	3,114,395	10,861,729	25,732,811
<b>Noncurrent Assets:</b>					
Deferred Charges	-	188,551	-	188,551	-
Community Loans Receivable	-	-	154,949	154,949	-
Special Assessment Receivables	-	2,982,257	1,023,290	4,005,547	-
Advances to Other Funds	25,533	-	-	25,533	-
Capital Assets	32,583,440	14,836,836	15,915,323	63,335,599	79,732,740
Accumulated Depreciation	(21,128,102)	(2,413,701)	(6,098,756)	(29,640,559)	(30,398,426)
<i>Restricted Assets: Cash and Pooled Investments</i>	20,558,312	-	-	20,558,312	-
Total Noncurrent Assets	32,039,183	15,593,943	10,994,806	58,627,932	49,334,314
<b>Total Assets</b>	39,030,962	16,349,498	14,109,201	69,489,661	75,067,125

See accompanying notes to the financial statements

**Statement Of Net Assets**  
**Proprietary Funds**  
**December 31, 2007**  
**Page 2 of 2**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	1,260,874	21,692	178,753	1,461,319	679,820
Notes Payable	-	13,482	133,278	146,760	14,596
Due To Other Funds	882,861	222,186	228,616	1,333,663	362,681
Due To Other Government Units	7,697	-	-	7,697	-
Lim. Tax G.O. Bond-Current Portion	-	479,768	-	479,768	-
Total Current Liabilities	2,151,432	737,128	540,647	3,429,207	1,057,097
<b>Noncurrent Liabilities:</b>					
Limited G.O. Bonds Payable	-	10,057,447	-	10,057,447	-
Compensated Absences & OPEB Payable	-	-	410,889	410,889	974,595
Claims and Judgments Payable	-	-	-	-	3,158,870
Intergovernmental Loans & Contracts Payable	-	100,753	1,737,969	1,838,722	10,231
Advances From Other Funds	-	20,000	5,533	25,533	-
Accumulated Landfill Closure Costs	20,091,050	-	-	20,091,050	-
Total Noncurrent Liabilities	20,091,050	10,178,200	2,154,391	32,423,641	4,143,696
<b>Total Liabilities</b>	22,242,482	10,915,328	2,695,038	35,852,848	5,200,793
<b>NET ASSETS</b>					
Invested in Capital Assets, Net Of Related Debt	11,455,338	1,771,685	8,496,052	21,723,075	49,324,083
<b>Restricted For:</b>					
Postclosure	5,333,142	-	-	5,333,142	-
Debt Service	-	-	28,306	28,306	-
Unrestricted (Deficit)	-	3,662,485	2,889,805	6,552,290	20,542,249
<b>Total Net Assets</b>	\$ 16,788,480	\$ 5,434,170	\$ 11,414,163	\$ 33,636,813	\$ 69,866,332

See accompanying notes to the financial statements

**Reconciliation Of The Statement Of  
Net Assets Of Proprietary Funds  
To The Statement Of Net Assets  
*December 31, 2007***

	<b><u>Business Type Funds</u></b>
<b>Enterprise net assets as shown in the Proprietary Funds Statement of Net Assets</b>	<b>\$ 33,636,813</b>
Internal balances for additional amounts owed between governmental and business units have not been included in governmental fund statements.	<u>300,913</u>
<b>Net assets for business-type funds as shown in Statement of Net Assets</b>	<b><u>\$ 33,937,726</u></b>

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, 2007**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues:</b>					
Charges for Services	\$ 16,888,809	\$ 341,512	\$ 5,384,025	\$ 22,614,346	\$ 69,381
Equipment Rental	-	-	-	-	5,877,344
Interfund Contributions	7,493	-	220,963	228,456	17,501,554
Miscellaneous	38,969	5,402	17,412	61,783	13,716
<b>Total Operating Revenues</b>	<b>16,935,271</b>	<b>346,914</b>	<b>5,622,400</b>	<b>22,904,585</b>	<b>23,461,995</b>
<b>Operating Expenses:</b>					
Salaries and Benefits	2,007,260	258,607	5,634,868	7,900,735	10,761,273
Other Supplies and Expenses	337,186	35,377	327,716	700,279	2,517,499
Contractual Services	2,044,426	73,016	859,474	2,976,916	4,390,229
Longhaul Contract	11,534,875	-	-	11,534,875	-
Interfund Services and Charges	904,354	41,006	1,388,424	2,333,784	1,128,975
Depreciation/Amortization	833,086	368,135	693,778	1,894,999	3,364,572
Claims Payments	-	-	-	-	765,619
<b>Total Operating Expenses</b>	<b>17,661,187</b>	<b>776,141</b>	<b>8,904,260</b>	<b>27,341,588</b>	<b>22,928,167</b>
<b>Operating Income (Loss)</b>	<b>(725,916)</b>	<b>(429,227)</b>	<b>(3,281,860)</b>	<b>(4,437,003)</b>	<b>533,828</b>
<b>Nonoperating Revenue (Expenses):</b>					
Interest Revenue	1,248,498	232,318	232,184	1,713,000	850,949
Other Nonoperating Revenue (Expense)	(295,847)	1,753	78,957	(215,137)	50,515
Interest Expense & Fiscal Charges	-	(544,582)	(50,265)	(594,847)	(1,952)
<b>Total Nonoperating Revenue (Expense)</b>	<b>952,651</b>	<b>(310,511)</b>	<b>260,876</b>	<b>903,016</b>	<b>899,512</b>
<b>Income Before Contributions and Transfers:</b>	<b>226,735</b>	<b>(739,738)</b>	<b>(3,020,984)</b>	<b>(3,533,987)</b>	<b>1,433,340</b>
Capital Contributions	-	171,965	30,340	202,305	101,852
Transfers In (Out)	-	174,609	2,690,758	2,865,367	(733,975)
<b>Change in Net Assets</b>	<b>226,735</b>	<b>(393,164)</b>	<b>(299,886)</b>	<b>(466,315)</b>	<b>801,217</b>
Net Assets as of January 1	16,561,745	5,827,334	11,889,983	34,279,062	29,566,333
Prior Period Adjustments	-	-	(175,934)	(175,934)	39,498,782
Net Assets as of January 1 - Restated	16,561,745	5,827,334	11,714,049	34,103,128	69,065,115
<b>Net Assets as of December 31</b>	<b>\$ 16,788,480</b>	<b>\$ 5,434,170</b>	<b>\$ 11,414,163</b>	<b>\$ 33,636,813</b>	<b>\$ 69,866,332</b>

See accompanying notes to the financial statements

**Reconciliation Of The Statement Of Revenues, Expenses And  
Changes in Fund Net Assets Of Proprietary Funds  
To The Statement Of Activities  
For The Year Ended December 31, 2007**

	<u><b>Business-Type Funds</b></u>
<b>Change in enterprise net assets as shown in the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>	\$ (466,315)
Internal services, provided primarily by internal service funds, also occurs between other County funds. The net effect of the elimination of these services is reflected in the statement of activities:	
Other interfund transactions	423,588
Allocated direct and indirect costs from the County's cost plan	<u>(850,017)</u>
<b>Change in net assets for business-type funds as shown in the Statement of Activities</b>	<u><u>\$ (892,744)</u></u>

See accompanying notes to the financial statements



**Statement Of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended December 31, 2007**  
**Page 1 of 2**

	Enterprise Funds				Internal
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	Service Funds
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$ 17,154,214	\$ 325,963	\$ 5,571,944	\$ 23,052,121	\$ 23,774,588
Cash Paid for Goods & Services	(15,711,771)	(137,210)	(2,449,987)	(18,298,968)	(8,661,262)
Cash Paid to Employees	(2,007,260)	(86,597)	(5,183,863)	(7,277,720)	(10,777,196)
Net Cash Provided (Used) by Operating Activities	(564,817)	102,156	(2,061,906)	(2,524,567)	4,336,130
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In	525,827	70,792	3,625,288	4,221,907	1,509,847
Transfers Out	(525,827)	(70,792)	(1,084,385)	(1,681,004)	(2,243,822)
Grant Proceeds	301,929	96,330	125,492	523,751	7,581
Receipts On Community Loans	-	-	(21,972)	(21,972)	-
Payments On Community Loans	-	-	38,073	38,073	-
Insurance Recoveries	-	-	-	-	289
Tax Payments	(442,575)	(11,010)	(32,725)	(486,310)	(8,757)
Net Cash Provided (Used) by Noncapital Financing Activities	(140,646)	85,320	2,649,771	2,594,445	(734,862)
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>					
Cash Proceeds from Sale of Capital Assets	19,383	-	-	19,383	60,948
Cash Disbursements for Purchases of Capital Assets	(841,806)	(156,497)	(872,220)	(1,870,523)	(2,303,133)
Bond/Loan Payments	-	(464,769)	(802,095)	(1,266,864)	(880,161)
Bond/Loan Proceeds	-	-	18,673	18,673	-
Contributed Capital	-	171,965	26,877	198,842	2,749
Assessment Receipts	-	604,026	186,053	790,079	-
Interest Payments	-	(560,587)	(52,825)	(613,412)	(5,771)
Net Cash Provided (Used) by Capital & Related Financing Activities	(822,423)	(405,862)	(1,495,537)	(2,723,822)	(3,125,368)
<b>Cash Flows from Investing Activities:</b>					
Interest Receipts	1,281,182	29,404	179,376	1,489,962	889,177
Net Cash Provided (Used) by Investing Activities	1,281,182	29,404	179,376	1,489,962	889,177
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	(246,704)	(188,982)	(728,296)	(1,163,982)	1,365,077
Cash & Cash Equivalents as of January 1	25,015,241	665,443	3,389,138	29,069,822	23,226,159
<b>Cash &amp; Cash Equivalents as of December 31</b>	<b>\$ 24,768,537</b>	<b>\$ 476,461</b>	<b>\$ 2,660,842</b>	<b>\$ 27,905,840</b>	<b>\$ 24,591,236</b>

See accompanying notes to the financial statements

**Statement Of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended December 31, 2007**  
**Page 2 of 2**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
<b>Reconciliation of Operating Income To Net Cash Provided (Used) by Operating Income:</b>					
Operating Income	\$ (725,916)	\$ (429,227)	\$ (3,281,860)	\$ (4,437,003)	\$ 533,828
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation Expense	833,086	368,135	693,778	1,894,999	3,364,572
<b>(Increase) Decrease in:</b>					
Customer Account Receivables	43,335	(16,514)	(10,282)	16,539	(122,468)
Due from Other Funds	175,608	(4,437)	(40,174)	130,997	405,946
Due from Other Government Units	-	-	-	-	29,115
Inventories	-	-	-	-	(8,138)
Prepaid Expense	-	-	-	-	391,180
<b>Increase (Decrease) in:</b>					
Accounts Payable	154,054	12,189	125,627	291,870	(175,901)
Due to Other Funds	(435,473)	172,010	40,116	(223,347)	81,001
Due to Other Government Units	7,697	-	-	7,697	-
Claims and Judgments	-	-	-	-	(208,716)
Compensated Absences Payable	-	-	410,889	410,889	45,711
Accumulated Landfill Closure	(617,208)	-	-	(617,208)	-
<b>Total Adjustments</b>	<b>161,099</b>	<b>531,383</b>	<b>1,219,954</b>	<b>1,912,436</b>	<b>3,802,302</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (564,817)</b>	<b>\$ 102,156</b>	<b>\$ (2,061,906)</b>	<b>\$ (2,524,567)</b>	<b>\$ 4,336,130</b>

**Noncash Investing, Capital, and Financing Activities:**

Gain on Purchase/Sale of Fixed Assets	\$ -	\$ -	9,276	\$ 9,276	\$ -
Loss on Purchase/Sale of Fixed Assets	\$ (35,804)	\$ -	(21,865)	\$ (57,669)	\$ (2,547)
Prior Period Adjustment - Fund Reclassification	\$ -	\$ -	(175,934)	\$ (175,934)	\$ 39,498,782
Contribution of Capital Assets	\$ -	\$ -	3,463	\$ 3,463	\$ 101,852

See accompanying notes to the financial statements

**Statement Of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2007**

<b>ASSETS</b>	<b>Investment Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>			
Cash & Pooled Investments	\$ 288,143,504	\$ 1,942,034	\$ 15,610,869
Cash and Investments in Trust	-	-	444,718
Deposits with Fiscal Agent	-	-	210,000
Investments at Cost	420,000	-	-
<b>Receivables:</b>			
Accrued Interest Receivables	102,366	-	-
<b>Investments at Fair Value:</b>			
US Agency & Instrumentality Securities	3,622,408	-	-
<b>Total Assets</b>	<b>292,288,278</b>	<b>1,942,034</b>	<b>16,265,587</b>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
Warrant Payable	-	-	12,991,396
Accounts Payable	-	-	374,626
Payroll Payable	-	-	2,244,847
Due to Other Governments	-	-	654,718
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>16,265,587</b>
<b>NET ASSETS</b>			
Investments Held in Trust for Pool Participants	292,288,278	-	-
Investments Held in Trust for Other Purposes	-	1,942,034	-
<b>Total Net Assets</b>	<b>\$ 292,288,278</b>	<b>\$ 1,942,034</b>	<b>\$ -</b>

See accompanying notes to the financial statements

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
***For The Year Ended December 31, 2007***

	Investment Trust Funds	Private Purpose Trust Funds
<b>Additions:</b>		
<b>Contributions:</b>		
Additions By Participants	\$ 1,117,467,402	\$ 11,893,085
Trust Revenues	149,892	-
Total Contributions	<u>1,117,617,294</u>	<u>11,893,085</u>
<b>Investment Income:</b>		
Net Increase In Fair Value Of Investments	6,710,811	-
Interest, Dividends and Other	-	25,165
Total Investment Income	<u>6,710,811</u>	<u>25,165</u>
Total Additions	<u>1,124,328,105</u>	<u>11,918,250</u>
<b>Deductions:</b>		
Distributions to Participants	1,083,806,720	13,368,243
Trust Administrative Costs	149,892	-
Total Deductions	<u>1,083,956,612</u>	<u>13,368,243</u>
Change in Net Assets Held for Individuals, Organizations and Other Governments	40,371,493	(1,449,993)
Net Assets as of January 1	<u>251,916,785</u>	<u>3,392,027</u>
Net Assets as of December 31	<u>\$ 292,288,278</u>	<u>\$ 1,942,034</u>

See accompanying notes to the financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Year Ended December 31, 2007**

#### **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.

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.

#### **A. REPORTING ENTITY**

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

##### **Component Unit**

The financial statements do not include any component units for which the County is financially accountable.

#### **B. COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This report is segregated into introductory, financial, supplementary information and statistical sections. The introductory section complements the other sections and may include information (for example - prospective and economic information) that would normally be excluded from the financial section of this report.

The financial section includes all statements required by GASB for the year end financial report. The financial section includes the following statements: independent auditor's opinion, management discussion and analysis, government-wide financial statements, major fund financial statements, notes to the financial statements, and required supplementary information. The auditor's opinion provides an independent opinion by the Washington State Auditor's Office on the overall accuracy of this report. The management discussion and analysis provides our analysis of the financial condition and activities of Thurston County based on supporting facts and decisions by the County.

The supplementary information section includes all the combining statements required for a Comprehensive Annual Financial Report (CAFR) by the Government Finance Officers Association. The supplementary information section includes financial statements for the following types of funds: non-major governmental, non-major enterprise, internal service and fiduciary funds. Grant schedules are also included within this section that detail federal, state and local grants and awards.

Government wide financial statements, major fund financial statements and the notes to the financial statements comprise the basic financial statements within the financial section of this report. Balances and activities are reported differently in the government wide and major fund financial statements because each set of statements uses a different measurement focus and basis of accounting, as explained in more detail in note I.C. below.

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

1. Government-Wide Financial Statements

Government wide financial statements provide an overview of the financial condition and activity of the entire governmental unit. This overview is reported in the statement of net assets and the statement of activities.

The statement of net assets reports assets, liabilities and net assets or equity of the entire governmental unit. Likewise, the statement of activities reports revenues, expenses and resulting change in net assets of the entire governmental unit. Governmental balances and activities are segregated from business-type balances and activities in both statements. These amounts are segregated since governmental activities are primarily supported by taxes and intergovernmental revenues whereas business type activities are primarily supported by user fees and charges.

The government wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. All assets and liabilities (whether current or non-current) are reported in the balance sheet. 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. Consequently, all revenues and service costs are reported each year regardless whether they were received or paid in the current year or soon thereafter.

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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Purchased capital assets are capitalized as assets in the statement of net assets and therefore not 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 recognized as a depreciation expense in the statement of activities (See Note VI for depreciation expenses reported in the statement of activities).

Long-term debt proceeds are reported as liabilities in the statement of net assets and therefore not 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 and therefore not reported as an expense in the statement of activities.

Program revenues in the statement of activities include:

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

## Thurston County, Washington 2007

Taxes, entitlements, unrestricted grants, interest and other special and extraordinary items are non-exchange revenues and reported as general revenues in the statement of activities. Non-exchange revenues occur when the County gives (or receives) value without directly receiving (or giving) equal value in exchange.

Taxes and entitlements are reported as either property taxes or franchise and public service taxes and then segregated as either unrestricted for general use or restricted for specific purposes. Franchise and public service taxes in the statement of activities include the following general tax revenues and regulatory fees: cable TV, document preservation, forest board, government land lease, harvest, leasehold excise, liquor excise, motel/hotel, motor vehicle license/excise, pull tabs, punch board, real estate, retail sales, and timber sales.

Property tax revenues are recognized in the fiscal year for which the taxes are levied. Grant, entitlement, and donation revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The County's cost allocation plan allocates unbilled indirect and direct service costs to individual functions. The full allocation of these costs has been included, and separately reported, as program expenses for each reported activity.

The effect of interfund activity has been eliminated, as a general rule, from the government wide financial statements. Exceptions to this general rule include internal charges for exchange or exchange-like transactions for internal services that are normally provided internally or to the public. This excludes internal services of internal service funds, as noted above, since the doubling effect of the cost of these services has already been removed from the financial statements.

### 2. Governmental Fund Financial Statements

All governmental funds are accounted on a current financial resources or "financial flow" measurement focus. This means only current assets and current liabilities are included in the balance sheet. Likewise, governmental fund operating statements focus on measuring changes in current financial position. They report increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

These funds are also reported using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Consequently, fund balance measures "available spendable resources." Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Revenues that are measurable but not available are recorded as a receivable and offset by deferred revenues. See Note D.2. for revenue availability policies and guidelines.

Expenditures are generally recorded when the related fund liability is incurred. However, the modified accrual measurement focus and basis of accounting differs from full accrual in the following ways:

- Purchases of capital assets are expenditures
- Redemptions of long-term debt are expenditures when due
- Interest on long-term debt is not accrued but is recorded as an expenditure when due

## Thurston County, Washington 2007

- 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.
- Detention Facility Sales Tax Holding is a holding fund for local option sales taxes levied to construct adult and juvenile detention facilities.
- The Medic One Fund accounts for countywide delivery of advanced life support response and transport services.
- The Public Health and Social Services Fund accounts for the following services: mental health, developmental disabilities, substance abuse prevention & treatment, children and family, environmental, and personal health.
- The Real Estate Excise Tax Fund accounts for proceeds dedicated to capital projects from the one-half percent tax on real property sales in unincorporated Thurston County.

### 3. Proprietary Fund Financial Statements

Proprietary funds are reported using the economic resources measurement focus and accrual basis of accounting as noted above. However, only proprietary funds disclose cash flows in a separate statement that reports cash flows from operating, financing and investing activities. Proprietary funds also distinguish operating from non-operating revenues and expenses 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 solid waste activities county-wide which primarily includes disposal maintenance and operations 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.

Proprietary funds provide fee based services to external customers as enterprise funds and internally as internal service funds to the County's internal customers or funds (which may at times include other governmental units).

The County's internal service funds account for technology, building maintenance, equipment and vehicle operation and acquisition, risk management, benefits, and unemployment compensation provided to other departments or agencies of the County on a cost reimbursement basis. The County's internal service funds are reported in total in the proprietary fund statements. Reported internal service balances in the proprietary



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statement of net assets are blended within governmental fund balances in the governmental activities section of the entity-wide statement of net assets. Internal service activity is excluded from the statement of activities and profit/loss is allocated to the serviced governmental activity.

### 4. Fiduciary Fund Financial Statements

Fiduciary funds account for resources held for the benefit of parties other than Thurston County. Fiduciary funds are not reflected in the government-wide financial statements since resources of those funds are not available to support Thurston County's programs.

Thurston County has three types of fiduciary funds:

- Investment Trust funds report pooled investments held on behalf of external participants in the County's investment program.
- Private Purpose Trust funds report amounts deposited with the County Clerk through Superior Court trust arrangements and agreements.
- Agency Funds are custodial funds for assets that the County holds for others in an agency capacity.

Fiduciary trust funds are reported using the economic resources measurement focus and accrual basis of accounting. However, fiduciary agency funds do not present results of operations and have no measurement focus. Agency assets and liabilities are the only amounts reported in the fiduciary fund statements. These funds primarily comprise clearing accounts for assets 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 FUND BALANCE

### 1. Cash, Deposits, and Investments

The County pools internal and external cash and investments into one pool for investment purposes with the County Treasurer, except as otherwise requested, in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. A segment, activity or fund's portion of total cash and pooled investments is summarized in the government-wide and major fund financial statements under the classification of cash and pooled investments. As such, for purposes of the statement of cash flows, the County considers all amounts invested in its cash pool to be cash and cash equivalents. All other investments, if applicable, are reported as investments at cost.

Balances in cash and pooled investments are available on a demand basis to each fund. Earnings on 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.

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. The book value of deposits does not differ materially from the bank balances of deposits. The average compensatory balance maintained during 2007 was approximately \$868,000.

### 2. External Receivables

Taxes receivable consist of current and delinquent property taxes (See Note V) and are partially offset by deferred revenue for amounts uncollected and unavailable in the

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governmental funds balance sheet. The County considers property taxes to be available if they are collected within sixty days after year end. However, the County does not accrue these amounts as revenue unless they are material to the amount collected or to the outstanding balance.

Sales taxes are accrued and reported as taxes receivable in the financial statements. The amount reported and accrued is based on schedules and reports from the State of Washington.

Accrued interest receivable includes interest and penalties on property taxes, interest on investments (See Note III) and on current special assessments at year end. The County considers interest on investments to be available if they will be collected within sixty days after year-end.

Special assessments receivable are recorded when levied. Current special assessments consist of current and delinquent assessments. Long term special assessments are outstanding unbilled special assessments. This includes any related interest and liens against the property benefited. Long term special assessments are offset by deferred revenues in the governmental balance sheet.

Customer account receivables are amounts owed from private individuals or organizations for County services which primarily includes receivables for court, incarceration and public health services. Customer account receivables are considered to be available if they are expected to be collected within twelve months after year end. Receivables include amounts owed for which billings have not been prepared and are recorded net of estimated uncollectible amounts.

Property taxes, special assessments and utility billings are collectible through liens on property. Therefore, no estimates of uncollectible amounts are established. Deferred revenues are revenues that have been deferred, and therefore not recognized as income, until received or earned. Deferred revenues primarily include tax and assessment revenue deferrals and amounts received but not earned.

### 3. Internal Receivables and Payables

Inter-fund activity representative of lending/borrowing arrangements and outstanding at year end are either inter-fund loans or advances. Inter-fund loans are due within one year and advances are due beyond one year. 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. However, "due to/from other funds" are netted within "internal balances" in the statement of net assets. See Note VII for a balanced summary schedule of interfund balances by major fund and by non-major fund category.

Due to and from other funds and governments is reported as a cash flow change impacting operating activities in the statement of cash flows. However, cash flows from governmental receivables are treated differently for enterprise and internal service funds in the statement of cash flows. Due from other governments for enterprise funds is reported as a cash flow change impacting grant cash proceeds from non-capital financing activities. Due from other governments for internal service funds is reported as a cash flow change that impacts operating activities.

### 4. Inventories and Prepaid Items

Inventories are assets held for internal consumption or for resale. Any material inventory remaining at year-end is included in the balance sheet of the appropriate fund.

The purchase method, where the cost is expended when the item is purchased, is used in governmental funds, except for the Roads Fund. The perpetual inventory method is used in the Roads Fund. The perpetual inventory method capitalizes the cost when inventory is purchased and then expends the cost when the item is consumed. Inventories recorded in the Roads Fund are stated at cost on a moving weighted average basis. Proprietary funds had no reportable material inventories at year end.

Prepayments are payments in advance of the receipt of goods and services in an exchange transaction and are recorded as an expenditure or expense only when consumed. 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.

5. Long-Term Liabilities

General obligation bonds and intergovernmental loans/contracts directly related to or financed from enterprise funds are accounted for in the respective enterprise fund. All other long-term debt is reported as governmental debt in the entity-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 straight-line interest method. 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, gain/loss and issuance costs during the current period. The face amount of debt is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, is reported as debt service expenditures.

Amounts reserved for the current portion of long-term debt 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

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. Capital assets include land and land improvements, easements, buildings and building improvements, machinery and equipment, construction in progress, and all other tangible and intangible assets used in operations.

Infrastructure assets are stationary long-lived assets. Infrastructure assets primarily include roads, bridges, drainage systems, sidewalks, trails and paths, and water and sewer systems. Infrastructure assets acquired after July 1, 1980 are reported in the statement of net assets. 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 and depreciated current replacement value basis. Infrastructure acquired prior to June 30, 1980, except for roads right of way and easements, is not reported.

Capital assets are valued at cost where historical records are available and at 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. However, infra-structure costs are capitalized when the depreciated cost component is replaced. The net book value of the replaced component is then

## Thurston County, Washington 2007

removed from the system. The cost of normal maintenance and repairs that does not significantly impact asset value 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 expense was not capitalized during asset construction since interest costs were offset by interest earnings on the investments of funds for these projects.

### 7. Rebatable Arbitrage

If applicable, rebatable arbitrage is treated as a liability in accrual based statements when the underlying event has occurred. Otherwise, a liability is recognized only when amounts become due and payable.

### 8. Net Assets and Fund Balance

Restrictions, commitments and other limitations significantly affecting availability of net assets and fund balances are reported and classified in the statement of net assets and fund financial statements. Net assets is reported as (a) an investment in capital assets, net of related debt, (b) restricted or (c) unrestricted. Fund balance is reported as (a) reserved, (b) unreserved–designated or (c) unreserved–undesignated.

Fees and charges for services (except for the General Fund), as reported in the entity wide statements, are usually considered to be restricted since they have been charged or levied for a specific purpose or use. Operating/capital grants are also considered to be restricted if the use of the proceeds is restricted by the grantor. 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 is restricted in proprietary fund statements and fund equity is reserved in governmental fund statements if "outside" restrictions have been placed on the use of these funds (see Note I.D.5. above for debt service restrictions and reservations). Solid waste cash and investments are restricted to fund a 30 year landfill post-closure care period (see Note XIII – Closure and Post Closure Care Costs). Solid waste net assets restricted for this purpose comprise the remainder of the net asset balance.

## Note II - Reconciliation of Government Wide and Fund Financial Statements

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

Account balances in the governmental fund balance sheet are reconciled to balances in the government-wide statement of net assets within the accompanying "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets" statement. Three line items in this reconciliation are described and explained in more detail below.

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The first line item adjustment, as detailed below, was for \$350,256,111 because the cost of capital assets, which is expended in governmental funds, is deferred to future periods in the statement of net assets:

Governmental Net Book Value - 01/01/07	\$ 385,155,845
Reclassification of Governmental Assets as Internal Service Assets	(39,498,782)
Gains (Losses) on Dispositions of Capital Assets	482,478
Governmental Capital Outlays	12,434,621
Governmental Depreciation Expense	<u>(8,318,051)</u>
Governmental Net Book Value - 12/31/07	<u><u>\$ 350,256,111</u></u>

The second line item adjustment, as detailed below, was for \$43,346,658 because long-term debt, which is not reported in governmental funds, is reported in the statement of net assets:

Governmental Debt - 01/01/07	\$ 40,362,885
Reclassification of Internal Service Debt to Governmental Debt	866,424
Bond Proceeds	5,000,000
Premium on Bond Proceeds	19,195
Debt Principal Payments	(3,085,256)
Lease Financing Proceeds and Adjustments	200,851
Amortization of Premium and Refunding Deferral	<u>(17,441)</u>
	<u><u>\$ 43,346,658</u></u>

The third line item adjustment, as detailed below, was for \$69,866,332 because assets and liabilities of internal service funds, which are separately reported in proprietary fund statements, are included and combined with governmental balances in the statement of net assets:

Net Assets - 01/01/07	\$ 29,566,333
Reclassification of Governmental Assets as Internal Service Assets	39,498,782
Net Transfers & Profit	<u>801,217</u>
Net Assets - 12/31/07	<u><u>\$ 69,866,332</u></u>
Interfund Receivables	\$ 466,982
Capital Assets	49,334,314
Other Assets	25,265,829
Interfund Payables	(362,681)
Debt	(999,422)
Other Liabilities	<u>(3,838,690)</u>
Net Assets - 12/31/07	<u><u>\$ 69,866,332</u></u>

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### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

Account balances in the governmental income statement (statement of revenues, expenditures and changes in fund balances) are reconciled to balances in the government-wide statement of activities within the accompanying "Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities" statement. These line item reconciliations are available and reported in detail within this statement.

## **Note III - Stewardship, Compliance and Accountability**

### A. BUDGETS AND BUDGETARY ACCOUNTING

The County prepares its budgets in accordance with state law. In November 2006, the County Administrator submitted to the Board of County Commissioners a proposed operating budget for 2007. 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 18, 2006 the budget was legally enacted through passage of a resolution.

For 2007, appropriations were authorized by department in the General Fund and at the total fund level for all other funds. These are the legal levels of budgetary control. The Board of County Commissioners must approve any revisions that increase the total appropriation of any General Fund department or other County fund. These changes must be approved through a resolution by a majority of the Board of County Commissioners after holding a public hearing.

Administrative control is maintained through the establishment of detailed line-item budgets and 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 GAAP basis. Budgets are recorded in the financial system for management use for some Non-County agency funds. However, the Board of County Commissioners does not adopt Non-County agency budgets and the County is not responsible for enforcing legal limits on these 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 18, 2006 and various amendments to the adopted budget in 2007. All appropriations lapse each year. Thurston County's expenditures did not exceed the legally authorized level allowed by state statute or the legally authorized level allowed by County budget appropriation policies. The following reported budget over expenditures did not violate these statutes and policies as described below:

1. Expenditures for Commissioner and Prosecuting Attorney exceeded budget by \$18,706 and \$5,122 respectively. The reported over expenditures are due to lease purchase accruals. The actual cash outlay for these leases is approved by the board and in compliance with the reported budget and county budget policies.
2. Expenditures, including operating transfers out, for the 2005 Debt Holding, Development Services and Special Projects special revenue funds, and the 1997 G. O. Bonds debt service fund exceeded budget by \$18,897, \$2,579,399, \$832,785 and \$29,127 respectively. These funds were closed out in 2007 with residual fund equities being transferred to other funds. The close out and transfer of fund equities for these funds was specifically authorized by Commissioner approved resolutions and is in compliance with County budget policies.
3. The Investment Administration, Tax Refund and Treasurer's M & O Funds were excluded from the special revenue combining schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual because these funds are not

## Thurston County, Washington 2007

statutorily required to have budget authority and County budget policies do not require budgets for these funds.

The Roads Development Review and Jail Capital Projects funds had deficit fund balances of (\$67,252) and (\$28,968) at December 31, 2007. Additional cash flows are budgeted for these funds in 2008 to address and eliminate the carry forward effect of deficit fund balance from 2007.

The proprietary fund Development Services had a deficit in net assets at December 31, 2007 of \$199,847. Additional fee increases are budgeted in 2008 to eliminate the carry forward effects of deficit net assets from 2007.

### **Note IV - Deposits and Investments**

The Thurston County Treasurer, acting in their legal capacity as Treasurer for the County and other taxing districts, receipts, disburses and invests all cash.

#### **A. DEPOSITS**

All receipts received by the Treasurer are deposited into qualified bank depositaries as specified by the Washington Public Deposit Protection Commission (PDPC). All deposits, including money markets and certificates of deposits are entirely covered by federal depositary 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. 3. All deposits held at December 31, 2007 and throughout the year were insured or collateralized with securities held by the County Treasurer or by their agent in the County Treasurer's name. Total undistributed cash deposits at December 31, 2007 were \$5,192,230.

#### **B. INVESTMENTS**

Investments are governed by State statute and County investment policy. All investment instruments are those allowed by statute, which include U.S. Treasury Notes, Federal Agencies, bankers' acceptances, short-term commercial paper, money market account and the State Treasurer's Local Government Investment Pool (LGIP). There is no statutory regulatory oversight of the LGIP other than annual audits through the Washington State Auditor's Office. The fair value of County shares in the LGIP is dollar for dollar equal to the value of pool shares.

The investment policy dictates that all investment instruments be transacted on the delivery vs. payment basis. Union Bank of California acts as safekeeping agent for the Thurston County Treasurer. During 2007 we did not buy or own any securities earning interest at a rate which varied depending on an underlying rate or index.

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As of December 31, 2007, the County's investment values and maturities for pool and individual fund investments are as follows:

<u>Investment Type</u>	<u>Book Value</u>	<u>Weighted Average Maturity (Years)</u>
<b>Pool Investments:</b>		
State Treasurer's LGIP	\$ 29,000,000	0.0
Money Market Account	30,000,000	0.0
U.S. agencies	<u>395,263,807</u>	5.6
Pool Investments	<u>454,263,807</u>	4.9
<b>Investments:</b>		
Municipal Bonds	<u>420,000</u>	0.2
Investments	<u>420,000</u>	0.2
Total Investments	<u><u>\$ 454,683,807</u></u>	

The interest rate, credit and concentration risks are described below:

Interest Rate Risk – The adopted investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law and the adopted investment policy limit investment in securities that have one of the three highest ratings of a national rating agency at the time of investment.

The ratings of debt securities as of December 31, 2007 are:

<b>Debt Security</b>	<b>S&amp;P Rating</b>
Fannie Mae (Federal National Mortgage Association)	AAA
Freddie Mac (Federal Home Loan Mortgage Corporation)	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Washington State Investment Pool	Not Rated

Concentration of Credit Risk – The adopted investment policy requires that no more than 25% of the investments will be in a single security type, with the exception of U.S. treasury and agency securities and the State Local Government Investment Pool. The investments held are in compliance with this requirement.



# Thurston County, Washington 2007

A reconciliation of pool investments, investments, cash and cash deposits to the fund and entity wide statements is as follows:

## Reconciliation of Deposits and Investments December 31, 2007

	Total	Cash & Pool Investments	Investments
Pool Investments:			
State Treasurer's Local Govt.	\$ 29,000,000	\$ 29,000,000	\$ -
Investment Pool (LGIP)			
Money Market Account	30,000,000	30,000,000	-
U.S. Agency & Instrumentality Securities	395,263,807	395,263,807	-
Investments:			
Municipal Bonds	420,000	-	420,000
Total Investments	454,683,807	454,263,807	420,000
Cash and Cash Deposits:			
Cash with Fiscal Agent and Deposits	5,192,230	5,192,230	-
With Financial Institutions			
Cash with Fiscal Agent	210,000	210,000	-
Cash with Fiscal Agent (Communications)	54,843 *	54,843	-
Petty Cash, Change, Revolving, and	88,588	88,588	-
Advance Travel Funds			
Clerk's Trust Funds	1,942,034	1,942,034	-
Total Cash & Investments	462,171,502	461,751,502	420,000
Net Increase			
(Decrease) in the Fair Value of Investments	3,622,408	3,621,250	1,158
Total Reported Cash & Investments	\$ 465,793,910	\$ 465,372,752	\$ 421,158
Reconciliation to Statements:			
Statement of Net Assets:			
Cash & Pooled Investments - Unrestricted	\$ 134,416,575		
Cash & Pooled Investments - Restricted	20,946,901		
Statement of Fiduciary Net Assets:			
Pooled Investment Trust Funds	288,143,504		
Investments at Cost	420,000		
Net Increase (Decrease) in Investment Fair Value	3,622,408		
Private Purpose Trust Funds	1,942,034		
Agency Funds	15,610,869		
Agency Petty Cash	36,901		
Cash and Investments in Trust	444,718		
Cash and Deposits with Fiscal Agent	210,000		
Total Reported Cash & Investments	\$ 465,793,910		

\* Note Cash with Fiscal Agent (Communications) is not held or managed through the Treasurers Office

## Thurston County, Washington 2007

A summary of current and restricted assets for pooled investments and investments is as follows:

### Current and Restricted Assets December 31, 2007

	<u>Total</u>	<u>Current Assets</u>	<u>Restricted Assets</u>
Pooled Investments	\$ 454,263,807	\$ 433,316,906	\$ 20,946,901
Investments	<u>420,000</u>	<u>-</u>	<u>420,000</u>
Total	<u>\$ 454,683,807</u>	<u>\$ 433,316,906</u>	<u>\$ 21,366,901</u>

#### C. THURSTON COUNTY INVESTMENT POOL (TCIP)

The Thurston County Investment Pool (TCIP) operates on an amortized cost-book value basis. The County Treasurer, the County Auditor and the Chairman of the Board of County Commissioners, as the statutory County Finance Committee, perform oversight of the pool's performance. There are no legally binding guarantees for the TCIP. Authorized investments for the TCIP are the same as investments held outside of the pool. These are defined in statute and discussed in Note IV (B). The TCIP also has holdings in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in a manner consistent with SEC Rule 2a7. As a 2a7-like pool, investments in the LGIP are reported at amortized cost.

All funds deposited in the TCIP are available 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 balances. The Thurston County Treasurer, by law, is the Treasurer of most local governments and districts within the County, including schools, fire and library districts. These districts do not have a legal option to have their cash handled by other than the County Treasurer.

The TCIP experienced a net increase in the fair value of the investments during 2007, as market interest rates decreased. At 12/31/2007, the market value of investments was \$3,621,250 greater than the amortized cost. These unrealized gains will not be recognized in the various funds as management intends to hold these investments to maturity. During 2007, TCIP sold 5 investments with a total realized gain of \$158,483.

Fair value of the TCIP is reviewed by the County Treasurer, on an ad hoc basis, and monthly by the County Finance Committee. Fair value is determined using information from our safekeeping agent, Union Bank of California and with "Bloomberg", an on-line financial services system.

There is no involuntary participation in the TCIP. Districts do have the option to participate in the TCIP or they can have the Treasurer manage their cash in investments outside of the TCIP by requesting specific investment amounts and maturity dates.

## Thurston County, Washington 2007

A condensed statement of net assets and statement of changes in net assets for the TCIP including the external and internal portions of the pool, at December 31, 2007, is reported in the following schedule:

### Condensed Statement of Net Assets December 31, 2007

Cash, Cash Equivalents and Pooled Investments	\$ 454,263,807
Total Assets	<u>454,263,807</u>
Accrued Interest Payable	<u>-</u>
Total Liabilities	<u>-</u>
Net Assets Held in Trust for Pool Participants	<u><u>\$ 454,263,807</u></u>

### Condensed Statement of Changes in Net Assets December 31, 2007

Changes in Net Assets Resulting from Operations	\$ 21,775,674
Distribution to Participants	(21,775,674)
Changes in Net Assets Resulting from Cash Transactions	<u>35,826,431</u>
Net Assets Available	35,826,431
Net Assets - 1/1	<u>418,437,376</u>
Net Assets - 12/31	<u><u>\$ 454,263,807</u></u>
Internal Investment Pool	\$ 155,363,476
External Investment Pool	<u>298,900,331</u>
Thurston County Investment Pool - 12/31	<u><u>\$ 454,263,807</u></u>

### 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 14	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.

## Thurston County, Washington 2007

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 subject to three limitations:

1. Initiative 747 limits annual regular property tax increases to 1% or the Implicit Price Deflator, whichever is less. An increase above 1% is allowed only with voter approval. The 1% limit excludes increases due to the addition of new construction and state assessed utility increases.
2. The Washington State Constitution limits 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 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.
3. 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.

The County may voluntarily levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.

The following identifies the tax rates levied in 2006 for collection in 2007:

	<u>Levy In Dollars Per Thousand</u>	<u>Assessed Value</u>	<u>Total Levy</u>
County	\$ 1.2122	\$ 23,474,474,955	\$ 28,455,739
Roads	1.3664	\$ 12,601,176,200	17,217,888
	<u>\$ 2.5786</u>		<u>\$ 45,673,627</u>

Thurston County, Washington 2007

**Note VI - Capital Assets and Commitments**

**A. CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2007 was as follows:

GOVERNMENTAL TYPE ACTIVITIES	Beginning Balance 01/01/07	Increases	Decreases	Ending Balance 12/31/07
Capital Assets - Non-Depreciable:				
Land	\$ 250,812,363	\$ 5,153,861	\$ 4,879,444	\$ 251,086,780
Construction in Progress	28,391,835	16,758,845	21,984,110	23,166,570
Capital Assets - Non-Depreciable	<u>279,204,198</u>	<u>21,912,706</u>	<u>26,863,554</u>	<u>274,253,350</u>
Capital Assets - Depreciable:				
Buildings	61,830,385	50,332,533	49,441,962	62,720,956
Improvements Other Than Buildings	5,119,524	1,615,499	585,477	6,149,546
Machinery & Equipment	38,478,927	10,400,497	8,348,167	40,531,257
Infrastructure	102,022,503	15,024,916	3,700,997	113,346,422
Original Cost	<u>207,451,339</u>	<u>77,373,445</u>	<u>62,076,603</u>	<u>222,748,181</u>
Less Accumulated Depreciation:				
Buildings	(15,985,495)	(1,821,967)	(119,747)	(17,687,715)
Improvements Other Than Buildings	(1,632,084)	(202,002)	(2,801)	(1,831,285)
Machinery & Equipment	(25,295,574)	(3,646,090)	(1,545,472)	(27,396,192)
Infrastructure	(51,705,703)	(6,012,563)	(3,437,787)	(54,280,479)
Accumulated Depreciation	<u>(94,618,856)</u>	<u>(11,682,622)</u>	<u>(5,105,807)</u>	<u>(101,195,671)</u>
Capital Assets - Depr, Net	<u>112,832,483</u>	<u>65,690,823</u>	<u>56,970,796</u>	<u>121,552,510</u>
Total Original Cost	486,655,537	99,286,151	88,940,157	497,001,531
Total Accumulated Depreciation	<u>(94,618,856)</u>	<u>(11,682,622)</u>	<u>(5,105,807)</u>	<u>(101,195,671)</u>
Governmental Capital Assets, Net	<u>\$ 392,036,681</u>	<u>\$ 87,603,529</u>	<u>\$ 83,834,350</u>	<u>\$ 395,805,860</u>

Depreciation Expense was charged to functions as follows:

General Government	\$ 531,725
Public Safety	1,107,397
Utilities and Environment	3,318
Transportation	6,040,921
Economic Environment	118,443
Health and Human Services	46,410
Culture and Recreation	469,836
Subtotal	<u>8,318,050</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.

3,364,572

Total Governmental Activities Depreciation Expense

\$ 11,682,622

# Thurston County, Washington 2007

Business Type Activities for the year ended December 31, 2007 was as follows:

BUSINESS TYPE ACTIVITIES	Beginning Balance 01/01/07	Increases	Decreases	Ending Balance 12/31/07
Capital Assets, Not Being Depreciated:				
Land	\$ 1,611,725	\$ 5,702	\$ -	\$ 1,617,427
Construction In Progress	3,283,391	1,778,141	2,140,666	2,920,866
Total Capital Assets, Not Being Depreciated	4,895,116	1,783,843	2,140,666	4,538,293
Capital Assets, Being Depreciated:				
Buildings	22,524,777	87,005	-	22,611,782
Improvements Other Than Buildings	29,918,148	2,012,170	226,152	31,704,166
Machinery & Equipment	3,962,149	668,412	149,201	4,481,360
Total Capital Assets, Being Depreciated	56,405,074	2,767,587	375,353	58,797,308
Less Accumulated Depreciation For:				
Buildings	(4,285,830)	(641,421)	-	(4,927,251)
Improvements Other Than Buildings	(21,491,902)	(893,088)	(214,064)	(22,170,926)
Machinery & Equipment	(1,964,803)	(360,490)	217,091	(2,542,384)
Total Accumulated Depreciation	(27,742,535)	(1,894,999)	3,027	(29,640,561)
Total Capital Assets Being Depreciated, Net	28,662,539	872,588	378,380	29,156,747
Business Type Activities Capital Assets, Net	\$ 33,557,655	\$ 2,656,431	\$ 2,519,046	\$ 33,695,040

Depreciation expense was charged to functions as follows:

Solid Waste	\$ 833,086
Grand Mound	368,135
Other Enterprise Funds	693,778
Total	<u>\$ 1,894,999</u>

## Thurston County, Washington 2007

### B. CONSTRUCTION COMMITMENTS

Thurston County has the following active construction commitments, including the Accountability and Restitution Center and Customer Service Center project, as of December 31, 2007:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Accountability and Restitution Center	\$ 2,591,604	\$ 1,983,497
Customer Service Center	195,656	2,695,178
Devoe Housing (Renovations)	843,829	43,671
Tolmie Apartments (Renovations)	64,154	96,905
Deschutes Cove Apartments (Renovations)	46,336	115,852
City of Tenino (Homeowner Rehabilitation)	-	242,884
	<u>\$ 3,741,579</u>	<u>\$ 5,177,987</u>

These projects are financed with general obligation bonds which are then repaid with sales and real estate excise taxes. There was a reduction in the amount spent and committed for the Customer Service Center In 2007 due to the re-location and re-design of this project.

### 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. The proprietary portion of general obligation debt is reported in proprietary funds because repayments will eventually come from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Payments on these bonds are funded from voter approved levies, real estate excise tax fees and proprietary revenues.

1999 Grand Mound Limited 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 were used for constructing and equipping Grand Mound water and wastewater facilities. The bonds bear an interest rate of 5.0% to 5.6%. \$7,500,000 was refunded with 2005 Advanced Refunding Bonds. The remaining outstanding balance as of December 31, 2007 was \$2,970,000.

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 were used to payoff the 2000 General Obligation Bonds and for improvements to various county facilities. The bonds bear an interest rate of 4.0% to 5.13% with \$8,395,000 outstanding as of December 31, 2007.

2004 Limited General Obligation Bonds of \$11,000,000 were issued in 2004. The proceeds were used to acquire property and for improvements to various county facilities

## Thurston County, Washington 2007

including: a) acquiring land to construct a jail facility, b) expanding the county/regional park system, c) acquiring a building adjacent to the courthouse to ease overcrowding and relieve existing space problems and d) replacing the County's 20-year old central phone system. The bonds bear an interest rate of 2.5% to 4.50% semi annually with principal repayments from \$400,000 to \$800,000 a year. The term of the bonds is 20 years with the final payment due in 2024. The balance at December 31, 2007 was \$9,915,000

2005 Limited General Obligation Bonds of \$26,135,000 were issued in 2005. The bonds were used as follows: \$15,700,000 was used for a partial advance refunding of \$16,175,000 of outstanding 1997 bonds and \$7,510,000 was used for an advance refunding of \$7,500,000 of outstanding 1999 bonds. The other portion of the issue amounting to \$2,925,000 will be utilized to finance park acquisitions and other capital improvements. The bonds bear an interest rate of 3.0% to 5.0% semi annually with principal repayments ranging from \$100,000 to \$3,000,000 a year. The term of the bonds is 20 years with the final payment due in 2025. The balance at December 31, 2007 was \$25,935,000.

2007 Limited General Obligation Bonds of \$5,000,000 were issued in 2007. The bonds will be primarily used to fund a second county jail and to remodel a fish processing warehouse into office space. The term of the bonds is 20 years with the final payment due in 2027. The bonds bear interest rates of 3.75% to 4.0% payable semi-annually with principal repayments ranging from \$125,000 to \$375,000 a year. The balance at December 31, 2007 was \$5,000,000.

### 2. Loans and Contracts Payable

The County has entered into an agreement with the Department of Community Development, State of Washington, for three loans from the State of Washington, Public Works Trust Fund. The loans are to finance in part the construction of the Olympic View drain field, the Sunrise Beach Landslide Mitigation Project (also known as Road Improvement District #2) and the Grand Mound water corrosion control project. The County has agreed to repay the Public Works Trust Fund loans from water and sewer utility revenues, general obligation tax assessments, and other available County monies.

Olympic View Debt Redemption Fund (Enterprise Fund) has a 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, 2007 of \$52,394.

Road Improvement District #2 Fund (Debt Service Fund) has a 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, 2007 of \$67,105.

Grand Mound-water has a Public Works Trust Fund loan that is not to exceed \$37,358 with an interest rate of 2% per annum. Yearly loan payments are due on July 1 and are equal to 1/4th of the principal balance plus interest on the unpaid balance of the loan starting in 2007. The term of the loan is for five years. The balance at December 31, 2007 is \$28,018.

The Community Loan Repayment Funds (Enterprise Funds) entered into six 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



## Thurston County, Washington 2007

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, 2007 is \$121,881. 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, 2007 is \$59,617. 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, 2007 is \$121,948. 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, 2007 is \$16,871. During 2002 a fifth loan began with borrowing not to exceed the value of \$150,000 and an interest rate of 1.5%. Repayment began after project completion on December 31, 2005. The balance as of December 31, 2007 is \$90,909. The sixth loan is not to exceed \$200,000 with an interest rate of 1.5%. Repayment will begin when the draws are substantially complete. The term of the loan is for twenty years and the balance at December 31, 2007 was \$87,110.

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 in 2002. Repayments began in 2004 and the loan balance at December 31, 2007 was \$1,252,519. The interest rate of the loan is 0% with a 20-year repayment term.

Water and Waste Management entered into a state revolving fund (DWSRF) loan agreement with the State of Washington Department of Community Development to construct a corrosion control system for the Grand Mound water system in 2006. The term of the loan is for 20 years and the amount to be financed is \$132,518 with an interest rate of 1%. The balance at December 31, 2007 was \$86,217.

Communications entered into an agreement with Government Capital Corporation to fund a new computer aided dispatch system during 2003. 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, 2007 is \$505,680.

### 3. Leases

#### a. Capital Lease Liabilities

The County has entered into the transactions that are recorded as a capital lease purchases. These long-term contracts incorporate some or all of the benefits and risks of ownership. These lease agreements qualify as capital leases and recorded at the present value of future minimum lease payments as of the inception date. Leases payable totaled \$422,380 at December 31, 2007.

The future minimum lease obligations and net present value of minimum lease payments for assets acquired through capital leases as of December 31, 2007 were as follows

	<u>Governmental Activities</u>
Machinery & Equipment	\$ 608,253
Less: Accumulated Depreciation	<u>(185,873)</u>
Present Value of Minimum Lease Payments	422,380
Plus amount representing interest	<u>81,997</u>
Total minimum lease payments	<u><u>\$ 504,377</u></u>

## Thurston County, Washington 2007

### b. Operating Lease Liabilities

The County has lease commitments for leases of buildings and office space that are cancelable and non-cancelable with lease terms primarily from month to month. Operating lease expenditures for the year ended December 31, 2007 were \$409,615. The future minimum lease payments for these leases are:

<b>Year</b>	<b>Amount</b>
2008	\$ 279,923
2009	\$ 267,622
2010	\$ 219,255
2011	\$ 59,784
2012	\$ 59,784

### c. Lease Receivables

The County has contracts with various businesses to lease County owned buildings for office space. The leases are cancelable and non-cancelable with month to month terms of five years with one that extends to 2016. The county received \$264,084 cancelable and non-cancelable operating lease revenues in 2007. Amounts that will be received in future years under these lease agreements are noted below:

<b><u>Year Ending December 31,</u></b>	<b><u>Amount</u></b>
2008	\$ 251,418
2009	\$ 210,137
2010	\$ 181,466
2011	\$ 131,033
2012	\$ 107,063
2013-2016	\$ 343,773

## 4. Long-term Compensated Absences

Thurston County has traditional and alternative leave plans. 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 annual or 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 (280 hours for alternative leave) and, if retiring, half of unused sick leave to a maximum of 360 hours.

The County reported a liability of \$6,671,197 at December 31, 2007 for that portion of unpaid accumulated vacation and personal leave payable in the statement of net assets.

## Thurston County, Washington 2007

\$4,447,464 of this liability is expected to be incurred in 2008. Leave costs are paid from governmental funds that fund the personnel costs for those employees. This long-term liability for accumulated vacation and personal leave payable includes \$5,616,528 for governmental funds, \$755,821 for internal service funds and \$298,848 for enterprise funds. Payroll, benefits and associated administrative services for enterprise funds administered by the Department of Water & Waste Management are billed to these enterprise funds by two internal service funds. Consequently, balances for compensated absences in these enterprise funds is rolled up into internal service funds which is in turn included within governmental activities in the following table and in the statement of net assets. Vested sick leave is not considered material and is not accrued.

### 5. Other Post Employment Benefits

Thurston County administers two post employment benefit programs that provide primarily post employment medical benefits to retired Thurston County employees. These programs are for retired Law Enforcement Officers and Fire Fighters (LEOFF) under the LEOFF 1 retirement act and for all Thurston County employees through the state managed Public Employees Benefits Board (PEBB). A long term governmental liability of \$367,546 was recognized for LEOFF 1 benefits in the statement of net assets in 2007. A long term liability of \$2,086,380 was also recognized for PEBB benefits in the financial statements. This liability was allocated between the governmental and proprietary funds based on current active full time employees. Consequently, \$1,974,339 was recognized in the statement of net assets for governmental and internal service funds and \$112,041 was recognized for enterprise funds. Note XI contains detailed information on these two post employment benefit programs including the computation of the current accrued cost and the associated long term liability.

# Thurston County, Washington 2007

## 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, 2007

	Balance At January 1 2007	New Issues	Reductions And Adjustments	Balance At December 31, 2007		
				Total Ending Balance	Current	Long Term
Governmental Activities:						
Loans & Contracts Payable	\$ 1,108,894	\$ -	\$ (536,108)	\$ 572,786	\$ 272,941	\$ 299,845
Leases Payable	248,666	227,453	(121,736)	354,383	108,311	246,072
Notes Payable	1,357,560	227,453	(657,844)	927,169	381,252	545,917
General Obligation Bonded Debt	39,218,807	5,000,000	(2,483,807)	41,735,000	2,245,000	39,490,000
Deferred Amount On Refunding	(638,170)	-	33,587	(604,583)	(33,588)	(570,995)
Unamortized Premium	1,329,677	-	(51,028)	1,278,649	70,943	1,207,706
Limited G.O. Bonds Payable	39,910,314	5,000,000	(2,501,248)	42,409,066	2,282,355	40,126,711
Compensated Absences & OPEB	6,389,412	7,640,895	(5,316,073)	8,714,234	4,248,232	4,466,002
Balance at Dec 31, 2007	47,657,286	12,868,348	(8,475,165)	52,050,469	6,911,839	45,138,630
Business-Type Activities:						
Loans & Contracts Payable	2,204,439	159,851	(446,805)	1,917,485	128,087	1,789,398
Leases Payable	-	45,898	22,099	67,997	18,673	49,324
Notes Payable	2,204,439	205,749	(424,706)	1,985,482	146,760	1,838,722
General Obligation Bonded Debt	11,470,000	-	(990,000)	10,480,000	475,000	10,005,000
Deferred Amount On Refunding	(484,218)	-	58,475	(425,743)	(35,479)	(390,264)
Unamortized Premium	525,503	-	(42,545)	482,958	40,247	442,711
Limited G.O. Bonds Payable	11,511,285	-	(974,070)	10,537,215	479,768	10,057,447
Compensated Absences & OPEB	-	410,889	-	410,889	199,232	211,657
Balance at Dec 31, 2007	13,715,724	616,638	(1,398,776)	12,933,586	825,760	12,107,826
Total Long-term Debt	\$ 61,373,010	\$ 13,484,986	\$ (9,873,941)	\$ 64,984,055	\$ 7,737,599	\$ 57,246,456

Enterprise segment information is not disclosed since revenue streams are not pledged to support proprietary long-term debt.

# Thurston County, Washington 2007

## C. DEBT SERVICE REQUIREMENTS

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

### Schedule Of Annual Requirements Debt Payment Schedule As Of December 31, 2007

	General Obligation Bonded Debt		Leases Payable		Loans/Contracts/Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 2,720,000	\$ 2,421,894	\$ 137,214	\$ 37,485	\$ 396,815	\$ 45,141	\$ 5,758,549
2009	3,060,000	2,282,533	113,780	24,839	416,309	30,843	5,928,304
2010	3,335,000	2,160,258	84,908	13,617	148,507	15,244	5,757,534
2011	3,440,000	2,005,545	64,119	5,200	125,894	13,013	5,653,771
2012	3,585,000	1,845,708	22,359	856	127,126	11,491	5,592,540
2013-2017	20,605,000	6,934,678	-	-	612,155	33,397	28,185,230
2018-2022	11,550,000	2,253,755	-	-	519,375	10,476	14,333,606
2023-2028	3,920,000	369,783	-	-	144,090	2,388	4,436,261
Total	<u>\$ 52,215,000</u>	<u>\$ 20,274,154</u>	<u>\$ 422,380</u>	<u>\$ 81,997</u>	<u>\$ 2,490,271</u>	<u>\$ 161,993</u>	<u>\$ 75,645,795</u>

## D. ASSETS AVAILABLE FOR DEBT SERVICE

The County is meeting debt service requirements. The County has sufficient assets in variety of different funds, including the General Fund, Real Estate Excise Tax Fund, debt holding funds and proprietary funds to meet current and future debt service payments. At December 31, 2007, the County had an additional \$143,542 available in reserve in the Debt Service Funds to service 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)	\$ 432,140,775	\$ 379,407,539
General Government (With 3/5-majority vote)	\$ 720,234,625	\$ 667,501,389

# Thurston County, Washington 2007

## 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 one outstanding refunded issue.

### Schedule Of Refunded And Defeased Bonds, Assets, And Liabilities As of December 31, 2007

Refunded & Defeased Bonds Outstanding	01/01/07	Increases	Decreases	12/31/07
	\$ 23,675,000	\$ -	\$ 16,175,000	\$ 7,500,000

General Obligation Bonds of \$26,135,000 were issued in 2005 of which \$7,510,000 was used for an advance refunding of \$7,500,000 of outstanding 1999 enterprise bonds. The advance refunding of the 1999 bonds resulted in an economic gain of \$440,635 with a \$567,825 reduction in debt service payments over the next 14 years.

## Note VIII - Interfund Transactions

### A. INTERFUND RECEIVABLES AND PAYABLES

Revenues, expenditures and expenses between County funds are reported as if they were from external organizations in the fund financial statements. These balances and transactions were eliminated in the government-wide financial statements if they did not represent an exchange of goods and services in a normal business relationship (see Notes I.C.1. and I.D.3. above). The composition of interfund receivables and payables in the fund financial statements as of December 31, 2007 is shown in the following table.

	Due From Other Funds	Due To Other Funds
General Fund	\$ 202,737	\$ 47,529
Detention Facilities Sales Tax Holding	2,327	41,029
Real Estate Excise Tax	180,000	62,598
Roads	82,551	45,789
Medic One	1,888	490
Public Health & Social Services	194,835	39,620
Non-Major Governmental Funds	1,503,125	1,301,510
Internal Service Funds	466,982	362,681
<b>TOTAL GOVERNMENTAL &amp; INTERNAL SERVICE FUNDS</b>	<b>2,634,445</b>	<b>1,901,246</b>
Enterprise Funds		
Solid Waste	546,698	882,861
Grand Mound	4,486	222,186
Non-Major Enterprise Funds	49,280	228,616
<b>TOTAL ENTERPRISE FUNDS</b>	<b>600,464</b>	<b>1,333,663</b>
<b>TOTAL COUNTY FUNDS</b>	<b>3,234,909</b>	<b>3,234,909</b>
<b>TOTAL</b>	<b>\$ 3,234,909</b>	<b>\$ 3,234,909</b>

# Thurston County, Washington 2007

## B. INTERFUND LOANS AND ADVANCES

Interfund loans and advances are fund transfers, usually interest bearing, that will be repaid in a future years. Interfund loans are fund transfers for less than a year that are outstanding at year end and advances are fund transfers for more than one year. The following advances were outstanding as of December 31, 2006:

1. The Solid Waste Utility advanced \$30,000 to the Grand Mound Utility in 2004. The repayment period started in 2005 and will end in 2009. The advance bears an annual interest rate of 3%. Interest only was repaid during the first two years with equal interest and principal payments scheduled to be repaid the last three years of the repayment period. The remaining balance at December 31, 2007 was \$20,000.
2. The Solid Waste Utility advanced \$8,300 to the Tamoshan Utility in 2006. The advance will be repaid with equal interest and principal payments over 3 years. The advance bears an interest rate of 4%. The remaining balance at December 31, 2007 was \$5,533.

## C. INTERFUND TRANSFERS

Interfund transfers are subsidies or contributions provided by one fund to another fund with no corresponding promise for repayment. These amounts, which are reported in the fund financial statements, were eliminated in the government-wide statements. Transfers out from the General Fund are usually made to subsidize other activities in other funds such as Parks, Fair and Public Health that are not self supporting through other taxes, grants or program and service fees. Transfers in to the General Fund are primarily from sales tax holding funds for public safety purposes. Transfers out of Detention Facilities Sales Tax Holding are primarily to fund public safety capital projects in capital project funds and public safety operations in the General Fund. Transfers in to Public Health and Social Services comprise subsidies and support service payments from the General and Development Service Funds. Transfers into and out of proprietary and non-major governmental funds are primarily for debt service and associated capital projects. Transfers also include transfers of residual fund balances to active ongoing funds from funds that were closed out and terminated in 2007.

Interfund transfers occurring between major funds, non-major governmental funds, non-major enterprise funds and internal service funds of the County during the year ended December 31, 2007 are summarized below:

	Transfers In	Transfers Out
General Fund	\$ 1,548,857	\$ 2,467,996
Detention Facilities Sales Tax Holding	-	2,866,010
Real Estate Excise Tax	832,785	2,285,874
Roads	42,787	1,054,665
Medic One	-	35,746
Public Health & Social Services	1,294,594	69,655
Non-Major Governmental Funds	11,783,785	8,854,254
Internal Service Funds	1,243,156	1,977,131
<b>TOTAL GOVERNMENTAL &amp; INTERNAL SERVICE FUNDS</b>	<b>16,745,964</b>	<b>19,611,331</b>
Enterprise Funds		
Solid Waste	525,827	525,827
Grand Mound	245,401	70,792
Non-Major Enterprise Funds	3,949,752	1,258,994
<b>TOTAL ENTERPRISE FUNDS</b>	<b>4,720,980</b>	<b>1,855,613</b>
<b>TOTAL COUNTY FUNDS</b>	<b>\$ 21,466,944</b>	<b>\$ 21,466,944</b>

## 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 Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

### A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

#### 1. Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.



## Thurston County, Washington 2007

Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of two percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

### 2. Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS may choose to participate in the Judicial Benefit Multiplier Program (JBM). Current justices or judges in PERS Plan 1 and 2 may make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of average financial compensation. Judges in PERS Plan 3 can elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who choose to participate in JBM will accrue service credit at the higher multiplier beginning with the date of their election, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who do not choose to participate will: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Justices and judges who are newly elected or appointed to judicial service and choose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, are required to participate in the JBM Program.

## Thurston County, Washington 2007

Justices and judges who are newly elected or appointed to judicial service will: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,188 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	70,201
Terminated Plan Members Entitled to but not yet Receiving Benefits	25,610
Active Plan Members Vested	105,215
Active Plan Members Non-vested	49,812
<b>Total</b>	<b>250,838</b>

### 3. Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2007, were as follows:

Members not participating in JBM:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer*	6.13%**	6.13%**	6.13%***
Employee	6.00%****	4.15%****	*****

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\* The employer rate for state elected officials is 9.12% for Plan 1 and 6.13% for Plan 2 and Plan 3.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 4.15% for Plan 2.

\*\*\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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Members participating in JBM:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer-State Agency*	8.63%	8.63%	8.63%**
Employer-Local Govt.*	6.13%	6.13%	6.13%**
Employee-State Agency	9.76%	7.88%	7.50%***
Employee-Local Govt.	12.26%	10.38%	7.50%***

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\* Plan 3 defined benefit portion only.

\*\*\* Minimum rate.

Both county and the employees made the required contributions. The county's required contributions for the years ended December 31 were as follows:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
2007	\$ 337,846	\$ 2,681,836	\$ 234,290
2006	\$ 182,179	\$ 1,411,628	\$ 109,874
2005	\$ 114,466	\$ 857,198	\$ 58,489

## B. LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS (LEOFF)

### 1. Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

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Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

There are 383 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	8,951
Terminated Plan Members Entitled to but not yet Receiving Benefits	602
Active Plan Members Vested	12,711
Active Plan Members Non-vested	3,603
<b>Total</b>	<b>25,867</b>

### 2. Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature by means of a special funding arrangement appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

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The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2007, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.35%**
Employee	0.00%	8.64%
State	N/A	3.45%

\*The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\* The employer rate for ports and universities is 8.80%.

Both county and the employees made the required contributions. The county's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2007	\$ 383	\$ 342,931
2006	\$ 680	\$ 297,739
2005	\$ 894	\$ 230,683

### C. PUBLIC SAFETY EMPLOYEE'S RETIREMENT SYSTEM (PSERS)

#### 1. Plan Description

PSERS was created by the 2004 legislature and became effective July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A "covered employer" is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or

## Thurston County, Washington 2007

- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of two percent of the average final compensation per year of service. The average final compensation is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

There are 69 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	0
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	2,073
<b>Total</b>	<b>2,073</b>

### 2. Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2007, were as follows:

	<b><i>PSERS Plan 2</i></b>
Employer*	8.55%
Employee	6.57%

\* The employer rate includes an employer administrative expense fee of 0.16%.

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Both county and the employees made the required contributions. The county's required contributions for the years ended December 31 were as follows:

	PSERS Plan 2
2007	\$ 464,949
2006	\$ 107,702

### Note X - Risk Management

#### A. RISK POOL AND GENERAL LIABILITY INSURANCE

Thurston 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 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 several 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. Thirty counties have participated in the Pool, while twenty eight counties remain as present members.

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 coverage, including public officials' errors and omissions, and property insurance program are on an "occurrence" basis. The Pool provides the following forms of group purchased insurance coverage for its members: "following form" excess liability, and property that includes vehicles, mobile equipment, and EDP equipment. Special events/concessionaires are another optional group purchase insurance coverage.

Members make an annual contribution to fund the pool. The Pool acquires liability reinsurance and "following form" excess insurance from unrelated underwriters that is subject to a per-occurrence self-insured retention of \$100,000, or the member-selected deductible, whichever is greater. Members are responsible for their elected deductible amounts ranging from \$10,000 to \$500,000 of each covered claim while the pool is responsible for the remaining difference up to the pool's \$100,000 to the maximum limits of each policy. The reinsurance and excess insurance carriers cover losses exceeding the greater of the Pool's retention or the member county's deductible to the maximum limits of each policy.

The pool is governed by a board of directors that is comprised of one designated representative from each participating member. An executive committee is elected at the annual meeting, and is responsible for conducting the business affairs of the pool. 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. The contract with the pool is renewed automatically each year until terminated. Each member is responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period(s) during which it was a signatory to the interlocal agreement, even after termination of the contractual relationship.

The pool is fully funded by its member participants as a cooperative program with joint liability among the participating members. Claims are filed by members with the pool. Any deficits or program assets which are insufficient to cover program liabilities are financed through retroactive assessments of responsible members.

## Thurston County, Washington 2007

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. Furthermore, the County's settlements have not exceeded the County's insurance coverage in each of the past three years. 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.

The County paid general claims costs of \$256,103 during 2007. The County's suggested minimum claim reserves, and therefore the County's potential liability for claims and costs not covered by the risk pool, were estimated by the pool's actuary on December 31, 2007 as \$3,576,302. The suggested reserve includes reserves for open claims plus an estimate 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 Claims and Judgments Payable

	2007	2006
Beginning Claims Liability	\$ 3,367,586	\$ 3,505,000
Claims Incurred during the year		
Including IBNRs)*	464,819	516,412
Claims Payments	(256,103)	(653,826)
Ending Claims Liability	<u>\$ 3,576,302</u>	<u>\$ 3,367,586</u>

\*Includes total provision for events of the current fiscal year and any changes in the provision for events for prior fiscal years.

#### B. OTHER

The County is not self insured for other types of risks and losses except as described above under "Risk Pool and General Liability Insurance". The County reimburses Washington State Employment Security for unemployment compensation claims. These claims are funded through employee related fund transfers into the County's Unemployment Compensation fund. The County also pays Washington State Labor and Industries a stipulated amount per employee per payroll period for a state mandated industrial insurance program for worker compensation claims. As discussed in Note VII.F., the County also has a contingent financial liability for the payment of refunded debt.

### Note XI – Other Post-Employment Benefits

The County provides other post-employment benefits (OPEB) In addition to the pension benefits described in Note IX.

#### A. LEOFF

Lifetime full medical coverage is provided to uniformed law enforcement officers as members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system. A liability for the accumulated unfunded actuarially required contribution is reported in the Statement of Net Assets. The actual medical costs are reported as expenditures in the year they are incurred.



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### 1. Plan Description

The County provides lifetime medical care in accordance with the Washington LEOFF 1 Act (RCW 41.26) for retired full time, fully compensated, law enforcement officers who established membership in the LEOFF 1 retirement system on or before September 30, 1977. All or most of the County's LEOFF 1 officers are eligible for benefits when they reach normal retirement age through a defined benefit healthcare plan administered by the County.

Thurston County reimburses retired LEOFF 1 officers for reasonable medical charges usually provided by one of the County's employee medical insurance programs. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. Financial reporting for the LEOFF retiree healthcare plan is included in the County's Comprehensive Annual Financial Report.

In 2007, 20 retirees received benefits under this act. As of December 31, 2007, there were 2 active officers who may become eligible for those benefits when they reach normal retirement age.

### 2. Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the County as required by RCW. The County's funding policy is based upon pay-as-you-go financing requirements.

### 3. Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2007. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation. The net OPEB obligation of \$367,545 is reported as a non-current liability on the Statement of Net Assets.

Thurston County, Washington 2007

	<u>Year Ending 12/31/2007</u>
<b><i>Determination of Annual Required Contribution:</i></b>	
Normal Cost at Year End	\$ 34,096
Amortization of UAAL*	570,644
Annual Required Contribution	<u>\$ 604,740</u>
<b><i>Determination of Net OPEB Obligation:</i></b>	
Annual Required Contribution	\$ 604,740
Interest on Prior Year Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	604,740
Contributions Made	(237,195)
Increase in Net OPEB Obligation	<u>\$ 367,545</u>
<b><i>Net OPEB Obligation - End Of Year:</i></b>	
Net OPEB Obligation - Beginning of Year	\$ -
Increase in Net OPEB Obligation	367,545
Net OPEB Obligation-end of year	<u>\$ 367,545</u>

\*Unfunded Actuarial Accrued Liability (UAAL)

The County's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2007 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$ 604,740	39.2%	\$ 367,545

4. Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$6,128,459 and the actuarial value of the assets was \$0 resulting in a UAAL of \$6,128,459.

The cost of retiree health care benefits is recognized in the General Fund as claims are paid. For 2007, these costs total \$74,015 with a cost per retiree of \$3,701. Thurston County uses the Long Term Care Special Revenue Fund to purchase additional long-term care insurance for LEOFF 1 retirees.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the

## Thurston County, Washington 2007

financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

### 5. Actuarial Methods and Assumptions

We have used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.22 was assumed for all active members to determine the actuarial accrued liability. Termination and mortality rates were assumed to follow the LEOFF 1 termination and mortality rates used in the September 30, 2006 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are individually and collectively reasonable for the purposes of this valuation.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2007 was 30 years.

### B. PEBB

Thurston County provides to its retirees employer provided subsidies for post-employment medical and life insurance benefits provided through the Public Employee Benefits Board (PEBB). A liability for the accumulated unfunded actuarially required contribution is reported in the entity-wide and proprietary statements of net assets. The actual medical costs are paid through annual fees and premiums to the PEBB.

#### 1. Plan Description

The PEBB was created within the Washington State Health Care Authority to administer medical, dental, and life insurance plans for public employees and retirees. The subsidies provided by PEBB to the County include the following:

- Explicit Medical Subsidy for Post-65 retirees
- Explicit Life Insurance Subsidy for all retirees
- Implicit Medical Subsidy for Pre-65 retirees

The explicit subsidies are monthly amounts per retiree. The implicit medical subsidy is the difference between the total cost of pre-65 medical benefits and the pre-65 contributions paid by retirees.

#### 2. Eligibility

County members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 2 of the PERS.

- Age 65 with 5 years of service
- Age 55 with 20 years of service

Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical benefits after pension benefit commencement. Survivors of members who die are also not eligible for medical benefits.

# Thurston County, Washington 2007

## 3. Medical and Life Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees currently pay the following monthly rates for pre-65 medical coverage:

Plan	Type of Coverage - 2008			
	Employee Only	Employee & Spouse	Employee & Children	Full Family
Community Health Plan	\$ 484.32	\$ 957.20	\$ 838.98	\$ 1,311.86
Group Health Classic	454.89	898.34	787.48	1,230.93
Group Health Value	400.19	788.94	691.75	1,080.50
Kaiser Permanente Classic	481.87	952.30	834.69	1,305.12
Regence Classic	439.15	866.86	759.93	1,187.64
Uniform Medical Plan	408.76	806.08	706.75	1,104.07

Retired members, after age 65, receive a subsidy of 50% for their monthly medical premiums up to \$164.08 in 2008. Retirees also receive an explicit subsidy of \$4.77 per month for life insurance premiums in 2008.

## 4. Funding Policy

The funding policy is based upon pay-as-you-go financing requirements.

## 5. Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2007. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB.

	Year Ending 12/31/2007
<b>Determination of Annual Required Contribution:</b>	
Normal Cost at Year End	\$ 1,541,152
Amortization of UAAL*	780,202
Annual Required Contribution	<u>\$ 2,321,354</u>
<b>Determination of Net OPEB Obligation:</b>	
Annual Required Contribution	\$ 2,321,354
Interest on Prior Year Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	<u>2,321,354</u>
Contributions Made	<u>(234,975)</u>
Increase in Net OPEB Obligation	<u>\$ 2,086,379</u>
<b>Net OPEB Obligation - End Of Year:</b>	
Net OPEB Obligation - Beginning of Year	\$ -
Increase in Net OPEB Obligation	<u>2,086,379</u>
Net OPEB Obligation-end of year	<u>\$ 2,086,379</u>

\*Unfunded Actuarial Accrued Liability (UAAL)

## Thurston County, Washington 2007

The County's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2007 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$ 2,321,354	10.1%	\$ 2,086,379

### 6. Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$23.4 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$23.4 million.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

### 7. Actuarial Methods and Assumptions

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

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions used included a 4.50% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at December 31, 2007 was 30 years.

## Note XII - Joint Ventures/Jointly Governed Organizations

Thurston County participates in inter-local agreements with five other Thurston County governmental units or agencies. The County participates inter-locally with Animal Control Services, the Inter-local Drug Control Unit, Olympia Region Clean Air Agency (ORCAA), the Thurston Regional Planning Council (TRPC) and the Regional Athletic Complex.

Animal Control Services is a joint venture governed by a six-member board of which Thurston County is a member. Each member's contribution is based on a formula factoring population and basic service components. The county contributed \$446,803 as its share of operations in 2007. The 2007 contribution was 55.52% of Animal Control Services' total budget. The financial health of this joint venture remains strong mainly due to a steady stream of revenue received from the Cities of Olympia, Lacey, and Tumwater, and Thurston County. Net Assets for Animal Control at the end of 2007 totaled just over \$2.8 million. 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.

## Thurston County, Washington 2007

The Inter-local 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 Inter-local Drug Control Unit in 2007. The Inter-local Drug Control Unit is funded by grants and seizures of drug funds. Financial information on the Inter-local 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 is a jointly governed organization governed by a nine-member board of which Thurston County is a member. Thurston County contributed \$56,903 as its share of operations in 2007. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2007. 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 is a jointly governed organization governed by a fifteen-member council of which Thurston County is a member. Thurston County contributed \$195,482 as its share of operations in 2007. Of that \$965 went to the Historic Commission and \$194,517 was for intergovernmental professional services. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2007. Complete financial statements for TRPC can be obtained from its administrative office at 2424 Heritage Court SE Suite A, Olympia, Washington 98502.

The Regional Athletic Complex is governed by Thurston County and the City of Lacey. In 1998, Thurston County and the City of Lacey agreed to purchase, develop and jointly share the costs of a Regional Athletic Complex. Total net capital investment as of December 31, 2007 for Thurston County and the City of Lacey was \$3,161,793 and \$2,633,282 respectively. This represents an equity interest of 54.56% for Thurston County and 45.44% for the City of Lacey. In September, 2005 the complex was dedicated and opened for the benefit of the citizens of Thurston County. The remaining park improvements for phase II of the complex are scheduled for completion in 2008. Any excess costs for maintenance, operation and capital expenditures are the joint and equal responsibility of Thurston County and the City of Lacey. The County's only ongoing financial responsibility is an equal share in the operating profit or loss in the athletic complex that was constructed on the 26 acre parcel as stipulated in the 1998 inter-local agreement with the City of Lacey. The County may, in its sole discretion, transfer its share of ownership to the City of Lacey after 2014. Additional financial information may be obtained from Thurston County Financial Services, 2000 Lakeridge Drive SW, Olympia, Washington 98502.

The following is condensed financial information for the Regional Athletic Complex as of December 31, 2007:

<b>Animal Control</b>		<b>Regional Athletic Complex</b>	
Total Assets	\$3,178,902	Total Assets	\$ 5,795,075
Liabilities	(315,491)	Liabilities	-
Net Assets	<u>\$2,863,411</u>	Net Assets - 12/31	<u>\$ 5,795,075</u>
Net Assets 1/1		Net Assets - 1/1	
Revenues	\$ 1,526,905	Revenues	\$ 389,246
Expenses	(1,392,421)	Expenses	316,911
Net Income 12/31	<u>\$ 134,484</u>	Net increase (Decrease) in Net Assets	72,335
		Beginning Net Assets, Restated	<u>5,722,740</u>
		Net Assets - 12/31	<u>\$ 5,795,075</u>

## Thurston County, Washington 2007

The County's residual equity interests in investments in joint ventures for Animal Control Services and the Regional Athletic Complex for the year ended December 31, 2007 were as follows:

GOVERNMENTAL TYPE ACTIVITIES	Beginning Balance 01/01/07	Increases	Decreases	Ending Balance 12/31/07
Regional Athletic Center	\$ 4,044,379	\$ -	\$ (959,438)	\$ 3,084,941
Animal Shelter	-	959,298	-	959,298
Less Accumulated Depreciation	(110,688)	(148,986)	-	(259,674)
Investment in Joint Ventures, Net	<u>\$ 3,933,691</u>	<u>\$ 810,312</u>	<u>\$ (959,438)</u>	<u>\$ 3,784,565</u>

### 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. Post closure costs were funded with operating fees through December 31, 2002. The post closure care period was subsequently initiated on January 1, 2003. The estimated remaining liability for post closure care costs is \$20,091,050 on December 31, 2007.

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, 2007, cash and pooled investments of \$20,558,312 are held for these purposes and reported as restricted cash and pooled investments on the balance sheet.

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. 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

There was a prior period adjustment increasing Roads and Transportation fund balance by \$912,387 and decreasing deferred revenues by the same amount in 2007. Deferral of road mitigation revenues was adjusted to reflect the proper amount of current and prior year's revenue deferrals based on meeting agreed upon requirements and obligations of the County.

#### B. ACCOUNTING RECLASSIFICATIONS

Several funds were re-classified into different fund types in 2007. The Special Projects Fund, which is a sub-fund of the Central Services Fund, was reclassified from a special revenue fund to an internal service fund in 2007. The County transferred \$42,144,643 in buildings maintained and managed by this Fund to the Central Services internal service fund in 2007. The

# Thurston County, Washington 2007

Communications fund was also reclassified from an internal service fund to a special revenue fund in 2007 since sales taxes had replaced inter-governmental service charges as the primary revenue source for this fund. The County transferred \$2,645,861 out of this fund in 2007 which represented this Fund's net equity in capital assets, debt and compensated absences. However, because the reclassification took place between funds with a different measurement focus, the amount that represents a prior period adjustment in the Governmental funds is \$1,066,581. The net effect of these two adjustments comprise the \$39,498,782 in prior period adjustments reported for internal service funds in the Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds. These adjustments are not carried forward to the entity wide statements since they are offsetting adjustments within the entity wide statements. However, since the \$1,066,581 involves a Special Revenue Fund, this amount is reported in the Statement of Revenues, Expenditures And Changes in Fund Balances, Governmental Funds.

The Development Services Fund was reclassified from a special revenue fund to an enterprise fund in 2007 since service charges are now the primary revenue source for this Fund. The County reported a \$175,934 prior period adjustment reducing fund balance primarily due to compensated absences transferred into this Fund in 2007. The net effect of these transactions is not reported as a prior period adjustment for governmental activities in the Statement of Activities because other methods were used to record these transactions. For example, the net book value of capital assets transferred to the new enterprise fund is reported as a loss on sale of assets for governmental activities in the Statement of Net Assets.

## C. FUND CHANGES

During 2007, the following funds were added: GO Bonds 2007 debt service fund, 2007 Debt Holding special revenue fund, and Development Services enterprise fund.

During 2007, the following funds were abolished: Special Projects, 2005 Debt Holding and Development Services special revenue funds, and Communications internal service fund.

## D. CONTINGENCIES

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

### Required Supplementary Information Retiree Medical Benefits Schedule of Funding Progress

#### LEOFF 1 Retiree Medical Benefits

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2006	\$ -	\$ 6,128,459	\$ 6,128,459	0%	\$ 376,492	1627.78%
12/31/2007	\$ -	\$ 6,128,459	\$ 6,128,459	0%	\$ 266,054	2303.46%

#### PEBB Retiree Medical Benefits

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2006	\$ -	\$ 23,406,060	\$ 23,406,060	0%	\$ 71,244,403	32.85%
12/31/2007	\$ -	\$ 23,406,060	\$ 23,406,060	0%	\$ 75,802,799	30.88%



Thurston County, Washington 2007

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**THURSTON COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2007**

Schedule 16

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
<b>OFFICE OF NATIONAL DRUG CONTROL</b>			
<u>PASSED THRU Employment Security Department</u> NW HIDTA-High Intensity Drug Trafficking Area	07.000	\$30,000	Note 5
<b><u>TOTAL FOR OFFICE OF NATIONAL DRUG CONTROL</u></b>		<b><u>\$30,000</u></b>	
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
<u>PASSED THRU Washington State Patrol</u> Domestic Highway Interdiction Program Support	07.00	\$3,891	Note 4/5
<b><u>TOTAL FOR OFFICE OF NATIONAL DRUG CONTROL POLICY</u></b>		<b><u>\$3,891</u></b>	
<b>DEPARTMENT OF AGRICULTURE</b>			
<u>PASSED THRU Department of Social &amp; Health Services</u> Food Stamp Act of 1977	10.551	\$276	
<u>PASSED THRU Superintendent of Public Instruction</u> National School Breakfast Program	10.553	\$26,583	
<u>PASSED THRU Superintendent of Public Instruction</u> National School Lunch Program	10.555	\$368	Note 3
National School Lunch Program	10.555	\$40,666	
<b>TOTAL CFDA NUMBER</b>		<b>\$41,034</b>	
<u>PASSED THRU Department of Health</u> Special Supplemental Nutrition Program for WIC	10.572	\$331,885	
<u>PASSED THRU DIRECT</u> Distance Learning & Telemedicine Loans & Grants	10.855	\$58,882	
<b><u>TOTAL FOR DEPARTMENT OF AGRICULTURE</u></b>		<b><u>\$458,661</u></b>	
<b>DEPARTMENT OF DEFENSE</b>			
<u>PASSED THRU DIRECT</u> Military Forest Yield	12.999	\$123,626	Note 5
<b><u>TOTAL FOR DEPARTMENT OF DEFENSE</u></b>		<b><u>\$123,626</u></b>	

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

# Thurston County, Washington 2007

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## THURSTON COUNTY

Schedule 16

### Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
<b>DEPARTMENT OF JUSTICE</b>			
<u>PASSED THRU Department of Social &amp; Health Services</u>			
Juvenile Accountability Block Grant (JABG)	16.523	\$10,898	
Juvenile Accountability Block Grant (JABG)	16.523	\$9,808	
<b>TOTAL CFDA NUMBER</b>		<b>\$20,706</b>	
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Paul Coverdell Forensic Sciences Grant	16.560	\$1,956	
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Crime Victim Assistance (VOCA)	16.575	\$45,082	Note 2
Crime Victim Assistance (VOCA)	16.575	\$177,516	Note 2
<b>TOTAL CFDA NUMBER</b>		<b>\$222,598</b>	
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Violence Against Women Formula Grants (STOP)	16.588	\$7,583	Note 2
Violence Against Women Formula Grants (STOP)	16.588	\$3,050	Note 2
Violence Against Women Formula Grant	16.588	\$12,616	Note 2/4
<b>TOTAL CFDA NUMBER</b>		<b>\$23,249</b>	
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Residential Substance Abuse Treatment	16.593	\$24,996	
Residential Substance Abuse Treatment-St Prison	16.593	\$49,536	Note 2
<b>TOTAL CFDA NUMBER</b>		<b>\$74,532</b>	
<u>PASSED THRU Direct</u>			
Community Capacity Development (Weed/Seed)	16.595	\$26,913	
Community Capacity Development (Weed/Seed)	16.595	\$49,437	
<b>TOTAL CFDA NUMBER</b>		<b>\$76,350</b>	
<u>PASSED THRU DIRECT</u>			
Criminal Alien Assistance (SCAPP)	16.606	\$130,979	
<u>PASSED THRU Office of Justice Programs</u>			
State Criminal Alien Assistance Program	16.606	\$74,672	
<b>TOTAL CFDA NUMBER</b>		<b>\$205,651</b>	
<u>PASSED THRU DIRECT</u>			
Bulletproof Vest Partnership Program	16.607	\$5,244	Note 4
<u>PASSED THRU Association of Sheriffs &amp; Police Chiefs</u>			
Public Safety Partnership & Community Policing	16.710	\$22,433	
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Edward Byrne Justice Assistance Grant	16.738	\$32,841	
Edward Byrne Justice Assistance Grant	16.738	\$30,644	
<u>PASSED THRU DIRECT</u>			
Edward Byrne Memorial Justice Assistance Grant	16.738	\$16,103	Note 4
<b>TOTAL CFDA NUMBER</b>		<b>\$79,588</b>	

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

Thurston County, Washington 2007

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THURSTON COUNTY

Schedule 16

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2007**

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
<b><u>TOTAL FOR DEPARTMENT OF JUSTICE</u></b>		<b><u>\$732,307</u></b>	
<b>DEPARTMENT OF LABOR</b>			
<u>PASSED THRU Employment Security Department</u>			
Employment Service/Wagner-Peyser Funded Activi	17.207	\$37,054	
<u>PASSED THRU Employment Security Department</u>			
WIA Adult Programs	17.258	\$613,150	
WIA Adult Programs	17.258	\$520,542	
<b>TOTAL CFDA NUMBER</b>		<b>\$1,133,692</b>	
<u>PASSED THRU Employment Security Department</u>			
WIA Youth Programs	17.259	\$632,033	
WIA Youth Programs	17.259	\$750,506	
WIA Youth Programs Community Youth Review Te	17.259	\$6,544	
<b>TOTAL CFDA NUMBER</b>		<b>\$1,389,083</b>	
<u>PASSED THRU Employment Security Department</u>			
WIA Dislocated Worker RRAA Weyco Simpson	17.260	\$2,775	
WIA Dislocated Worker 2008	17.260	\$715,374	
WIA Dislocated Worker 2007	17.260	\$629,606	
WIA Dislocated Worker RRAA Pulp Mill Plus	17.260	\$492,643	
WIA Dislocated Worker RRAA	17.260	\$114,735	
WIA Dilocated Worker RRAA Weyco Simpson Con	17.260	\$196,680	
WIA Dislocated Worker RRAA Qualex Closures	17.260	\$3,566	
WIA Dislocated Worker ES Re-Emp SPT	17.260	\$5,984	
WIA Dislocated Worker RRAA Transalta	17.260	\$791,025	
<b>TOTAL CFDA NUMBER</b>		<b>\$2,952,388</b>	
<u>PASSED THRU Employment Security Department</u>			
H-1B Job Training Grants	17.268	\$25,737	
<u>PASSED THRU DIRECT</u>			
Homeless Verterans Reintegration Project	17.805	\$267	
Homeless Verterans Reintegration Project	17.805	\$9,842	
<b>TOTAL CFDA NUMBER</b>		<b>\$10,109</b>	
<b><u>TOTAL FOR DEPARTMENT OF LABOR</u></b>		<b><u>\$5,548,064</u></b>	
<b>DEPARTMENT OF THE INTERIOR</b>			
<u>PASSED THRU Department of Fish &amp; Wildlife</u>			
Partners for Fish & Wildlife	15.631	\$15,000	Note 2
<u>PASSED THRU Archeology &amp; Historic Preservation</u>			
Historic Preservation Fund	15.904	\$13,335	

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

# Thurston County, Washington 2007

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## THURSTON COUNTY

Schedule 16

### Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
PASSED THRU Department of Fish & Wildlife USFWS National Fish Passage Program	15.FFB	\$35,591	Note 5
<b>TOTAL FOR DEPARTMENT OF THE INTERIOR</b>		<b>\$63,926</b>	
<b>Housing &amp; Urban Development</b>			
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Community Development Block Grant-Devoe	14.228	\$563,082	
Community Development Block Grant-Rehabilitatio	14.228	\$124,010	
Community Development Block Grant-Mud Bay	14.228	\$21,825	
Community Development Block Grant-Public Servi	14.228	\$119,894	
<b>TOTAL CFDA NUMBER</b>		<b>\$828,811</b>	
<u>PASSED THRU DIRECT</u>			
HOME 2007 Investment Partnerships Program	14.239	\$183,865	
HOME 2005 Investment Partnerships Program	14.239	\$169,941	
HOME 2003 Investment Partnerships Program	14.239	\$58,127	
HOME 2006 Investment Partnerships Program	14.239	\$533,572	
HOME 2004 Investment Partnerships Program	14.239	\$211,661	
<b>TOTAL CFDA NUMBER</b>		<b>\$1,157,165</b>	
<b>TOTAL FOR Housing &amp; Urban Development</b>		<b>\$1,985,975</b>	
<b>DEPARTMENT OF TRANSPORTATION</b>			
<u>PASSED THRU Association of Sheriff's &amp; Police Chiefs</u>			
State & Community Highway Safety	20.600	\$927	Note 4
<b>TOTAL FOR DEPARTMENT OF TRANSPORTATION</b>		<b>\$927</b>	
<b>HIGHWAY ADMINISTRATION</b>			
<u>PASSED THRU Department of Transportation</u>			
Highway, Planning & Construction	20.205	\$4,992	
Highway, Planning & Construction	20.205	\$1,200,000	
Highway, Planning & Construction	20.205	\$209,249	
Highway, Planning & Construction	20.205	\$465,437	
Highway, Planning & Construction	20.205	\$2,439	
Highway, Planning & Construction	20.205	\$7,902	
Highway, Planning & Construction	20.205	\$48,117	
Highway, Planning & Construction	20.205	\$354,520	
Highway, Planning & Construction	20.205	\$83,552	
Highway, Planning & Construction	20.205	\$16,087	
Highway, Planning & Construction	20.205	\$130,416	

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

Thurston County, Washington 2007

MCAG NO. 0170

THURSTON COUNTY

Schedule 16

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2007**

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
Highway, Planning & Construction	20.205	\$17,480	
<b>TOTAL CFDA NUMBER</b>		<b>\$2,540,189</b>	
<b>TOTAL FOR HIGHWAY ADMINISTRATION</b>		<b>\$2,540,189</b>	
<b>Nat'l Highway Safety Administration</b>			
<u>PASSED THRU Traffic Safety Commission</u>			
In Car Video Camera System	20.604	\$9,400	Note 4/5
<b>TOTAL FOR Nat'l Highway Safety Administration</b>		<b>\$9,400</b>	
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
<u>PASSED THRU Department of Health</u>			
Capitalization Grants for Drinking Water State Rev	66.468	\$12,250	
<u>PASSED THRU Public Works Board</u>			
Capitalization Grant for Drinking Water	66.468	\$10,607	
<b>TOTAL CFDA NUMBER</b>		<b>\$22,857</b>	
<u>PASSED THRU Department of Health</u>			
Beach Monitoring & Notification Program	66.472	\$2,910	
<b>TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY</b>		<b>\$25,767</b>	
<b>DEPARTMENT OF EDUCATION</b>			
<u>PASSED THRU Employment Security Department</u>			
Vocational Ed Basic Grants to States-Perkins	84.048	\$37,851	
<u>PASSED THRU North Thurston Public Schools</u>			
Safe & Drug Free Schools & Communities	84.184	\$28,452	
Safe/Drug Free Schools & Communities	84.184	\$104,250	Note 4
<b>TOTAL CFDA NUMBER</b>		<b>\$132,702</b>	
<u>PASSED THRU North Thurston Public Schools</u>			
Safe & Drug Free Schools & Communities	84.184	\$388,416	Note 4
<b>TOTAL FOR DEPARTMENT OF EDUCATION</b>		<b>\$558,969</b>	
<b>Department of Health &amp; Human Services</b>			
<u>PASSED THRU Department of Social &amp; Health Services</u>			
Advancing System Improv to Support Healthy Peo	93.088	\$6,975	Note 5
<u>PASSED THRU Department of Social &amp; Health Services</u>			
Projects for Assist in Transition fr Homelessness	93.150	\$45,772	

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



# Thurston County, Washington 2007

MCAG NO. 0170

## THURSTON COUNTY

Schedule 16

### Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
<u>PASSED THRU Department of Health</u> Family Planning Services	93.217	\$251,952	
<u>PASSED THRU Department of Social &amp; Health Services</u> Substance Abuse & Mental Health Services Project	93.243	\$317,012	
<u>PASSED THRU Department of Health</u> Immunization Grants	93.268	\$58,301	
Immunization Grants	93.268	\$107,813	Note 3
<b>TOTAL CFDA NUMBER</b>		<b>\$166,114</b>	
<u>PASSED THRU Department of Health</u> Centers for Disease Control/Prevention-STEPS	93.283	\$496,705	
Centers for Disease Control/Prevention-Bioterrorism	93.283	\$487,011	
<b>TOTAL CFDA NUMBER</b>		<b>\$983,716</b>	
<u>PASSED THRU Department of Social &amp; Health Services</u> Child Support Enforcement	93.563	\$270,514	Note 4
Child Support Enforcement	93.563	\$530,167	
Child Support Enforcement-Title IV	93.563	\$96,626	
<b>TOTAL CFDA NUMBER</b>		<b>\$897,307</b>	
<u>PASSED THRU Department of Health</u> Child Care & Development Block Grant	93.575	\$30,447	
<u>PASSED THRU United Way</u> Early Learning Fund	93.577	\$21,500	
<u>PASSED THRU Wa Council Prevention of Child Abuse</u> Community Based Child Abuse Prevention	93.590	\$27,620	
<u>PASSED THRU Department of Social &amp; Health Services</u> Medical Assistance Program	93.778	\$595,441	
<u>PASSED THRU Department of Health</u> Nat'l Bioterrorism Hospital Preparedness	93.889	\$78,724	
<u>PASSED THRU Department of Health</u> HIV Care Formula Grants	93.917	\$114,564	
<u>PASSED THRU Clark County</u> HIV Prevention Activities	93.940	\$63,225	

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

Thurston County, Washington 2007

MCAG NO. 0170

THURSTON COUNTY

Schedule 16

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2007**

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
<u>PASSED THRU Department of Social &amp; Health Services</u> Block Grants for Community Mental Health Service	93.958	\$162,892	
<u>PASSED THRU Department of Social &amp; Health Services</u> Block Grants for Preven/ Treatment of Subst Abus	93.959	\$602,964	
<u>PASSED THRU Department of Health</u> Preventative Health & Health Services Block Grant	93.991	\$16,700	
<u>PASSED THRU Department of Health</u> Maternal & Child Health	93.994	\$136,082	
<b><u>TOTAL FOR Department of Health &amp; Human Services</u></b>		<b><u>\$4,519,007</u></b>	
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
<u>PASSED THRU Washington State Military</u> State Domestic Preparedness Equipment Program	97.004	\$25,320	
<u>PASSED THRU Washington State Military</u> Public Assistance-December 2006 Storm	97.036	\$37,080	
Public Assistance-December 2006 Storm	97.036	\$734	
Public Assistance-December 2006 Storm	97.036	\$2,200	
Public Assistance-December 2006 Storm	97.036	\$836	
Public Assistance-December 2006 Storm	97.036	\$1,716	
Public Assistance-December 2006 Storm	97.036	\$1,848	
Public Assistance-December 2006 Storm	97.036	\$6,498	
<b>TOTAL CFDA NUMBER</b>		<b>\$50,912</b>	
<u>PASSED THRU Washington State Military</u> Emergency Management Performance Grants	97.042	\$69,519	
<u>PASSED THRU Washington State Military</u> Citizen Corps	97.053	\$4,857	
Citizen Corps	97.053	\$8,612	
<b>TOTAL CFDA NUMBER</b>		<b>\$13,469</b>	
<u>PASSED THRU Washington State Military</u> Homeland Security Grant Program	97.067	\$270,108	
Homeland Security Grant Program	97.067	\$208,928	
Homeland Security Grant Program	97.067	\$80,628	
<b>TOTAL CFDA NUMBER</b>		<b>\$559,664</b>	
<u>PASSED THRU Washington State Military</u> Commercial Equipment Direct Assistance	97.074	\$49,950	Note 3/4
Law Enforcement Terrorism Prevention Program	97.074	\$80,034	

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

# Thurston County, Washington 2007

MCAG NO. 0170

## THURSTON COUNTY

Schedule 16

### Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

Grantor Pass-Through Grantor Program Title	CFDA #	Current Year Expenditures	Notes
<b>TOTAL CFDA NUMBER</b>		<b>\$129,984</b>	
<b><u>TOTAL FOR DEPARTMENT OF HOMELAND SECURITY</u></b>		<b><u>\$848,868</u></b>	
<b>DEPARTMENT OF LABOR</b>			
<u>PASSED THRU Community Trade &amp; Economic Development</u>			
Temporary Assistance for Needy Families 06	93.558	\$35,185	
Temporary Assistance/Needy Families/Comm Job	93.558	\$313,414	
Temporary Assistance for Needy Families 07	93.558	\$104,904	
Temporary Assistance/Needy Families/Comm Job	93.558	\$270,866	
<b>TOTAL CFDA NUMBER</b>		<b><u>\$724,369</u></b>	
<b><u>TOTAL FOR DEPARTMENT OF LABOR</u></b>		<b><u>\$724,369</u></b>	
<b>GENERAL SERVICES ADMINISTRATION</b>			
<u>PASSED THRU Office of the Secretary of State</u>			
HAVA Requirements Payments	90.401	\$3,849	
HAVA Requirements Payments	90.401	\$248,228	
<b>TOTAL CFDA NUMBER</b>		<b><u>\$252,077</u></b>	
<b><u>TOTAL FOR GENERAL SERVICES ADMINISTRATION</u></b>		<b><u>\$252,077</u></b>	
<b><u>TOTAL FEDERAL ASSISTANCE</u></b>		<b><u>\$18,426,024</u></b>	

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



MCAG NO. 0170

Schedule 16

**THURSTON COUNTY**  
**Notes to the Schedule of Expenditures of**  
**Federal, State, and Local Awards**  
**For the Year Ended December 31, 2007**

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**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 – 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.

**NOTE 4 – NOT AVAILABLE (N/A)**

The County was unable to obtain other identification numbers.

**NOTE 5 – CFDA NUMBER**

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

Per contractual agreement for Domestic Highway Interdiction Program and Domestic Cannabis Eradication Program, Washington State Patrol does not use CFDA numbers.

In addition, the Department of Justice does not use a CFDA number for Military Forest Yield payments. The CFDA number for the restoration of Lackamas Creek was given to us by Fish & Wildlife.

CFDA number 20.604 was discontinued after October 1, 2006. There is a memo on file requesting us to use this CFDA number.

Brenda Donaldson at Health & Human Services wants to use CFDA #93.088 for the Advancing System Improvements to Support Healthy People grant. The CFDA number could not be found on the CFDA website.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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**T**he State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

**State Auditor  
Chief of Staff  
Chief Policy Advisor  
Director of Administration  
Director of State and Local Audits  
Director of Performance Audit  
Director of Special Investigations  
Director for Legal Affairs  
Local Government Liaison  
Communications Director  
Public Records Officer  
Main number  
Toll-free hotline for government efficiency**

**Brian Sonntag, CGFM  
Ted Rutt  
Jerry Pugnetti  
Doug Cochran  
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**Web Site**

**[www.sao.wa.gov](http://www.sao.wa.gov)**