

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

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**Thurston County**

Audit Period  
**January 1, 2009 through December 31, 2009**

**Report No. 1003923**

Issue Date  
**July 19, 2010**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

July 19, 2010

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 County's financial condition.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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# **Federal Summary**

## **Thurston County January 1, 2009 through December 31, 2009**

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 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 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>
11.555	Public Safety Interoperable Communications Grant Program
14.228	Community Development Block Grants - State's Program
17.258	WIA Cluster – Workforce Investment Act Adult Program
17.258	WIA Cluster – ARRA – Workforce Investment Act Adult Program
17.259	WIA Cluster – Workforce Investment Act Youth Programs
17.259	WIA Cluster – ARRA – Workforce Investment Act Youth Programs
17.260	WIA Cluster – Workforce Investment Act Dislocated Worker Program
17.260	WIA Cluster – ARRA – Workforce Investment Act Dislocated Worker Program
20.205	ARRA – Highway Planning and Construction (Recovery Act)
20.205	Highway Planning and Construction
93.563	Child Support Enforcement
97.047	Pre-Disaster Mitigation
97.067	Homeland Security Grant Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$735,687.

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, 2009 through December 31, 2009

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, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2010.

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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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.

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**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 25, 2010

# **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, 2009 through December 31, 2009**

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, 2009. 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, 2009.

## **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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

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 deficiencies, 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, flowing script.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 25, 2010

# **Independent Auditor's Report on Financial Statements**

**Thurston County  
January 1, 2009 through December 31, 2009**

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, 2009, which collectively comprise the County's basic financial statements as listed on page 9. 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Debt Holding, Detention Facility 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.

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 11 through 29 and retiree medical benefits schedule of funding progress on page 104 are 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 opinions 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, cursive script.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 25, 2010

# **Financial Section**

## **Thurston County January 1, 2009 through December 31, 2009**

### ***REQUIRED SUPPLEMENTAL INFORMATION***

Management's Discussion and Analysis – 2009

### ***BASIC FINANCIAL STATEMENTS***

Statement of Net Assets – 2009

Statement of Activities – 2009

Balance Sheet – Governmental Funds – 2009

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets – 2009

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2009

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Debt Holding – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Detention Facilities Sales Tax Holding – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Real Estate Excise Tax – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Roads and Transportation – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Medic One – 2009

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Public Health and Social Services – 2009

Statement of Net Assets – Proprietary Funds – 2009

Reconciliation of the Statement of Net Assets of Proprietary Funds to the Statement of Net Assets – 2009

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds – 2009

Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities – 2009

Statement of Cash Flows – Proprietary Funds – 2009

Statement of Fiduciary Net Assets – Fiduciary Funds – 2009

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – 2009

Notes to Financial Statements – 2009

***REQUIRED SUPPLEMENTAL INFORMATION***

Retiree Medical Benefits Schedule of Funding Progress – 2009

***SUPPLEMENTAL INFORMATION***

Schedule of Expenditures of Federal Awards – 2009

Notes to the Schedule of Expenditures of Federal Awards – 2009

# MANAGEMENT DISCUSSION AND ANALYSIS

Thurston County's discussion and analysis provides a narrative overview and analysis of the County's financial activities for the year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal, which can be found preceding this narrative, and with the County's financial statements and notes to the financial statements, which follow this discussion.

## FINANCIAL HIGHLIGHTS

- As a result of prudent planning and decisive action on the part of management, the financial condition of the County remained relatively stable during 2009 despite the continued nationwide economic downturn.
- Thurston County's total assets (governmental and business-type, combined) exceeded its total liabilities at December 31, 2009 by \$529.6 million, compared to \$524.8 million in 2008. This represents a 0.9% increase. Details of factors contributing to this increase are discussed later within this discussion and analysis.
- Total net assets of the County (governmental and business-type, combined) are comprised of the following:
  1. Capital assets, net of related debt, of \$394.2 million, include property, infrastructure, and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Restricted net assets of \$116.3 million represent the portion restricted by constraints imposed from outside the County such as debt covenants, grants, and laws.
  3. Unrestricted net assets of \$19.1 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- Thurston County reported a positive change in governmental net assets as of December 31, 2009 of \$2.3 million, compared to a negative \$1.4 at the end of 2008. This represents a 264.3% increase. Details of factors contributing to this increase are discussed later within this discussion and analysis.
- Unreserved/undesignated fund balance for the General Fund was \$8.6 million at December 31, 2009 compared to \$7.8 million at the end of 2008. This represents a 10.3% increase between the two years and represents 12.3% of total 2009 General Fund expenditures. Details of factors contributing to this increase are discussed later within this discussion and analysis.
- Due to a conscience effort on the part of directors and managers of General Fund offices/departments, actual 2009 expenditures were \$3.3 million, or 4.5%, under the final 2009 adopted budget level.
- During 2009, Thurston County sold General Obligation Bonds of \$42.8 million to finance several construction projects. This caused the County's total long term debt at December 31, 2009 to increase to \$90.1 million with a remaining capacity for non-voted debt of \$348.8 million. Details of factors contributing to this increase are discussed later within this discussion and analysis.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Thurston County's basic financial statements. Thurston County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Thurston County's finances in a manner similar to a private sector business. Thurston County reports two Government-wide financial statements: the statement of net assets and the statement of activities.

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

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues related to uncollected taxes and expenses related to earned but unused vacation leave and sick leave. This statement separates program income (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). By separating program revenue from general revenue, users can identify the extent to which each program relies on taxes for funding.

The government-wide financial statements distinguish functions of Thurston County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include services provided to the public such as law enforcement and public safety; road construction and maintenance; recreation and open space preservation; employment and training; public health and social services; and general administration. Business-type activities of Thurston County include solid waste, land use and permitting, and sewer and water management. Both of the government-wide financial statements have separate columns for two different types of County programs or activities.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Thurston County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into one of three categories: governmental, proprietary, or fiduciary.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information is useful in evaluating a government's near-term financing requirements in comparison to available near-term resources.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances present separate columns for financial data for the following funds: General, Debt Holding – 2009, Detention Facility Sales Tax Holding, Jail Capital Projects, Real Estate Excise Tax, Roads, Medic One, Public Health and Social Services, and Other Governmental, which are considered major funds for financial reporting purposes. The Other Governmental Fund aggregates data from all of the remaining non-major governmental funds into a single, combined presentation. The governmental fund financial statements can be found immediately following the government-wide financial statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements, outside of the basic financial statements, following the notes to the financial statements.

The County maintains budgetary controls with an annual appropriated budget to ensure compliance with legal provisions. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level, except for the General Fund, which is adopted on a department level. A budgetary comparison of revenues, expenditures, and changes in fund balances is provided for the General Fund, all special revenue funds, debt service funds, and all capital project funds. Major fund budgetary variance statements are included with the basic financial statements, while non-major fund budget variance schedules follow the combining fund statements. Budgetary variances for the General fund are discussed in more detail later in this section.

**Proprietary funds** are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. Proprietary fund statements follow the governmental fund statements in this report. The County maintains two types of proprietary funds:

**Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds account for the County's solid waste, land use and permitting, utilities planning and development, septic assistance community loan, storm water, and waste water programs. The Solid Waste and Grand Mound funds are both considered major funds for financial reporting purposes. The County reports six non-major enterprise funds.

**Internal service** funds are used to report activities that provide services to the County's other programs and activities on a cost reimbursement basis. The County 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. The revenues and expenses of internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column. All internal service funds are aggregated in a single column in the basic proprietary fund financial statements.



**Fiduciary funds** are used to account for resources that are held by a government as a trustee or agent for parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Thurston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

## **Notes to the Financial Statements**

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

## **Other Supplementary Information**

The section on grant schedules report a summary of amounts received and spent on federal and state awards. The statistical section presents a summary of County financial, revenue, debt, economic, demographic and performance information over the past ten years.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Analysis of Net Assets**

Net Assets may serve over time as a useful indicator of a government's financial position. As indicated in the condensed financial information below, which was derived from the government-wide Statement of Net Assets, the County's combined net assets (governmental and business-type activities) were \$529.6 million at the end of 2009. This reflects a net decrease of 0.9%, or \$4.8 million from 2008. As such, this increase reflects the County's continuing ability to meet its ongoing obligations which includes its debt service requirements.

Of the County's total net assets \$394.2 million, or 74.4%, is invested in capital assets, less outstanding debt used to acquire those assets. 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 County's total net assets \$116.3 million or 22% are subject to external spending restrictions. External restrictions include those provided by state law or by contractual agreement with outside entities, primarily state and federal agencies. The remaining \$19.1 million, or 3.6%, (\$37.1 million, or 7.1% in 2008) is unrestricted and represents the amount that may be used to meet the County's ongoing general purpose obligations.

Thurston County reported \$671.2 million of total assets as of December 31, 2009, compared to \$628.5 million for 2008. This represents an increase of \$42.7 million, or 6.8%. For 2009, \$473.2 million, or 70.5%, was reported as capital assets, which includes infrastructure and construction in progress. This represents an increase over 2008 of \$32 million, or 7.3%. The majority of the increase was due to construction activity related to the County's new Accountability and Restitution Center (ARC), a nonconventional detention center for low risk offenders. The remaining assets include approximately \$136.6 million or 20.3% in cash

and pooled investments (including restricted), and \$32.6 million or 4.9% in current receivables, inventory, prepayments and long term assets.

Thurston County's total liabilities were \$141.6 million at the end of 2009 compared to \$103.6 million in 2008. Noncurrent liabilities were \$120.9 million as of December 31, 2009, up \$42.7 million compared to the end of 2008. This increase was due to the sale of General Obligation Bonds of \$42.8 million in April 2009. General obligation bonds are 63.6% of total liabilities and accumulated landfill closure costs are 13.6% of total liabilities. The other significant liability is Other Post Employment Benefits (OPEB) payable of \$8 million, or 5.6% of total liabilities. Current liabilities at the end of 2009 were \$20.7 million compared to \$25.4 million at this point last year. This decrease (\$4.7 million and 18.5%) was primarily due to the county delaying the issuance of its \$42.8 million in general obligation bonds to finance the construction the ARC. The bond sale was delayed until April 2009 to provide sufficient time to review and adjust the project scope and size of the bond issuance due to budget shortfalls in 2008. The delay in financing resulted in \$5.3 million expenditure liability in the Jail Capital Project Fund at the end of 2008. This liability was satisfied during 2009. Further details on this bond offering are provided later in this analysis and in the notes to the financial statements.

The condensed financial information that follows is derived from the government-wide Statement of Net Assets and reflects how the County's net assets in 2009 compare with 2008:

## Thurston County Net Assets

Account	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets	\$ 164,060,698	\$ 152,865,905	\$ 33,983,011	\$ 34,376,543	\$ 198,043,709	\$ 187,242,448
Capital Assets	435,497,051	403,691,980	37,695,440	37,538,388	473,192,491	441,230,368
Total Assets	599,557,749	556,557,885	71,678,451	71,914,931	671,236,200	628,472,816
Current Liabilities	18,477,474	21,462,551	2,237,481	3,949,310	20,714,955	25,411,861
Long Term Liabilities	91,297,210	47,566,067	29,618,237	30,647,060	120,915,447	78,213,127
Total Liabilities	109,774,684	69,028,618	31,855,718	34,596,370	141,630,402	103,624,988
Net Assets:						
Invested in Capital Assets, Net of Related Debt	367,485,013	357,549,686	26,673,569	26,105,070	394,158,582	383,654,756
Restricted	106,941,800	98,672,400	9,423,124	5,403,545	116,364,924	104,075,945
Unrestricted	15,356,252	31,307,181	3,726,040	5,809,946	19,082,292	37,117,127
Total Net Assets	\$ 489,783,065	\$ 487,529,267	\$ 39,822,733	\$ 37,318,561	\$ 529,605,798	\$ 524,847,828

**Governmental activities** – Despite a lot of activity taking place during 2009, the total net assets for governmental activities realized a modest change compared to 2008, increasing by \$2.3 million. Of the County's \$489.8 million in total net assets, \$367.5 million was invested in capital assets less any related outstanding debt used to acquire those assets. This represents an increase of \$9.9 million from 2008. The main reason was the continued increase in construction activity described earlier. For 2009, \$107 million is recorded as restricted for various purposes in almost every major service area in the County. This represents an increase of \$9.9 million from the prior year and is mostly associated with the drawdown of funds related to the aforementioned bond sale. The final category of net assets, unrestricted, is \$15.4

million in 2009, a decrease of \$15.9 million or 50.8% over 2008. These funds are available for future spending.

**Business-type activities** – Business-type activities saw an increase of \$2.5 million in total net assets in 2009 compared to 2008. Of the 2009 total net assets of \$39.8 million, \$26.7 million is invested in capital assets, net of related debt. Business-type activities use their capital assets to provide services to customers. Consequently, these assets are not available for future spending. For restricted net assets, the amount restricted for debt service increased by \$4 million due to an internal reporting change. In 2009, \$3.7 million in unrestricted net assets is available for future spending in business-type activities compared to \$5.8 million in 2008. These funds are available for future spending by the funds.

### **Analysis of the Statement of Activities**

The following chart presents key elements in the Statement of Activities. In 2009, total County revenues (including net general revenues and adjustments) remained very consistent in 2009 compared to 2008, increasing by \$0.8 million (\$210.1 to \$209.3 respectively). Likewise, total County expenses decreased by \$1.9 million, or 0.9%, from 2009 to 2008 (\$205.3 to \$207.2 respectively). This overall decrease was mainly due to budget reductions taken by county offices and departments during 2009.

## Thurston County's Statement of Activities

Account	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Program Revenues:</b>						
Charges for Services	\$ 24,715,365	\$ 20,159,377	\$ 23,002,948	\$ 23,338,201	\$ 47,718,313	\$ 43,497,578
Operating Grants & Contrib.	45,501,657	48,779,433	1,063,007	876,042	46,564,664	49,655,475
Capital Grants & Contrib.	9,318,083	6,667,935	114,696	1,994,457	9,432,779	8,662,392
<b>General Revenues:</b>						
Taxes	98,470,757	97,420,544	-	-	98,470,757	97,420,544
Interest and Invest. Earnings	6,457,964	8,209,189	1,029,658	1,765,132	7,487,622	9,974,321
Other General Revenues	381,641	34,972	22,005	18,112	403,646	53,084
<b>Total Revenues</b>	<b>184,845,467</b>	<b>181,271,450</b>	<b>25,232,314</b>	<b>27,991,944</b>	<b>210,077,781</b>	<b>209,263,394</b>
<b>Program Expenses: (Net)</b>						
General Government	8,569,812	10,679,357	-	-	8,569,812	10,679,357
Culture and Recreation	3,780,250	3,644,750	-	-	3,780,250	3,644,750
Economic Environment	15,850,367	13,173,730	-	-	15,850,367	13,173,730
Health and Human Services	47,548,566	48,541,104	-	-	47,548,566	48,541,104
Utilities and Environment	1,316,016	1,846,225	-	-	1,316,016	1,846,225
Public Safety	70,615,888	70,421,095	-	-	70,615,888	70,421,095
Transportation	28,651,349	27,925,015	-	-	28,651,349	27,925,015
Interest	3,459,983	2,095,802	-	-	3,459,983	2,095,802
Solid Waste	-	-	15,991,345	17,273,843	15,991,345	17,273,843
Water	-	-	894,297	817,856	894,297	817,856
Sewer	-	-	1,706,458	1,682,982	1,706,458	1,682,982
Stormwater	-	-	2,459,443	2,738,111	2,459,443	2,738,111
Land Use & Permitting	-	-	4,476,037	6,406,427	4,476,037	6,406,427
<b>Total Expenses</b>	<b>179,792,231</b>	<b>178,327,078</b>	<b>25,527,580</b>	<b>28,919,219</b>	<b>205,319,811</b>	<b>207,246,297</b>
<b>Excess (Deficiency) of Revenues over (under) Expenses before Transfers</b>	<b>5,053,236</b>	<b>2,944,372</b>	<b>(295,266)</b>	<b>(927,275)</b>	<b>4,757,970</b>	<b>2,017,097</b>
Transfers	(2,799,438)	(4,308,110)	2,799,438	4,308,110	-	-
<b>Change in Net Assets</b>	<b>2,253,798</b>	<b>(1,363,738)</b>	<b>2,504,172</b>	<b>3,380,835</b>	<b>4,757,970</b>	<b>2,017,097</b>
Ending Net Assets January 1	487,529,267	491,543,019	37,318,561	33,937,726	524,847,828	525,480,745
Prior Period Adjustment	-	(2,650,014)	-	-	-	(2,650,014)
<b>Restated Net Assets January 1</b>	<b>487,529,267</b>	<b>488,893,005</b>	<b>37,318,561</b>	<b>33,937,726</b>	<b>524,847,828</b>	<b>522,830,731</b>
<b>Ending Net Assets</b>	<b>\$ 489,783,065</b>	<b>\$ 487,529,267</b>	<b>\$ 39,822,733</b>	<b>\$ 37,318,561</b>	<b>\$ 529,605,798</b>	<b>\$ 524,847,828</b>

In 2009, Governmental activities provided \$184.8 million in revenues (88% of the total), while business-type activities provided \$25.2 million (12% of the total). The 2009 ratio of total revenues between governmental and business-type is consistent with 2008 with just a 1.4% shift from business-type to governmental activities. The two largest governmental revenues are taxes at \$98.5 million, or 51.7%, of total governmental revenues and operating grants and contributions at \$45.5 million, or 24.6%, of total governmental revenues. The remaining 23.7% of governmental revenues include charges for services, capital grants, interest and investment earnings and other general revenues.

The net change in governmental revenues between 2009 and 2008 was an increase of \$3.5 million. The largest increases in governmental revenues were charges for services of \$4.5 million, mainly in economic environment and capital grants and contributions of \$2.6 million, mainly in Transportation. These increases were partially offset by a decrease in operating grants and contributions of \$3.3 million.

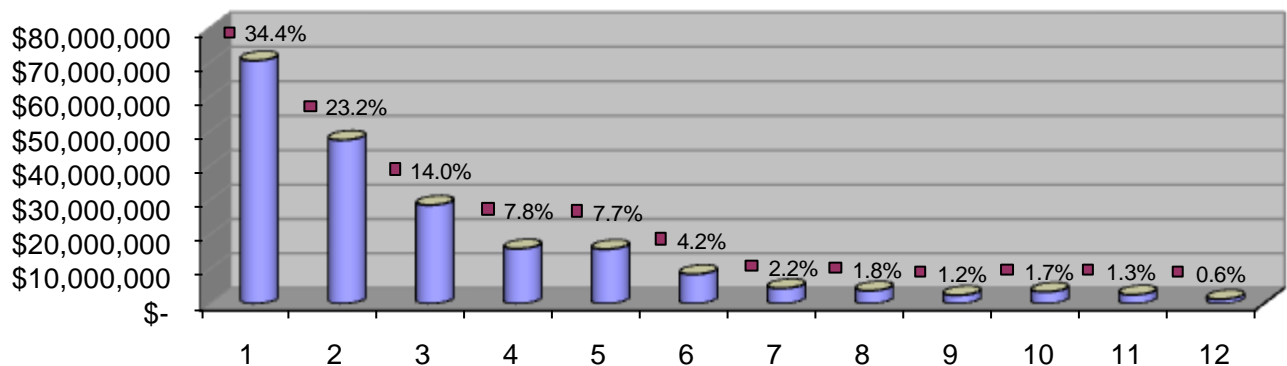
In 2009, charges for services accounted for \$23 million, or 91.3%, of total business-type revenues. With this category, Solid Waste revenues accounted for \$15.6, or 67.8%. The remaining program revenues included \$1.2 million, or 5.2%, for both operating and capital grants and contributions and \$1.1 million, or 4.8%, for interest and other miscellaneous revenues. These percentages remained consistent with 2008.

The County decreased total primary governmental expenses by \$2.1 million, to \$205.3 million, in 2009. The decrease was mainly in General Government and Solid Waste with a slight increase offset in Economic Environment. The governmental and business-type expense distribution in 2009 closely resembles the distribution from the prior year as \$179.8 million, or 87.6% was in governmental activities and \$25.5 million, or 12.4%, was in business-type activities. Public safety, health and human services, transportation, and economic environment programs comprise 90.5% of governmental expenses and 79.2% of total expenses.

In 2009, Solid Waste comprised 62.7% of the \$25.2 million in business-type expenses. Although total Solid Waste expenses decreased in 2009 from 2008 by \$1.3 million, the percent-to-total increased from 60% in 2008. This was due to a decrease of \$1.6 million in Land Use and Permitting (formerly Development Services) as a result of budget cuts. Overall expenses in Business-type activities decreased by \$3.4 million compared to 2008. This represents an 11.8% decrease.

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

### Program Expenses - Government-Wide



#### Legend:

- |                         |                         |                          |                             |
|-------------------------|-------------------------|--------------------------|-----------------------------|
| 1. Public Safety        | 4. Solid Waste          | 7. Land Use & Permitting | 10. Interest                |
| 2. Health & Human Serv. | 5. Economic Environment | 8. Culture & Recreation  | 11. Water & Sewer           |
| 3. Transportation       | 6. Gen Government       | 9. Other Bus Type        | 12. Utilities & Environment |

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

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

#### Governmental Funds Analysis

The focus of Thurston County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Unreserved/undesignated fund balance serves as a useful measure of the County's net resources available for spending at the end of the fiscal year.

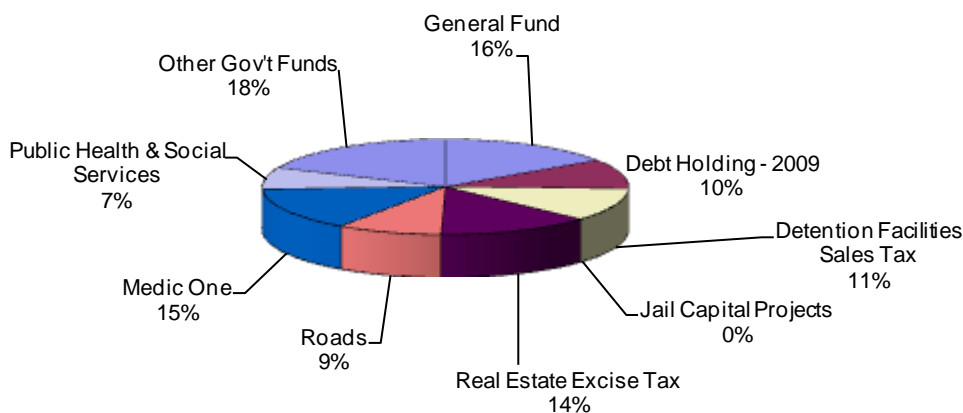
As of December 31, 2009, the County's governmental funds reported combined ending fund balances of \$107.7 million, an increase of \$12.5 million, or 13.1%, compared with the prior year. This increase was due mainly to the creation of a new Special Projects fund, titled Debt Holding – 2009. This fund was created to temporarily account for the drawdown of bond funds as they are needed to pay for construction costs. \$13 million of unreserved fund balance was reported in this fund at year-end 2009. While these funds are reported as unreserved, they are in essence restricted to fund specific construction activities and programs.

In 2009, total assets in the governmental funds increased \$16.7 million compared to 2008. The largest increases in assets were in cash and pooled investments of \$7.6 million and in Advances To Other Funds of \$5.9 million. Within total assets, cash and pooled investments, increased by \$13 million in the new Debt Holding – 2009 special revenue fund as described in the preceding paragraph. Another noteworthy increase involved a new tax imposed during 2009 that increased the cash and pooled investments by \$1.4 million. This tax, which will help fund mental health and chemical dependence programs, resulted in the creation of a new special revenue fund titled Treatment Sales Tax. The tax was authorized by the Washington State legislature and amounts to an increase of 1/10 of one percent sales tax increase. One significant decrease in governmental funds cash and pooled investments happened in the Roads fund where the balance decreased by \$8.4 million compared to 2008. This was due to increased transfers to help fund a new project called the Tilley Master Plan. This is a major renovation and expansion of the County's maintenance facility. The County also set up a new non-major capital projects fund titled Tilley Master Plan for this purpose. Further, the Roads fund also transferred \$3 million in Roads diversion funds to the General Fund to be used for Public Safety expenditures. The increase in Advances To Other Funds was from an advance of \$6 million from the Detention Facility Sales Tax Holding Fund to the General Fund for short term liquidity purposes. The General Fund fully paid back this loan on 4/30/2010.

In 2009, total liabilities increased by \$4.1 million over 2008 levels. This was primarily due to the liability side of the \$6 million transfer described in the preceding paragraph as Advances From Other Funds increased this amount in the General Fund.

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

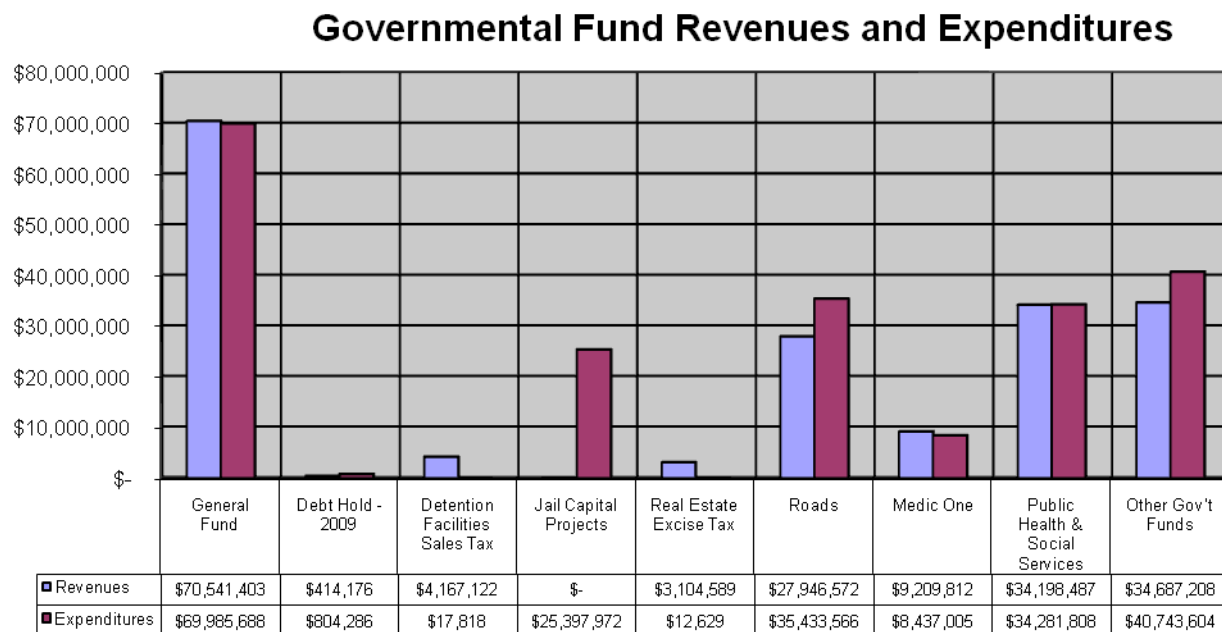
### Total Assets - Governmental Funds



Governmental Fund revenues in 2009 exceeded 2008 levels by \$2.1 million, or 1.5%. The increase was primarily due to increased grant revenue in workforce development and job training areas.

Governmental expenditures in 2009 exceeded 2008 levels by \$22.7 million, or 11.8%. The major category of increase was Capital Outlay of \$20 million. This was due to construction expenditures directly related to the sale of bonds in 2009 as previously discussed.

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



In 2009, the General Fund, Public Health and Social Services Fund and Roads Fund account for 72% of total revenues and 65% of total expenditures. The 7% difference between revenues and expenditures is due to increased construction expenditures recorded in the Jail Capital Projects and no revenues reported in this fund. This fund now accounts for 11.8% of total expenditures. It did, however, have \$29.3 million in Transfers In classified as other financing sources.

For 2009, the County is reporting the following as major governmental funds: General, Debt Holding – 2009, Detention Facility Sales Tax Holding, Jail Capital Projects, Real Estate Excise, Roads, Medic One, Public Health and Social Services, and Other Governmental.

The following are highlights related to each major fund in 2009:

The **General Fund** is the chief operating fund of the County. Including net transfers and capital lease financing, the General Fund unreserved fund balance was \$8.6 million at the end of 2009, compared to \$7.8 million at the end of 2008. General Fund total assets were \$20.2 million and total liabilities were \$11.6 million at the end of 2009. Assets increased by 71.2% and liabilities by 190% compared to 2008. As previously discussed, the respective increases in assets and liabilities were mainly due to the \$6 million interfund loan to the General Fund. This loan had no effect on fund balance.

General Fund revenues increased by \$1.2 million, or 1.7%, from 2008 to 2009. This increase was mainly due to increased property tax revenues, including amounts diverted from the Road fund levy. This offsets a decrease in sales tax revenue. Overall expenditures in the General Fund for 2009, compared to 2008, decreased by \$3.4 million, or 4.6%. All major functions within the General Fund realized slight decreases mainly due to budget cuts enacted by the Board of County Commissioners prior to the beginning of 2009.

The **Debt Holding – 2009 Fund** is a newly created fund in 2009. Its purpose is to account for the receipt of bond funds for the 2009 bond issue and to transfer out funds to the Jail Capital Projects Fund as expenditures become due. In 2009 the fund receipted in \$42.8 million in debt issuance and transferred out \$29.3 million. It both paid and receipted in interest and the difference, \$13 million, is reported as cash and pooled investments and unreserved fund balance.

The **Real Estate Excise Tax (REET) 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.

Real Estate Excise Tax (REET) revenues were down \$1.3 million, or 29.5%, in 2009 as compared to 2008. Cash and pooled investments decreased by \$1.8 million, or 9.3%. Revenues associated this fund are directly tied to activity in the real-estate market and reflected the third consecutive year of reduced revenues. While revenues were down, there was again limited expenditure activity in the REET fund in 2009, resulting in a net excess of \$3.1 million before other financing sources. The REET fund balance also decreased by nearly \$1 million as collections of \$3.1 million in revenue was offset by net transfers out of \$4.1 million to fund debt payments in the Grand Mound Water/Sewer funds associated with capital projects and other debt service payments.

The **Detention Facility Sales Tax Holding Fund** holds 1/10-cent sales tax for future transfers for expenditures on detention-related facilities projects and debt service payments. In comparing 2009 to 2008, this fund saw a decrease in total assets of \$0.9 million, or 5.8%. Liabilities, which are diminutive in this fund by design, decreased by about \$175,000 in 2009 compared to 2008. During 2009 revenues decreased by \$0.7 million, expenditures remained very near the same level as 2008, and transfers out for continued bond payments increased by \$1.6 million. As a result, the net change in fund balance was a decrease of just over \$643,000.

The **Jail Capital Projects Fund** is a major fund for the second time in 2009 because of continued capital project activity. Liabilities (Accounts Payable) decreased by \$4.0 million, 74.1% mainly due to the timing of capital project payments. Many 2008 invoices were received at or just after year-end and needed to be accrued. In 2009, this was not the case. Expenditures in this fund, chiefly capital outlay, increased \$17.9 million, or 238.7%, from 2008. To help fund these expenditures, transfers in increased by \$27.1 million over the 2008 amount of \$2.2 million. Fund balance at the end of 2009 was a negative \$1.4 million, compared to a negative \$5.4 million at the end of 2008. Since there are no assets in this fund, the \$1.4 million is in Accounts Payable at year-end.

The **Roads Fund** provides road maintenance and construction services to the citizens of Thurston County. In this fund, total assets decreased by \$7.6 million in 2009 compared to 2008. The net decrease was primarily due to a reduction of \$8.4 million in cash and pooled investments and an increase of \$0.8 million in Due From Other Governmental Units. The Roads ending fund balance, correspondingly, realized a decrease of \$8.8 million.

Compared to 2008, revenues in the Roads fund decreased by \$0.7 million, or 2.4%, and expenditures increased by \$5.2 million, or 17.2%. Revenues decreased due to less than expected tax collections. Expenditures increased because of increased work on the Tilley Master Plan capital outlay and scheduled road maintenance projects.



The **Public Health and Social Services Fund** provides social and health services to the citizens of Thurston County. Fund total assets decreased in 2009 by \$1.7 million and total liabilities decreased by approximately \$400,000, compared to 2008. The result was a net decrease in the Public Health and Social Services fund balance of \$1.3 million.

In the Public Health fund, both revenues and expenditures decreased by approximately \$5.2 million, or 13.2% respectively compared to 2008. The main category of revenue decreases in 2009 was in intergovernmental (grants). The main reasons for this was the county moved one of the divisions within Public Health, titled Developmental Disabilities, out of this fund and into the Workforce Development fund. This is a non-major special revenue fund. In so doing, it moved \$6.0 million of grant revenue out of the Public Health fund.

The **Medic One Fund** provides basic and advanced life support services to the citizens of Thurston County. In 2009, Medic One's total assets increased by \$0.9 million, or 4.8%, compared to 2008. Liabilities remained fairly constant at just below \$1.2 million.

Revenues in Medic One consist primarily of voter approved property taxes and remained very constant in 2009 at \$9.2 million. Expenditures saw a slight increase of just over \$217,000 compared to the previous year. The 2009 expenditure amount was \$8.4 million. The increase in expenditures was due increased intergovernmental billings. Results of operations showed a net increase in fund balance of just over \$858,000.

The **Other Governmental Funds** comprise all non-major Special Revenue, Capital Projects, and Debt Service funds of the County. During 2009 total assets in these funds increased by \$6.3 million, or 35.8%. Cash and pooled investments increased the most in these funds due to the addition of a new non-major capital project fund titled Tilley Master Plan. This fund was discussed earlier and its assets added over \$3.3 million to the Other Governmental Funds. Liabilities in these funds remained fairly consistent comparing 2009 to 2008 realizing an increase of just over \$720,000. Revenues in the Other Governmental funds increased \$8.5 million, or 32.4%. The largest increase in revenues in these funds was in Intergovernmental category. This increase was described in the Public Health fund above where the developmental disabilities division was moved and along with it \$6 million of grant revenue to the non-major Workforce Development fund. This fund is reported within the other Governmental Funds. During 2009, expenditures for Other Governmental Funds showed an increase of \$7.1 million, primarily in Economic Environment of \$3.1 million, and in Health and Human Services of \$3.3 million. Fund balance in the other governmental funds increased by \$5.6 million compared to 2008 mainly due to net transfers in of \$11.6 million to help pay for various construction projects and annual debt service previously discussed.

### **Proprietary Funds Net Assets Analysis**

Thurston County's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities. This information is presented in the same accounting format. Internal service funds, although proprietary, are not included in the following section.

## Thurston County Enterprise Net Assets

	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds
<b>ASSETS</b>				
Cash & Pooled Investments	\$ 2,501,904	\$ 1,682,204	\$ 2,842,753	\$ 7,026,861
Other Current Assets	2,760,526	207,252	611,013	3,578,791
Restricted Assets:				
Cash and Pooled Investments	-	154,826	125,915	280,741
Total Current Assets	5,262,430	2,044,282	3,579,681	10,886,393
Long-Term Assets:				
Receivables and Deff Chrgs.	-	2,930,139	1,047,019	3,977,158
Capital Assets	11,552,801	15,603,171	10,539,468	37,695,440
Restrict Assets: Cash and Pooled Investments	21,397,275	-	-	21,397,275
Total Long Term Assets	32,950,076	18,533,310	11,586,487	63,069,873
Total Assets	38,212,506	20,577,592	15,166,168	73,956,266
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable/ Due To's	2,067,334	102,558	549,773	2,719,665
Lim.Tax G.O.Bond-Current	-	754,768	-	754,768
Total Current Liabilities	2,067,334	857,326	549,773	3,474,433
Long-Term Liabilities:				
Limited G.O. Bonds Payable	-	8,602,911	-	8,602,911
Comp Abs & OPEB Payable	-	-	294,173	294,173
Intergov. Loans & Contracts Payable	-	82,641	1,418,634	1,501,275
Advances From Other Funds	-	-	689,252	689,252
Accumulated Landfill Closure Costs	19,219,878	-	-	19,219,878
Total Long Term Liabilities	19,219,878	8,685,552	2,402,059	30,307,489
Total Liabilities	21,287,212	9,542,878	2,951,832	33,781,922
<b>NET ASSETS</b>				
Invested in Capital Assets, net rel. debt	11,552,801	6,148,346	8,972,422	26,673,569
Restricted For:				
Postclosure, Net Of Related Liability	5,372,493	-	-	5,372,493
Debt Service	-	3,085,792	964,839	4,050,631
Unrestricted (Deficit)	-	1,800,576	2,277,075	4,077,651
Total Net Assets	\$ 16,925,294	\$ 11,034,714	\$ 12,214,336	\$ 40,174,344

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 79.5% of enterprise assets and 91.3% of enterprise liabilities.

Combined net assets for enterprise funds were \$40.2 million in 2009, of which \$28 million, or 69.6%, resided in the two major funds. Of the combined net assets, \$26.7 million, or 66.4%, are capital assets net of related debt, whereas \$4.1 million, or 10.2%, are unrestricted. Unrestricted net assets decreased by \$2.5

million from 2008. Total assets for enterprise funds decreased in 2009 by \$0.7 million. The majority of this decrease was in the Due From Other Funds current asset account. At the end of 2008, the County accrued \$0.9 million of transfers from the Real Estate Excise Tax (REET) fund to the Grand Mound enterprise fund for payments on various capital projects during the year. These projects were substantially complete before year-end 2009, thus a similar accrual of REET funds was not made at the end of 2009. Total liabilities in the enterprise funds at the end of 2009 were \$33.8 million. This represents a \$2.8 million, or 7.7%, decrease from 2008. This decrease happened mainly in the Accounts Payable, Bonds Payable, and Accumulated Landfill Closure Costs accounts.

### **Proprietary Funds Revenue/Expense Analysis**

The following table is a summary of enterprise fund revenues and expenses in 2009.

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

	<b>Solid Waste</b>	<b>Grand Mound</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Revenues:</b>				
Charges for Services	\$ 15,558,606	\$ 1,367,705	\$ 6,528,533	\$ 23,454,844
Miscellaneous	7,055	8,755	6,195	22,005
Interest Revenue	708,849	209,334	111,475	1,029,658
Other Nonoperating Revenue	-	(49,200)	1,267,257	1,218,057
Total Revenues	16,274,510	1,536,594	7,913,460	25,724,564
<b>Expenses:</b>				
Salaries and Benefits	2,268,520	331,657	4,791,559	7,391,736
Other Supplies and Expenses	225,951	60,494	179,064	465,509
Contractual Services	1,399,825	167,571	1,196,503	2,763,899
Longhaul Contract	10,504,790	-	-	10,504,790
Interfund Services and Charges	1,039,797	28,511	1,596,060	2,664,368
Depreciation/Amortization	836,275	424,236	791,044	2,051,555
Misc. Nonoperating Expenses	155,042	509,316	47,937	712,295
Total Expenses	16,430,200	1,521,785	8,602,167	26,554,152
Income (Loss) before Contrib. and Trans.	(155,690)	14,809	(688,707)	(829,588)
Capital Contributions	-	114,696	-	114,696
Transfers In (Out)	(80,401)	(23,763)	2,903,602	2,799,438
Change in Net Assets	(236,091)	105,742	2,214,895	2,084,546
Net Assets as of January 1	17,161,385	10,928,972	9,999,441	38,089,798
Net Assets as of December 31	\$ 16,925,294	\$ 11,034,714	\$ 12,214,336	\$ 40,174,344

Total operating revenues from charges for services in 2009 are \$23.5 million and comprise 91.2% of total enterprise operating and non-operating revenues. Total operating revenues for enterprise funds decreased slightly by just under \$300,000 in 2009. Please note that operating revenues and expenses are not segregated within the accompanying summarized table whereas they are segregated within the fund financial statements.

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 63.6% of total enterprise revenues and 61.9% 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 6% of total enterprise revenues and 5.7% of total enterprise expenses. Interest revenues comprise 13.6% of total revenues in the Grand Mound Fund, primarily from funds reserved for the repayment of general obligation debt. In 2009, Charges for Services increased by just over \$364,000, or 36.2%. The main reason for this increase was that 2009 was the first full year of operation of the Great Wolf Lodge, a hotel/water park that opened during the latter part of 2008.

The County has usually funded utility capital construction and major replacement with general facility charges and assessments. Consequently, depreciation expense comprises 41.9% of the \$1 million Grand Mound Fund operating expenses in 2009. 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 and is one of the major utility users for the County.

### **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, 2009. 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.

## Thurston County General Fund Changes in Budget

	Original Budget	Final Budget	Variance Pos (Neg)
<b>Revenues:</b>			
Taxes	\$ 53,497,798	\$ 50,797,798	\$ (2,700,000)
Licenses & Permits	1,635,656	1,635,656	-
Intergovernmental	6,675,984	7,839,847	1,163,863
Charges for Services	7,752,470	8,375,239	622,769
Fines & Forfeitures	1,611,750	1,611,750	-
Miscellaneous	2,196,867	1,444,539	(752,328)
<b>Total General Revenues</b>	<b>73,370,525</b>	<b>71,704,829</b>	<b>(1,665,696)</b>
Other Financing Sources	2,388,056	3,559,526	1,171,470
<b>Total Revenues</b>	<b>\$ 75,758,581</b>	<b>\$ 75,264,355</b>	<b>\$ (494,226)</b>
<b>Expenditures by Department:</b>			
Assessor's Office	\$ 3,598,299	\$ 3,362,328	\$ 235,971
Auditor's Office	5,336,103	4,947,750	388,353
Assigned Counsel	2,413,061	2,906,932	(493,871)
Civil Service	109,667	109,667	-
Clerk's Office	3,226,167	3,059,991	166,176
Commissioner's Office	1,582,186	1,582,186	-
Coroner's Office	852,872	852,872	-
Corrections	14,677,969	14,579,557	98,412
District Court	3,199,721	3,043,034	156,687
Human Resources	1,368,058	1,368,058	-
Juvenile Probation	6,821,304	6,821,304	-
Non-Departmental	4,354,689	5,298,331	(943,642)
Prosecuting Attorney	7,886,439	7,863,293	23,146
State Examiner	115,000	115,000	-
Sheriff	14,385,770	14,576,907	(191,137)
Superior Court	4,445,863	4,706,442	(260,579)
Treasurer's Office	1,150,959	1,100,959	50,000
WSU Extension	484,215	472,931	11,284
<b>General Fund Expenditures</b>	<b>76,008,342</b>	<b>76,767,542</b>	<b>(759,200)</b>
Net Changes in Fund Balances	(249,761)	(1,503,187)	(1,253,426)
Fund Balances as of January 1	4,321,570	6,301,377	1,979,807
<b>Fund Balances as of December 31</b>	<b>\$ 4,071,809</b>	<b>\$ 4,798,190</b>	<b>\$ 726,381</b>

For revenues, the net decrease in total budgeted revenues from the original budget to the final budget was approximately \$494,000, or a 0.7% decrease. The most significant dollar value change in budget revenues occurred in the categories:

- Taxes - The final budget was decreased by \$2.7 million from the original budget due to updated sales tax collection projections.
- Miscellaneous – The final budget was decreased by just over \$752,000. The majority of this adjustment was a reduction in investment interest due to updated projections.

- Intergovernmental - The final budget was increased here by just under \$1.2 million due to general fund offices and departments being awarded more grant revenues than originally planned.
- Charges for services – The final budget was increased here by approximately \$623,000 due to a BoCC decision to adopt a more comprehensive cost allocation plan.
- Other Financing Sources – The final budget was increased here by just under \$1.2 million. The majority of this increase was due to the county enacting the Treatment Sales Tax described earlier. Transfers to general fund departments and offices involved in mental health and chemical dependency services were the recipients.

With regard to expenditures, the net increase in total budget expenditures from the original budget to the final budget was approximately \$760,000, or 1.0%. The most significant dollar value change in budget expenditures occurred in Non-Departmental as there was an increase of approximately \$944,000 here. The chief transaction was a mid-year budget amendment to transfer \$1.5 million out to the County's Land Use and Permitting enterprise fund. Other smaller increases and decreases took place in various other offices/departments as identified above.

The net change in budgeted fund balance for the general fund was a reduction of just under \$1.3 million, or 19.9% of beginning 2009 fund balance.

### **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 for 2009. Operating transfers are included within the amounts reported for revenues and expenditures for each office and department. The final results for 2009 show actual revenues at approximately \$992,000, or 1.3% below the final budget and actual expenditures at \$3.3 million or 4.5% under budget. When compared to the prior year, actual revenues decreased by \$3.6 million, or 4.6%, whereas actual expenditures (including transfers out) decreased by \$3.2 million or 4.2%.

In regards to revenues, the largest negative variance between budget and actual was in the taxes category. The County's General Fund received \$2 million less in taxes than projected. This variance was mainly attributed to sales tax receipts, and was a direct result of the national and local economic downturn that hit businesses and individual taxpayers towards the end of 2008 and all of 2009.

The ending actual fund balance in the General Fund for 2009 was \$8.6 million. This was a \$0.8 million increase from 2008. With the efforts to reduce expenditures and increase other revenues, Thurston County was able to offset the loss in tax revenues and increase the actual General Fund ending fund balance by \$3.8 million over the final budget.

## Thurston County General Fund Revenues, Expenditures & Fund Balance

	Final Budget	Actuals	Variance Pos (Neg)
<b>Revenues:</b>			
Taxes	\$ 50,797,798	\$ 48,774,883	\$ (2,022,915)
Licenses & Permits	1,635,656	1,676,638	40,982
Intergovernmental	7,839,847	8,741,432	901,585
Charges for Services	8,375,239	7,774,044	(601,195)
Fines & Forfeitures	1,611,750	2,118,710	506,960
Miscellaneous	1,444,539	1,455,696	11,157
<b>Total General Revenues</b>	<b>71,704,829</b>	<b>70,541,403</b>	<b>(1,163,426)</b>
Total Other Financing Sources	3,559,526	3,730,512	170,986
<b>Total Revenues</b>	<b>\$ 75,264,355</b>	<b>\$ 74,271,915</b>	<b>\$ (992,440)</b>
<b>Expenditures by Department:</b>			
Assessor's Office	\$ 3,362,328	\$ 3,360,429	\$ 1,899
Auditor's Office	4,947,750	4,336,722	611,028
Assigned Counsel	2,906,932	2,900,381	6,551
Civil Service	109,667	17,240	92,427
Clerk's Office	3,059,991	3,059,033	958
Commissioner's Office	1,582,186	1,447,875	134,311
Coroner's Office	852,872	831,319	21,553
Corrections	14,579,557	13,991,934	587,623
District Court	3,043,034	2,864,004	179,030
Human Resources	1,368,058	1,132,542	235,516
Juvenile Probation	6,821,304	6,544,523	276,781
Non-Departmental	5,298,331	4,737,238	561,093
Prosecuting Attorney	7,863,293	7,820,479	42,814
State Examiner	115,000	97,807	17,193
Sheriff	14,576,907	14,274,023	302,884
Superior Court	4,706,442	4,578,286	128,156
Treasurer's Office	1,100,959	1,037,284	63,675
WSU Extension	472,931	456,130	16,801
<b>General Fund Expenditures</b>	<b>76,767,542</b>	<b>73,487,249</b>	<b>3,280,293</b>
Net Changes in Fund Balances	(1,503,187)	784,666	2,287,853
Fund Balances as of January 1	6,301,377	7,780,436	1,479,059
<b>Fund Balances as of December 31</b>	<b>\$ 4,798,190</b>	<b>\$ 8,565,102</b>	<b>\$ 3,766,912</b>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Thurston County's total net investment in governmental and business-type capital assets was \$473.2 million at year end. Of this total, \$309.8 million (65.5%) are non-depreciable assets and \$163.4 million (34.5%) are depreciated. Capital assets comprise 70.5% 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.

Government-wide, net depreciable assets decreased by \$1.9 million in 2009, while non-depreciable assets increased by \$33.9 million. The most significant increases in non-depreciable assets were due to the capitalization of \$25.3 million in Accountability and Restitution Center, described earlier, and \$11.3 million of capitalization in the Tilley Master Plan also described earlier.

### **Long-Term Debt**

Total general obligation debt outstanding at year end was \$90.1 million (\$80.7 million in governmental activities and \$9.4 million in Business-type activities). This total represents an increase over 2008 by \$39.9 million. This increase was due to the issuance of \$42.8 in general obligation debt in April 2009. This new issuance was discussed earlier in the financial highlights section of this document. Loans and leases were \$2 million at year end.

The County has the capacity to issue \$438.7 million in debt without a vote under the limitation of indebtedness statute. Debt liabilities exceed assets reserved for debt repayment by \$89.9 million. This leaves \$348.8 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.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Thurston County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Auditor's Office, Thurston County, 2000 Lakeridge Drive SW, Olympia, WA. 98502.



**Statement of Net Assets**  
**December 31, 2009**  
**Page 1 of 2**

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Current Assets:</b>			
Cash & Pooled Investments	\$ 129,267,893	\$ 7,026,861	\$ 136,294,754
<i>Receivables:</i>			
Taxes Receivable	3,118,354	-	3,118,354
Special Assessment Receivables	74,670	141,902	216,572
Accrued Interest & Penalties	3,912,274	141,655	4,053,929
Customer Account Receivables	14,075,891	1,604,377	15,680,268
Internal Balances	1,439,296	(1,439,296)	-
Due from Other Government Units	7,631,290	852,338	8,483,628
Inventory	639,569	-	639,569
Prepayments	358,665	-	358,665
<i>Restricted Assets:</i>			
Cash & Pooled Investments	-	280,741	280,741
Total Current Assets	160,517,902	8,608,578	169,126,480
<b>Long-Term Assets:</b>			
Deferred Charges	50,793	156,540	207,333
Community Loans Receivable	-	191,231	191,231
Special Assessment Receivables	153,947	3,629,387	3,783,334
Investment in Joint Ventures, Net	3,338,056	-	3,338,056
<i>Capital Assets:</i>			
Non-Depreciable	302,550,801	7,239,252	309,790,053
Depreciable, Net	132,946,250	30,456,188	163,402,438
<i>Restricted Assets: Cash and Pooled Investments</i>	-	21,397,275	21,397,275
Total Noncurrent Assets	439,039,847	63,069,873	502,109,720
<b>Total Assets</b>	<b>599,557,749</b>	<b>71,678,451</b>	<b>671,236,200</b>

See accompanying notes to the financial statements

**Statement of Net Assets**  
**December 31, 2009**  
**Page 2 of 2**

LIABILITIES	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Current Liabilities:</b>			
Accounts Payable	8,092,412	1,149,652	9,242,064
Notes/Leases Payable	111,496	81,099	192,595
Due to Other Government Units	871,499	-	871,499
Compensated Absences	4,779,377	158,432	4,937,809
Limited G.O. Bonds Payable	4,203,265	754,768	4,958,033
Spec Assessment Debt with Govern. Commitment	-	81,818	81,818
Unearned Revenue	419,425	11,712	431,137
Total Current Liabilities	18,477,474	2,237,481	20,714,955
<b>Long-Term Liabilities:</b>			
Limited G.O. Bonds Payable	76,544,353	8,602,911	85,147,264
Spec Assessment Debt with Govern. Commitment	-	838,887	838,887
Compensated Absences	2,349,343	63,924	2,413,267
Other Post Employment Benefits Payable	7,793,959	230,249	8,024,208
Claims & Judgments Payable	4,414,807	-	4,414,807
Notes/Leases Payable	194,748	662,388	857,136
Accumulated Landfill Closure Costs	-	19,219,878	19,219,878
Total Noncurrent Liabilities	91,297,210	29,618,237	120,915,447
<b>Total Liabilities</b>	109,774,684	31,855,718	141,630,402
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	367,485,013	26,673,569	394,158,582
<b>Restricted Net Assets:</b>			
Culture & Recreation	192,300	-	192,300
Economic Environment	4,751,500	-	4,751,500
General Government	16,325,000	-	16,325,000
Health and Human Services	17,787,700	-	17,787,700
Internal Service	19,449,700	-	19,449,700
Public Safety	32,343,000	-	32,343,000
Physical Environment	3,257,100	-	3,257,100
Transportation	12,835,500	-	12,835,500
Debt Service	-	4,050,631	4,050,631
Landfill Postclosure	-	5,372,493	5,372,493
Unrestricted (Deficit)	15,356,252	3,726,040	19,082,292
<b>Total Net Assets</b>	\$ 489,783,065	\$ 39,822,733	\$ 529,605,798

See accompanying notes to the financial statements

**Statement of Activities**  
**For The Year Ended December 31, 2009**  
**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	\$ 13,856,978	\$ (5,287,166)	\$ 5,552,908	\$ 19,322	\$ 19,950
Culture & Recreation	3,655,755	124,495	755,406	103,493	-
Economic Environment	15,780,061	70,306	4,463,060	11,621,402	1,410,257
Health & Human Services	46,636,760	911,806	3,154,554	29,552,440	3,641
Public Safety	68,382,880	2,233,008	9,250,719	4,083,723	1,647,527
Transportation	27,589,210	1,062,139	958,263	36,322	6,236,708
Utilities & Environment	1,275,014	41,002	580,455	84,955	-
Interest and Fiscal Charges	3,459,983	-	-	-	-
Total Governmental Activities	180,636,641	(844,410)	24,715,365	45,501,657	9,318,083
Business-Type Activities:					
Solid Waste	15,860,155	131,190	15,558,195	279,590	-
Water	802,337	91,960	627,236	-	38,232
Sewer	1,522,537	183,921	1,276,883	-	76,464
Stormwater	2,442,203	17,240	2,214,034	387,403	-
Development Services	4,055,938	420,099	3,326,600	396,014	-
Total Business-Type Activities	24,683,170	844,410	23,002,948	1,063,007	114,696
Total Primary Government	\$ 205,319,811	\$ -	\$ 47,718,313	\$ 46,564,664	\$ 9,432,779

See accompanying notes to the financial statements

**Statement of Activities**  
**For The Year Ended December 31, 2009**  
**Page 2 of 2**

Functions/Programs	Net (Expense) Revenue and Changes In Net Assets		
	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT</b>			
<i>Governmental Activities:</i>			
General Government	\$ (2,977,632)	\$ -	\$ (2,977,632)
Culture & Recreation	(2,921,351)	-	(2,921,351)
Economic Environment	1,644,352	-	1,644,352
Health & Human Services	(14,837,931)	-	(14,837,931)
Public Safety	(55,633,919)	-	(55,633,919)
Transportation	(21,420,056)	-	(21,420,056)
Utilities & Environment	(650,606)	-	(650,606)
Interest and Fiscal Charges	(3,459,983)	-	(3,459,983)
<b>Total Governmental Activities</b>	(100,257,126)	-	(100,257,126)
<i>Business-Type Activities:</i>			
Solid Waste	-	(153,560)	(153,560)
Water	-	(228,829)	(228,829)
Sewer	-	(353,111)	(353,111)
Stormwater	-	141,994	141,994
Development Services	-	(753,423)	(753,423)
<b>Total Business-Type Activities</b>	-	(1,346,929)	(1,346,929)
<b>Total Primary Government</b>	<b>\$ (100,257,126)</b>	<b>\$ (1,346,929)</b>	<b>\$ (101,604,055)</b>
<b>General Revenues:</b>			
<i>Taxes:</i>			
Property Taxes	61,134,127	-	61,134,127
Sales Taxes	23,028,337	-	23,028,337
Shared Revenues & Entitlements	8,869,856	-	8,869,856
Excise Taxes	5,438,437	-	5,438,437
<i>Other General Revenues:</i>			
Interest & Investment Earnings	6,457,964	1,029,658	7,487,622
Miscellaneous	381,641	22,005	403,646
Transfers In/(Out)	(2,799,438)	2,799,438	-
<b>Total General Revenues, Special Items and Transfers</b>	<b>102,510,924</b>	<b>3,851,101</b>	<b>106,362,025</b>
<b>Change in Net Assets</b>	<b>2,253,798</b>	<b>2,504,172</b>	<b>4,757,970</b>
Net Assets as of January 1	487,529,267	37,318,561	524,847,828
<b>Net Assets as of December 31</b>	<b>\$ 489,783,065</b>	<b>\$ 39,822,733</b>	<b>\$ 529,605,798</b>

See accompanying notes to the financial statements

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2009**  
**Page 1 of 2**

<b>ASSETS</b>	<b>General Fund</b>	<b>Debt Holding - 2009</b>	<b>Detention Facility Sales Tax Holding</b>	<b>Jail Capital Projects</b>	<b>Real Estate Excise Tax</b>
<b>Current Assets:</b>					
Cash & Pooled Investments	\$ 11,062,622	\$ 13,034,079	\$ 8,492,112	\$ -	\$ 17,485,700
<i>Receivables:</i>					
Taxes Receivable	1,657,344	-	-	-	-
Special Assessment Receivables	-	-	-	-	-
Accrued Interest & Penalties	3,401,151	7,745	52,527	-	78,450
Customer Account Receivables	2,530,392	-	-	-	-
Due from Other Funds	540,031	-	-	-	-
Due from Other Government Units	998,021	-	-	-	-
Inventory	-	-	-	-	-
Prepayments	5,437	-	-	-	-
Advances To Other Funds	-	-	6,000,000	-	-
<b>Total Assets</b>	<b>\$ 20,194,998</b>	<b>\$ 13,041,824</b>	<b>\$ 14,544,639</b>	<b>\$ -</b>	<b>\$ 17,564,150</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	802,433	-	2,330	1,405,467	1,959
Due to Other Funds	13,576	-	12,175	17,533	74,033
Due to Other Government Units	-	-	-	-	-
Deferred Revenues	4,813,887	-	-	-	-
Advances From Other Funds	6,000,000	-	-	-	-
<b>Total Liabilities</b>	<b>11,629,896</b>	<b>-</b>	<b>14,505</b>	<b>1,423,000</b>	<b>75,992</b>
<b>FUND BALANCES</b>					
<b>Reserved For:</b>					
Debt Service	-	-	-	-	-
Advances	-	-	6,000,000	-	-
Inventories	-	-	-	-	-
<b>Unreserved - Designated for Petty Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General Fund	14,700	-	-	-	-
Special Revenue Funds	-	-	-	-	-
<b>Unreserved - Undesignated, Reported In:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General Fund	8,550,402	-	-	-	-
Special Revenue Funds	-	13,041,824	8,530,134	-	17,488,158
Capital Projects Funds	-	-	-	(1,423,000)	-
<b>Total Fund Balance</b>	<b>8,565,102</b>	<b>13,041,824</b>	<b>14,530,134</b>	<b>(1,423,000)</b>	<b>17,488,158</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 20,194,998</b>	<b>\$ 13,041,824</b>	<b>\$ 14,544,639</b>	<b>\$ -</b>	<b>\$ 17,564,150</b>

See accompanying notes to the financial statements

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2009**

**Page 2 of 2**

	Roads	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash & Pooled Investments	\$ 8,518,570	\$ 18,438,517	\$ 7,062,492	\$ 19,696,467	\$ 103,790,559
<i>Receivables:</i>					
Taxes Receivable	916,524	439,267	34,548	70,671	3,118,354
Special Assessment Receivables	-	-	14,904	59,766	74,670
Accrued Interest & Penalties	11,418	70,571	40,603	171,350	3,833,815
Customer Account Receivables	-	5,140	-	470,791	3,006,323
Due from Other Funds	26,015	-	340,071	24,244	930,361
Due from Other Government Units	1,426,924	15,101	1,954,441	3,229,528	7,624,015
Inventory	406,608	-	-	-	406,608
Prepayments	-	-	-	222,700	228,137
Advances To Other Funds	689,252	-	-	-	6,689,252
<b>Total Assets</b>	<b>\$ 11,995,311</b>	<b>\$ 18,968,596</b>	<b>\$ 9,447,059</b>	<b>\$ 23,945,517</b>	<b>\$ 129,702,094</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	1,062,742	590,255	1,987,951	1,578,570	7,431,707
Due to Other Funds	45,972	7,564	105,801	557,326	833,980
Due to Other Government Units	4,181	157,479	279,235	430,527	871,422
Deferred Revenues	1,293,891	439,267	49,452	250,079	6,846,576
Advances From Other Funds	-	-	-	-	6,000,000
<b>Total Liabilities</b>	<b>2,406,786</b>	<b>1,194,565</b>	<b>2,422,439</b>	<b>2,816,502</b>	<b>21,983,685</b>
<b>FUND BALANCES</b>					
<b>Reserved For:</b>					
Debt Service	-	-	-	4,397	4,397
Advances	689,252	-	-	-	6,689,252
Inventories	406,608	-	-	-	406,608
<b>Unreserved - Designated for Petty Cash</b>					
General Fund	-	-	-	-	14,700
Special Revenue Funds	300	100	2,850	19,975	23,225
<b>Unreserved - Undesignated, Reported In:</b>					
General Fund	-	-	-	-	8,550,402
Special Revenue Funds	8,492,365	17,773,931	7,021,770	17,132,340	89,480,522
Capital Projects Funds	-	-	-	3,972,303	2,549,303
<b>Total Fund Balance</b>	<b>9,588,525</b>	<b>17,774,031</b>	<b>7,024,620</b>	<b>21,129,015</b>	<b>107,718,409</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 11,995,311</b>	<b>\$ 18,968,596</b>	<b>\$ 9,447,059</b>	<b>\$ 23,945,517</b>	<b>\$ 129,702,094</b>

See accompanying notes to the financial statements

# **Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Assets December 31, 2009**

	<u><b>Governmental Funds</b></u>
<b>Fund balance as shown in the Governmental Funds Balance Sheet</b>	\$ 107,718,409
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	374,249,201
Debt, which is not reported in governmental funds, is reported in the statement of net assets	(80,689,312)
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	83,671,032
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	204,740
Long term (non-available) receivables, which are deferred in governmental funds, are recognized and accrued as revenues in the statement of net assets	17,283,744
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	(13,006,360)
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>351,611</u>
<b>Net assets for governmental funds as shown in Statement of Net Assets</b>	<u><u>\$ 489,783,065</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, 2009*

Page 1 of 2

	General Fund	Debt Holding - 2009	Detention Facility Sales Tax Holding	Jail Capital Projects	Real Estate Excise Tax
<b>Revenues:</b>					
Taxes	\$ 48,774,883	\$ -	\$ 3,858,484	\$ -	\$ 2,543,895
Licenses & Permits	1,676,638	-	-	-	-
Intergovernmental	8,741,432	-	-	-	-
Charges for Services	7,774,044	-	-	-	13,922
Fines & Forfeits	2,118,710	-	-	-	-
Miscellaneous Revenue	1,455,696	414,176	308,638	-	546,772
<b>Total Revenues</b>	<b>70,541,403</b>	<b>414,176</b>	<b>4,167,122</b>	<b>-</b>	<b>3,104,589</b>
<b>Expenditures:</b>					
Current:					
General Government	11,734,415	-	-	-	4,542
Culture & Recreation	456,552	-	-	-	-
Economic Environment	217,952	-	-	-	-
Health & Human Services	-	-	-	-	-
Public Safety	56,645,451	-	17,818	62,568	-
Transportation	98,244	-	-	-	8,087
Utilities & Environment	570,581	-	-	-	-
Capital Outlay	159,610	-	-	25,335,404	-
Debt Service:					
Principal	79,852	-	-	-	-
Interest & Fiscal Charges	23,031	804,286	-	-	-
<b>Total Expenditures</b>	<b>69,985,688</b>	<b>804,286</b>	<b>17,818</b>	<b>25,397,972</b>	<b>12,629</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>555,715</b>	<b>(390,110)</b>	<b>4,149,304</b>	<b>(25,397,972)</b>	<b>3,091,960</b>
<b>Other Financing Sources (Uses)</b>					
Capital Lease Financing	94,204	-	-	-	-
Sale of Capital Assets	300,005	-	-	-	-
Debt Issuance	-	42,765,000	-	-	-
Transfers In	3,336,303	-	-	29,333,066	365,000
Transfers Out	(3,501,561)	(29,333,066)	(4,792,545)	-	(4,418,699)
<b>Total Other Financing Sources (Uses)</b>	<b>228,951</b>	<b>13,431,934</b>	<b>(4,792,545)</b>	<b>29,333,066</b>	<b>(4,053,699)</b>
Net Changes In Fund Balances	784,666	13,041,824	(643,241)	3,935,094	(961,739)
Fund Balances as of January 1	7,780,436	-	15,173,375	(5,358,094)	18,449,897
<b>Fund Balances as of December 31</b>	<b>\$ 8,565,102</b>	<b>\$ 13,041,824</b>	<b>\$ 14,530,134</b>	<b>\$ (1,423,000)</b>	<b>\$ 17,488,158</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, 2009**  
**Page 2 of 2**

	Roads	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 15,754,560	\$ 8,624,616	\$ 621,559	\$ 9,778,043	\$ 89,956,040
Licenses & Permits	368,392	-	581,278	81,591	2,707,899
Intergovernmental	11,361,281	66,023	30,050,909	19,350,504	69,570,149
Charges for Services	386,879	30	2,440,336	3,602,869	14,218,080
Fines & Forfeits	-	-	-	52,374	2,171,084
Miscellaneous Revenue	75,460	519,143	504,405	1,821,827	5,646,117
<b>Total Revenues</b>	<b>27,946,572</b>	<b>9,209,812</b>	<b>34,198,487</b>	<b>34,687,208</b>	<b>184,269,369</b>
<b>Expenditures:</b>					
Current:					
General Government	-	-	-	1,326,914	13,065,871
Culture & Recreation	307,320	-	-	2,233,950	2,997,822
Economic Environment	-	-	-	15,420,163	15,638,115
Health & Human Services	-	8,253,974	34,273,104	3,644,477	46,171,555
Public Safety	1,765,045	-	-	7,979,695	66,470,577
Transportation	21,331,346	-	-	1,006,924	22,444,601
Utilities & Environment	-	-	-	716,332	1,286,913
Capital Outlay	12,022,044	177,082	-	3,092,553	40,786,693
Debt Service:					
Principal	6,125	5,007	7,021	2,603,664	2,701,669
Interest & Fiscal Charges	1,686	942	1,683	2,718,932	3,550,560
<b>Total Expenditures</b>	<b>35,433,566</b>	<b>8,437,005</b>	<b>34,281,808</b>	<b>40,743,604</b>	<b>215,114,376</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(7,486,994)</b>	<b>772,807</b>	<b>(83,321)</b>	<b>(6,056,396)</b>	<b>(30,845,007)</b>
<b>Other Financing Sources (Uses)</b>					
Capital Lease Financing	-	-	-	-	94,204
Sale of Capital Assets	372,198	85,608	10,412	66,853	835,076
Debt Issuance	-	-	-	-	42,765,000
Transfers In	3,858,276	12,575	1,070,223	13,277,480	51,252,923
Transfers Out	(5,519,575)	(12,575)	(2,288,467)	(1,691,699)	(51,558,187)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,289,101)</b>	<b>85,608</b>	<b>(1,207,832)</b>	<b>11,652,634</b>	<b>43,389,016</b>
Net Changes In Fund Balances	(8,776,095)	858,415	(1,291,153)	5,596,238	12,544,009
Fund Balances as of January 1	18,364,620	16,915,616	8,315,773	15,532,777	95,174,400
<b>Fund Balances as of December 31</b>	<b>\$ 9,588,525</b>	<b>\$ 17,774,031</b>	<b>\$ 7,024,620</b>	<b>\$ 21,129,015</b>	<b>\$ 107,718,409</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, 2009*

		<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>		\$ 12,544,009
<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	40,786,693	
Depreciation (asset usage), which is not reported in governmental funds, is recognized and reported in the statement of activities	(8,409,701)	
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>(140,687)</u>	32,236,305
<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)	2,438,014	
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	90,577	
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).	<u>(42,859,204)</u>	(40,330,613)
<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	(2,542,082)	
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	(1,264,036)	
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>844,410</u>	(2,961,708)
<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	3,487,462	
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>(2,721,657)</u>	<u>765,805</u>
<b>Change in net assets for governmental funds as shown in the Statement of Activities</b>		<u><u>\$ 2,253,798</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, 2009***  
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	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Revenues By Funding Source</b>				
<b>General Revenues:</b>				
Taxes	\$ 53,497,798	\$ 50,797,798	\$ 48,774,883	\$ (2,022,915)
Licenses & Permits	1,635,656	1,635,656	1,676,638	40,982
Intergovernmental	6,675,984	7,839,847	8,741,432	901,585
Charges for Services	7,752,470	8,375,239	7,774,044	(601,195)
Fines & Forfeits	1,611,750	1,611,750	2,118,710	506,960
Miscellaneous Revenue	2,196,867	1,444,539	1,455,696	11,157
<b>Total General Revenues</b>	<b>73,370,525</b>	<b>71,704,829</b>	<b>70,541,403</b>	<b>(1,163,426)</b>
<b>Other Financing Sources:</b>				
Capital Lease Financing	-	-	94,204	94,204
Other Finance Sources - Capital Asset Sales	950	950	300,005	299,055
Transfers In	2,387,106	3,558,576	3,336,303	(222,273)
<b>Total Other Financing Sources</b>	<b>2,388,056</b>	<b>3,559,526</b>	<b>3,730,512</b>	<b>170,986</b>
<b>Total Revenues</b>	<b>\$ 75,758,581</b>	<b>\$ 75,264,355</b>	<b>\$ 74,271,915</b>	<b>\$ (992,440)</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, 2009**  
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	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Expenditures by Department</b>				
<b>Assessor's Office:</b>				
General Government	\$ 3,598,299	\$ 3,362,328	\$ 3,360,429	\$ 1,899
<b>Total Assessor's Office</b>	3,598,299	3,362,328	3,360,429	1,899
<b>Auditor's Office:</b>				
General Government	5,330,869	4,941,326	4,330,574	610,752
Debt Service:				
Principal	4,430	5,737	5,540	197
Interest and Fiscal Charges	804	687	608	79
<b>Total Auditor's Office</b>	5,336,103	4,947,750	4,336,722	611,028
<b>Assigned Counsel:</b>				
Public Safety	2,409,186	2,903,057	2,883,236	19,821
Capital Outlay	-	-	12,746	(12,746)
Debt Service:				
Principal	2,300	2,300	4,111	(1,811)
Interest and Fiscal Charges	1,575	1,575	288	1,287
<b>Total Assigned Counsel</b>	2,413,061	2,906,932	2,900,381	6,551
<b>Civil Service:</b>				
Public Safety	109,667	109,667	17,240	92,427
<b>Total Civil Service</b>	109,667	109,667	17,240	92,427
<b>Clerk's Office:</b>				
Public Safety	3,206,967	3,040,791	3,023,064	17,727
Capital Outlay	-	-	12,570	(12,570)
Debt Service:				
Principal	16,000	16,000	17,030	(1,030)
Interest and Fiscal Charges	3,200	3,200	6,369	(3,169)
<b>Total Clerk's Office</b>	3,226,167	3,059,991	3,059,033	958

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, 2009**  
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	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Commissioner's Office:</b>				
General Government	1,477,595	1,477,595	1,344,223	133,372
Transportation	98,860	98,860	97,918	942
Debt Service:				
Principal	4,486	4,486	4,485	1
Interest and Fiscal Charges	1,245	1,245	1,249	(4)
<b>Total Commissioner's Office</b>	<b>1,582,186</b>	<b>1,582,186</b>	<b>1,447,875</b>	<b>134,311</b>
<b>Coroner's Office:</b>				
Public Safety	847,837	847,837	806,881	40,956
Economic Environment	3,000	3,000	2,100	900
Capital Outlay	-	-	19,530	(19,530)
Debt Service:				
Principal	1,437	1,437	2,247	(810)
Interest and Fiscal Charges	598	598	561	37
<b>Total Coroner's Office</b>	<b>852,872</b>	<b>852,872</b>	<b>831,319</b>	<b>21,553</b>
<b>Corrections:</b>				
Public Safety	14,677,969	14,573,648	13,977,818	595,830
Capital Outlay	-	-	8,359	(8,359)
Debt Service:				
Principal	-	5,816	5,694	122
Interest and Fiscal Charges	-	93	63	30
<b>Total Corrections</b>	<b>14,677,969</b>	<b>14,579,557</b>	<b>13,991,934</b>	<b>587,623</b>
<b>District Court</b>				
Public Safety	3,197,225	3,040,538	2,861,507	179,031
Debt Service:				
Principal	1,843	1,843	1,842	1
Interest and Fiscal Charges	653	653	655	(2)
<b>Total District Court</b>	<b>3,199,721</b>	<b>3,043,034</b>	<b>2,864,004</b>	<b>179,030</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, 2009**  
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	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Human Resources:</b>				
General Government	1,352,648	1,352,648	1,119,626	233,022
Public Safety	10,110	10,110	7,878	2,232
Debt Service:				
Principal	4,200	4,200	4,074	126
Interest and Fiscal Charges	1,100	1,100	964	136
<b>Total Human Resources</b>	<b>1,368,058</b>	<b>1,368,058</b>	<b>1,132,542</b>	<b>235,516</b>
<b>Juvenile Probation:</b>				
Public Safety	6,821,304	6,821,304	6,525,083	296,221
Capital Outlay	-	-	12,289	(12,289)
Debt Service:				
Principal	-	-	4,469	(4,469)
Interest and Fiscal Charges	-	-	2,682	(2,682)
<b>Total Juvenile Probation</b>	<b>6,821,304</b>	<b>6,821,304</b>	<b>6,544,523</b>	<b>276,781</b>
<b>Non-Departmental:</b>				
General Government	988,103	988,103	444,472	543,631
Utilities & Environment	582,208	582,208	570,581	11,627
Transportation	994	994	326	668
Economic Environment	200,040	200,040	215,852	(15,812)
Culture and Recreation	-	-	4,446	(4,446)
Transfers Out	2,583,344	3,526,986	3,501,561	25,425
<b>Total Non-Departmental</b>	<b>4,354,689</b>	<b>5,298,331</b>	<b>4,737,238</b>	<b>561,093</b>
<b>Prosecuting Attorney:</b>				
Public Safety	7,854,939	7,774,442	7,722,882	51,560
Capital Outlay	-	57,351	67,587	(10,236)
Debt Service:				
Principal	24,500	24,500	21,471	3,029
Interest and Fiscal Charges	7,000	7,000	8,539	(1,539)
<b>Total Prosecuting Attorney</b>	<b>7,886,439</b>	<b>7,863,293</b>	<b>7,820,479</b>	<b>42,814</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, 2009**  
**Page 5 of 5**

	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>State Examiner:</b>				
General Government	115,000	115,000	97,807	17,193
<b>Total State Examiner</b>	115,000	115,000	97,807	17,193
<b>Sheriff:</b>				
Public Safety	14,385,770	14,566,515	14,263,559	302,956
Capital Outlay	-	10,392	10,464	(72)
<b>Total Sheriff</b>	14,385,770	14,576,907	14,274,023	302,884
<b>Superior Court:</b>				
Public Safety	4,440,795	4,701,374	4,556,303	145,071
Capital Outlay	-	-	16,065	(16,065)
Debt Service:				
Principal	4,810	4,810	5,349	(539)
Interest and Fiscal Charges	258	258	569	(311)
<b>Total Superior Court</b>	4,445,863	4,706,442	4,578,286	128,156
<b>Treasurer's Office</b>				
General Government	1,150,959	1,100,959	1,037,284	63,675
<b>Total Treasurer's Office</b>	1,150,959	1,100,959	1,037,284	63,675
<b>WSU Extension</b>				
Culture and Recreation	481,182	468,838	452,106	16,732
Debt Service:				
Principal	1,418	3,318	3,540	(222)
Interest and Fiscal Charges	1,616	775	484	291
<b>Total WSU Extension</b>	484,215	472,931	456,130	16,801
<b>Total General Fund Expenditures</b>	<b>\$ 76,008,342</b>	<b>\$ 76,767,542</b>	<b>\$ 73,487,249</b>	<b>\$ 3,280,293</b>
Net Changes in Fund Balances	(249,761)	(1,503,187)	784,666	2,287,853
Fund Balances as of January 1	4,321,570	6,301,377	7,780,436	1,479,059
Fund Balances as of December 31	<b>\$ 4,071,809</b>	<b>\$ 4,798,190</b>	<b>\$ 8,565,102</b>	<b>\$ 3,766,912</b>

See accompanying notes to the financial statements

**Debt Holding - 2009**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
***For The Year Ended December 31, 2009***

	Original 2009 Budget	Final 2009 Budget	Actual 2009	Variance with Final Budget Positive or (Negative)
<b>Revenues:</b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 414,176	\$ 414,176
<b>Total Revenues</b>	-	-	414,176	414,176
<b>Expenditures:</b>				
Debt Service:				
Interest & Fiscal Charges	-	-	804,286	(804,286)
<b>Total Expenditures</b>	-	-	804,286	(804,286)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	(390,110)	(390,110)
<b>Other Financing Sources (Uses)</b>				
Other Fin. Sources - Bond Proceeds	48,650,000	48,650,000	42,765,000	(5,885,000)
Transfers Out	(48,300,000)	(47,800,000)	(29,333,066)	18,466,934
<b>Total Other Financing Sources (Uses)</b>	350,000	850,000	13,431,934	12,581,934
Net Changes In Fund Balances	350,000	850,000	13,041,824	12,191,824
Fund Balances as of January 1	-	-	-	-
<b>Fund Balances as of December 31</b>	\$ 350,000	\$ 850,000	\$ 13,041,824	\$ 12,191,824

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, 2009**

	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 4,421,898	\$ 4,421,898	\$ 3,858,484	\$ (563,414)
Miscellaneous Revenue	615,227	615,227	308,638	(306,589)
<b>Total Revenues</b>	<b>5,037,125</b>	<b>5,037,125</b>	<b>4,167,122</b>	<b>(870,003)</b>
<b>Expenditures:</b>				
Current:				
Public Safety	-	-	17,818	(17,818)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>17,818</b>	<b>(17,818)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,037,125</b>	<b>5,037,125</b>	<b>4,149,304</b>	<b>(887,821)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(4,006,714)	(5,306,376)	(4,792,545)	513,831
<b>Total Other Financing Sources (Uses)</b>	<b>(4,006,714)</b>	<b>(5,306,376)</b>	<b>(4,792,545)</b>	<b>513,831</b>
Net Changes In Fund Balances	1,030,411	(269,251)	(643,241)	(373,990)
Fund Balances as of January 1	15,058,723	15,173,375	15,173,375	-
<b>Fund Balances as of December 31</b>	<b>\$ 16,089,134</b>	<b>\$ 14,904,124</b>	<b>\$ 14,530,134</b>	<b>\$ (373,990)</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, 2009***

	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 3,600,000	\$ 3,600,000	\$ 2,543,895	\$ (1,056,105)
Charges for Services	15,900	15,900	13,922	(1,978)
Miscellaneous Revenue	555,625	555,625	546,772	(8,853)
<b>Total Revenues</b>	<b>4,171,525</b>	<b>4,171,525</b>	<b>3,104,589</b>	<b>(1,066,936)</b>
<b>Expenditures:</b>				
Current:				
General Government	-	1,300,000	4,542	1,295,458
Transportation	5,020	5,020	8,087	(3,067)
<b>Total Expenditures</b>	<b>5,020</b>	<b>1,305,020</b>	<b>12,629</b>	<b>1,292,391</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>4,166,505</b>	<b>2,866,505</b>	<b>3,091,960</b>	<b>225,455</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	365,000	365,000	365,000	-
Transfers Out	(7,059,303)	(7,535,231)	(4,418,699)	3,116,532
<b>Total Other Financing Sources (Uses)</b>	<b>(6,694,303)</b>	<b>(7,170,231)</b>	<b>(4,053,699)</b>	<b>3,116,532</b>
Net Changes In Fund Balances	(2,527,798)	(4,303,726)	(961,739)	3,341,987
Fund Balances as of January 1	15,794,224	18,449,897	18,449,897	-
<b>Fund Balances as of December 31</b>	<b>\$ 13,266,426</b>	<b>\$ 14,146,171</b>	<b>\$ 17,488,158</b>	<b>\$ 3,341,987</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, 2009***

	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 16,936,752	\$ 16,436,752	\$ 15,754,560	\$ (682,192)
Licenses & Permits	-	411,302	368,392	(42,910)
Intergovernmental	15,399,346	16,882,625	11,361,281	(5,521,344)
Charges for Services	1,000,270	1,349,898	386,879	(963,019)
Miscellaneous Revenue	115,700	126,050	75,460	(50,590)
<b>Total Revenues</b>	<b>33,452,068</b>	<b>35,206,627</b>	<b>27,946,572</b>	<b>(7,260,055)</b>
<b>Expenditures:</b>				
Current:				
Culture & Recreation	-	308,400	307,320	1,080
Public Safety	1,456,099	1,636,297	1,765,045	(128,748)
Transportation	21,894,417	24,539,117	21,331,346	3,207,771
Capital Outlay	15,731,027	17,145,927	12,022,044	5,123,883
Debt Service:				
Principal	6,125	6,125	6,125	-
Interest & Fiscal Charges	1,682	1,682	1,686	(4)
<b>Total Expenditures</b>	<b>39,089,350</b>	<b>43,637,548</b>	<b>35,433,566</b>	<b>8,203,982</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,637,282)</b>	<b>(8,430,921)</b>	<b>(7,486,994)</b>	<b>943,927</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	10,000	10,000	372,198	362,198
Transfers In	1,750,000	4,437,123	3,858,276	(578,847)
Transfers Out	(3,285,277)	(5,897,777)	(5,519,575)	378,202
<b>Total Other Financing Sources (Uses)</b>	<b>(1,525,277)</b>	<b>(1,450,654)</b>	<b>(1,289,101)</b>	<b>161,553</b>
Net Changes In Fund Balances	(7,162,559)	(9,881,575)	(8,776,095)	1,105,480
Fund Balances as of January 1	16,873,259	18,364,319	18,364,620	301
<b>Fund Balances as of December 31</b>	<b>\$ 9,710,700</b>	<b>\$ 8,482,744</b>	<b>\$ 9,588,525</b>	<b>\$ 1,105,781</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, 2009***

	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 8,854,185	\$ 8,854,185	\$ 8,624,616	\$ (229,569)
Intergovernmental	86,000	86,000	66,023	(19,977)
Charges for Services	30	30	30	-
Miscellaneous Revenue	642,668	642,668	519,143	(123,525)
<b>Total Revenues</b>	<b>9,582,883</b>	<b>9,582,883</b>	<b>9,209,812</b>	<b>(373,071)</b>
<b>Expenditures:</b>				
Current:				
Health & Human Services	10,694,676	10,694,676	8,253,974	2,440,702
Capital Outlay	-	-	177,082	(177,082)
Debt Service:				
Principal	5,007	5,007	5,007	-
Interest & Fiscal Charges	938	938	942	(4)
<b>Total Expenditures</b>	<b>10,700,621</b>	<b>10,700,621</b>	<b>8,437,005</b>	<b>2,263,616</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,117,738)</b>	<b>(1,117,738)</b>	<b>772,807</b>	<b>1,890,545</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	85,608	85,608
Transfers In	5,000	12,575	12,575	-
Transfers Out	(5,000)	(12,575)	(12,575)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>85,608</b>	<b>85,608</b>
Net Changes In Fund Balances	(1,117,738)	(1,117,738)	858,415	1,976,153
Fund Balances as of January 1	14,878,189	16,915,516	16,915,616	100
<b>Fund Balances as of December 31</b>	<b>\$ 13,760,451</b>	<b>\$ 15,797,778</b>	<b>\$ 17,774,031</b>	<b>\$ 1,976,253</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, 2009***

	<b>Original 2009 Budget</b>	<b>Final 2009 Budget</b>	<b>Actual 2009</b>	<b>Variance with Final Budget Positive or (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 1,125,524	\$ 674,742	\$ 621,559	\$ (53,183)
Licenses & Permits	816,267	689,347	581,278	(108,069)
Intergovernmental	35,757,409	31,541,907	30,050,909	(1,490,998)
Charges for Services	2,750,609	3,059,797	2,440,336	(619,461)
Miscellaneous Revenue	170,300	110,300	504,405	394,105
<b>Total Revenues</b>	<b>40,620,109</b>	<b>36,076,093</b>	<b>34,198,487</b>	<b>(1,877,606)</b>
<b>Expenditures:</b>				
Current:				
Health & Human Services	42,157,288	37,189,517	34,273,104	2,916,413
Capital Outlay	70,000	70,000	-	70,000
Debt Service:				
Principal	5,850	5,000	7,021	(2,021)
Interest & Fiscal Charges	4,450	3,600	1,683	1,917
<b>Total Expenditures</b>	<b>42,237,588</b>	<b>37,268,117</b>	<b>34,281,808</b>	<b>2,986,309</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,617,479)</b>	<b>(1,192,024)</b>	<b>(83,321)</b>	<b>1,108,703</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	10,412	10,412
Transfers In	1,507,117	1,144,046	1,070,223	(73,823)
Transfers Out	(118,820)	(91,060)	(2,288,467)	(2,197,407)
<b>Total Other Financing Sources (Uses)</b>	<b>1,388,297</b>	<b>1,052,986</b>	<b>(1,207,832)</b>	<b>(2,260,818)</b>
Net Changes In Fund Balances	(229,182)	(139,038)	(1,291,153)	(1,152,115)
Fund Balances as of January 1	6,645,274	8,315,423	8,315,773	350
<b>Fund Balances as of December 31</b>	<b>\$ 6,416,092</b>	<b>\$ 8,176,385</b>	<b>\$ 7,024,620</b>	<b>\$ (1,151,765)</b>

See accompanying notes to the financial statements

**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**  
**Page 1 of 2**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash & Pooled Investments	\$ 2,501,904	\$ 1,682,204	\$ 2,842,753	\$ 7,026,861	\$ 25,477,334
<i>Receivables:</i>					
Special Assessment Receivables	-	-	141,902	141,902	-
Accrued Interest & Penalties	117,059	4,594	20,002	141,655	78,459
Customer Account Receivables	1,388,672	141,277	74,428	1,604,377	212,975
Due From Other Funds	742,795	44,963	50,761	838,519	360,084
Due From Other Government Units	512,000	16,418	323,920	852,338	7,275
Inventory	-	-	-	-	232,961
Prepayments	-	-	-	-	130,528
<i>Restricted Assets:</i>					
Cash and Pooled Investments	-	154,826	125,915	280,741	-
Total Current Assets	5,262,430	2,044,282	3,579,681	10,886,393	26,499,616
<b>Noncurrent Assets:</b>					
Deferred Charges	-	156,540	-	156,540	-
Community Loans Receivable	-	-	191,231	191,231	-
Special Assessment Receivables	-	2,773,599	855,788	3,629,387	-
<i>Capital Assets:</i>					
Non-Depreciable	2,078,309	2,806,248	2,354,695	7,239,252	5,488,799
Depreciable, Net	9,474,492	12,796,923	8,184,773	30,456,188	59,097,107
<i>Restricted Assets : Cash and Pooled Investments</i>	21,397,275	-	-	21,397,275	-
Total Noncurrent Assets	32,950,076	18,533,310	11,586,487	63,069,873	64,585,906
<b>Total Assets</b>	38,212,506	20,577,592	15,166,168	73,956,266	91,085,522

See accompanying notes to the financial statements

**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**  
**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	1,002,729	60,101	86,822	1,149,652	660,705
Notes/Leases Payable	-	14,505	66,594	81,099	4,435
Due To Other Funds	1,064,605	17,340	155,007	1,236,952	58,032
Due To Other Government Units	-	-	-	-	77
Compensated Absences	-	-	158,432	158,432	441,645
Unearned Revenue	-	10,612	1,100	11,712	-
Lim.Tax G.O.Bond-Current Portion	-	754,768	-	754,768	66,494
Spec Assessment Debt w ith Govern. Commitment	-	-	81,818	81,818	-
Total Current Liabilities	2,067,334	857,326	549,773	3,474,433	1,231,388
<b>Noncurrent Liabilities:</b>					
Limited G.O. Bonds Payable	-	8,602,911	-	8,602,911	293,621
Spec Assessment Debt w ith Govern. Commitment	-	-	838,887	838,887	-
Compensated Absences	-	-	63,924	63,924	599,136
Other Post Employment Benefits Payable	-	-	230,249	230,249	875,538
Claims and Judgments Payable	-	-	-	-	4,414,807
Notes/Leases Payable	-	82,641	579,747	662,388	-
Advances From Other Funds	-	-	689,252	689,252	-
Accumulated Landfill Closure Costs	19,219,878	-	-	19,219,878	-
Total Noncurrent Liabilities	19,219,878	8,685,552	2,402,059	30,307,489	6,183,102
<b>Total Liabilities</b>	<b>21,287,212</b>	<b>9,542,878</b>	<b>2,951,832</b>	<b>33,781,922</b>	<b>7,414,490</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net Of Related Debt	11,552,801	6,148,346	9,893,127	27,594,274	64,221,356
<b>Restricted For:</b>					
Postclosure	5,372,493	-	-	5,372,493	-
Debt Service	-	3,085,792	964,839	4,050,631	-
Unrestricted (Deficit)	-	1,800,576	1,356,370	3,156,946	19,449,676
<b>Total Net Assets</b>	<b>\$ 16,925,294</b>	<b>\$ 11,034,714</b>	<b>\$ 12,214,336</b>	<b>\$ 40,174,344</b>	<b>\$ 83,671,032</b>

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, 2009***

	<b>Business Type Funds</b>
	<hr/>
<b>Enterprise net assets as shown in the Proprietary Funds Statement of Net Assets</b>	\$ 40,174,344
 Internal balances for additional amounts owed between governmental and business units have not been included in governmental fund statements.	 <hr/> (351,611)
 <b>Net assets for business-type funds as shown in Statement of Net Assets</b>	 <b><u>\$ 39,822,733</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, 2009**

	Enterprise Funds				Internal
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	Service Funds
<b>Operating Revenues:</b>					
Charges for Services	\$ 15,558,606	\$ 1,367,705	\$ 6,528,533	\$ 23,454,844	\$ 106,721
Equipment Rental	-	-	-	-	5,660,483
Interfund Contributions	-	-	-	-	22,465,110
Miscellaneous	7,055	8,755	6,195	22,005	21,330
<b>Total Operating Revenues</b>	<b>15,565,661</b>	<b>1,376,460</b>	<b>6,534,728</b>	<b>23,476,849</b>	<b>28,253,644</b>
<b>Operating Expenses:</b>					
Salaries and Benefits	2,268,520	331,657	4,791,559	7,391,736	14,009,576
Other Supplies and Expenses	225,951	60,494	179,064	465,509	2,298,684
Contractual Services	1,399,825	167,571	1,196,503	2,763,899	4,870,466
Longhaul Contract	10,504,790	-	-	10,504,790	-
Interfund Services and Charges	1,039,797	28,511	1,596,060	2,664,368	1,852,804
Depreciation/Amortization	836,275	424,236	791,044	2,051,555	4,392,143
Claims Payments	-	-	-	-	1,685,676
<b>Total Operating Expenses</b>	<b>16,275,158</b>	<b>1,012,469</b>	<b>8,554,230</b>	<b>25,841,857</b>	<b>29,109,349</b>
<b>Operating Income (Loss)</b>	<b>(709,497)</b>	<b>363,991</b>	<b>(2,019,502)</b>	<b>(2,365,008)</b>	<b>(855,705)</b>
<b>Nonoperating Revenue (Expenses):</b>					
Interest Revenue	708,849	209,334	111,475	1,029,658	560,489
Other Nonoperating Revenue (Expense)	(155,042)	(49,200)	1,267,257	1,063,015	266,259
Interest Expense & Fiscal Charges	-	(509,316)	(47,937)	(557,253)	(18,951)
<b>Total Nonoperating Revenue (Expense)</b>	<b>553,807</b>	<b>(349,182)</b>	<b>1,330,795</b>	<b>1,535,420</b>	<b>807,797</b>
<b>Income Before Contributions and</b>					
<b>Transfers:</b>					
Capital Contributions	(155,690)	14,809	(688,707)	(829,588)	(47,908)
Transfers In (Out)	-	114,696	-	114,696	5,614,365
	(80,401)	(23,763)	2,903,602	2,799,438	(2,494,174)
<b>Change in Net Assets</b>	<b>(236,091)</b>	<b>105,742</b>	<b>2,214,895</b>	<b>2,084,546</b>	<b>3,072,283</b>
Net Assets as of January 1	17,161,385	10,928,972	9,999,441	38,089,798	80,598,749
<b>Net Assets as of December 31</b>	<b>\$ 16,925,294</b>	<b>\$ 11,034,714</b>	<b>\$ 12,214,336</b>	<b>\$ 40,174,344</b>	<b>\$ 83,671,032</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, 2009**

	<b>Business-Type Funds</b>
	<hr/>
<b>Change in enterprise net assets as shown in the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>	<b>\$ 2,084,546</b>
 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	1,264,036
Allocated direct and indirect costs from the County's cost plan	<u>(844,410)</u>
 <b>Change in net assets for business-type funds as shown in the Statement of Activities</b>	 <b>\$ <u>2,504,172</u></b>

See accompanying notes to the financial statements

**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended December 31, 2009**  
**Page 1 of 2**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$ 15,517,043	\$ 2,202,170	\$ 6,576,264	\$ 24,295,477	\$ 28,632,373
Cash Paid for Goods & Services	(13,421,364)	(423,417)	(4,232,719)	(18,077,500)	(10,636,228)
Cash Paid to Employees	(2,268,520)	(331,657)	(4,824,416)	(7,424,593)	(13,550,330)
Net Cash Provided (Used) by Operating Activities	(172,841)	1,447,096	(2,480,871)	(1,206,616)	4,445,815
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In	742,666	1,350,888	4,229,229	6,322,783	2,549,359
Transfers Out	(823,067)	(1,374,651)	(1,325,627)	(3,523,345)	(5,043,533)
Grant Proceeds	23,783	(4,309)	698,102	717,576	4,453
Tax and Assessment Receipts	-	-	428,521	428,521	-
Community Loans Issued	-	-	(26,446)	(26,446)	-
Payments On Community Loans	-	-	31,745	31,745	-
Insurance Recoveries	-	-	-	-	133,112
Tax Payments	(405,911)	(49,200)	(54,681)	(509,792)	(7,885)
Net Cash Provided (Used) by Noncapital Financing Activities	(462,529)	(77,272)	3,980,843	3,441,042	(2,364,494)
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>					
Cash Proceeds from Sale of Capital Assets	-	-	-	-	246,796
Cash Disbursements for Purchases of Capital Assets	(604,621)	(290,731)	(1,182,888)	(2,078,240)	(3,851,459)
Bond/Loan Payments	-	(724,272)	(1,119,540)	(1,843,812)	(79,376)
Bond/Loan Proceeds	-	-	695,508	695,508	-
Contributed Capital	-	114,696	-	114,696	(11,347)
Assessment Receipts	-	438,820	166,849	605,669	-
Interest Payments	-	(525,321)	(47,937)	(573,258)	(18,950)
Net Cash Provided (Used) by Capital & Related Financing Activities	(604,621)	(986,808)	(1,488,008)	(3,079,437)	(3,714,336)
<b>Cash Flows from Investing Activities:</b>					
Interest Receipts	892,318	217,107	164,778	1,274,203	644,206
Net Cash Provided (Used) by Investing Activities	892,318	217,107	164,778	1,274,203	644,206
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	(347,673)	600,123	176,742	429,192	(988,809)
Cash & Cash Equivalents as of January 1	24,246,852	1,236,907	2,791,926	28,275,685	26,466,143
<b>Cash &amp; Cash Equivalents as of December 31</b>	<b>\$ 23,899,179</b>	<b>\$ 1,837,030</b>	<b>\$ 2,968,668</b>	<b>\$ 28,704,877</b>	<b>\$ 25,477,334</b>

See accompanying notes to the financial statements

**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended December 31, 2009**  
**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	\$ (709,497)	\$ 363,991	\$ (2,019,502)	\$ (2,365,008)	\$ (855,705)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation Expense	836,275	424,236	791,044	2,051,555	4,392,143
<b>(Increase) Decrease in:</b>					
Customer Account Receivables	2,546	(45,458)	(21,173)	(64,085)	106,464
Due from Other Funds	(51,164)	871,168	59,664	879,668	279,540
Due from Other Government Units	-	-	-	-	(7,275)
Inventories	-	-	-	-	(17,647)
Prepaid Expense	-	-	-	-	(45,371)
<b>Increase (Decrease) in:</b>					
Accounts Payable	101,196	(165,812)	(1,213,206)	(1,277,822)	(272,786)
Due to Other Funds	92,088	(1,029)	(47,886)	43,173	(298,772)
Due to Other Government Units	(773)	-	-	(773)	77
Claims and Judgments	-	-	-	-	713,938
Compensated Absences Payable	-	-	(29,812)	(29,812)	451,209
Accumulated Landfill Closure	(443,512)	-	-	(443,512)	-
<b>Total Adjustments</b>	<b>536,656</b>	<b>1,083,105</b>	<b>(461,369)</b>	<b>1,158,392</b>	<b>5,301,520</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (172,841)</b>	<b>\$ 1,447,096</b>	<b>\$ (2,480,871)</b>	<b>\$ (1,206,616)</b>	<b>\$ 4,445,815</b>

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

Gain on Purchase/Sale Of Capital Assets	\$ -	\$ -	\$ 110,000	\$ 110,000	\$ 246,796
Loss on Purchase/Sale of Capital Assets	\$ (28,721)	\$ -	\$ -	\$ (28,721)	\$ (110,217)
Prior Period Adjustment - Reclassification of G O Debt From Governmental to Proprietary	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 5,625,712

See accompanying notes to the financial statements

**Statement Of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2009**

<b>ASSETS</b>	<b>Investment Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>			
Cash & Pooled Investments	\$ 253,684,766	\$ 2,288,327	\$ 15,550,926
Cash and Investments in Trust	-	-	60,432
Deposits with Fiscal Agent	-	-	50,000
Investments at Cost	200,000	-	-
<b>Receivables:</b>			
Accrued Interest Receivables	75,734	-	-
<b>Investments at Fair Value:</b>			
US Agency & Instrumentality Securities	(766,061)	-	-
<b>Total Assets</b>	<b>253,194,439</b>	<b>2,288,327</b>	<b>15,661,358</b>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
Warrant Payable	-	-	12,945,555
Accounts Payable	-	-	108,087
Payroll Payable	-	-	2,497,284
Due to Other Governments	-	-	110,432
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>15,661,358</b>
<b>NET ASSETS</b>			
Investments Held in Trust for Pool Participants	253,194,439	-	-
Investments Held in Trust for Other Purposes	-	2,288,327	-
<b>Total Net Assets</b>	<b>\$ 253,194,439</b>	<b>\$ 2,288,327</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, 2009**

	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>Additions:</b>		
<b>Contributions:</b>		
Additions By Participants	\$ 1,105,553,232	\$ 13,771,461
Trust Revenues	306,050	-
Total Contributions	<u>1,105,859,282</u>	<u>13,771,461</u>
<b>Investment Income:</b>		
Net Increase In Fair Value Of Investments	(5,488,481)	-
Interest, Dividends and Other	<u>-</u>	<u>3,057</u>
Total Investment Income	<u>(5,488,481)</u>	<u>3,057</u>
Total Additions	<u>1,100,370,801</u>	<u>13,774,518</u>
<b>Deductions:</b>		
Distributions to Participants	1,115,329,650	12,974,791
Trust Administrative Costs	306,050	-
Total Deductions	<u>1,115,635,700</u>	<u>12,974,791</u>
Change in Net Assets Held for Individuals, Organizations and Other Governments	(15,264,899)	799,727
Net Assets as of January 1 - Restated	<u>268,459,338</u>	<u>1,488,600</u>
Net Assets as of December 31	<u><u>\$ 253,194,439</u></u>	<u><u>\$ 2,288,327</u></u>

See accompanying notes to the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2009

### **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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below:

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

The County was incorporated in 1852 and operates under the laws of the state of Washington applicable to counties. As required by the generally accepted accounting principles the financial statements present Thurston County as the primary government. The financial statements do not include any component units for which the County is financially accountable. Thurston County is a statute county, which means the organization of the County is prescribed by state statute. The County has a commissioner form of government with a governing body consisting of three County Commissioners.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property

taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be generally available if they are collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. Exceptions to this rule include redemptions and un-matured interest on general long term debt, which are recognized when due and compensated absences, which are recognized when obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual include certain taxes, earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor determining reimbursement. Revenues such as sales based taxes, fines, licenses, and fees are not considered susceptible to accrual since they are not generally measurable until received. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Thurston County reports the following major governmental funds:

- *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.
- *Road Fund* - accounts for the design, construction, and maintenance of Thurston County roads.
- *Detention Facility Sales Tax Holding Fund* - is a holding fund for local option sales taxes levied to construct adult and juvenile detention facilities.
- *Jail Capital Projects* - accounts for the planning and design of a community corrections and assessment center and for the construction of a minimum bed jail facility.
- *Debt Holding 2009* – A holding fund for 2009 general obligation debt proceeds pending transfer to construction funds to fund construction of the Accountability Restitution Center, communication system upgrades, and other approved capital projects.
- *Medic One* - accounts for countywide delivery of advanced life support response and transport services.
- *Public Health and Social Services* - accounts for the following services: mental health, developmental disabilities, substance abuse prevention & treatment, children and family, environmental, and personal health.
- *Real Estate Excise Tax* - accounts for proceeds dedicated to capital projects from the one-half percent tax on real property sales in unincorporated Thurston County.

The County reports the following major proprietary funds:

- *Solid Waste* - accounts for solid waste activities county-wide which primarily includes disposal maintenance and operations of the County's waste and recovery center.
- *Grand Mound Water and Wastewater* - accounts for maintenance and operations of the Grand Mound water & wastewater systems.

Additionally, the County reports the following fund types:



- *Internal Service Funds* account for technology acquisition/improvement, building maintenance, equipment acquisition/maintenance, risk management and payroll/benefit administration provided to other departments or agencies of the County on a cost reimbursement basis.
- *Investment Trust Funds* account for external pooled and non-pooled investments held by the County Treasurer 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 in nature and do not present results of operations or have a measurement focus. These funds account for assets (such as property tax collected on behalf of other governments) that the County holds for others in an agency capacity.

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

As a general policy the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general policy include 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 since the doubling effect of the cost of these services has already been removed from the financial statements. Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes, interest earnings, sale of capital assets (if material), and transfers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste, Grand Mound, and Other Enterprise Funds and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the payroll and contractual service cost, including other administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use resources proportionately based on their overall contribution to the total resources of that fund, function or program.

## D. ASSETS, LIABILITIES AND EQUITIES

### 1. Cash Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand and demand deposits. 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. For the 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.

It is the County's policy to invest all temporary cash surpluses. At December 31, 2009, all cash and cash equivalents were cash on hand and demand deposits with average maturities as noted in Note IV. This amount is classified on the balance sheet as cash and pooled investments in various funds. The interest on these investments is allocated to the various funds on an average daily balance basis. The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during the year was approximately \$3,785,000.

## 2. Receivables

Taxes receivable consist of delinquent property taxes and related interest and penalties. See Note V – Property Taxes. 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.

Accrued interest receivable includes interest and penalties on property taxes, interest on investments 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 Assessment receivables consist of current and delinquent assessments and related penalties and interest against the property benefited. Long term special assessments are outstanding unbilled special assessments and are recorded when levied. Special assessments and utility billings are collectible through liens on property. Therefore, no estimates of uncollectible amounts are established. In the governmental funds, special assessment receivables are offset by deferred revenues and are for county road improvement districts, public health assessments, and to fund the countywide noxious weed program. In enterprise funds, they represent receivables for the replacement of a wastewater facility and construction of a wastewater collection and water distribution system within the County. To fund these assessments in the enterprise funds, the County has issued both General Obligation debt and Special Assessment debt. See Note VII for more information about the County's debt.

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.

## 3. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. A separate schedule of interfund loans receivable and payable is furnished in Note VIII - Interfund Receivables and Payables. All other outstanding balances between funds are reported as "due to/from other funds."

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and are not included in the government-wide statement of net assets.

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 generally reported as a cash flow change impacting grant cash proceeds from non-capital financing activities. Due from other governments for internal service funds is generally 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, where the perpetual inventory method is used. 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. Enterprise 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. Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements to land and buildings, vehicles, machinery, equipment, easements, construction in progress and infrastructure assets and all other tangible and intangible assets used in operations, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Infrastructure assets are usually stationary and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, sidewalks, trails and paths, and water and sewer systems. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more, including ancillary costs, with an estimated useful life in excess of one year.

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 value at the date of donation.

In June 1999 Government Accounting Standards Board (GASB) issued Statement #34, which required the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with this Statement, the County has recorded the value of all infrastructure assets acquired after July 1, 1980 in its statement of net assets. In certain instances, engineering estimates, as well as annual reports of the County Road Administration Board and Washington State Department of Transportation were used to value the estimated historical costs of assets. In other instances, historical costs were derived by 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.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs or normal maintenance are expensed. Outlays for capital assets and improvements are capitalized as projects are constructed. The net book values of replaced and depreciated components are removed from the system when replaced or when fully depreciated. 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:

<b>Asset Class</b>	<b>Estimated Useful Life</b>
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.

Machinery and equipment purchased on capital leases are treated as capital assets, indicating a constructive or actual transfer of the benefits and risks of ownership to the County, and are valued at the lesser of the fair value of the leased property or the present value of the minimum lease payments required by contract.

#### 6. Long-Term Debt (See Note VII – Long Term and Other Significant Debt)

Revenue bonds and other long term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other County long-term debt is reported in the governmental column in the entity-wide statement of net assets. Bond premiums and discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line interest method since it is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs in 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. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

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.

#### 7. Deferred Charges, Deferred Revenues, and Unearned Revenue

Deferred charges in the government wide financial statements defer expenditures for debt issuance which are amortized over the life of the respective bond issues.

Deferred revenues in the fund financial statements include amounts collected before revenue recognition criteria are met and receivables for delinquent taxes that are not yet available under the modified accrual basis of accounting. Unearned revenues in the government-wide financial statements represent resources received but not yet earned.

## 8. Fund Equity

Fund equity is recognized as fund balance in governmental funds, and as net assets in proprietary funds and entity wide statements. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unless otherwise noted, fund balances (deficits) are unreserved and undesignated.

A portion of the County's net assets are subject to external legal restrictions on how they may be used and therefore are not available for general spending at the discretion of the County. These are considered restricted net assets. 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. 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. An amount equal to these restricted assets, less any related liabilities, is reported as restricted assets on the government wide statement of net assets.

Investment in capital assets, net of related debt includes all capitalized assets less outstanding obligations for current and long term bonds and notes payable related to capital investments. These amounts are adjusted for unexpended bond proceeds, other borrowings, negative equities and non-capital financings as noted below.

### Reconciliation of Investment In Capital Assets, Net of Related Debt

	Governmental Activities	Business-Type Activities
Capital Assets, Net of Depreciation	\$ 435,497,051	\$ 37,695,440
Less: Long and Short Term Notes & Bonds Payable	(81,053,862)	(11,021,871)
2009 Debt Holding Fund Balance (unspent debt proceeds)	13,041,824	-
<b>Investment In Capital Assets, Net of Related Debt</b>	<b>\$ 367,485,013</b>	<b>\$ 26,673,569</b>

## 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.

The first line item adjustment, as detailed below, was for \$374,249,201 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 - End of Prior Year	\$ 347,627,261
Reclassification of Governmental Assets as Internal Service Assets	(5,614,365)
Gains (Losses) on Dispositions of Capital Assets	(140,687)
Governmental Capital Outlays	40,786,693
Governmental Depreciation Expense	(8,409,701)
	<hr/>
Governmental Net Book Value - End of Current Year	<u>\$ 374,249,201</u>

The second line item adjustment, as detailed below, was for \$80,689,312 because long-term debt, which is not reported in governmental funds, is reported in the statement of net assets:

Governmental Debt - End of Prior Year	\$ 40,340,274
Bond Proceeds	42,765,000
Debt Principal Payments	(2,701,669)
Lease Financing Proceeds And Adjustments	78,239
Amortization of Premium and Refunding Deferral	207,468
	<hr/>
Computed Governmental Debt - End of Current Year	<u>\$ 80,689,312</u>

The third line item adjustment, as detailed below, was for \$83,671,032 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 - End of Prior Year	\$ 80,598,749
Reclassification of Governmental Assets as Internal Service Assets	5,614,365
Net Transfers In/Out	(2,494,174)
Net Profit	(47,908)
	<hr/>
Net Assets - End of Current Year	<u>\$ 83,671,032</u>
Cash	\$ 25,477,334
Capital Assets	64,585,906
Other Assets	1,022,282
Claims and Judgments Payable	(4,414,807)
Other Liabilities	(2,999,683)
	<hr/>
Net Assets - End of Current Year	<u>\$ 83,671,032</u>

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

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**

#### **BUDGETARY INFORMATION**

##### **1. Scope of Budget**

Annual appropriated budgets are adopted for all County funds in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by Budgeting, Accounting, and Reporting System (BARS) of the State of Washington and on a basis consistent with generally accepted accounting principles. Appropriations are authorized at the fund level for all funds, except the General Fund, where expenditures may not exceed appropriations at the department level. The budgets constitute the legal authority for expenditures at these levels. All appropriations lapse at year-end.

During the budget process, each County official submits detailed estimates of anticipated revenues and expenditure requests for the subsequent budget year. The data is compiled and made available for public comment beginning the first Monday in October. A recommended budget is submitted to the Board of County Commissioners in the third week of November. Public hearings are held the first week of December and the final budget is adopted, through the passage of a resolution, shortly thereafter.

##### **2. Amending the Budget**

The Board of County Commissioners must approve any revisions that increase the total appropriation of all County funds and General Fund departments. These changes must be approved through a resolution by a majority of the Board of County Commissioners after holding a public hearing. General Fund departments or other County funds may transfer budget amounts between certain expenditures without approval of the Board as long as they do not exceed their total department/fund budget.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

##### **3. Excess of Expenditures Over Appropriations**

Expenditures, including transfers out, for the Regional Athletic Complex exceeded budget by \$8,101. This fund was closed out in 2009 and the remaining fund equity was transferred to other funds. The close out and transfer of fund equity was specifically authorized by Commissioner approved resolutions and is in compliance with County budget policies.

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

#### 4. Deficit Fund Equity

The Jail Capital Projects had a \$1,423,000 deficit fund balance at December 31, 2009. This deficit fund balance will be fully funded by unspent proceeds from the 2009 Debt Holding Fund.

The following proprietary funds had deficit net assets at December 31, 2009: Land Use and Permitting (name changed from Development Services in 2009), (\$466,458) and Enterprise Administration, (\$409,795). Additional fee increases, operating transfers and expenditure reductions will eliminate the carry forward effects of deficit net assets from 2009.

### **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, 2009 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, 2009 were \$16,002,756.

#### **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 2009 the County did not buy or own any securities earning interest at a rate which varied depending on an underlying rate or index.

As of December 31, 2009, 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	\$ 68,000,000	0.0
Money Market Account	20,000,000	0.0
U.S. agencies	<u>323,312,690</u>	4.5
Pool Investments	<u>411,312,690</u>	3.5
Total Investments	<u>\$ 411,312,690</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, 2009 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.

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

## Reconciliation of Deposits and Investments

### December 31, 2009

	<u>Total</u>	<u>Cash &amp; Pool Investments</u>	<u>Investments</u>
<b>Composition of Cash &amp; Investments:</b>			
State Treasurer's Local Govt. Investment Pool (LGIP)	\$ 68,000,000	\$ 68,000,000	\$ -
Money Market Account	20,000,000	20,000,000	-
U.S. Agency & Instrumentality Securities	323,312,690	323,112,690	200,000
<b>Total Investments</b>	<b>411,312,690</b>	<b>411,112,690</b>	<b>200,000</b>
Deposits With Financial Institutions	16,002,756	16,002,756	-
Pool Accruals and Fiscal and Petty Cash	279,182	279,182	-
Clerk's Trust Funds	2,288,327	2,288,327	-
<b>Total Cash &amp; Investments</b>	<b>429,882,955</b>	<b>429,682,955</b>	<b>200,000</b>
Net Increase (Decrease) in Fair Value of Investments	(766,061)	(766,061)	-
<b>Total Reported Cash &amp; Investments</b>	<b>\$ 429,116,894</b>	<b>\$ 428,916,894</b>	<b>\$ 200,000</b>

### Reconciliation to Statements:

#### Statement of Net Assets:

Cash & Pooled Investments - Unrestricted	\$ 136,294,754
Cash & Pooled Investments - Restricted	21,678,016

#### Statement of Fiduciary Net Assets:

Cash & Pooled Investments	253,684,766
Investments at Cost	200,000
Net Increase (Decrease) in Investment Fair Value	(766,061)
Private Purpose Trust Funds	2,288,327
Agency Funds	15,550,926
Accrued Interest, Trust & Fiscal Cash	186,166
<b>Total Reported Cash &amp; Investments</b>	<b>\$ 429,116,894</b>

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

### Current and Restricted Assets

#### December 31, 2009

	<u>Total</u>	<u>Current Assets</u>	<u>Restricted Assets</u>
Pooled Investments	\$ 411,112,690	\$ 389,715,415	\$ 21,397,275
Investments	200,000	-	200,000
<b>Total</b>	<b>\$ 411,312,690</b>	<b>\$ 389,715,415</b>	<b>\$ 21,597,275</b>

### 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 decrease in the fair value of the investments during 2009, as market interest rates decreased. At 12/31/2009, the market value of investments was \$766,061 lower than the amortized cost. These unrealized losses will not be recognized in the various funds as management intends to hold these investments to maturity. During 2009, TCIP sold one investment with a total realized gain of \$45,502.

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.

Participation in the TCIP is voluntary. Districts do have the option to participate in the TCIP or they can have the Treasurer manage their cash and investments outside of the TCIP by requesting specific investment amounts and maturity dates.

A condensed statement of net assets and statement of changes in net assets for the external portion of the investment trust pool and the Clerk's private purpose trust fund at December 31, 2009 is reported in the following schedule:

**Condensed Statement of Net Assets**  
**December 31, 2009**

Cash and Pooled Investments - Investment Trust	\$ 252,918,705
Cash and Pooled Investments - Private Purpose Trust	2,288,327
Investments at Cost	200,000
Accrued Interest Receivables	<u>\$ 75,734</u>
<b>Total Assets</b>	<u>255,482,766</u>
<b>Total Liabilities</b>	<u>-</u>
<b>Net Assets Held in Trust for Pool Participants</b>	<u><u>\$ 255,482,766</u></u>

**Condensed Statement of Changes in Net Assets**  
**December 31, 2009**

Changes in Net Assets Resulting from Operations	\$ 13,389,420
Earnings Distribution to Participants	(13,389,420)
Changes in Net Assets Resulting from Depositor Transactions	<u>(14,465,172)</u>
Net Assets Available	(14,465,172)
Net Assets Beginning of Year	<u>269,947,938</u>
<b>Net Assets End of Year</b>	<u><u>\$ 255,482,766</u></u>
External Pool	\$ 253,194,439
Private Purpose Trust funds	<u>2,288,327</u>
<b>Total Net Assets Available</b>	<u><u>\$ 255,482,766</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.

<b>Property Tax Calendar</b>	
January 1	Taxes are levied and become an enforceable lien against the properties.
April 30	First of two equal installment payments is due.
October 31	Second installment is due.

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

The County is permitted by law to levy up to a combined amount of \$4.05 per \$1,000 of assessed valuation. A maximum of \$1.80 per \$1,000 of assessed valuation may be levied on all property in the County for general government services. A maximum of \$2.25 per \$1,000 of assessed valuation may be levied on property in unincorporated Thurston County for the County Road Fund for road construction and maintenance. However a county is authorized to increase its levy from \$1.80 to a rate not to exceed \$2.475 per \$1,000 of assessed value for general county purposes if the total levies for both the County and the County Road District do not exceed \$4.05 per \$1,000 of assessed value, and no other taxing district has its levy reduced as a result of the increased County levy. These levies may be reduced 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 2008 for collection in 2009:

	Levy In Dollars Per Thousand	Assessed Value	Total Levy
County	\$ 1.0431	\$ 30,117,613,424	\$ 31,415,653
Roads	1.1841	\$ 15,815,947,622	18,727,062
	<u>\$ 2.2272</u>		<u>\$ 50,142,715</u>

## Note VI - Capital Assets and Commitments

### A. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2009 was as follows:

GOVERNMENTAL TYPE ACTIVITIES	Beginning Balance 01/01/09	Increases	Decreases	Ending Balance 12/31/09
Capital Assets - Non-Depreciable:				
Land	\$ 251,794,316	\$ 2,605,223	\$ -	\$ 254,399,539
Construction in Progress	15,683,594	34,089,783	1,622,115	48,151,262
Capital Assets - Non-Depreciable	<u>267,477,910</u>	<u>36,695,006</u>	<u>1,622,115</u>	<u>302,550,801</u>
Capital Assets - Depreciable:				
Buildings	73,121,264	6,554,175	6,302,285	73,373,154
Improvements Other Than Buildings	4,960,075	1,610,031	47,699	6,522,407
Machinery & Equipment	42,789,783	9,370,682	6,451,962	45,708,503
Infrastructure	121,326,591	2,666,432	2,567,023	121,426,000
Original Cost	<u>242,197,713</u>	<u>20,201,320</u>	<u>15,368,969</u>	<u>247,030,064</u>
Less Accumulated Depreciation:				
Buildings	(19,611,710)	(2,004,836)	(99)	(21,616,447)
Improvements Other Than Buildings	(2,138,283)	(312,171)	(2,236)	(2,448,218)
Machinery & Equipment	(27,693,631)	(4,044,822)	(2,756,867)	(28,981,586)
Infrastructure	(56,540,019)	(6,231,691)	(1,734,147)	(61,037,563)
Accumulated Depreciation	<u>(105,983,643)</u>	<u>(12,593,520)</u>	<u>(4,493,349)</u>	<u>(114,083,814)</u>
Capital Assets - Depr, Net	<u>136,214,070</u>	<u>7,607,800</u>	<u>10,875,620</u>	<u>132,946,250</u>
Total Original Cost	509,675,623	56,896,326	16,991,084	549,580,865
Total Accumulated Depreciation	<u>(105,983,643)</u>	<u>(12,593,520)</u>	<u>(4,493,349)</u>	<u>(114,083,814)</u>
Governmental Capital Assets, Net	<u>\$ 403,691,980</u>	<u>\$ 44,302,806</u>	<u>\$ 12,497,735</u>	<u>\$ 435,497,051</u>

Depreciation Expense was charged to functions as follows:

General Government	\$ 524,869
Public Safety	830,472
Utilities and Environment	2,605
Transportation	6,281,985
Economic Environment	5,574
Health and Human Services	38,735
Culture and Recreation	517,139
Subtotal	<u>8,201,379</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.

4,392,143

Total Governmental Activities Depreciation Expense

\$ 12,593,522

Business Type Activities for the year ended December 31, 2009 was as follows:

BUSINESS TYPE ACTIVITIES	Beginning Balance 01/01/09	Increases	Decreases	Ending Balance 12/31/09
Capital Assets, not being depreciated:				
Land	\$ 1,790,309	\$ 5,702	\$ -	\$ 1,796,011
Construction In Progress	6,655,178	1,969,615	3,181,552	5,443,241
Total Capital Assets, not being depreciated	<u>8,445,487</u>	<u>1,975,317</u>	<u>3,181,552</u>	<u>7,239,252</u>
Capital Assets, being depreciated:				
Buildings	22,626,758	-	-	22,626,758
Improvements other than buildings	33,381,027	2,382,224	-	35,763,251
Machinery & Equipment	4,546,790	1,054,682	26,456	5,575,016
Infrastructure	-	-	-	-
Total Capital Assets, being depreciated	<u>60,554,575</u>	<u>3,436,906</u>	<u>26,456</u>	<u>63,965,025</u>
Less Accumulated Depreciation For:				
Buildings	5,573,095	626,698	-	6,199,793
Improvements other than buildings	23,178,798	1,062,708	-	24,241,506
Machinery & Equipment	2,709,781	362,149	4,392	3,067,538
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>31,461,674</u>	<u>2,051,555</u>	<u>4,392</u>	<u>33,508,837</u>
Total Capital Assets being depreciated, net	29,092,901	1,385,351	22,064	30,456,188
Business Type Activities Capital Assets, net	<u>\$ 37,538,388</u>	<u>\$ 3,360,668</u>	<u>\$ 3,203,616</u>	<u>\$ 37,695,440</u>

Depreciation expense was charged to functions as follows:

Solid Waste	\$ 836,275
Water	281,989
Sewer	496,071
Stormwater	375,839
Development Services	<u>61,381</u>
Total	<u>\$ 2,051,555</u>

## B. CONSTRUCTION COMMITMENTS

Thurston County has the following active construction commitments, including the Accountability and Restitution Center and Tilley Master Plan project, as of December 31, 2009:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Accountability and Restitution Center	\$ 33,730,542	\$ 9,462,818
Tilley Master Plan	495,878	2,927,684
Tolmie Apartments (Renovations)	103,896	-
Deschutes Cove Apartments (Renovations)	146,967	-
City of Tenino (Homeowner Rehabilitation)	194,226	-
	<u>\$ 34,671,509</u>	<u>\$ 12,390,502</u>

These projects are financed with general obligation bonds which are then repaid with sales and real estate excise taxes.

## Note VII - Long-Term and Other Significant Debt

### A. DISCLOSURES ABOUT EACH SIGNIFICANT DEBT INCURRED

#### 1. General Obligation Bonds

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. A portion of this debt is being used to finance a Special Assessment recorded in the Grand Mound Debt Service fund. 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, 2009 was \$1,800,000.

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 \$7,510,000 outstanding as of December 31, 2009.

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 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 annual principal installments 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, 2009 was \$9,060,000

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 annual principal installments 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, 2009 was \$23,270,000.

2007 Limited General Obligation Bonds of \$5,000,000 were issued in 2007. The bonds are being used to fund a second county jail. 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 annual principal installments ranging from \$125,000 to \$375,000 a year. The balance at December 31, 2009 was \$4,705,000.

2009 Limited General Obligation Bonds of \$42,765,000 were issued in 2009. The bonds are being used to fund construction of the Accountability Restitution Center, communication system upgrades, and other approved capital projects. The term of the bonds is 20 years with the final payment due in 2029. The bonds bear interest rates of 3.0% to 5.0% payable semi-annually with annual principal installments ranging from \$755,000 to \$3,130,000 a year. The balance at December 31, 2009 was \$42,765,000.

## 2. Loans and Contracts Payable

The County has entered into an agreement with the Community Trade and Economic Development of the State of Washington (renamed to Department of Commerce in 2010), 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 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.

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, 2009 is \$9,339.

The Community Loan Repayment Funds (Enterprise Funds) entered into seven state revolving fund (SRF) loan agreements with the State of Washington Department of Ecology to create a community loan program to provide low interest loans for the repair of failing on-site septic systems. The loan programs are 80% federal from the Environmental Protection Agency, and 20% State from the Department of Ecology. The first loan is not to exceed \$300,000 with an interest rate of 5% per annum. Repayment began in 1996. The term of the loan is for twenty years. The balance at December 31, 2009 is \$95,767. 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, 2009 is \$49,681. 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, 2009 is \$107,991. 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, 2009 is \$14,545. 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, 2009 is \$81,374. The sixth loan is not to exceed \$200,000 with an interest rate of 1.5%. Repayment began in 2009. The term of the loan is for twenty years and the balance at December 31, 2009 was \$167,752. The seventh loan is not to exceed \$250,000 with an interest rate of 2.6%. Repayment will begin when the draws are substantially complete. The term of the loan is for twenty years and the balance at December 31, 2009 was \$50,244.

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, 2009 was \$895,954. 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, 2009 was \$87,806.

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 with a 2009 principal payment of \$259,611, the amount has been fully paid as of December 31, 2009.

### 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 that recognize the present value of future minimum lease payments at the inception of the lease. Leases payable totaled \$385,229 at December 31, 2009.

The future minimum lease obligations and net present value of minimum lease payments for assets acquired through capital leases as of December 31, 2009 were as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Machinery & Equipment	\$ 569,143	\$ 110,080
Less: Accumulated Depreciation	<u>(262,899)</u>	<u>(31,095)</u>
Present Value of Minimum Lease Payments	306,244	78,985
Plus amount representing interest	<u>42,966</u>	<u>10,408</u>
Total minimum lease payments	<u>\$ 349,210</u>	<u>\$ 89,393</u>

#### 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 with one that extends to 2016. Operating lease expenditures for the year ended December 31, 2009 were \$1,386,202. The future minimum lease payments for these leases are:

<b>Year</b>	<b>Amount</b>
2010	\$ 1,280,976
2011	\$ 576,578
2012	\$ 341,998
2013	\$ 31,620
2014-2016	\$ 57,426

#### c. Lease Receivables

The County currently leases some of its property to various tenants under long-term cancelable and non-cancelable contracts. The following is an analysis of the County's investment in property under long-term operating leases as of December 31, 2009:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	\$ 752,493	\$ 134,529
Buildings	6,440,713	496,416
Less: accumulated depreciation	(161,889)	(14,347)
Total invested in long term leases	<u>\$ 7,031,317</u>	<u>\$ 616,598</u>

The county received \$187,776 of operating lease revenues from these contracts in 2009. Amounts that will be received in future years under these lease agreements are noted below:

<b>Year</b>	<b>Amount</b>
2010	\$ 181,433
2011	\$ 187,428
2012	\$ 139,559
2013	\$ 124,961
2014-2015	\$ 235,881

#### 4. Special Assessment Bonds

The County has also issued special assessment debt for the replacement of a wastewater facility and construction of a wastewater collection and water distribution system within the County. This debt will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide the resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. The special assessment debt outstanding is as follows:

In 2004, 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. The original principal amount was \$1,526,507. Repayments began in 2004 and the loan balance at December 31, 2009 was \$895,954. The interest rate of the loan is 0% with a 20-year repayment term.

In 1997, 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 original principal amount was \$94,000. The loan is due in 2016 and has a balance at December 31, 2009 of \$24,751.

Annual debt service requirements to maturity for special assessment debt are as follows:

Year Ending December 31	Principal	Interest
2010	\$ 81,818	\$ 1,251
2011	\$ 81,818	1,061
2012	\$ 81,818	884
2013	\$ 81,818	707
2014	\$ 81,818	530
2015-2019	\$ 398,484	530
2020-2021	\$ 113,129	-
Totals	<u>\$ 920,705</u>	<u>\$ 4,964</u>

## 5. 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. County employees 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. In the traditional plan, terminating employees are entitled to be paid for unused vacation up to a maximum of 240 hours and, if retiring, half of unused sick leave, to a maximum of 360 hours. Alternative plan employees who terminate are entitled to be paid for unused leave up to 280 hours.

The County reported a liability of \$7,351,076 at December 31, 2009 for that portion of unpaid accumulated vacation and personal leave payable in the Statement of Net Assets. This liability includes \$6,087,939 for governmental funds, \$1,040,781 for internal service funds and \$222,356 for enterprise funds. \$4,937,809 of this liability is expected to be incurred in 2010. Leave costs are paid from governmental funds that fund the personnel costs for those employees. 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 are 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.

## 6. 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 \$1,116,733 was recognized for LEOFF 1 benefits in the statement of net assets in 2009. A long term liability of \$6,907,474 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, \$5,801,687 was recognized in the statement of net assets for governmental and internal service funds and \$1,105,787 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.

## 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 Debt and Other Long-Term Liabilities For The Year Ended December 31, 2009

	Beginning Balance	New Issues	Retirements And Adjustments	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 39,490,001	\$ 42,765,000	\$ 2,360,978	\$ 79,894,023	\$ 4,156,494
Deferred amounts:					
On refunding	(570,995)	-	(33,588)	(537,407)	(33,588)
For issuance premiums	1,207,706	254,239	70,943	1,391,002	80,359
Total bonds payable	40,126,712	43,019,239	2,398,333	80,747,618	4,203,265
Notes/loans payable	321,002	-	321,002	-	-
Capital leases payable	336,486	94,204	124,446	306,244	111,496
Claims and judgments payable	3,700,869	713,938	-	4,414,807	-
Compensated absences	6,820,903	6,333,038	6,025,221	7,128,720	4,779,377
Other post employment benefits (OPEB)	4,928,910	3,003,037	137,988	7,793,959	-
Total governmental activities	56,234,882	53,163,456	9,006,990	100,391,348	9,094,138
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	10,005,000	-	695,000	9,310,000	750,000
Deferred amounts:					
On refunding	(390,264)	-	(35,478)	(354,786)	(35,478)
For issuance premiums	442,711	-	40,246	402,465	40,246
Total bonds payable	10,057,447	-	699,768	9,357,679	754,768
Notes/loans payable	1,873,951	66,138	354,882	1,585,207	136,513
Capital leases payable	83,518	-	4,533	78,985	26,404
Compensated absences	304,951	148,678	231,273	222,356	158,432
Other post employment benefits (OPEB)	177,466	58,683	5,900	230,249	-
Total business-type activities	\$ 12,497,333	\$ 273,499	\$ 1,296,356	\$ 11,474,476	\$ 1,076,117

Internal Service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year end, \$1,040,781 of internal service fund compensated absences are included in the amounts above. Internal service funds also

reported a capital lease payable for \$4,435, general obligation bonds payable of \$360,115, and OPEB Payable of \$875,538. Claims and judgments are generally liquidated by the Insurance Risk Management Internal Service Fund and compensated absences are liquidated by the funds incurring the liability. Enterprise segment information is not disclosed since revenue streams are not pledged to support proprietary long-term debt.

#### 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, 2009

	General Obligation Bonded Debt		Leases Payable		Loans/Contracts/Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 4,090,000	\$ 3,967,951	\$ 140,935	\$ 28,431	\$ 136,513	\$ 15,618	\$ 8,379,448
2011	4,320,000	3,790,589	120,851	15,864	128,398	13,952	8,389,654
2012	4,590,000	3,604,351	79,752	7,135	131,437	18,990	8,431,665
2013	4,980,000	3,405,874	37,991	1,776	141,246	17,257	8,584,144
2014	5,235,000	3,189,124	5,700	166	142,906	15,343	8,588,239
2015-2019	25,875,000	12,810,803	-	-	620,660	40,673	39,347,136
2020-2024	20,055,000	7,385,465	-	-	234,324	8,793	27,683,582
2025-2029	16,605,000	3,034,668	-	-	49,723	1,581	19,690,972
2030-2031	3,454,023	172,500	-	-	-	-	3,626,523
Total	<u>\$ 89,204,023</u>	<u>\$ 41,361,325</u>	<u>\$ 385,229</u>	<u>\$ 53,372</u>	<u>\$ 1,585,207</u>	<u>\$ 132,207</u>	<u>\$ 132,721,363</u>

#### D. ASSETS AVAILABLE FOR DEBT SERVICE

The County is meeting debt service requirements. The County has sufficient assets in a variety of different funds to meet current and future debt service payments. At December 31, 2009, the County had \$4,397 available in reserve in governmental debt service funds to service general obligation debt. However, governmental debt will be primarily funded from the \$14,530,000 in the Detention Facilities Sales Tax Holding Fund and the \$17,488,000 in the Real Estate Tax Fund. At December 31, 2009, the County had \$4,050,000 available in reserve for business type debt which includes \$3,629,000 in long term special assessment receivables.

#### E. LEGAL DEBT MARGIN

State law limits Thurston County's non-voted debt capacity of 1 ½% and voted debt capacity of 2 ½% of the assessed valuation. The capacity amounts are as follows for 2009:

<u>Purpose of Indebtedness</u>	<u>Total Capacity</u>	<u>Remaining Capacity</u>
General Government (No vote required)	\$ 438,732,875	\$ 336,209,985
General Government (With 3/5-majority vote)	\$ 731,221,459	\$ 628,698,569

#### 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, 2009

<u>Refunded &amp; Defeased Bonds Outstanding</u>	<u>01/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/09</u>
	\$ 7,500,000	\$ -	\$ -	\$ 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

Interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship. The composition of interfund receivables and payables in the fund financial statements as of December 31, 2009 is shown in the following table.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 540,031	\$ 13,576
Detention Facilities Sales Tax Holding	-	12,175
Jail Capital Projects	-	17,533
Real Estate Excise Tax	-	74,033
Roads	26,015	45,972
Medic One	-	7,564
Public Health & Social Services	340,071	105,801
Non-Major Governmental Funds	24,244	557,326
Internal Service Funds	360,084	58,032
TOTAL GOVERNMENTAL & INTERNAL SERVICE FUNDS	<u>1,290,445</u>	<u>892,012</u>
Enterprise Funds		
Solid Waste	742,795	1,064,605
Grand Mound	44,963	17,340
Non-Major Enterprise Funds	50,761	155,007
TOTAL ENTERPRISE FUNDS	<u>838,519</u>	<u>1,236,952</u>
TOTAL COUNTY FUNDS	<u>2,128,964</u>	<u>2,128,964</u>
TOTAL	<u>\$ 2,128,964</u>	<u>\$ 2,128,964</u>

## B. INTERFUND LOANS AND ADVANCES

Interfund loans and advances are fund transfers, that are usually interest bearing and will be repaid in 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, 2009:

1. The Detention Facilities Sales Tax Holding Fund advanced \$6,000,000 at a 3% interest rate to the General Fund in March of 2009. The entire advance, including \$195,000 of accrued interest, was repaid in April of 2010.
2. The Roads Fund advanced \$800,000 to the Development Services Fund in 2009. There is a five year repayment period starting in 2009 and ending in 2013. The advance bears an interest rate of 3% with monthly payments of \$15,587 throughout the repayment period. The remaining balance at December 31, 2009 was \$689,252.

## 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 activities in other funds such as Fair and Public Health that are not fully funded by 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 and Debt Holding Funds 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 2009.

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, 2009 are summarized below:

	Transfers In	Transfers Out
General Fund	\$ 3,336,303	\$ 3,501,561
2009 Debt Holding	-	29,333,066
Detention Facilities Sales Tax Holding	-	4,792,545
Jail Capital Projects	29,333,066	-
Real Estate Excise Tax	365,000	4,418,699
Roads	3,858,276	5,519,575
Medic One	12,575	12,575
Public Health & Social Services	1,070,223	2,288,467
Non-Major Governmental Funds	13,277,480	1,691,699
Internal Service Funds	2,549,359	5,043,533
<b>TOTAL GOVERNMENTAL &amp; INTERNAL SERVICE FUNDS</b>	<b>53,802,282</b>	<b>56,601,720</b>
Enterprise Funds		
Solid Waste	742,666	823,067
Grand Mound	1,350,888	1,374,651
Non-Major Enterprise Funds	4,229,229	1,325,627
<b>TOTAL ENTERPRISE FUNDS</b>	<b>6,322,783</b>	<b>3,523,345</b>
<b>TOTAL COUNTY FUNDS</b>	<b>\$ 60,125,065</b>	<b>\$ 60,125,065</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 Statements 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

## **A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) Plans 1, 2, and 3**

### 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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 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.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. 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 optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS 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 with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire 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 (based on the 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 AFC per year of service. (The AFC 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 they may retire at age 55 with 10 years of service. Plan 3 members who retire 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.

#### Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to 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 AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75 percent of AFC, 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 did not choose to participate would: 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.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: 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 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to but not yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
<b>Total</b>	<b>262,057</b>

## 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 six 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, 2009, were as follows:

Members not participating in JBM:

	<i><b>PERS Plan 1</b></i>	<i><b>PERS Plan 2</b></i>	<i><b>PERS Plan 3</b></i>
Employer*	5.31%**	5.31%**	5.31%***
Employee	6.00%****	3.90%****	*****

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

\*\* The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% 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 3.90% for Plan 2.

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

Members participating in JBM:

	<i><b>PERS Plan 1</b></i>	<i><b>PERS Plan 2</b></i>	<i><b>PERS Plan 3</b></i>
Employer-State Agency*	7.81%	7.81%	7.81%**
Employer-Local Govt.*	5.31%	5.31%	5.31%**
Employee-State Agency	9.76%	7.25%	7.50%***
Employee-Local Govt.	12.26%	9.75%	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>
2009	\$ 257,638	\$ 2,593,492	\$ 281,482
2008	\$ 398,108	\$ 3,482,899	\$ 361,252
2007	\$ 337,846	\$ 2,681,836	\$ 234,290

## **B. LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS (LEOFF) Plans 1 and 2**

### 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, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. 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.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 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.

LEOFF 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 (FAS) is as follows:

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

The FAS 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. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF 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 FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits 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 (based on the Consumer Price Index), capped at three percent annually.

There are 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled to but not yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Non-vested	3,927
<b>Total</b>	<b>26,965</b>

#### Funding Policy

Starting on July 1, 2000, LEOFF 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. LEOFF 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 LEOFF 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.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, were as follows:

	<b>LEOFF Plan 1</b>	<b>LEOFF Plan 2</b>
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

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

\*\* The employer rate for ports and universities is 8.99%.

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
2009	\$ 294	\$ 332,133
2008	\$ 335	\$ 399,102
2007	\$ 383	\$ 342,931

### C. PUBLIC SAFETY EMPLOYEE'S RETIREMENT SYSTEM (PSERS) Plan 2

#### Plan Description

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

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, and 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
- 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.

PSERS 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 ten years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC 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 members who retire 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 (based on the Consumer Price Index), capped at three percent annually.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	3,981
<b>Total</b>	<b>3,982</b>

#### Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS 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, 2009, were as follows:

	<b><i>PSERS Plan 2</i></b>
Employer*	7.85%
Employee	6.55%

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

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

	<b>PSERS Plan 2</b>
2009	\$ 437,727
2008	\$ 529,464
2007	\$ 464,949

#### **Note X - Risk Management**

Thurston County is exposed to various risks of loss related to torts; thefts, damage, and/or destruction of assets; errors and omissions; and natural disaster for which the County either belongs to a risk pool, carries liability insurance, or is self-insured.

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

Thurston County is one of twenty-eight members that participated in the Washington Counties Risk Pool (Pool) during 2009. 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. The enabling Interlocal Agreement was amended once in 2000 to add the Membership Compact, a commitment to strengthen the Pool by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support best management practices. The Membership Compact supports these goals through three major elements: membership involvement, risk control practices, and targeted risk management programs.

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 by proportional reassessments against that year's membership. The Pool's reassessment receivable at December 31, 2009 remains at zero.

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 \$292,010 during 2009. The County's suggested claim reserves, at a 70% confidence level, 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, 2009 as \$4,414,807. 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 fluctuate and are subject to inherent variability and may or may not become payable over the course of several years.

### Schedule of Claims and Judgments Payable

	2009	2008
Beginning Claims Liability	\$ 3,700,869	\$ 3,576,302
Claims Incurred During the Year (including IBNRs)*	1,005,948	748,024
Claims Payments	<u>(292,010)</u>	<u>(623,457)</u>
Ending Claim Liability	<u><u>\$ 4,414,807</u></u>	<u><u>\$ 3,700,869</u></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.

##### 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 2009, 18 retirees received benefits under this act. As of December 31, 2009, 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, 2009. 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 \$1,116,733 is reported as a non-current liability on the Statement of Net Assets.

	<b><u>Year Ending 12/31/2009</u></b>
<b><i>Determination of Annual Required Contribution:</i></b>	
Normal Cost at Year End	\$ 23,454
Amortization of UAAL*	<u>553,368</u>
Annual Required Contribution	<u><u>\$ 576,822</u></u>
<b><i>Determination of Net OPEB Obligation:</i></b>	
Annual Required Contribution	\$ 576,822
Interest on Prior Year Net OPEB Obligation	35,058
Adjustment to ARC	<u>(72,542)</u>
Annual OPEB Cost	539,338
Contributions Made	<u>(201,671)</u>
Increase in Net OPEB Obligation	<u><u>\$ 337,667</u></u>
<b><i>Net OPEB Obligation - End Of Year:</i></b>	
Net OPEB Obligation - Beginning of Year	\$ 779,066
Increase in Net OPEB Obligation	<u>337,667</u>
Net OPEB Obligation-end of year (NOO)	<u><u>\$ 1,116,733</u></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 2009 were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2007	\$ 604,740	39.2%	\$ 367,545
12/31/2008	\$ 633,953	35.1%	\$ 779,066
12/31/2009	\$ 539,338	37.4%	\$ 1,116,733

#### 4. Funded Status and Funding Progress

As of December 31, 2009 the plan was 0% funded. The Actuarial Accrued Liability (AAL) for benefits was \$5,942,924 and the actuarial value of the assets was \$0 resulting in a UAAL of \$5,942,924.

The cost of retiree health care benefits is recognized in the General Fund as claims are paid. For 2009, these costs total \$64,135 with a cost per retiree of \$3,563. 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 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 used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2007 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 AAL was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. 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, 2010 was 28 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 and their dependents. 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.

## 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 - 2009			
	Employee Only	Employee & Spouse	Employee & Children	Full Family
Aetna Public Employees Plan	\$ 531.44	\$ 1,056.44	\$ 925.19	\$ 1,450.19
Group Health Classic	\$ 470.73	\$ 935.02	\$ 818.95	\$ 1,283.24
Group Health Value	\$ 421.44	\$ 836.44	\$ 732.69	\$ 1,147.69
Kaiser Permanente Classic	\$ 471.51	\$ 936.58	\$ 820.31	\$ 1,285.38
Kaiser Permanente Value	\$ 441.08	\$ 875.72	\$ 767.06	\$ 1,201.70
Uniform Medical Plan	\$ 440.20	\$ 873.96	\$ 765.52	\$ 1,199.28

For 2010, after age 65 retired members and their spouses receive a subsidy of 50% of their monthly medical premiums up to \$182.89 per Medicare covered member.

For 2010, retirees also receive an explicit subsidy of \$4.77/month toward Life Insurance premiums.

## 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 other post employment benefit (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 28 years as of December 31, 2009. 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.

In 2009, the actuary used by the County made a correction for 2008 that decreased the Net OPEB Obligation-end of year by \$143,888. This correction was reported in the table below in the 2009 column as a Prior Period Actuarial Correction to ARC.

	Year Ending 12/31/2007	Year Ending 12/31/2008	Year Ending 12/31/2009
<b><i>Determination of Annual Required Contribution:</i></b>			
Normal Cost at Year End	\$ 1,541,152	\$ 1,541,152	\$ 1,833,764
Amortization of UAAL*	780,202	780,202	1,188,521
Annual Required Contribution	<u>\$ 2,321,354</u>	<u>\$ 2,321,354</u>	<u>\$ 3,022,285</u>
<b><i>Determination of Net OPEB Obligation:</i></b>			
Annual Required Contribution	\$ 2,321,354	\$ 2,321,354	\$ 3,022,285
Interest on Prior Year Net OPEB Obligation	-	93,887	188,254
Adjustment to ARC	-	71,944	(159,282)
Annual OPEB Cost	2,321,354	2,487,185	3,051,257
Contributions Made	(234,975)	(246,254)	(327,205)
Increase in Net OPEB Obligation	<u>\$ 2,086,379</u>	<u>\$ 2,240,931</u>	<u>\$ 2,724,052</u>
<b><i>Net OPEB Obligation - End Of Year:</i></b>			
Net OPEB Obligation - Beginning of Year	\$ -	\$ 2,086,379	\$ 4,327,310
Prior Period Actuarial correction to ARC	-	-	(143,888)
Adjusted Net OPEB Obligation - Beginning of Year	-	2,086,379	4,183,422
Increase in Net OPEB Obligation	2,086,379	2,240,931	2,724,052
Net OPEB Obligation-end of year	<u>\$ 2,086,379</u>	<u>\$ 4,327,310</u>	<u>\$ 6,907,474</u>

\*Unfunded Actuarial Accrued Liability (UAAL)

\*\*Year End 2008 Net OPEB Obligation-end of Year Adjusted by Actuary After Completion of 2008 CAFR

The County's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2007	\$ 2,321,354	10.12%	\$ 2,086,379
12/31/2008	\$ 2,343,297	10.51%	\$ 4,183,422
12/31/2009	\$ 3,051,257	10.72%	\$ 6,907,474

\* Note 12/31/2008 calculations are reported after Actuarial correction.  
See above table for details.

## 6. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$31.2 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$31.2 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, 2009 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, 2009 was 28 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 \$508,434 as its share of operations in 2009. The 2009 contribution was 54.77% 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 2009 totaled \$3,435,091 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.

### Animal Control

Total Assets	\$ 3,700,735
Liabilities	<u>(265,644)</u>
Net Assets	<u><u>\$ 3,435,091</u></u>
Net Assets - 1/1	\$ 1,933,376
Revenues	<u>1,515,752</u>
Expenses	417,624
Net Income	
Beginning Net Assets, Restated	<u>3,017,467</u>
Ending Net Assets - 12/31	<u><u>\$ 3,435,091</u></u>

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 2009. 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 \$61,022 as its share of operations in 2009. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2009. 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 \$205,014 as its share of operations in 2009. Of that \$0 went to the Historic Commission and \$199,740 went to intergovernmental professional services. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2009. Complete financial statements for TRPC can be obtained from its administrative office at 2424 Heritage Court SE Suite A, Olympia, Washington 98502.

Thurston County and the City of Lacey agreed to purchase, develop and jointly share a portion of the costs of the Regional Athletic Complex (RAC) in 1998. Phase I was completed in 2005 and Phase II was dedicated and opened in September 2009 for the benefit of the citizens of Thurston County. Thurston County's equity contribution for the shared cost was 42.54% with the remaining 57.46% contributed by the City of Lacey. The RAC also received additional funding from sources such as grants, bonds and Public Facilities District monies.



Any excess costs for operating and maintaining the Regional Athletic Complex are jointly shared by Thurston County and the City of Lacey. The County may, in its sole discretion, transfer its share of ownership to the City of Lacey after 2014 or by mutual agreement prior to that time. 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, 2009:

Regional Athletic Complex	
Total Assets	\$ 18,546,247
Liabilities	-
Net Assets - 12/31	<u>\$ 18,546,247</u>
Capital Assets, Net of Accumulated Depreciation	\$ 18,546,247
Revenues	1,346,760
Expenses	<u>(1,337,757)</u>
Net Increase (decrease) in Net Assets	9,003
Beginning Net Assets, 1/1	<u>18,537,244</u>
Net Assets - 12/31	<u>\$ 18,546,247</u>

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, 2009 were as follows:

GOVERNMENTAL TYPE ACTIVITIES	Beginning Balance 01/01/09	Increases	Decreases	Ending Balance 12/31/09
Regional Athletic Complex	\$ 3,233,926	\$ -	\$ -	\$ 3,233,926
Animal Shelter	959,298	-	-	959,298
Less Accumulated Depreciation	<u>(646,847)</u>	<u>(208,321)</u>	-	<u>(855,168)</u>
Investment in Joint Ventures, Net	<u>\$ 3,546,377</u>	<u>\$ (208,321)</u>	<u>\$ -</u>	<u>\$ 3,338,056</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 \$19,219,878 on December 31, 2009.

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, 2009, cash and pooled investments of \$21,397,275 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. FUND CHANGES**

During 2009, the following funds were established:

- Treatment Sales Tax Special Revenue Fund
- 2009 Debt Holding Special Revenue Fund
- GO Bonds 2009 Debt Service Fund
- Tilley Master Plan Capital Projects Fund

During 2009, the following funds were abolished:

- Debt Holding 2007 Special Revenue Fund
- Lakes Management Administration Special Revenue Fund
- RSN-IRMA-Cowlitz Special Revenue Fund
- RSN-IRMA-Grays Harbor Special Revenue Fund
- South Pattison Lake - LMD Special Revenue Fund
- Evaluation & Treatment Triage Facility Capital Projects Fund

### **B. 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.

### **C. SUBSEQUENT EVENTS**

In June 2010 the County has reached a preliminary agreement with the City of Lacey to transfer its property interest in the Regional Athletic Complex to the City of Lacey. Upon transfer, the County will cease to have any financial obligation to operate or maintain the Regional Athletic Complex.

Based on the agreement, the County will pay the City of Lacey \$1,625,000 of Real Estate Excise Tax funds as settlement of the County's share of all costs associated with the purchase, planning,

development, maintenance, operation and capital costs of the Complex. Additionally, the County will make available \$200,000 in Conservation Futures funds to be used to contribute to the Woodland Creek Corridor acquisition.

## REQUIRED SUPPLEMENTARY INFORMATION RETIREE MEDICAL BENEFITS SCHEDULE OF FUNDING PROGRESS

### LEOFF 1 Retiree Medical Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2007	\$ -	\$ 6,128,459	\$ 6,128,459	0%	\$ 266,054	2303.46%
12/31/2008	\$ -	\$ 6,128,459	\$ 6,128,459	0%	\$ 226,117	2710.30%
12/31/2009	\$ -	\$ 5,942,924	\$ 5,942,924	0%	\$ 233,651	2543.50%

Actuary valuation conducted every two years.

### PEBB Retiree Medical Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2007	\$ -	\$ 23,406,060	\$ 23,406,060	0%	\$ 75,802,799	30.88%
12/31/2008	\$ -	\$ 23,406,060	\$ 23,406,060	0%	\$ 76,013,118	30.79%
12/31/2009	\$ -	\$ 31,215,533	\$ 31,215,533	0%	\$ 78,114,300	39.96%

Actuary valuation conducted every two years.

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**  
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Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Agriculture/ Office of Superintendent of Public Instruction	School Breakfast Program	10.553	\$ 19,105	
Department of Agriculture/ Office of Superintendent of Public Instruction	National School Lunch Program	10.555	\$ 28,802	
			\$ 7,386	3, 4
	Total CFDA Number		\$ 36,187	
Department of Agriculture/ WA Department of Health	Supplemental Nutrition for Women, Infants, and Children	10.557	\$ 199,369	
<b>Total for Department of Agriculture</b>			<b>\$ 254,661</b>	
Department of Commerce/ WA State Military Dept	Public Safety Interoperable Communications Grant	11.555	\$ 1,527,615	
<b>Total for Department of Commerce</b>			<b>\$ 1,527,615</b>	
Department of Defense/WA State Treasurer	Military Forest Yield	12.999	\$ 112,403	4, 6
<b>Total Department of Defense</b>			<b>\$ 112,403</b>	
Department of Housing and Urban Development/ WA Department of Commerce	Community Development Block Grants	14.228		
	Public Service		\$ 116,628	
	Rehabilitation		\$ 290,128	
	Flood Elevation		\$ 432,407	
	Rochester Community Center		\$ 568,466	
	Total CFDA Number		\$ 1,407,628	
Department of Housing and Urban Development	Home Investment Partnership Program	14.239		
	FY2005		\$ 83,284	
	FY2006		\$ 45,993	
	FY2007		\$ 123,621	
	FY2008		\$ 216,515	
	FY2009		\$ 4,960	
	Total CFDA Number		\$ 474,372	
<b>Total Department of Housing and Urban Development</b>			<b>\$ 1,882,001</b>	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**

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Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Interior	Fish & Wildlife Management Assistance	15.608	\$ 13,548	
<b>Total Department of Interior</b>			<b>\$ 13,548</b>	
Office of National Drug Control Policy/WA Traffic Safety Commission	High Intensity Drug Trafficking Area	16.000	\$ 31,923	6
Office of National Drug Control Policy/WA State Patrol	Domestic Cannabis Eradication and Suppression		\$ 7,013	
	Total CFDA Number		\$ 38,936	
<b>Total Office of National Drug Control Policy</b>			<b>\$ 38,936</b>	
Department of Justice/WA Department of Social and Health Services	Juvenile Accountability Block Grant	16.523	\$ 15,611	
Department of Justice/WA State Department of Commerce	Crime Victim Assistance	16.575	\$ 135,449	
			\$ 67,621	
	Total CFDA Number		\$ 203,070	
Department of Justice/WA State Department of Commerce	Violence Against Women Formula Grant	16.588	\$ 7,056	
			\$ 10,232	
			\$ 4,616	
			\$ 1,149	
	ARRA-Violence Against Women Formula Grant		\$ 34,571	
Department of Justice/WA Office of Administrator of the Courts	ARRA-Violence Against Women Formula Grant		\$ 9,481	
	Total CFDA Number		\$ 67,105	
Department of Justice/WA State Department of Commerce	Residential Substance Abuse Treatment	16.593	\$ 29,796	2
			\$ 26,755	
	Total CFDA Number		\$ 56,551	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**  
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Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Justice	State Criminal Alien Assistance Program	16.606	\$ 143,272	
Department of Justice	Bulletproof Vest Program	16.607	\$ 3,339	4
Department of Justice/WA Association of Sheriffs & Police Chiefs	Public Safety Partnership-State Methamphetamine Initiative Grant	16.710	\$ 16,568	
			\$ 24,340	
	Total CFDA Number		\$ 40,908	
Department of Justice/WA State Department of Commerce	Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 24,102	2
Department of Justice			\$ 6,789	
	Total CFDA Number		\$ 30,891	
Department of Justice/WA State Department of Commerce	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	\$ 1,418	
Department of Justice/WA State Department of Commerce	ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.803	\$ 102,729	
			\$ 72,215	
Department of Justice/ Department of Social and Health Services			\$ 102,696	
Department of Justice			\$ 68,115	
	Total CFDA Number		\$ 345,756	
<b>Total Department of Justice</b>			<b>\$ 907,922</b>	
Department of Labor/WA State Employment Security Division	WIA Adult Program	17.258	\$ 744,421	
			\$ 508,360	
	WIA Adult Program Shared Costs		\$ 223,460	
	ARRA-WIA Adult Program		\$ 344,737	
	ARRA WIA Adult Program Shared Costs		\$ 25,693	
	Total CFDA Number		\$ 1,846,672	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
***For the Year Ended December 31, 2009***

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Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Labor/WA State Employment Security Division	WIA Youth Programs	17.259	\$ 827,157	
			\$ 444,158	
	WIA Youth Programs Shared Costs		\$ 234,420	
	ARRA-WIA Youth Programs		\$ 1,276,095	
	ARRA-WIA Youth Programs Shared Costs		<u>\$ 59,951</u>	
	Total CFDA Number		\$ 2,841,781	
Department of Labor/WA State Employment Security Division	WIA Dislocated Worker Programs	17.260	\$ 779,370	
			\$ 691,551	
	WIA Dislocated Worker Shared Costs		\$ 199,163	
Department of Labor/WA State Employment Security Division	ARRA-Dislocated Worker Programs	17.260	\$ 585,760	
	ARRA Dislocated Worker Shared Costs		\$ 57,096	
	2007 Storm National Emergency Grant		\$ 618,121	
	Rapid Response Additional Assistance		<u>\$ 250,743</u>	
	Total CFDA Number		\$ 3,181,805	
Department of Labor	WIA Pilot Forestry Earmark	17.261	\$ 20,841	
Department of Labor/WA State Employment Security Division	Job Training Grant-Workforce Innovation in Regional Economic Development	17.268	\$ 2,234,932	
<b>Total Department of Labor</b>			<b>\$ 10,126,031</b>	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
***For the Year Ended December 31, 2009***  
**Page 5 of 9**

Federal Agency Name/ Pass-Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Note Ref.
Department of Transportation/WA State Department of Transportation	Highway Planning & Construction ARRA-Steilacoom Rd Pedestrian Enhancements 93rd Ave SW/Littlerock Rd 61319 Vail Rd 153rd to Bald Hills 61365 Old 99-McCorkle to Rich Road 61425 Meridian Rd/ Mullen Rd Intersection (61426) Bridge the Gap Phase II 61434	20.205	\$ 85,469         <u>\$ 1,316,220</u>	
	Total CFDA Number		\$ 1,490,574	
Department of Transportation/WA Traffic Safety Commission	State & Community Highway Safety	20.600	\$ 153,755	2, 4
<b>Total Department of Transportation</b>			<b>\$ 1,644,329</b>	
Environmental Protection Agency	Indoor Air Quality Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	\$ 2,856	
Environmental Protection Agency	Targeted Watersheds Grant-Thurston County	66.439	\$ 197,754	
Environmental Protection Agency/WA Department of Health	Drinking Water State Revolving Funds Group A	66.468	\$ 23,750	
Environmental Protection Agency/WA Department of Health	Water Rec/Beach Monitoring	66.472	\$ 3,483	
<b>Total Environmental Protection Agency</b>			<b>\$ 227,843</b>	
Department of Energy	ARRA-Energy Efficiency & Conservation Block Grant Program	81.128	\$ 13,923	
<b>Total Department of Energy</b>			<b>\$ 13,923</b>	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule



**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**  
**Page 6 of 9**

Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Education/ North Thurston Public Schools	Safe & Drug-Free Schools	84.184	\$ 63,600	4
Department of Education/ Office of Superintendent of Public Instruction	Twenty-First Century Schools	84.287	\$ 60,162	
Department of Education/ WA Dept of Social and Health Services	ARRA-Rehabilitation Services- Project Hire	84.390	\$ 52,102	
<b>Total Department of Education</b>			<b>\$ 175,863</b>	
Election Assistance Commission/Secretary of State	Help America Vote Act Requirements	90.401	\$ 6,648	
<b>Total Election Assistance Commission</b>			<b>\$ 6,648</b>	
Department of Health & Human Services/WA Department of Health	Public Health Emergency Preparedness	93.069	\$ 120,968	
Department of Health & Human Services/WA Department of Health	Advancing System Improvement to Support Targets for Healthy People	93.088	\$ 295,512	
Department of Health & Human Services/WA Department of Social and Health Services	Projects for Assistance in Transition from Homelessness	93.150	\$ 47,190	
Department of Health & Human Services/WA Department of Social and Health Services	Family Planning Services Title X	93.217	\$ 28,939	
	Family Planning Services Title X- HIV Exp.		<u>\$ 89,213</u>	
	Total CFDA Number		\$ 118,152	
Department of Health & Human Services/WA Department of Health	Immunization Grant Vaccine in Lieu of Cash Immunizations	93.268	\$ 4,265	3
			<u>\$ 58,341</u>	
	Total CFDA Number		\$ 62,606	
Department of Health & Human Services/WA Department of Health	Centers for Disease Control & Prevention	93.283	\$ 25,200	
			\$ 397,755	
Department of Health & Human Services/NACCHO	Centers for Disease Control & Prevention Climate Change		<u>\$ 16,806</u>	
	Total CFDA Number		\$ 439,761	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**  
**Page 7 of 9**

Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Health & Human Services/ WA State Department of Commerce	Temporary Assistance for Needy Families-CTED Works	93.558	\$ 131,774	
			\$ 126,442	
	Temporary Assistance for Needy Families-Community Jobs		\$ 420,580	
			\$ 425,064	
	Temporary Assistance for Needy Families-Community Jobs-Extended Hours		\$ 16,247	
	Total CFDA Number		\$ 1,120,108	
Department of Health & Human Services/WA Department of Social and Health Services	Child Support Enforcement	93.563	\$ 569,911	5
			\$ 120,013	
			\$ 307,704	
	Total CFDA Number		\$ 997,628	
Department of Health & Human Services/WA Department of Social and Health Services	Child Care and Development Block Grant-Infant Toddler	93.575	\$ 13,782	
Department of Health & Human Services/WA Council Prevention of Child Abuse	Child Abuse Prevention-Nurse Family Partnership	93.590	\$ 132,540	
Department of Health & Human Services/Secretary of State	Voting Access for Individuals with Disabilities	93.617	\$ 2,297	
			\$ 6,997	
	Total CFDA Number		\$ 9,294	
Department of Health & Human Services/WA Department of Social and Health Services	Medical Assistance Program- Medicaid Match	93.778	\$ 300,000	
Department of Health & Human Services/WA Department of Health	Bioterrorism Hospital Preparedness Program	93.889	\$ 36,404	
Department of Health & Human Services/Clark County	HIV Prevention	93.940	\$ 21,139	
Department of Health & Human Services/WA Department of Social and Health Services	Block Grant for Community Mental Health Services	93.958	\$ 234,783	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
***For the Year Ended December 31, 2009***  
**Page 8 of 9**

Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Health & Human Services/Department of Social and Health Services	Block Grant for Prevention and Treatment of Substance Abuse	93.959	\$ 896,211	
Department of Health & Human Services/WA Department of Health	Maternal and Child Health Services Block Grant	93.994	\$ 172,435	
<b>Total Department of Health &amp; Human Services</b>			<b>\$ 5,018,513</b>	
Department of Homeland Security/WA State Military Dept.	Interoperable Emergency Communications Grant	97.001	\$ 74,482	
			<u>\$ 3,240</u>	
	Total CFDA Number		\$ 77,722	
Department of Homeland Security/WA State Parks & Recreation Commission	Boating Safety -Financial Assistance	97.012	\$ 20,560	
	Boating Safety -Special Emphasis		<u>\$ 4,161</u>	
	Total CFDA Number		\$ 24,721	
Department of Homeland Security/WA State Military Dept.	Disaster Grant Public Assistance -2009 Flood	97.036	\$ 33,106	
	Disaster Grant Public Assistance -2009 Snow		\$ 5,318	
	December 2007 Flood Assistance		<u>\$ 247,375</u>	
	Total CFDA Number		\$ 285,798	
Department of Homeland Security/WA State Military Dept.	Emergency Management Performance Grant	97.042	\$ 110,264	
Department of Homeland Security/WA State Military Dept.	Pre-Disaster Mitigation Independence Rd. 61375	97.047	\$ 1,031,244	
Department of Homeland Security/WA State Military Dept.	FFY08 Citizens Corps Program	97.053	\$ 18,927	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**  
**Page 9 of 9**

Federal Agency Name/ Pass- Through Agency Name	Federal Program Name	CFDA Number	Current Year Expenditures	Foot- Note Ref.
Department of Homeland Security/WA State Military Dept.	FFY07 State Homeland Security Program	97.067	\$ 278,238	
	FFY08-State Homeland Security Program		\$ 267,825	
	FFY08 Homeland Security Grant-Citizens Corps Program		\$ 4,299	
	FFY08 Homeland Security Grant-Regional Catastrophic Planning Program		\$ 250,266	
Department of Homeland Security/Seattle Police Department				
	Total CFDA Number		\$ 800,629	
Department of Homeland Security/WA State Patrol	Law Enforcement Terrorism Prevention Program	97.074	\$ 223,364	
<b>Total Department of Homeland Security</b>			<b>\$ 2,572,669</b>	
<b>Total Federal Awards Expended</b>			<b>\$ 24,522,906</b>	

The Accompanying Notes to The Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule

**THURSTON COUNTY**  
**Notes to the Schedule of Expenditures of**  
**Federal, State, and Local Awards**  
**For the Year Ended December 31, 2009**

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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 Office of the Superintendent of Public Instruction.

**NOTE 4 – NOT AVAILABLE (N/A)**

The County was unable to obtain other identification numbers.

**NOTE 5 – INDIRECT COST RATE**

Expenditures include indirect cost recovery. The County used the indirect cost rate allowed per grant agreement.

**NOTE 6 – CFDA NUMBER**

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

In addition, the Department of Defense does not use a CFDA number for Military Forest Yield payments.



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

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The 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 employees are located around the state to deliver our services effectively and efficiently.

Our 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. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. 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 quality assurance program.

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**Chief of Staff**  
**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
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**Mike Murphy**  
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