



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Thurston County

For the period January 1, 2021 through December 31, 2021

Published September 8, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

September 8, 2022

Board of Commissioners
Thurston County
Olympia, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Thurston County January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Thurston County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining funding information in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the County’s compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.231	COVID-19 – Emergency Solutions Grant Program
21.019	COVID-19 – Coronavirus Relief Fund
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.268	COVID-19 – Immunization Cooperative Agreements
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,468,254.

The County qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2021-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Thurston County January 1, 2021 through December 31, 2021

2021-001 The County's internal controls were inadequate for ensuring compliance with federal requirements for suspension and debarment.

CFDA Number and Title:	21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	1505-0271
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	\$0

Description of Condition

During fiscal year 2021, the County spent \$4,672,101 in federal funding from the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). The objective of the program is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer or broadband infrastructure.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters into contracts or purchases goods and services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractor has not been suspended, debarred or otherwise excluded. The County can verify a contractor's status by reviewing the U.S. General Services

Administration's Excluded Parties List System (EPLS), obtaining a written certification from the contractor, or inserting a clause into the contract that states the contractor is not suspended or debarred. The County must perform this verification before entering into the contract or paying the contractor more than \$25,000, and it must keep documentation demonstrating compliance with this federal requirement.

The County has established controls for verifying suspension and debarment before entering into new contracts or purchases of \$25,000, paid all or in part with federal funds. However, these controls were ineffective for ensuring staff had verified one of the four contractors we tested was not suspended or debarred from participating in federal programs.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance. The issue was not reported as a finding in the prior audit.

Cause of Condition

Originally, the County paid the contractor from another federal award to which suspension and debarment requirements did not apply. The employee responsible for compliance with suspension and debarment requirements did not verify the contractor's status before the County changed the funding source for this contract in 2021 from the other federal award to the SLFRF award.

Effect of Condition

The County did not obtain a written certification, insert a clause into the contract, or check the EPLS to verify one contractor was not suspended or debarred before contracting.

Without this verification, the County increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments the County made to an ineligible party would be unallowable, and the federal grantor could potentially recover them.

After the contract was in place, the County verified the contractor was not suspended or debarred. Therefore, we are not questioning costs for these payments.

Recommendation

We recommend the County improve its internal controls to ensure contractors paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred before changing funding sources for existing contracts or entering into new ones.

County's Response

We thank the work of the State Auditor's Office for bringing this gap in our process to our attention. The County has established controls for verifying suspension and debarment before entering into new contracts of purchases of \$25,000, paid all or in part with federal funds. The county received multiple awards in federal dollars to support our community during the pandemic. Originally, the contractor was paid from another federal award to which suspension and debarment requirements did not apply so the suspension and debarment verification was not made at that time. When the initial CRF funding source was depleted and a new wave of funding was received for pandemic support, this time from Treasury, the contract was already in place. The County has verified the contractor was not suspended or debarred so there are no questioned costs, but not prior to changing the funding source for the existing contract. The county will strengthen controls to ensure contractors paid are not suspended or debarred before changing funding sources for existing contracts, by implementing a new procedure for all contracts using federal funds regardless of the requirements of the funding source.

Auditor's Remarks

We thank the County for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the County's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 180, OMB *Guidelines to Agencies on Government wide Debarment and Suspension (Nonprocurement)* establishes non-procurement debarment and suspension regulations, implementing Executive Orders 12549 and 12689.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Thurston County January 1, 2021 through December 31, 2021

Board of Commissioners
Thurston County
Olympia, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Thurston County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

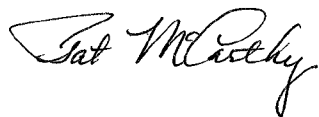
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 28, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Thurston County January 1, 2021 through December 31, 2021

Board of Commissioners
Thurston County
Olympia, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Thurston County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

County's Response to Findings

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be a material weakness.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001 to be a material weakness.

County's Response to Findings

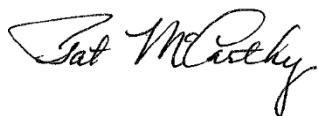
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. 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.



Pat McCarthy, State Auditor

Olympia, WA

August 29, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Thurston County **January 1, 2021 through December 31, 2021**

Board of Commissioners
Thurston County
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 28, 2022

FINANCIAL SECTION

Thurston County January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Activities – 2021

Balance Sheet – Governmental Funds – 2021

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – 2021

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2021

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – 2021

General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 2021

COVID Local Fiscal Recovery Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 2021

Housing & Community Renewal – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 2021

Public Health & Social Services – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 2021

Road and Transportation – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 2021

Statement of Net Position – Proprietary Funds – 2021

Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position – 2021

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2021

Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Proprietary Funds to the Statement of Net Activities – 2021

Statement of Cash Flows – Proprietary Funds – 2021

Statement of Fiduciary Net Position – Fiduciary Funds – 2021

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2021

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3,
PSERS, LEOFF 1, LEOFF 2 – 2021

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS, LEOFF 2 – 2021

Changes in Total OPEB Liability – PEBB – 2021

Changes in Total OPEB Liability – LEOFF 1 – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2021

Notes to the Schedule of Expenditures of Federal Awards – 2021

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, 2021. 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

- COVID-19 continued to have a dramatic impact on many aspects of Thurston County operations and finance over the past year. During 2021, the county incurred approximately \$45 million in direct expenditures in response to the virus. This required the shifting of resources in several departments including Public Health and Emergency Management. The county has been reimbursed for most of these costs through federal and state grants and other funding sources. Over the next few years, the county expects to receive an additional \$25-30 million in new funds. In 2020 and 2021, the county hired several temporary front line and administrative personnel to manage projects and compliance and track spending. During 2021, the county noted an increase in sales tax collections of 15.7% partly due to the shifting of purchasing patterns as it relates to how sales taxes are collected and federal stimulus payments. It is unclear if this pattern will continue, but collections for the first four months of 2022 are indicating a similar pattern.
- Total Fund Balance for the General Fund increased to \$41.7 million at December 31, 2021 compared to \$32 million at the end of 2020. This is an increase of \$9.7 million, or 30.3%. Total ending Fund Balance represents 40.2% of 2021 General Fund total expenditures compared to 28.3% in 2020. This significant increase in Fund Balance was due to these main factors: 1) actual sales tax collections exceeded budgeted sales tax collections by \$3.2 million, 2) a year-end accrual of a \$2.5 million transfer to the General Fund from the COVID Fiscal Recovery Fund for the lost revenue calculated amount, and 3) Offices and Departments underspent budgeted expenditures by \$12 million, or 10.1%, due to a cognizant countywide effort on behalf of offices/departments to manage spending. Details of these factors are discussed later in this report. It should also be noted that the county's General Fund ending fund balance has increased by \$19.7 million in the two years since 2019. This represents an increase of 89.6%.
- COVID-19's effects on certain county funds account balances has caused a shift in the reporting of major funds this year. The county included the Housing and Community Renewal Special Revenue fund and a newly created COVID Fiscal Recovery Special Revenue Fund as major funds. Conversely, the Medic One Special Revenue fund is no longer considered a major fund. As noted in the pages that follow, COVID activity had some dramatic effects on revenues and expenses/expenditures compared to last year in several of the county's major funds.
- For 2021, total Net Position of the County (governmental and business-type, combined) increased by \$58.8 million over 2020. The 2021 balances are comprised of the following:
 1. Net Investment in Capital Assets, of \$479.4 million. This includes property, infrastructure, and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of the County's capital assets.

2. Restricted net position of \$126 million represents the portion restricted by constraints imposed from outside the County such as debt covenants, grants, and laws. This is an increase of \$69.2 million mainly due to the reporting of a \$74.3 million net pension asset. In 2020, this balance was just \$6.7 million in 2020.
 3. Unrestricted net position of \$81.7 million represents the portion not restricted by outside constraints. Details of this change are discussed later in this report. This decrease by \$28.8 million primarily due to the shifting of more Net Position to the Restricted category.
- During 2021, the county issued \$16.5 million in General Obligation bonds. \$6.4 million was used to fund various capital projects and \$10.1 million was used as an advance refunding of 2010 bonds.
 - Remaining capacity for non-voted and voted debt was \$761 million and \$1.3 billion respectively.

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 are comprised of 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 position and the statement of activities.

The **statement of net position** presents information on all of Thurston County's assets, liabilities, deferred outflows, and deferred inflows with the difference between these reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 including but not limited to: services provided to the public such as law enforcement and public safety; road construction and maintenance; recreation and open space preservation; 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.

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, Roads, Housing and Community Renewal, COVID Fiscal Recovery, Real Estate Excise Tax, Public Health and Social Services, and Other Governmental, which are considered major funds for financial reporting purposes. The Other Governmental Fund aggregates data from 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, and special revenue, debt service, and capital project funds with statutorily mandated budgets. 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 in a subsequent 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, environmental health, septic assistance community loan, storm water, and waste-water programs. The Solid Waste, Grand Mound, Land Use and Permitting, Environmental Health, and Storm Water funds are considered major funds for financial reporting purposes. The County reports four 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, Benefits Administration, Central Services (facilities maintenance, construction, and information technology support) Unemployment Compensation 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 like that for proprietary funds.

The County has three types of fiduciary funds: 1) Investment Trust Funds report fiduciary activities from the external portion of the county's investment pool that are held in a trust that meets the criteria in paragraph 11c(1) of GASB 84. 2) Private Purpose Trust Funds are used to report all fiduciary activities that are *not* required to be reported in investment trust funds and are held in a trust that meets the criteria in paragraph 11c(1) of GASB 84. 3) Custodial Funds are all other fiduciary activity not meeting the definition of the Investment Trust Funds or Private Purpose Trust Funds noted above. These include the portion of the county's investment pool that are not held in a trust that meets the criteria in paragraph 11c(1) of GASB 84.

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.

Required Supplementary Information

This section details the changes in total OPEB Liabilities for the PEBB and LEOFF 1 per GASB 75 and schedules required per GASB 68 including a schedule of employer contributions and proportionate share of the Net Pension Liability for each of the five retirement plans in which the County participates.

Statistical Section

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 Position

Over time, Net Position serves as a useful indicator of a government's financial position. As indicated in the condensed financial information on the following pages, which was derived from the government-wide Statement of Net Position, the County's combined net position (governmental and business-type activities) was \$687.1 million at the end of 2021. This reflects an increase of \$58.8 million from prior year and is mainly in the cash and investments account. Most of this increase was due to the advance cash receipts due to the American Rescue Plan Act used to fight COVID-19, sales tax collections exceeding budget, and overall county expenses coming in significantly under budget.

Of the County's total Net Position, \$479.4 million, or 69.8%, is invested in capital assets net of related debt. These assets provide services to County citizens and are not available for future spending purposes. However, resources needed to repay debt must be provided by other sources since capital assets cannot be readily liquidated to pay these liabilities. Of the County's total Net Position, \$126 million, or 18.3%, 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 \$81.7 million, or 11.9%, is unrestricted and represents the amount that is not restricted by outside sources. This amount decreased by \$28.8 million compared to last year. The main reason for this decrease was the county needed to report a Net Pension Asset of \$74.3 million as Restricted Net Position. By default, this decreased the Unrestricted portion of Net Position.

Thurston County reported \$945.3 million of total assets as of December 31, 2021, compared to \$810.5 million for 2020. This represents an increase of \$134.8 million. The two main reasons for this is a \$54.3 million increase in the Cash and Pooled Investments account and an increase of \$67.6 million in the Net Pension Asset account.

Thurston County's total liabilities increased in 2021 compared to 2020, by \$15.3 million, or 8%. The main reason for the change was an increase of \$24.3 million in Unearned Revenue. The county received its first round of ARPA funds in 2021. This was received in advance of the funds being earned. Thus, these funds were reported as Unearned Revenues.

The County reported a Total Deferred Outflow of Resources of \$19.7 million in 2021 compared to \$20.8 million at the end of 2020. Deferred Inflows of Resources, on the other hand, increased by \$59.6 million, or 477%. This was due to increases at the state level of Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments.

The condensed financial information that follows is derived from the Government-Wide Statement of Net Position and reflects how the County's net position in 2021 compares with 2020:

Thurston County Net Position

Account	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current & Non-Capital Assets	\$ 327,034,560	\$ 219,804,359	\$ 94,361,679	\$ 79,986,785	\$ 421,396,239	\$ 299,791,144
Capital Assets	494,327,087	479,762,883	29,570,058	30,914,588	523,897,145	510,677,471
Total Assets	821,361,647	699,567,242	123,931,737	110,901,373	945,293,384	810,468,615
Total Deferred Outflow of Resources	17,600,040	18,473,324	2,049,999	2,336,773	19,650,039	20,810,097
Current Liabilities	54,589,785	27,232,755	4,888,094	3,886,062	59,477,879	31,118,817
Long Term Liabilities	124,862,389	134,640,532	21,472,848	24,768,150	146,335,237	159,408,682
Total Liabilities	179,452,174	161,873,287	26,360,942	28,654,212	205,813,116	190,527,499
Total Deferred Inflow of Resources	63,246,497	10,980,151	8,809,070	1,479,694	72,055,567	12,459,845
Net Investment in Capital Assets	449,872,282	430,188,833	29,528,806	30,833,035	479,401,088	461,021,868
Restricted	125,916,645	56,635,784	103,850	138,204	126,020,495	56,773,988
Unrestricted	20,474,089	58,362,511	61,179,068	52,133,001	81,653,157	110,495,512
Total Net Position	\$ 596,263,016	\$ 545,187,128	\$ 90,811,724	\$ 83,104,240	\$ 687,074,740	\$ 628,291,368

Governmental activities – During 2021, the total net position for Governmental activities realized an increase of \$51.1 million due to activity over prior year. \$449.9 million in total net position was invested in capital assets, which is an increase of \$19.7 million over prior year. At year-end, \$125.9 million in net position was restricted and \$20.5 million was unrestricted net position. The restricted amount increased by \$69.3 million over prior year due to the recording of a large Net Pension Asset vs. 2020, as previously discussed. Nearly all unrestricted assets are assigned for certain purposes but are essentially available for any future spending purposes based on actions and decisions by Thurston County's Board of County Commissioners.

Business-type activities – During 2021, the Business-type activity accounts remained constant compared to prior year balances. Overall, the Net Position did increase by \$7.7 million, to \$90.8 million. Net Invested in Capital Assets was \$29.5 million. Restricted Net Position and Unrestricted Net Position were \$104,000 and \$61.2 million respectively. The latter category of net position is available for future spending in the Business-Type funds and increased by \$9.1 million because of cash collections in the county's Solid Waste and Stormwater funds and a decrease in the Accumulated Landfill Closure Costs.

Analysis of the Statement of Activities

The following chart presents key elements in the Statement of Activities. In 2021, total County primary government revenues increased by \$43.2 million, or 15%, up to \$331.7 million, compared to prior year. The two main reasons for this are receipt of several state and local grants and other funding sources related to COVID-19 as well as increased sales tax collections. Similarly, Total Primary County governmental expenses increased by \$21.4 million to \$272.1 million mainly due to expenses related to the fight against COVID in our Economic Environment and Health and Human Services functions.

Thurston County's Statement of Activities

Account	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for Services	\$ 30,404,910	\$ 28,179,920	\$ 47,605,072	\$ 45,328,158	\$ 78,009,982	\$ 73,508,078
Operating Grants & Contrib.	77,997,707	54,140,408	1,116,760	551,779	79,114,467	54,692,187
Capital Grants & Contrib.	17,665,380	11,678,588	360,883	244,156	18,026,263	11,922,744
General Revenues:						
Taxes	155,106,593	140,918,791	-	-	155,106,593	140,918,791
Interest and Invest. Earnings	(52,055)	6,091,775	(51,582)	292,355	(103,637)	6,384,130
Other General Revenues	831,630	371,530	730,476	659,790	1,562,106	1,031,320
Total Revenues	281,954,165	241,381,012	49,761,609	47,076,238	331,715,774	288,457,250
Program Expenses: (Net)						
General Government	11,391,868	20,872,643	-	-	11,391,868	20,872,643
Culture and Recreation	2,834,603	3,625,020	-	-	2,834,603	3,625,020
Economic Environment	40,493,888	14,332,944	-	-	40,493,888	14,332,944
Health and Human Services	55,796,493	43,183,883	-	-	55,796,493	43,183,883
Utilities and Environment	1,880,493	1,476,325	-	-	1,880,493	1,476,325
Public Safety	85,590,091	91,491,791	-	-	85,590,091	91,491,791
Transportation	30,493,058	31,201,106	-	-	30,493,058	31,201,106
Interest	1,278,621	1,714,592	-	-	1,278,621	1,714,592
Solid Waste	-	-	25,693,835	25,269,804	25,693,835	25,269,804
Water	-	-	1,164,915	1,141,543	1,164,915	1,141,543
Sewer	-	-	2,444,144	2,380,871	2,444,144	2,380,871
Stormwater	-	-	4,308,637	4,788,006	4,308,637	4,788,006
Environmental Health	-	-	4,471,191	4,389,069	4,471,191	4,389,069
Land Use & Permitting	-	-	4,191,656	4,860,469	4,191,656	4,860,469
Total Expenses	229,759,115	207,898,304	42,274,378	42,829,762	272,033,493	250,728,066
Excess (Deficiency) of Revenues Over (Under) Expenses Before Transfers	52,195,050	33,482,708	7,487,231	4,246,476	59,682,281	37,729,184
Transfers	(220,253)	(411,237)	220,253	411,237	-	-
Change in Net Position	51,974,797	33,071,471	7,707,484	4,657,713	59,682,281	37,729,184
Net Position as of January 1	545,187,128	511,587,861	83,104,240	78,446,527	628,291,368	590,034,388
Cumulative Effect of Change in Accounting Principle & Prior Period Adj.	(898,909)	527,796	-	-	(898,909)	527,796
Restated Net Position as of January 1	544,288,219	512,115,657	83,104,240	78,446,527	627,392,459	590,562,184
Ending Net Position	\$ 596,263,016	\$ 545,187,128	\$ 90,811,724	\$ 83,104,240	\$ 687,074,740	\$ 628,291,368

In 2021 Governmental activities provided \$282 million in revenues (85% of total county revenues), while business type activities provided \$49.8 million (15% of total county revenues). The three largest governmental revenues are - taxes at \$155.1 million, or 55%, of total governmental revenues, charges for services at \$30.4 million, or 10.8%, of total governmental revenues, and operating grants & contributions at \$78 million, or 27.7% of total governmental revenues. The remaining 6.5% of governmental revenues include capital grants, interest and investment earnings and other general revenues.

In 2021, charges for services were \$47.6 million, or 95.6%, of total business-type revenues, which were \$49.8 million. The Solid Waste fund makes up the majority of revenues for the Business-Type Activities.

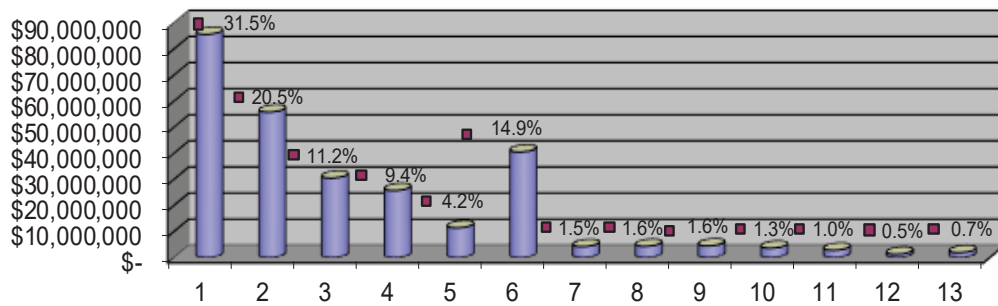
Total governmental expenses increased by \$21.9 million mainly due to increased expenses for COVID-19. Business-Type expenses remained constant compared to prior year.

The governmental and business-type expense distribution of \$229.8 million, or 84.5%, and \$42.3 million, or 15.5%, closely resembles the distribution from the prior year with a slight increase towards Governmental Activities.

The county recorded a prior period adjustment of \$898,909 related to: 1) previously unreported adjustments, retirements, and additions related to several smaller capital assets, 2) an identification of assets that qualify under GASB 83 and, 3) the results of an internal reconciliation between the general ledger and 3rd party receipting software dating back several years.

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. Water & Sewer |
| 2. Health & Human Serv. | 5. General Government | 8. Stormwater | 11. Culture & Recreation |
| 3. Transportation | 6. Economic Environment | 9. Environmental Health | 12. Interest |
| | | | 13. Utilities & Environment |

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

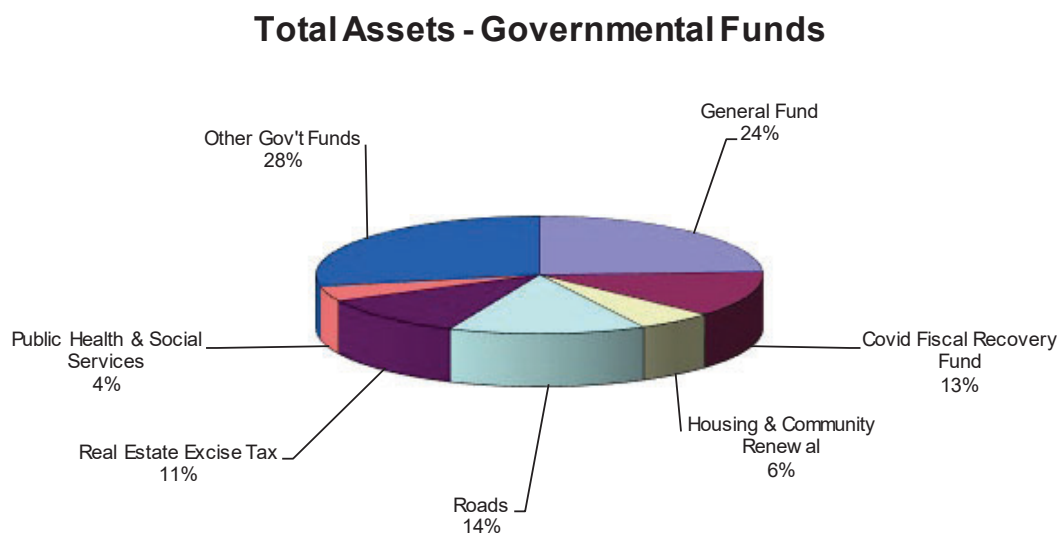
Following is an analysis of the County's major governmental and proprietary funds.

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. Fund balance serves as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The County's governmental funds reported a combined total ending fund balance of \$156.9 million, an increase of \$19.9 million from prior year (\$137 million). Most of this increase was due to an increase in the Cash & Pooled Investments account of \$51.4 million. This increase was due to more tax collections in the governmental funds, COVID activity, and our Real Estate Excise Tax fund not having any expenditures during 2021.

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

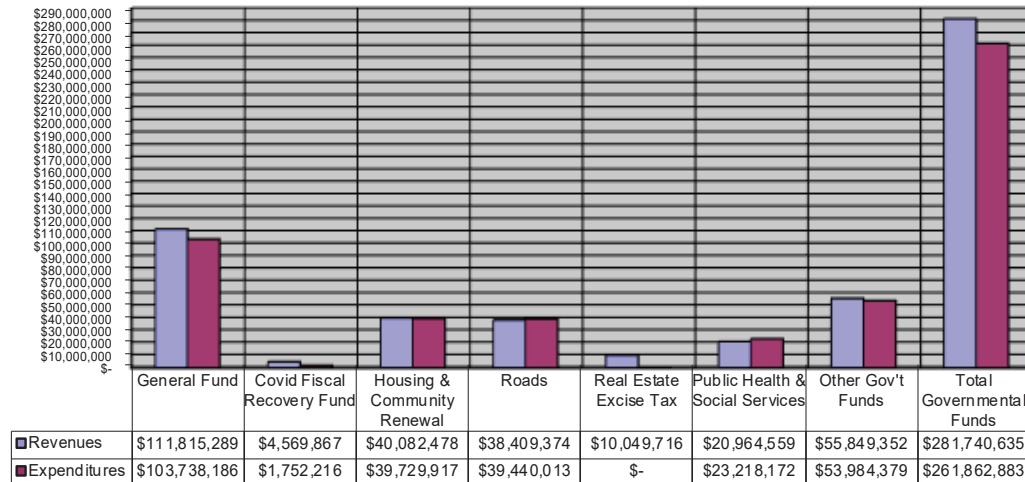


Governmental Fund revenues in 2021 increased vs. 2020 by \$36.5 million, or 14.9%, mainly in the Taxes and Intergovernmental categories. Reasons for increases in these accounts were discussed earlier.

Governmental expenditures in 2021 were higher than 2020 by \$39.1 million, or 17.5%, mainly in the Economic Environment category. The reason for this is the county's Housing and Community Renewal fund, which has Economic Environment expenditures, received \$35.4 million in Intergovernmental Revenues vs. \$12.1 million in 2020. Most if this increase was due to more COVID funds.

The following chart shows revenues and expenditures for Thurston County's major governmental funds, including Other Governmental Funds. Charted revenues and expenditures exclude other financing sources/uses and transfers.

Governmental Fund Revenues and Expenditures



In 2021, the General Fund and the Housing and Community Renewal Fund accounted for 53.9% of total revenues and 54.8% of total expenditures.

For 2021 the County is reporting the following as major governmental funds: General, COVID Fiscal Recovery, Housing and Community Renewal, Roads, Real Estate Excise Tax, Public Health and Social Services, and Other Governmental. The COVID Fiscal Recovery Fund and Housing and Community Renewal Fund are both new major funds for 2021. The COVID Fiscal Recovery Fund is a new fund to the county for 2021. It was set up to account for the funds the county will receive over the next few years to fight COVID. The majority of these funds are for the American Rescue Plan Act (ARPA). The Housing and Community Renewal fund has been a non-major county fund for many years. However, due to ARPA, this fund qualified as a major fund in 2021.

The following are highlights related to each major fund in 2021:

The **General Fund** is the chief operating fund of the County. The General Fund's total ending fund balance was \$41.7 million at the end of 2021, compared to \$32 million at the end of 2020. This represents an increase of \$9.7 million, or 30.3%, compared to prior year and is a result of: 1) actual sales tax collections exceeding budgeted sales tax collections by \$3.2 million, 2) a year-end accrual of a \$2.5 million transfer to the General Fund from the COVID Fiscal Recovery Fund for the lost revenue calculated amount, and 3) offices and Departments underspending budgeted expenditures by \$12 million, or 10.1%, due to a cognizant countywide effort on behalf of offices/departments to manage spending.

Total Unassigned fund balance was \$41.6 million in 2021 compared to \$31.7 million at the end of 2020. This increase corresponds closely with the above-stated difference in total fund balance as the other categories of Fund Balance changed very little from prior year.

General Fund total assets were \$52.2 million and total liabilities were \$6.9 million at the end of 2021. Compared to 2020, assets increased by \$9.8 million, or 23.1%, and liabilities increased by just 6.2%. The main increase in assets was in the Cash and Pooled Investments account because of sales tax collection increases and the underspending of expenditure budget as previously discussed. Also, the Due From Other Funds increased by \$3 million. This was mainly due to a one-time year-end accrual of a transfer from the COVID Fiscal Recovery Fund to the General Fund of \$2.5 million. This was due to the COVID lost revenue calculation.

General Fund revenues decreased by \$10.4 million, or 8.5%, from 2020 to 2021. This was the county receiving \$14.4 million in Cares Act Funding in 2020 that it did not receive in 2021. The ARPA funding the county received in 2021 was not deposited into the General Fund. Also, the Interest Earnings account decreased by \$5.3 million due to unrealized loss on investments.

Transfers-in to the General fund increased by \$1.4 million over 2020 because of the one-time year-end accrual of lost revenue calculation as part of the ARPA.

The **COVID Fiscal Recovery Fund** is a new fund for 2021 and was established to account for activity related to funds the county received for the American Rescue Plan Act. The county is scheduled to receive over \$56 million in total. In 2021, the county received \$28.2 million in advance of it earning these funds. As such, this amount was initially recorded as Unearned Revenue liability. This fund ended 2021 with a cash balance of \$27.2 million and a negative fund balance of (\$102,000). The fund is designed to incur expenditures and then recognize that same amount of Unearned Revenue as Revenue. Therefore, at any one time, there should be very little in fund balance. The ending 2021 negative fund balance was a result of allocated unrecognized loss on investments for a market value adjustment applicable to this fund. This negative amount was not budgeted, planned, or anticipated. This fund recognized \$4.7 million of Intergovernmental revenues, \$1.8 million of Economic Environment expenditures, and \$2.9 million of transfer out.

The **Housing and Community Renewal Fund** has been a non-major county fund for many years. However, during 2021, it classified as a major fund mainly due to the COVID funds it received. Total assets in this fund increased \$2.9 million or 32.2%, mainly in the Cash and Pooled Investments account. Liabilities increased by \$2.4 million mainly in the Unearned Revenue account. Total revenues increased by \$23.8 million to \$40.1 million. This was due to the increased COVID Intergovernmental revenues. Similarly, expenditures in this fund increased by \$26.5 million due to COVID related costs. Fund balance remained constant in 2021.

The **Roads Fund** provides road maintenance and construction services to the citizens of Thurston County. Total Assets remained constant from 2020 to 2021. Total Liabilities decreased by \$1.8 million in 2021 due to a one-time 2020 Unearned Revenue transaction of \$1.1 million due to a receipt of funds from a private party not meeting the definition of a revenue until 2021. Fund balance was \$27.9 million and increased \$3.5 million from prior year.

Compared to 2020, revenues in the Roads fund increased by \$3.7 million, or 10.7%. Slight increases in Property Taxes and Intergovernmental Revenues was the main reason for this increase. Expenditures increased by \$5.7 million in 2021 vs 2020 mainly in the Capital Outlay account. This was for activity on the Mullen Road Project, Corridor improvements on Vail Road, and the replacement of the Reeder Bridge.

The **Real Estate Excise Tax** fund is a Capital Projects fund established for holding excise tax proceeds dedicated to capital projects from the one-half percent tax on real property sales in unincorporated Thurston County. Cash increased in this fund in 2021 by \$5.3 million. The main reason for this is that during the year an Internal Service fund made an interfund loan to the REET fund in the amount of \$5.6 million. This is set to be paid back in 2023 and was for the purchase of the Mottman building. Liabilities increased by \$5.9 million due to this loan. Revenues increased by \$3.1 million, or 44.9% in 2021. This fund's main revenue source is excise tax collections on the sale of property in the county. It is driven by state statute and the county has no control over the amount of revenue it collects here. The increase was due to increased home sales during the year as well as increased home prices. This fund incurred no Expenditures during the year. However, Transfers-Out increased by \$6.3 million. \$5.6 million of this was a one-time transfer to an Internal Service fund for the purchase of a building. Fund Balance all stayed constant compared to 2020 activity.

The **Public Health and Social Services Fund** provides social and health services to the citizens of Thurston County. Total Assets, Total Liabilities, and Fund Balance all remained constant in 2021 vs 2020. Because of COVID related state and federal funds received, Revenues and Expenditures increased by \$5.8 million and \$7 million respectively.

The **Other Governmental Funds** is a major fund comprised of all non-major Special Revenue, Capital Projects, and Debt Service funds of the County. Total assets in this major fund increased by \$7.8 million. Cash and Investments increased by \$12.8 million, Due From Other Governments decreased by \$5.3 million due to this amount being reported in the Housing and Community Renewal fund in 2020 when it was still a non-major fund. Fund Balance increased by \$7.5 million. Revenues in this major fund remained constant in 2021. Expenditures, however, increased by \$7.4 million, or 15.9%. The main reason for this is because the county's Medic One fund was classified as a non-major fund this year whereas in 2020 it was a major fund.

Proprietary Funds Net Position Analysis

The county's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities and are presented in the same accounting format. Internal service funds, although proprietary, are not Business-Type Funds and are therefore excluded in the following section.

**Thurston County
Enterprise Net Position**

Assets	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use And Permitting	Other Enterprise Funds	Total Enterprise Funds
Cash & Pooled Investments	\$ 42,523,391	\$ 3,182,218	\$ 18,323,820	\$ 3,882,752	\$ 495,032	\$ 1,458,879	\$ 69,866,092
Other Current Assets	1,736,423	240,552	350,054	435,848	59,056	132,949	2,954,882
Restricted Assets:							
Cash and Pooled Investments	-	-	-	-	-	33,343	33,343
Total Current Assets	44,259,814	3,422,770	18,673,874	4,318,600	554,088	1,625,171	72,854,317
Long-Term Assets:							
Receivables	-	-	-	-	-	72,948	72,948
Capital Assets	6,712,055	12,693,946	7,456,056	33,249	12,667	2,662,085	29,570,058
Net Pension Asset	1,743,413	374,504	1,516,961	2,009,804	2,030,277	283,838	7,958,797
Restrict Assets: Cash and Pooled Investments	11,672,240	-	-	-	-	-	11,672,240
Total Long Term Assets	20,127,708	13,068,450	8,973,017	2,043,053	2,042,944	3,018,871	49,274,043
Total Assets	64,387,522	16,491,220	27,646,891	6,361,653	2,597,032	4,644,042	122,128,360
Total Deferred Outflow of Resources	465,394	85,094	377,346	575,033	482,578	64,554	2,049,999
Liabilities							
Current Liabilities:							
Accounts Payable/Due To	3,946,076	160,876	411,335	290,135	250,030	132,002	5,190,454
Total Current Liabilities	3,946,076	160,876	411,335	290,135	250,030	132,002	5,190,454
Long-Term Liabilities:							
Comp Abs & OPEB Payable	1,861,776	307,764	1,481,526	2,465,947	1,851,256	239,043	8,207,312
Intergov. Loans & Contracts Payable	10,761	20,660	-	-	-	283,082	314,503
Accumulated Landfill Closure Costs	12,037,920	-	-	-	-	-	12,037,920
Net Pension Liability	200,022	42,969	174,042	230,584	232,932	32,564	913,113
Total Long Term Liabilities	14,110,479	371,393	1,655,568	2,696,531	2,084,188	554,689	21,472,848
Total Liabilities	18,056,555	532,269	2,066,903	2,986,666	2,334,218	686,691	26,663,302
Total Deferred Inflow of Resources	1,935,348	410,555	1,674,372	2,244,458	2,233,147	311,190	8,809,070
Net Position							
Net Investment in Capital Assets	6,696,628	12,668,121	7,456,056	33,249	12,667	2,662,085	29,528,806
Restricted For:							
Debt Service	-	4,019	-	-	-	99,831	103,850
Unrestricted (Deficit)	38,164,385	2,961,350	16,826,906	1,672,313	(1,500,422)	948,799	59,073,331
Total Net Position	\$ 44,861,013	\$ 15,633,490	\$ 24,282,962	\$ 1,705,562	\$ (1,487,755)	\$ 3,710,715	\$ 88,705,987

The Solid Waste, Grand Mound, Storm & Surface Water Utility, Environmental Health, and Land Use and Permitting Funds are the major enterprise funds for Thurston County in 2021.

The **Solid Waste Fund** provides solid waste disposal and reduction services to the citizens of Thurston County. The **Grand Mound Fund** provides water and wastewater services to residents of Grand Mound in southern Thurston County. The **Storm & Surface Water Fund** accounts for assessments levied to minimize the harmful effects of storm water run-off and to construct and improve storm water run-off facilities within the utility's boundaries. The **Environmental Health Fund** accounts for activity in the county related to preventing pollution, human exposure to environmental hazards, and ensuring safe and clean drinking water. **Land Use and Permitting Fund** uses development license fees and service charges to provide planning, permitting, and development inspection services in unincorporated Thurston County. These funds comprise 96.2% of enterprise assets and 97.4% of enterprise liabilities.

All other account balances in these funds remained constant vs. prior year with only slight increases in most due to more activity from population increases and annual inflation.

The total Net Position in the Enterprise funds increased by \$7.4 million, or 9.1% mainly in the Cash account in the Storm Water fund which saw an increase of \$1.9 million due to normal operations. The total Net Position at the end of 2021 is \$88.7 million. It should be noted here that the Land Use and Permitting fund had a negative Net Position of \$1.5 million at the end of 2021. \$2.7 million of Liabilities (90% of total Liabilities) in this fund are liabilities related to Pensions, OPEB, and Compensated Absences.

Of the total enterprise funds' net position, \$29.5 million, or 33.3%, is invested in capital assets net or related debt, whereas \$59.2 million, or 66.7%, is restricted for debt service or is unrestricted. Total liabilities for all enterprise funds remained constant vs. prior year.

Proprietary Funds Revenue/Expense Analysis

The following table is a summary of enterprise fund revenues and expenses in 2021.

Thurston County Washington Enterprise Funds Revenues and Expenses

	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use And Permitting	Other Enterprise Funds	Total Enterprise Funds
Revenues:							
<i>Operating:</i>							
Charges for Services	\$ 29,150,294	\$ 2,248,589	\$ 7,126,679	\$ 4,372,857	\$ 3,828,199	\$ 915,065	\$ 47,641,683
Miscellaneous	26,002	14,114	68,705	617,213	2,112	2,330	730,476
<i>Non-Operating:</i>							
Interest Revenue	-	(24,800)	26,606	(29,977)	(8,786)	(14,625)	(51,582)
Operating & Capital Grant Proceeds	239,780	-	110,611	766,369	-	-	1,116,760
Total Revenues	29,416,076	2,237,903	7,332,601	5,726,462	3,821,525	902,770	49,437,337
Expenses:							
<i>Operating:</i>							
Salaries and Benefits	2,216,389	484,834	1,979,793	3,096,378	2,425,499	397,628	10,600,521
Other Supplies and Expenses	118,190	68,996	86,157	116,398	13,607	69,230	472,578
Contractual Services	4,129,520	324,924	568,596	216,139	113,687	188,940	5,541,806
Longhaul Contract	16,998,970	-	-	-	-	-	16,998,970
Interfund Services and Charges	1,892,575	457,892	1,707,622	974,811	1,527,874	169,527	6,730,301
Depreciation/Amortization	812,218	723,542	555,779	3,023	8,006	162,758	2,265,326
<i>Non-Operating:</i>							
Interest Expense & Fiscal Charges	1,220	465	-	-	92	7,344	9,121
Total Expenses	26,169,082	2,060,653	4,897,947	4,406,749	4,088,765	995,427	42,618,623
Income (Loss) before contrib. and trans.	3,246,994	177,250	2,434,654	1,319,713	(267,240)	(92,657)	6,818,714
Capital Contributions	-	344,364	-	-	-	16,519	360,883
Transfers In (Out)	(8,370)	14,320	4,272	56,683	96,057	57,291	220,253
Change in Net Position	3,238,624	535,934	2,438,926	1,376,396	(171,183)	(18,847)	7,399,850
Net Position as of January 1	41,622,389	15,097,556	21,844,036	329,166	(1,316,572)	3,729,562	81,306,137
Restated Net Position as of January 1	41,622,389	15,097,556	21,844,036	329,166	(1,316,572)	3,729,562	81,306,137
Net Position as of December 31	\$ 44,861,013	\$ 15,633,490	\$ 24,282,962	\$ 1,705,562	\$ (1,487,755)	\$ 3,710,715	\$ 88,705,987

For all enterprise funds, total operating revenues from charges for services in 2021 are \$48.4 million and comprise 98% of total enterprise operating and non-operating revenues. Compared to prior year, total charges for services for enterprise funds increased by just \$2.2 million. Total Net Position for all Enterprise Funds increased by \$7.4 million due mainly to normal operations.

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 59.5% of total enterprise revenues and 61.5% of total enterprise expenses. Net Position increased in this fund by \$3.3 million over 2020. All revenues and expenses remained constant compared to 2020. Net Position in this fund has been steadily increasing each year for the past several years with charges for services consistently exceeding expenses. For instance, Net Position in 2009 was \$16.9 million and the net position at the end of 2021 is \$44.9 million. This represents an increase of \$28 million, or 165.7% since that time.

The **Grand Mound Fund** has provided water and wastewater services to the Grand Mound area since 1999. Grand Mound Fund revenues comprise 4.5% of total enterprise revenues and 4.9% of total enterprise expenses. In 2021 both revenues and expenses remained constant over prior year. Net Position was nearly identical in 2021 vs. 2020, increasing by just \$500,000, or 3.3%, up to \$15.6 million.

The **Storm & Surface Water Fund** has been collecting assessments from landowners to mitigate the effects of storm water run-off from construction and development since 1985. Revenues comprise 14.8% of total enterprise revenues and 11.5% of total enterprise expenses. Revenues and expenses remained constant compared to 2020. Net Position increased by \$2.5 million in this fund over prior year due to normal operations of revenues exceeding expenses.

The **Land Use and Permitting Fund** provides planning, permitting, and development inspection services to citizens living in unincorporated Thurston County. Revenues comprise 7.7% of total enterprise revenues and 9.6% of total enterprise expenses. Revenues and expenses stayed constant in 2021 vs prior year and fund balance decreased by \$170,000 to a negative \$1.5million. This fund has been in a negative Net Position since the inception of GASB 68. Now, with an increased OPEB Liability per GASB 75, Net Position is further affected.

The **Environmental Health Fund** accounts for the activity in the county related to preventing pollution, human exposure to environmental hazards, and ensuring safe and clean drinking water. Revenues and expenditures in this fund remained constant from prior year increasing by just approximately \$600,000 and \$140,000 respectively. The Net Position in this fund increased by \$1.4 million as revenues outpaced expenses.

General Fund Budgetary Highlights

Beginning in 2021, Thurston County was in the first year of a biennial budget. Periodic adjustments were made to the budget during the year. Although the budget is considered a biennial, appropriations still lapse at the end of each year.

The following table shows changes between the original and final budget as of December 31, 2021. 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 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 final budget expenditures are less than original budgeted expenditures. Note that transfers are included within the amounts reported for revenues and expenditures for each office and department. The largest increases in final vs. original budget was in the county's Superior Court and the Clerk's Office. The reason for both instances is the passing of the Blake decision at the state level which has caused the county to increase staff to handle the increased workload.

**Thurston County
General Fund Changes in Budget**

	Original Budget	Final Budget	Variance Pos (Neg)
Revenues:			
Taxes	\$ 45,500,000	\$ 45,500,000	\$ -
Sales and Use Taxes	24,295,000	24,295,000	-
Excise and Other Taxes	305,500	305,500	-
Licenses & Permits	1,968,000	1,988,000	20,000
Intergovernmental	10,714,688	12,088,534	1,373,846
Charges for Services	16,863,526	16,788,791	(74,735)
Fines & Forfeitures	2,377,410	2,377,410	-
Interest and Other Earnings	1,782,600	1,782,600	-
Donations and Contributions	128,384	141,563	13,179
Miscellaneous	538,614	557,064	18,450
Total General Revenues	104,473,722	105,824,462	1,350,740
Other Financing Sources	2,985,881	5,898,210	2,912,329
Total Revenues	107,459,603	111,722,672	4,263,069
Expenditures by Department:			
Assessor's Office	4,676,242	4,656,353	19,889
Auditor's Office	7,089,759	7,302,656	(212,897)
Assigned Counsel	6,788,569	7,144,826	(356,257)
Clerk's Office	4,178,849	4,696,368	(517,519)
Commissioner's Office	2,543,712	2,544,254	(542)
Coroner's Office	1,584,598	1,930,098	(345,500)
Corrections	19,541,079	19,829,932	(288,853)
Disabled Recreation Activities	27,000	27,000	-
District Court	3,836,136	3,907,556	(71,420)
Emergency Management	1,681,679	1,842,407	(160,728)
Human Resources	1,997,822	2,053,997	(56,175)
Juvenile Probation	7,235,210	7,235,667	(457)
Maternal Child Health	89,169	89,169	-
Non-Departmental	5,556,630	5,696,188	(139,558)
Paths & Trails	115,000	115,000	-
Planning	2,195,682	2,158,411	37,271
PreTrial Services	911,169	911,258	(89)
Prosecuting Attorney	9,865,464	10,186,249	(320,785)
Sheriff	22,004,046	22,088,454	(84,408)
Superior Court	6,370,925	7,146,626	(775,701)
Treasurer's Office	1,293,969	1,294,344	(375)
WSU Extension	1,122,319	1,087,541	34,778
General Fund Expenditures	110,705,028	113,944,354	(3,239,326)
Clerk's Collection	208,184	208,184	-
Election Stabilization Reserve	184	184	-
Fair	363,059	366,219	(3,160)
Parks & Trails	3,027,491	3,378,392	(350,901)
Prisoner Concession	347,440	347,440	-
Public, Educational & Governmental Access:	53,137	73,137	(20,000)
Reported General Fund Expenditures	114,704,523	118,317,910	(3,613,387)
Net Changes in Fund Balances	(7,244,920)	(6,595,238)	649,682
Fund Balances as of January 1	23,642,928	30,554,026	6,911,098
Fund Balances as of December 31	\$ 16,398,008	\$ 23,958,788	\$ 7,560,780

Overall, the County's original and final General Fund budgets were within \$3.6 million, or 3.1% of each other.

The final budget ending fund balance was \$24 million, an increase of \$10.7 million over 2020.

General Fund Budget to Actual Variances

The following table summarizes differences between budget and actual revenues and expenditures in the General Fund for 2021. Note that transfers are included within the amounts reported for revenues and expenditures for each office and department. The results for 2021 show actual total revenues (including other financing sources) at \$116.1 million, which is \$4.3 million, or 0.9%, above the final budget. Actual expenditures were \$104.6 million, which is \$9.3 million or 8.2% under budget. This percentage underspend is over past annual historic percentages and is mainly due to a concerted effort by offices and departments to focus on prudent spending in their respective areas.

The largest revenue variance between budget and actual revenues were in Sales and Use Taxes of \$4.5 million, and Intergovernmental of \$3.2 million. The change in Sales and Use taxes was likely doing to a strong economy in 2021 as well as possible changing of spending patterns due to COVID restrictions in place during the year. COVID also contributes to the difference in the Intergovernmental revenues. All offices/departments had a positive expenditure variance in 2021, meaning no office or department over-spent its budget authority. The largest budget under-expenditure by a department was in the Parks Department. There were two large construction projects at Burfoot Park and Tumwater Falls that were budged but did not happen because of COVID. The County's Non-Departmental department had a \$1.6 million under-expenditure also due to COVID non-activity.

Thurston County
General Fund Revenues, Expenditures & Fund Balance

	Final Budget	Actuals	Variance Pos (Neg)
Revenues:			
Taxes	\$ 45,500,000	\$ 45,416,196	\$ (83,804)
Sales and Use Taxes	24,295,000	28,802,781	4,507,781
Excise and Other Taxes	305,500	374,188	68,688
Licenses & Permits	1,988,000	2,293,833	305,833
Intergovernmental	12,088,534	15,329,790	3,241,256
Charges for Services	16,788,791	16,682,994	(105,797)
Fines & Forfeitures	2,377,410	2,182,347	(195,063)
Interest and Other Earnings	1,782,600	59,885	(1,722,715)
Donations and Contributions	141,563	136,657	(4,906)
Miscellaneous	557,064	536,618	(20,446)
Total General Revenues	105,824,462	111,815,289	5,990,827
Total Other Financing Sources	5,898,210	4,237,506	(1,660,704)
Total Revenues	111,722,672	116,052,795	4,330,123
Expenditures by Department:			
Assessor's Office	4,656,353	4,463,639	192,714
Auditor's Office	7,302,656	6,681,020	621,636
Assigned Counsel	7,144,826	6,338,555	806,271
Clerk's Office	4,696,368	3,975,670	720,698
Commissioner's Office	2,544,254	2,487,565	56,689
Coroner's Office	1,930,098	1,805,040	125,058
Corrections	19,829,932	19,020,629	809,303
Disabled Recreation Activities	27,000	2,469	24,531
District Court	3,907,556	3,662,751	244,805
Emergency Management	1,842,407	1,362,057	480,350
Human Resources	2,053,997	1,652,592	401,405
Juvenile Probation	7,235,667	6,299,943	935,724
Maternal Child Health	89,169	16,137	73,032
Non-Departmental	5,696,188	4,088,646	1,607,542
Paths & Trails	115,000	115,000	-
Planning	2,158,411	2,158,410	1
PreTrial Services	911,258	799,242	112,016
Prosecuting Attorney	10,186,249	9,746,499	439,750
Sheriff	22,088,454	21,359,471	728,983
Superior Court	7,146,626	6,475,139	671,487
Treasurer's Office	1,294,344	1,265,303	29,041
WSU Extension	1,087,541	851,207	236,334
General Fund Expenditures	113,944,354	104,626,984	9,317,370
Clerk's Collection	208,184	116,393	91,791
Election Stabilization Reserve	184	184	-
Fair	366,219	348,594	17,625
Parks & Trails	3,378,392	1,127,124	2,251,268
Prisoner Concession	347,440	46,713	300,727
Public, Educational & Governmental Access:	73,137	64,349	8,788
Reported General Fund Expenditures	118,317,910	106,330,341	11,987,569
Net Changes in Fund Balances	(6,595,238)	9,722,454	16,317,692
Fund Balances as of January 1	30,554,026	31,987,042	1,433,016
Prior Period Adjustments	-	30,569	30,569
Fund Balances as of January 1 - Restated	30,554,026	32,017,611	1,463,585
Fund Balances as of December 31	\$ 23,958,788	\$ 41,740,065	\$ 17,781,277

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, construction in progress, buildings, improvements, machinery and equipment intangible assets, and infrastructure. Thurston County's total governmental and business-type capital asset balance was \$523.9 million at year end. Of this total, \$295.6 million (56.4%) are non-depreciable assets and \$228.3 million (43.6%) are depreciable. Capital assets comprise 55.4% of total assets. A capital asset breakdown is provided in Note 6 within the financial statement section. Total capital assets in both governmental and business-type increased by just \$13.2 million over prior year.

At year-end the County had \$6.1 million in commitments for capital expenditures related to tenant improvements at a new building the county's General Government Offices/Departments will be moving into during 2022. Also, there was a \$5.7 million commitment to pay for a countywide new Enterprise Resource Planning (ERP) system set to go live 1/1/2023.

Long-Term Debt

Total general obligation debt outstanding at year end was \$51.1 million, all in Governmental Activities. This total represents an increase of \$1.3 million over 2020. The increase was due to a sale of bonds during the year in the amount of \$6.4 million to help pay for capital assets including the ERP implementation. Annual debt payments offset this increase.

At the end of 2021, the County has the remaining capacity to issue \$761 million in debt without a vote and a remaining capacity of \$1.3 billion with a 3/5-majority vote. See financial statement Note 9 for more information on debt issues outstanding and the reasons for their issuance.

OTHER SIGNIFIGANT MATTERS

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges, and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The fight against this pandemic is taking longer than most people expected and most of the above-mentioned measures have remained in place during most of 2021. The full extent of the financial impact on the County is still unknown. However, with the County expected to receive over \$25 million in funding over the next couple years directly related to COVID, the County is not expecting to have large scale budget cuts or loss of revenue because of this pandemic going forward.

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 Position
December 31, 2021
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	Primary Government		
	Governmental	Business-Type	Total
ASSETS	Activities	Activities	
Current Assets:			
Cash & Pooled Investments	\$ 215,356,759	\$ 69,866,092	\$ 285,222,851
<i>Receivables:</i>			
Taxes Receivable	3,109,013	-	3,109,013
Special Assessment Receivables	23,156	311,212	334,368
Accrued Interest & Penalties	562,701	11,558	574,259
Customer Account Receivables	26,727,390	1,583,759	28,311,149
Internal Balances	(2,082,726)	2,082,726	-
Due from Other Government Units	13,194,068	753,550	13,947,618
Inventory	1,300,820	-	1,300,820
Prepayments	735,845	15,454	751,299
<i>Restricted Assets:</i>			
Cash & Pooled Investments	-	33,343	33,343
Total Current Assets	258,927,026	74,657,694	333,584,720
Long-Term Assets:			
Community Loans Receivable	-	42,734	42,734
Special Assessment Receivables	-	30,214	30,214
Investment in Joint Ventures, Net	1,750,903	-	1,750,903
Net Pension Asset	66,356,631	7,958,797	74,315,428
<i>Capital Assets:</i>			
Non-Depreciable	291,344,499	4,282,495	295,626,994
Depreciable, Net	202,982,588	25,287,563	228,270,151
<i>Restricted Assets: Cash and Pooled Investments</i>	-	11,672,240	11,672,240
Total Noncurrent Assets	562,434,621	49,274,043	611,708,664
Total Assets	821,361,647	123,931,737	945,293,384
Deferred Outflow of Resources:			
Asset Retirement Obligation	356,291	-	356,291
Loss on Refunding	1,565,766	-	1,565,766
Other Post Employment Benefits Payable	8,377,841	1,155,742	9,533,583
Pensions	7,300,142	894,257	8,194,399
Total Deferred Outflow of Resources	17,600,040	2,049,999	19,650,039

See accompanying notes to financial statements

Statement of Net Position
December 31, 2021

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	20,235,508	4,612,100	24,847,608
Notes/Leases Payable	144,265	43,493	187,758
Due to Other Government Units	17,919	-	17,919
Compensated Absences	504,451	58,914	563,365
Claims & Judgments Payable	486,257	-	486,257
Other Post Employment Benefits	1,019,719	96,536	1,116,255
Limited G.O. Bonds Payable	6,042,227	-	6,042,227
Unearned Revenue	26,139,439	77,051	26,216,490
Total Current Liabilities	54,589,785	4,888,094	59,477,879
Long-Term Liabilities:			
Limited G.O. Bonds Payable	45,084,143	-	45,084,143
Compensated Absences	7,962,255	929,953	8,892,208
Other Post Employment Benefits	60,006,349	7,277,359	67,283,708
Other Non-Current Liabilities	1,782,148	-	1,782,148
Claims & Judgments Payable	3,856,595	-	3,856,595
Notes/Leases Payable	949,409	314,503	1,263,912
Accumulated Landfill Closure Costs	-	12,037,920	12,037,920
Net Pension Liability	5,221,490	913,113	6,134,603
Total Noncurrent Liabilities	124,862,389	21,472,848	146,335,237
Total Liabilities	179,452,174	26,360,942	205,813,116
Deferred Inflow of Resources:			
Gain on Refunding	213,939	-	213,939
Other Post Employment Benefits Payable	2,853,832	401,755	3,255,587
Pensions	60,178,726	8,407,315	68,586,041
Total Deferred Inflow of Resources	63,246,497	8,809,070	72,055,567
NET POSITION			
Net Investment in Capital Assets	449,872,282	29,528,806	479,401,088
Restricted For:			
Culture & Recreation	3,949,523	-	3,949,523
Economic Environment	5,506,048	-	5,506,048
General Government	26,447,928	-	26,447,928
Health and Human Services	12,836,144	-	12,836,144
Public Safety	49,680,883	-	49,680,883
Utilities & Environment	9,874,717	-	9,874,717
Transportation	17,621,402	-	17,621,402
Debt Service	-	103,850	103,850
Unrestricted (Deficit)	20,474,089	61,179,068	81,653,157
Total Net Position	\$ 596,263,016	\$ 90,811,724	\$ 687,074,740

See accompanying notes to financial statements

Statement Of Activities
For The Year Ended December 31, 2021

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	\$ 18,400,957	\$ (7,009,089)	\$ 8,598,935	\$ 9,254,041	\$ 923,096
Culture & Recreation	2,767,078	67,525	2,321,941	6,840	-
Economic Environment	41,448,594	(954,706)	6,140,804	40,933,662	1,167
Health & Human Services	54,798,672	997,821	242,031	19,207,415	-
Public Safety	83,520,160	2,069,931	5,834,953	5,884,470	571,566
Transportation	28,353,904	2,139,154	6,370,755	2,625,592	16,169,551
Utilities & Environment	1,714,777	165,716	895,491	85,687	-
Interest and Fiscal Charges	1,278,621	-	-	-	-
Total Governmental Activities	232,282,763	(2,523,648)	30,404,910	77,997,707	17,665,380
Business-Type Activities:					
Solid Waste	25,036,358	657,477	29,150,294	239,780	-
Water	840,471	324,444	1,042,540	-	120,294
Sewer	1,795,255	648,889	2,121,114	-	240,589
Stormwater	4,191,334	117,303	7,122,590	110,611	-
Environmental Health	4,406,749	64,442	4,372,857	766,369	-
Land Use & Permitting	3,480,563	711,093	3,795,677	-	-
Total Business-Type Activities	39,750,730	2,523,648	47,605,072	1,116,760	360,883
Total Primary Government	\$ 272,033,493	\$ -	\$ 78,009,982	\$ 79,114,467	\$ 18,026,263

See accompanying notes to financial statements

Statement Of Activities
For The Year Ended December 31, 2021

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Functions/Programs	Net (Expense) Revenue and Changes In Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT			
<i>Governmental Activities:</i>			
General Government	\$ 7,384,204	\$ -	\$ 7,384,204
Culture & Recreation	(505,822)	-	(505,822)
Economic Environment	6,581,745	-	6,581,745
Health & Human Services	(36,347,047)	-	(36,347,047)
Public Safety	(73,299,102)	-	(73,299,102)
Transportation	(5,327,160)	-	(5,327,160)
Utilities & Environment	(899,315)	-	(899,315)
Interest and Fiscal Charges	(1,278,621)	-	(1,278,621)
Total Governmental Activities	(103,691,118)	-	(103,691,118)
<i>Business-Type Activities:</i>			
Solid Waste	-	3,696,239	3,696,239
Water	-	(2,081)	(2,081)
Sewer	-	(82,441)	(82,441)
Stormwater	-	2,924,564	2,924,564
Environmental Health	-	668,035	668,035
Land Use & Permitting	-	(395,979)	(395,979)
Total Business-Type Activities	-	6,808,337	6,808,337
Total Primary Government	(103,691,118)	6,808,337	(96,882,781)
General Revenues:			
<i>Taxes:</i>			
Property Taxes	79,888,060	-	79,888,060
Sales Taxes	63,416,418	-	63,416,418
Business & Harvest Taxes	1,060,521	-	1,060,521
Excise Taxes	10,741,594	-	10,741,594
<i>Other General Revenues:</i>			
Interest & Investment Earnings	(52,055)	(51,582)	(103,637)
Miscellaneous	831,630	730,476	1,562,106
Transfers In/(Out)	(220,253)	220,253	-
Total General Revenues and Transfers	155,665,915	899,147	156,565,062
Change in Net Position	51,974,797	7,707,484	59,682,281
Net Position as of January 1	545,187,128	83,104,240	628,291,368
Prior Period Adjustment	(898,909)	-	(898,909)
Net Position as of January 1 - Restated	544,288,219	83,104,240	627,392,459
Net Position as of December 31	\$ 596,263,016	\$ 90,811,724	\$ 687,074,740

See accompanying notes to financial statements

Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Covid Fiscal Recovery Fund	Housing & Community Renewal	Roads	Real Estate Excise Tax	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash & Pooled Investments	\$ 34,966,036	\$ 27,150,595	\$ 6,284,545	\$ 27,345,092	\$ 24,080,507	\$ 3,128,385	\$ 53,278,442	\$ 176,233,602
Receivables:								
Taxes Receivable	2,496,760	-	-	387,350	-	15,171	209,732	3,109,013
Special Assessment Receivables	-	-	-	-	-	-	23,156	23,156
Accrued Interest & Penalties	348,555	31,821	10,803	-	-	5,748	148,583	545,510
Customer Account Receivables	8,314,702	-	1,885,137	907,541	-	3,647	6,229,854	17,340,881
Due from Other Funds	3,401,277	-	95,781	410,811	78	72,592	133,175	4,113,714
Due from Other Government Units	2,459,776	-	3,622,029	1,131,773	-	5,702,852	268,742	13,185,172
Inventory	-	-	-	551,861	-	-	444,912	996,773
Prepayments	174,708	26,348	3,147	4,453	-	14,789	32,028	255,473
Total Assets	\$ 52,161,814	\$ 27,208,764	\$ 11,901,442	\$ 30,738,881	\$ 24,080,585	\$ 8,943,184	\$ 60,768,624	\$ 215,803,294
LIABILITIES								
Accounts Payable	\$ 6,148,157	\$ 915,340	\$ 2,765,616	\$ 2,148,532	\$ -	\$ 2,038,170	\$ 3,807,753	\$ 17,823,568
Due to Other Funds	445,082	2,851,153	230	62,786	480,243	168,988	1,161,600	5,170,082
Due to Other Government Units	-	-	-	-	-	-	17,919	17,919
Unearned Revenues	325,832	23,544,505	1,877,595	336,700	-	-	54,807	26,139,439
Advances From Other Funds	-	-	-	-	5,600,000	-	-	5,600,000
Total Liabilities	6,919,071	27,310,998	4,643,441	2,548,018	6,080,243	2,207,158	5,042,079	54,751,008
Deferred Inflow of Resources:								
Property Taxes	2,051,306	-	-	311,152	-	12,115	167,762	2,542,335
Special Assessments	-	-	-	-	-	-	23,164	23,164
Courts	1,451,372	-	-	-	-	-	86,449	1,537,821
Total Deferred Inflow of Resources	3,502,678	-	-	311,152	-	12,115	277,375	4,103,320
FUND BALANCES								
Nonspendable	174,708	26,348	3,147	556,314	-	14,789	476,940	1,252,246
Restricted	-	-	3,092,167	-	16,382,504	-	40,085,343	59,560,014
Committed	-	-	-	-	-	-	527,699	527,699
Assigned	-	-	4,162,687	27,323,397	1,617,838	6,709,122	14,359,188	54,172,232
Unassigned	41,565,357	(128,582)	-	-	-	-	-	41,436,775
Total Fund Balance	41,740,065	(102,234)	7,258,001	27,879,711	18,000,342	6,723,911	55,449,170	156,948,966
Total Liabilities, Deferred Inflow of Resources & Fund Balances	\$ 52,161,814	\$ 27,208,764	\$ 11,901,442	\$ 30,738,881	\$ 24,080,585	\$ 8,943,184	\$ 60,768,624	\$ 215,803,294

See accompanying notes to financial statements

**Reconciliation of The Balance Sheet of Governmental Funds
To The Statement of Net Position
December 31, 2021**

	Governmental Funds
Fund balance as shown in the Governmental Funds Balance Sheet	\$ 156,948,966
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 position	451,708,082
Debt, which is not reported in governmental funds, is reported in the statement of net position	(52,587,883)
Assets, liabilities and resulting net position of internal service funds, which are separately reported in proprietary fund statements, are included and combined with governmental balances in the statement of net position	76,990,790
Deferred gains and losses on refunding, which is not reported in governmental funds, is reported in the statement of net position	1,708,119
Long term (non-available) receivables, which are deferred in governmental funds, are recognized and accrued as revenues in the statement of net position	13,395,959
Compensated absences, other post employment benefits and pensions, which are not reported in governmental funds, are reported as accrued liabilities in the statement of net position	(49,795,280)
Interfund balances, which are reported in governmental and proprietary funds, are eliminated in the statement of net position (except for a residual amount outstanding between governmental and enterprise activities)	(2,105,737)
Net position for governmental funds as shown in statement of net position	\$ 596,263,016

See accompanying notes to financial statements

Statement of Revenues, Expenditures and Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2021

	General Fund	Covid Fiscal Recovery Fund	Housing & Community Renewal	Roads	Real Estate Excise Tax	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
Revenues:								
Property Taxes	\$ 45,416,196	\$ -	\$ -	\$ 19,880,646	\$ -	\$ 1,125,710	\$ 13,699,801	\$ 80,122,353
Sales and Use Taxes	28,802,781	-	495,897	-	-	-	34,117,740	63,416,418
Excise and Other Taxes	374,188	-	-	222,575	10,049,368	6,666	88,797	10,741,594
Licenses and Permits	2,293,833	-	-	760,774	-	25,650	-	3,080,257
Intergovernmental	15,329,790	4,672,101	35,403,348	12,891,672	-	18,767,537	1,382,257	88,446,705
Charges for Services	16,682,994	-	4,190,445	3,744,056	-	844,357	5,065,311	30,527,163
Fines & Forfeitures	2,182,347	-	-	-	-	-	18,127	2,200,474
Interest Earnings (Loss)	59,885	(102,234)	(7,262)	1,197	348	(34,203)	(48,154)	(130,423)
Donations and Contributions	136,657	-	-	800,500	-	196,101	30,771	1,164,029
Other Revenues	536,618	-	50	107,954	-	32,741	1,494,702	2,172,065
Total Revenues	111,815,289	4,569,867	40,082,478	38,409,374	10,049,716	20,964,559	55,849,352	281,740,635
Expenditures:								
<i>Current:</i>								
General Government	17,091,504	-	-	-	-	-	742,798	17,834,302
Culture & Recreation	2,042,766	-	-	-	-	-	864,281	2,907,047
Economic Environment	2,772,615	1,752,216	39,705,302	-	-	-	213,783	44,443,916
Health & Human Services	16,137	-	-	-	-	23,175,337	36,476,266	59,667,740
Public Safety	79,799,643	-	-	-	-	-	7,913,882	87,713,525
Transportation	232,861	-	-	23,398,113	-	-	1,431	23,632,405
Utilities & Environment	800,485	-	-	-	-	-	1,200,410	2,000,895
Capital Outlay	897,121	-	24,615	15,945,069	-	-	368,461	17,235,266
<i>Debt Service:</i>								
Principal	72,955	-	-	67,173	-	41,897	4,457,893	4,639,918
Interest & Fiscal Charges	12,099	-	-	29,658	-	938	1,745,174	1,787,869
Total Expenditures	103,738,186	1,752,216	39,729,917	39,440,013	-	23,218,172	53,984,379	261,862,883
Excess (Deficiency) of Revenues Over Expenditures	8,077,103	2,817,651	352,561	(1,030,639)	10,049,716	(2,253,613)	1,864,973	19,877,752
Other Financing Sources (Uses)								
Capital Lease Financing	87,840	-	-	-	-	-	-	87,840
Sale of Capital Assets	506,424	-	-	519,928	-	11,730	158,114	1,196,196
Debt Issuance	-	-	-	-	-	-	6,420,000	6,420,000
Issuance of Refunding Bonds	-	-	-	-	-	-	8,872,530	8,872,530
Bond Premium on Refunding Bonds	-	-	-	-	-	-	5,470	5,470
Payment on Bond Refunding	-	-	-	-	-	-	(8,878,000)	(8,878,000)
Transfers In	3,643,242	-	146,388	4,774,843	-	975,889	6,261,080	15,801,442
Transfers Out	(2,592,155)	(2,919,885)	-	(748,819)	(10,584,117)	-	(6,604,224)	(23,449,200)
Total Other Financing Sources (Uses)	1,645,351	(2,919,885)	146,388	4,545,952	(10,584,117)	987,619	6,234,970	56,278
Net Changes In Fund Balances	9,722,454	(102,234)	498,949	3,515,313	(534,401)	(1,265,994)	8,099,943	19,934,030
Fund Balances as of January 1	31,987,042	-	6,759,052	24,364,398	18,534,743	7,989,905	47,349,227	136,984,367
Prior Period Adjustments	30,569	-	-	-	-	-	-	30,569
Fund Balances as of January 1-Restated	32,017,611	-	6,759,052	24,364,398	18,534,743	7,989,905	47,349,227	137,014,936
Fund Balances as of December 31	\$ 41,740,065	\$ (102,234)	\$ 7,258,001	\$ 27,879,711	\$ 18,000,342	\$ 6,723,911	\$ 55,449,170	\$ 156,948,966

See accompanying notes to 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, 2021**

		Governmental Funds
Change in fund balance as shown in the Governmental Funds		
Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 19,934,030
Capital Assets:		
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	17,235,266	
Depreciation (asset usage), which is not reported in governmental funds, is recognized and reported in the statement of activities	(11,443,144)	
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>4,127,573</u>	9,919,695
Long-Term Debt:		
Bond and capital lease principal payments, which are reported as expenditures in governmental funds, are not reported as expenditures in the statement of activities	4,683,031	
Costs related to debt, such as premiums, discounts, and other similar items, are reported as revenues or expenditures in governmental funds when debt is issued. They are deferred in the statement of net position and recognized over the life of the bond issue in the statement of activities	509,248	
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.	<u>(6,507,840)</u>	(1,315,561)
Interfund Transactions:		
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	8,675,714	
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	(2,831,285)	
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>2,523,648</u>	8,368,077
Other:		
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	(385,214)	
Compensated absences, other post employment benefits and pensions, which are not reported in governmental funds, are reported as an expense in the statement of activities	<u>15,453,770</u>	<u>15,068,556</u>
Change in net position for governmental funds as shown in the		
Statement of Activities		<u><u>\$ 51,974,797</u></u>

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021
Page 1 of 7

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Revenues By Funding Source				
General Revenues:				
Property Taxes	\$ 45,500,000	45,500,000	\$ 45,416,196	\$ (83,804)
Sales and Use Taxes	24,295,000	24,295,000	28,802,781	4,507,781
Excise and Other Taxes	305,500	305,500	374,188	68,688
Licenses and Permits	1,968,000	1,988,000	2,293,833	305,833
Intergovernmental	10,714,688	12,088,534	15,329,790	3,241,256
Charges for Services	16,863,526	16,788,791	16,682,994	(105,797)
Fines & Forfeitures	2,377,410	2,377,410	2,182,347	(195,063)
Interest Earnings (Loss)	1,782,600	1,782,600	59,885	(1,722,715)
Donations and Contributions	128,384	141,563	136,657	(4,906)
Other Revenues	538,614	557,064	536,618	(20,446)
Total General Revenues	104,473,722	105,824,462	111,815,289	5,990,827
Other Financing Sources:				
Capital Lease Financing	23,018	103,452	87,840	(15,612)
Other Finance Sources - Capital Asset Sales	300,000	300,000	506,424	206,424
Transfers In	2,662,863	5,494,758	3,643,242	(1,851,516)
Total Other Financing Sources	2,985,881	5,898,210	4,237,506	(1,660,704)
Total Revenues	\$ 107,459,603	\$ 111,722,672	\$ 116,052,795	\$ 4,330,123

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021

Page 2 of 7

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Expenditures by Department				
Assessor's Office:				
General Government	\$ 4,673,742	\$ 4,653,853	\$ 4,442,578	\$ 211,275
Capital Outlay	-	-	21,061	(21,061)
Transfers Out	2,500	2,500	-	2,500
Total Assessor's Office	4,676,242	4,656,353	4,463,639	192,714
Auditor's Office:				
General Government	6,921,157	7,033,654	6,541,962	491,692
Capital Outlay	30,000	130,400	10,320	120,080
Debt Service:				
Principal	7,150	7,150	2,648	4,502
Interest and Fiscal Charges	6,452	6,452	1,090	5,362
Transfers Out	125,000	125,000	125,000	-
Total Auditor's Office	7,089,759	7,302,656	6,681,020	621,636
Public Defense:				
Public Safety	6,785,595	7,134,352	6,330,899	803,453
Principal	2,894	2,894	6,947	(4,053)
Interest and Fiscal Charges	80	80	709	(629)
Transfers Out	-	7,500	-	7,500
Total Public Defense	6,788,569	7,144,826	6,338,555	806,271
Clerk's Office:				
Public Safety	4,163,573	4,614,962	3,908,586	706,376
Capital Outlay	-	49,180	54,751	(5,571)
Principal	12,447	12,447	8,140	4,307
Interest and Fiscal Charges	2,829	2,829	4,193	(1,364)
Transfers Out	-	16,950	-	16,950
Total Clerk's Office	4,178,849	4,696,368	3,975,670	720,698

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021
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	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Commissioner's Office:				
General Government	2,180,324	2,180,866	2,085,988	94,878
Transportation	230,612	230,612	232,861	(2,249)
Economic Environment	120,676	120,676	165,649	(44,973)
Capital Outlay	3,500	3,500	-	3,500
Debt Service:				
Principal	5,500	5,500	2,811	2,689
Interest and Fiscal Charges	600	600	256	344
Transfers Out	2,500	2,500	-	2,500
Total Commissioner's Office	2,543,712	2,544,254	2,487,565	56,689
Coroner's Office:				
Public Safety	1,329,658	1,675,158	1,667,554	7,604
Capital Outlay	250,000	250,000	135,227	114,773
Debt Service:				
Principal	2,890	2,890	1,828	1,062
Interest and Fiscal Charges	2,050	2,050	431	1,619
Total Coroner's Office	1,584,598	1,930,098	1,805,040	125,058
Corrections:				
Public Safety	19,522,258	19,522,258	18,827,722	694,536
Capital Outlay	-	288,853	182,382	106,471
Debt Service:				
Principal	16,730	16,730	9,731	6,999
Interest and Fiscal Charges	2,091	2,091	794	1,297
Total Corrections	19,541,079	19,829,932	19,020,629	809,303
Disabled Recreation Activities:				
Economic Environment	27,000	27,000	2,469	24,531
Total Disabled Recreation Activities	27,000	27,000	2,469	24,531
District Court				
Public Safety	3,702,851	3,770,771	3,607,509	163,262
Transfers Out	133,285	136,785	55,242	81,543
Total District Court	3,836,136	3,907,556	3,662,751	244,805

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021
Page 4 of 7

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Emergency Management:				
Public Safety	1,575,901	1,701,125	1,344,983	356,142
Capital Outlay	103,778	139,282	15,074	124,208
Transfers Out	2,000	2,000	2,000	-
Emergency Management	1,681,679	1,842,407	1,362,057	480,350
Human Resources:				
General Government	1,985,308	2,041,483	1,649,108	392,375
Principal	9,858	9,858	3,335	6,523
Interest and Fiscal Charges	2,656	2,656	149	2,507
Total Human Resources	1,997,822	2,053,997	1,652,592	401,405
Juvenile Probation:				
Public Safety	7,235,210	7,235,667	6,293,786	941,881
Debt Service:				
Interest and Fiscal Charges	-	-	580	(580)
Total Juvenile Probation	7,235,210	7,235,667	6,299,943	935,724
Maternal Child Health:				
Culture and Recreation	89,169	89,169	16,137	73,032
Total Maternal Child Health	89,169	89,169	16,137	73,032

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021

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	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Non-Departmental:				
General Government	1,732,418	1,839,074	989,988	849,086
Public Safety	392,000	300,000	320,999	(20,999)
Utilities & Environment	715,132	715,132	800,485	(85,353)
Transportation	20,327	250	-	250
Economic Environment	696,559	790,066	381,738	408,328
Transfers Out	2,000,194	2,051,666	1,595,436	456,230
Total Non-Departmental	5,556,630	5,696,188	4,088,646	1,607,542
Paths & Trails:				
Culture and Recreation	115,000	115,000	115,000	-
Total Paths & Trails	115,000	115,000	115,000	-
Planning:				
Economic Environment	2,195,682	2,158,411	2,158,410	1
Total Planning	2,195,682	2,158,411	2,158,410	1
Pretrial Services:				
Public Safety	909,160	909,249	797,233	112,016
Debt Service:				
Principal	1,537	1,537	1,645	(108)
Interest and Fiscal Charges	472	472	364	108
Total Pretrial Services	911,169	911,258	799,242	112,016
Prosecuting Attorney:				
Public Safety	9,840,264	10,120,694	9,687,542	433,152
Capital Outlay	-	32,355	32,355	-
Debt Service:				
Principal	21,300	21,300	16,529	4,771
Interest and Fiscal Charges	3,900	3,900	2,082	1,818
Transfers Out	-	8,000	7,991	9
Total Prosecuting Attorney	9,865,464	10,186,249	9,746,499	439,750

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021

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	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Sheriff:				
Public Safety	21,475,014	21,552,231	20,803,378	748,853
Capital Outlay	5,000	12,191	51,863	(39,672)
Principal	9,079	9,079	9,209	(130)
Interest and Fiscal Charges	2,867	2,867	935	1,932
Transfers Out	512,086	512,086	494,086	18,000
Total Sheriff	22,004,046	22,088,454	21,359,471	728,983
Superior Court:				
Public Safety	6,363,002	6,705,653	6,162,739	542,914
Debt Service:				
Principal	5,300	5,300	-	5,300
Interest and Fiscal Charges	2,623	2,623	-	2,623
Transfers Out	-	433,050	312,400	120,650
Total Superior Court	6,370,925	7,146,626	6,475,139	671,487
Treasurer's Office				
General Government	1,293,969	1,294,344	1,265,303	29,041
Total Treasurer's Office	1,293,969	1,294,344	1,265,303	29,041
WSU Extension				
Culture and Recreation	1,119,287	1,084,509	848,143	236,366
Debt Service:				
Principal	1,417	1,417	2,699	(1,282)
Interest and Fiscal Charges	1,615	1,615	365	1,250
Total WSU Extension	1,122,319	1,087,541	851,207	236,334
Total General Fund Expenditures	110,705,028	113,944,354	104,626,984	9,317,370

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021
Page 7 of 7

Reconciliation of Budgetary Perspective Differences Due to GASB 54:

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Clerk's Collection:				
General Government	208,184	208,184	116,393	91,791
Total Clerks Collection	208,184	208,184	116,393	91,791
Election Stabilization Reserve:				
General Government	184	184	184	-
Total Election Stabilization Reserve	184	184	184	-
Fair:				
Culture and Recreation	355,041	358,201	346,587	11,614
Capital Outlay	8,018	8,018	-	8,018
Debt Service:				
Principal	-	-	1,856	(1,856)
Interest and Fiscal Charges	-	-	151	(151)
Total Fair	363,059	366,219	348,594	17,625
Parks & Trails:				
Culture and Recreation	866,432	1,142,475	733,036	409,439
Capital Outlay	2,161,059	2,235,917	394,088	1,841,829
Total Parks & Trails	3,027,491	3,378,392	1,127,124	2,251,268
Prisoner Concession:				
Public Safety	347,440	347,440	46,713	300,727
Total Prisoner Concession	347,440	347,440	46,713	300,727
Public, Educational & Governmental Access:				
Economic Environment	53,137	73,137	64,349	8,788
Total Public, Educational & Governmental Access	53,137	73,137	64,349	8,788
Total GASB 54 Expenditures	3,999,495	4,373,556	1,703,357	2,670,199
Total General Fund Expenditures	114,704,523	118,317,910	106,330,341	11,987,569
Net Changes in Fund Balances	(7,244,920)	(6,595,238)	9,722,454	16,317,692
Fund Balances as of January 1	23,642,928	30,554,026	31,987,042	1,433,016
Prior Period Adjustments	-	-	30,569	30,569
Fund Balances as of January 1 - Restated	23,642,928	30,554,026	32,017,611	1,463,585
Fund Balances as of December 31	\$ 16,398,008	\$ 23,958,788	\$ 41,740,065	\$ 17,781,277

See accompanying notes to financial statements

Covid Local Fiscal Recovery Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 28,200,000	\$ 4,672,101	\$ (23,527,899)
Interest Earnings (Loss)	-	-	(102,234)	(102,234)
Total Revenues	-	28,200,000	4,569,867	(23,630,133)
Expenditures:				
<i>Current:</i>				
Economic Environment	-	28,200,000	1,752,216	26,447,784
Total Expenditures	-	28,200,000	1,752,216	26,447,784
Excess (Deficiency) of Revenues Over Expenditures	-	-	2,817,651	2,817,651
Other Financing Sources (Uses)				
Transfers In	-	2,781,235	-	(2,781,235)
Transfers Out	-	-	(2,919,885)	(2,919,885)
Total Other Financing Sources (Uses)	-	2,781,235	(2,919,885)	(5,701,120)
Net Changes In Fund Balances	-	2,781,235	(102,234)	(2,883,469)
Fund Balances as of January 1	-	-	-	-
Fund Balances as of December 31	\$ -	\$ 2,781,235	\$ (102,234)	\$ (2,883,469)

See accompanying notes to financial statements

Housing & Community Renewal
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2021

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Revenues:				
Sales and Use Taxes	\$ 333,000	\$ 833,000	\$ 495,897	\$ (337,103)
Intergovernmental	10,522,495	41,374,257	35,403,348	(5,970,909)
Charges for Services	2,343,000	3,433,875	4,190,445	756,570
Interest Earnings (Loss)	20,000	20,000	(7,262)	(27,262)
Other Revenues	-	-	50	50
Total Revenues	13,218,495	45,661,132	40,082,478	(5,578,654)
Expenditures:				
<i>Current:</i>				
Economic Environment	12,950,747	45,294,172	39,705,302	5,588,870
Capital Outlay	-	-	24,615	(24,615)
Total Expenditures	12,950,747	45,294,172	39,729,917	5,564,255
Excess (Deficiency) of Revenues Over Expenditures	267,748	366,960	352,561	(14,399)
Other Financing Sources (Uses)				
Transfers In	171,147	171,147	146,388	(24,759)
Total Other Financing Sources (Uses)	171,147	171,147	146,388	(24,759)
Net Changes In Fund Balances	438,895	538,107	498,949	(39,158)
Fund Balances as of January 1	3,960,428	6,731,465	6,759,052	27,587
Fund Balances as of December 31	\$ 4,399,323	\$ 7,269,572	\$ 7,258,001	\$ (11,571)

See accompanying notes to 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, 2021
Page 1 of 2

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Revenues By Funding Source				
General Revenues:				
Property Taxes	\$ 1,160,937	\$ 1,160,937	\$ 1,125,710	\$ (35,227)
Excise and Other Taxes	-	-	6,666	6,666
Licenses and Permits	27,000	27,000	25,650	(1,350)
Intergovernmental	11,431,603	50,878,295	18,767,537	(32,110,758)
Charges for Services	1,116,822	1,116,822	844,357	(272,465)
Interest Earnings (Loss)	1,000	1,000	(34,203)	(35,203)
Donations and Contributions	168,342	168,342	196,101	27,759
Other Revenues	-	-	32,741	32,741
Total Revenues	13,905,704	53,352,396	20,964,559	(32,387,837)
Other Financing Sources (Uses)				
Sale of Capital Assets	3,750	3,750	11,730	7,980
Transfers In	968,569	968,569	975,889	7,320
Total Other Financing Sources (Uses)	972,319	972,319	987,619	15,300
Total Revenues	\$ 14,878,023	\$ 54,324,715	\$ 21,952,178	\$ (32,372,537)
Expenditures by Department				
Public Health:				
Health & Human Services	\$ 8,500,625	\$ 47,951,398	\$ 17,017,720	\$ 30,933,678
Debt Service:				
Principal	6,436	6,436	7,302	(866)
Interest & Fiscal Charges	1,804	1,804	938	866
Total Public Health	8,508,865	47,959,638	17,025,960	30,933,678

See accompanying notes to 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, 2021
Page 2 of 2

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Social Services:				
Health & Human Services	6,811,318	6,811,318	6,155,504	655,814
Debt Service:				
Principal	-	-	34,595	(34,595)
Total Social Services	6,811,318	6,811,318	6,190,099	621,219
Public Health & Social Services Technology:				
Health & Human Services	30,787	30,787	2,113	28,674
Total Public Health & Social Services Technology	30,787	30,787	2,113	28,674
Total Public Health & Social Services Expenditures	15,350,970	54,801,743	23,218,172	31,583,571
Net Changes In Fund Balances	(472,947)	(477,028)	(1,265,994)	(788,966)
Fund Balances as of January 1	8,723,473	7,943,761	7,989,905	46,144
Fund Balances as of December 31	\$ 8,250,526	\$ 7,466,733	\$ 6,723,911	\$ (742,822)

See accompanying notes to 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, 2021

	Original 2021 Budget	Final 2021 Budget	Actual 2021	Variance with Final Budget Positive or (Negative)
Revenues:				
Property Taxes	\$ 21,400,000	\$ 21,400,000	\$ 19,880,646	\$ (1,519,354)
Excise and Other Taxes	260,000	260,000	222,575	(37,425)
Licenses and Permits	670,000	670,000	760,774	90,774
Intergovernmental	14,146,340	15,869,476	12,891,672	(2,977,804)
Charges for Services	700,000	1,784,000	3,744,056	1,960,056
Interest Earnings (Loss)	500	500	1,197	697
Donations and Contributions	-	-	800,500	800,500
Other Revenues	20,500	20,500	107,954	87,454
Total Revenues	37,197,340	40,004,476	38,409,374	(1,595,102)
Expenditures:				
<i>Current:</i>				
Transportation	25,906,368	25,968,860	23,398,113	2,570,747
Capital Outlay	21,224,247	26,606,550	15,945,069	10,661,481
<i>Debt Service:</i>				
Principal	74,284	74,284	67,173	7,111
Interest & Fiscal Charges	31,365	31,365	29,658	1,707
Total Expenditures	47,236,264	52,681,059	39,440,013	13,241,046
Excess (Deficiency) of Revenues Over Expenditures	(10,038,924)	(12,676,583)	(1,030,639)	11,645,944
Other Financing Sources (Uses)				
Sale of Capital Assets	400,000	400,000	519,928	119,928
Transfers In	5,900,717	6,478,525	4,774,843	(1,703,682)
Transfers Out	(919,359)	(962,301)	(748,819)	213,482
Total Other Financing Sources (Uses)	5,381,358	5,916,224	4,545,952	(1,370,272)
Net Changes In Fund Balances	(4,657,566)	(6,760,359)	3,515,313	10,275,672
Fund Balances as of January 1	16,619,564	24,364,397	24,364,398	1
Fund Balances as of December 31	\$ 11,961,998	\$ 17,604,038	\$ 27,879,711	\$ 10,275,673

See accompanying notes to financial statements

Statement of Net Position
Proprietary Funds
December 31, 2021
Page 1 of 2

	Business-Type Activities - Enterprise Funds						Governmental
	Major					Total	Internal
	Solid	Grand	Storm	Environmental	Land Use	Enterprise	Enterprise
	Waste	Mound	Water	Health	& Permitting	Funds	Funds
							Service
							Funds
ASSETS							
Current Assets:							
Cash & Pooled Investments	\$ 42,523,391	\$ 3,182,218	\$ 18,323,820	\$ 3,882,752	\$ 495,032	\$ 1,458,879	\$ 69,866,092
<i>Receivables:</i>							
Special Assessment Receivables	-	-	265,643	9,792	-	35,777	311,212
Accrued Interest & Penalties	-	3,663	-	4,514	1,030	2,351	11,558
Customer Account Receivables	1,265,614	213,818	-	16,742	3,729	83,856	1,583,759
Due From Other Funds	9,547	1,570	70,677	147,936	42,397	7,222	279,349
Due From Other Government Units	460,423	20,096	13,510	256,058	-	3,463	753,550
Inventory	-	-	-	-	-	-	-
Prepayments	839	1,405	224	806	11,900	280	15,454
<i>Restricted Assets:</i>							
Cash and Pooled Investments	-	-	-	-	-	33,343	33,343
Total Current Assets	44,259,814	3,422,770	18,673,874	4,318,600	554,088	1,625,171	72,854,317
Noncurrent Assets:							
Community Loans Receivable	-	-	-	-	-	42,734	42,734
Special Assessment Receivables	-	-	-	-	-	30,214	30,214
Advances to Other Funds	-	-	-	-	-	-	-
<i>Capital Assets:</i>							
Non-Depreciable	1,768,392	1,476,813	923,778	-	-	113,512	4,282,495
Depreciable, Net	4,943,663	11,217,133	6,532,278	33,249	12,667	2,548,573	25,287,563
Net Pension Asset	1,743,413	374,504	1,516,961	2,009,804	2,030,277	283,838	7,958,797
<i>Restricted Assets:</i>							
Cash and Pooled Investments	11,672,240	-	-	-	-	-	11,672,240
Total Noncurrent Assets	20,127,708	13,068,450	8,973,017	2,043,053	2,042,944	3,018,871	49,274,043
Total Assets	64,387,522	16,491,220	27,646,891	6,361,653	2,597,032	4,644,042	122,128,360
Deferred Outflow of Resources:							
Loss on Refunding	-	-	-	-	-	-	-
Other Post Employment Benefits Payable	269,505	43,008	206,900	349,210	254,457	32,662	1,155,742
Pensions	195,889	42,086	170,446	225,823	228,121	31,892	894,257
Total Deferred Outflow of Resources	465,394	85,094	377,346	575,033	482,578	64,554	2,049,999

See accompanying notes to financial statements

Statement of Net Position
Proprietary Funds
December 31, 2021
Page 2 of 2

	Business-Type Activities - Enterprise Funds						Governmental	
	Major					Non-Major	Total	Activities
	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Internal Service Funds
LIABILITIES								
Current Liabilities:								
Accounts Payable	3,728,452	88,119	266,472	243,625	212,484	72,948	4,612,100	2,411,941
Notes/Leases Payable	4,666	5,165	-	-	-	33,662	43,493	1,799
Due To Other Funds	179,852	3,261	116,258	420	515	2,054	302,360	165,239
Compensated Absences	10,440	2,340	11,322	16,921	15,776	2,115	58,914	49,368
Claims and Judgments Payable	-	-	-	-	-	-	-	486,257
Other Post Employment Benefits Liability	22,511	3,591	17,283	29,169	21,255	2,727	96,536	69,011
Unearned Revenue	155	58,400	-	-	-	18,496	77,051	-
Lim. Tax G. O. Bond - Current Portion	-	-	-	-	-	-	-	125,760
Total Current Liabilities	3,946,076	160,876	411,335	290,135	250,030	132,002	5,190,454	3,309,375
Noncurrent Liabilities:								
Limited G.O. Bonds Payable	-	-	-	-	-	-	-	1,285,310
Compensated Absences	164,788	36,951	178,745	267,073	249,008	33,388	929,953	779,219
Other Post Employment Benefits Liability	1,696,988	270,813	1,302,781	2,198,874	1,602,248	205,655	7,277,359	5,202,337
Claims and Judgments Payable	-	-	-	-	-	-	-	3,856,595
Notes/Leases Payable	10,761	20,660	-	-	-	283,082	314,503	1,440
Accumulated Landfill Closure Costs	12,037,920	-	-	-	-	-	12,037,920	-
Net Pension Liability	200,022	42,969	174,042	230,584	232,932	32,564	913,113	695,487
Total Noncurrent Liabilities	14,110,479	371,393	1,655,568	2,696,531	2,084,188	554,689	21,472,848	11,820,388
Total Liabilities	18,056,555	532,269	2,066,903	2,986,666	2,334,218	686,691	26,663,302	15,129,763
Deferred Inflow of Resources:								
Other Post Employment Benefits	93,684	14,950	71,922	121,391	88,453	11,355	401,755	287,197
Pensions	1,841,664	395,605	1,602,450	2,123,067	2,144,694	299,835	8,407,315	6,403,534
Total Deferred Inflow of Resources	1,935,348	410,555	1,674,372	2,244,458	2,233,147	311,190	8,809,070	6,690,731
NET POSITION								
Net Investment in Capital Assets	6,696,628	12,668,121	7,456,056	33,249	12,667	2,662,085	29,528,806	42,982,624
Restricted For:								
Debt Service	-	4,019	-	-	-	99,831	103,850	-
Unrestricted (Deficit)	38,164,385	2,961,350	16,826,906	1,672,313	(1,500,422)	948,799	59,073,331	34,035,191
Total Net Position	\$ 44,861,013	\$ 15,633,490	\$ 24,282,962	\$ 1,705,562	\$ (1,487,755)	\$ 3,710,715	\$ 88,705,987	\$ 77,017,815

See accompanying notes to financial statements

**Reconciliation of The Statement of
Net Position of Proprietary Funds
To The Statement of Net Position
*December 31, 2021***

	Business Type Funds
Enterprise net position as shown in the Proprietary Funds Statement of Net Position	\$ 88,705,987
Internal balances for additional amounts owed between governmental and business units have not been included in governmental fund statements.	<u>2,105,737</u>
Net position for business-type funds as shown in Statement of Net Position	<u><u>\$ 90,811,724</u></u>

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes In Fund Net Position
Proprietary Funds
For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Major					Non-Major	Total	Internal
	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Service Funds
Operating Revenues:								
Charges for Services	\$ 29,150,294	\$ 2,248,589	\$ 7,126,679	\$ 4,372,857	\$ 3,828,199	\$ 915,065	\$ 47,641,683	\$ 23,378,731
Equipment Rental	-	-	-	-	-	-	-	8,782,468
Miscellaneous	26,002	14,114	68,705	617,213	2,112	2,330	730,476	31,832
Total Operating Revenues	29,176,296	2,262,703	7,195,384	4,990,070	3,830,311	917,395	48,372,159	32,193,031
Operating Expenses:								
Salaries and Benefits	2,216,389	484,834	1,979,793	3,096,378	2,425,499	397,628	10,600,521	8,684,150
Other Supplies and Expenses	118,190	68,996	86,157	116,398	13,607	69,230	472,578	3,191,785
Contractual Services	4,129,520	324,924	568,596	216,139	113,687	188,940	5,541,806	8,870,792
Longhaul Contract	16,998,970	-	-	-	-	-	16,998,970	-
Interfund Services and Charges	1,892,575	457,892	1,707,622	974,811	1,527,874	169,527	6,730,301	2,529,235
Depreciation/Amortization	812,218	723,542	555,779	3,023	8,006	162,758	2,265,326	5,042,120
Claims Payments	-	-	-	-	-	-	-	2,880,363
Total Operating Expenses	26,167,862	2,060,188	4,897,947	4,406,749	4,088,673	988,083	42,609,502	31,198,445
Operating Income (Loss)	3,008,434	202,515	2,297,437	583,321	(258,362)	(70,688)	5,762,657	994,586
Nonoperating Revenue (Expenses):								
Interest Revenue (Loss)	-	(24,800)	26,606	(29,977)	(8,786)	(14,625)	(51,582)	(134,324)
Operating Grants & Contributions	239,780	-	110,611	766,369	-	-	1,116,760	26,293
Gain/Loss on Disposition of Capital Assets	-	-	-	-	-	-	-	388,668
Interest Expense & Fiscal Charges	(1,220)	(465)	-	-	(92)	(7,344)	(9,121)	(27,014)
Total Nonoperating Revenue (Expense)	238,560	(25,265)	137,217	736,392	(8,878)	(21,969)	1,056,057	253,623
Income Before Contributions and Transfers	3,246,994	177,250	2,434,654	1,319,713	(267,240)	(92,657)	6,818,714	1,248,209
Capital Grants & Contributions	-	344,364	-	-	-	16,519	360,883	-
Interfund Capital Contributions	-	-	-	-	-	-	-	907,438
Transfers In	5,858	14,320	4,272	56,683	96,057	57,291	234,481	7,855,742
Transfers Out	(14,228)	-	-	-	-	-	(14,228)	(428,237)
Change in Net Position	3,238,624	535,934	2,438,926	1,376,396	(171,183)	(18,847)	7,399,850	9,583,152
Net Position as of January 1	41,622,389	15,097,556	21,844,036	329,166	(1,316,572)	3,729,562	81,306,137	67,434,663
Net Position as of December 31	\$ 44,861,013	\$ 15,633,490	\$ 24,282,962	\$ 1,705,562	\$ (1,487,755)	\$ 3,710,715	\$ 88,705,987	\$ 77,017,815

See accompanying notes to financial statements

**Reconciliation of The Statement of Revenues, Expenses and
Changes In Fund Net Position of Proprietary Funds
To The Statement of Activities
For The Year Ended December 31, 2021**

	Business-Type Funds
	<hr/>
Change in enterprise net position as shown in the Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 7,399,850
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	2,831,282
Allocated direct and indirect costs from the County's cost plan	<hr/> (2,523,648)
Change in net position for business-type funds as shown in the Statement of Activities	<hr/> \$ 7,707,484 <hr/>

See accompanying notes to financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2021
Page 1 of 2

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Major					Non-Major	Total	Internal
	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Service Funds
Cash Flows from Operating Activities:								
Cash Received from Customers	\$ 29,147,613	\$ 2,248,529	\$ 7,089,810	\$ 5,005,069	\$ 3,804,328	899,181	48,194,530	\$ -
Cash Received from Interfund Services	-	-	-	-	-	-	-	31,438,907
Cash Paid for Goods & Services	(20,943,506)	(366,807)	(805,856)	(330,154)	(194,470)	(297,924)	(22,938,717)	(14,157,359)
Cash Paid for Interfund Services	(1,892,575)	(457,892)	(1,707,622)	(974,811)	(1,527,874)	(169,527)	(6,730,301)	(2,529,235)
Cash Paid to Employees	(2,864,253)	(633,939)	(2,435,121)	(3,438,613)	(3,271,992)	(467,280)	(13,111,198)	(10,507,421)
Net Cash Provided (Used) by Operating Activities	3,447,279	789,891	2,141,211	261,491	(1,190,008)	(35,550)	5,414,314	4,244,892
Cash Flows from Noncapital								
Financing Activities:								
Transfers In	5,858	14,320	4,272	56,683	96,057	57,291	234,481	7,834,810
Transfers Out	(14,228)	-	-	-	-	-	(14,228)	(407,305)
Grant Proceeds	147,677	-	110,611	668,970	-	-	927,258	26,293
Community Loans Issued to Homeowners	-	-	-	-	-	7,920	7,920	-
Community Loan Financing Payments	-	-	-	-	-	(39,483)	(39,483)	-
Interest Payments	-	-	-	-	-	(7,344)	(7,344)	-
Net Cash Provided (Used) by Noncapital								
Financing Activities	139,307	14,320	114,883	725,653	96,057	18,384	1,108,604	7,453,798
Cash Flows from Capital &								
Related Financing Activities:								
Cash Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	491,652
Capital Asset Purchases	(364,939)	(12,948)	(353,754)	(37,078)	-	(58,729)	(827,448)	(10,275,226)
Advances to Other Funds	-	-	-	-	-	-	-	(5,600,000)
Bond/Loan Payments	(4,868)	(5,165)	-	-	(6,805)	(34,832)	(51,670)	(117,002)
Bond/Loan Proceeds	11,384	-	-	-	-	-	11,384	-
Grant Proceeds	-	-	10,925	-	-	-	10,925	-
Contributed Capital	-	344,364	-	-	-	16,519	360,883	119,405
Assessment Receipts	-	-	-	1,718	-	46,146	47,864	-
Interest Payments	(1,220)	(465)	-	-	(92)	-	(1,777)	(27,014)
Net Cash Provided (Used) by Capital &								
Related Financing Activities	(359,643)	325,786	(342,829)	(35,360)	(6,897)	(30,896)	(449,839)	(15,408,185)
Cash Flows from Investing Activities:								
Interest Receipts (Loss)	-	(25,599)	26,606	(30,018)	(7,540)	(14,616)	(51,167)	(131,481)
Net Cash Provided (Used) by Investing Activities	-	(25,599)	26,606	(30,018)	(7,540)	(14,616)	(51,167)	(131,481)
Net Increase (Decrease) in Cash &								
Cash Equivalents	3,226,943	1,104,398	1,939,871	921,766	(1,108,388)	(62,678)	6,021,912	(3,840,976)
Cash & Cash Equivalents as of January 1	50,968,688	2,077,820	16,383,949	2,960,986	1,603,420	1,554,900	75,549,763	42,964,133
Cash & Cash Equivalents as of December 31	\$ 54,195,631	\$ 3,182,218	\$ 18,323,820	\$ 3,882,752	\$ 495,032	\$ 1,492,222	\$ 81,571,675	\$ 39,123,157

See accompanying notes to financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2021
Page 2 of 2

	Business-Type Activities - Enterprise Funds							Governmental
	Major					Non-Major	Total	Internal
	Solid	Grand	Storm	Environmental	Land Use			
	Waste	Mound	Water	Health	& Permitting	Enterprise	Enterprise	Service
						Funds	Funds	Funds
Reconciliation of Operating Income To Net Cash Provided (Used) by Operating Income:								
Operating Income	\$ 3,008,434	\$ 202,515	\$ 2,297,437	\$ 583,321	\$ (258,362)	\$ (70,688)	\$ 5,762,657	\$ 994,586
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation Expense	812,218	723,542	555,779	3,023	8,006	162,758	2,265,326	5,042,120
(Increase) Decrease in:								
Customer Account Receivables	129,901	8,814	-	(14,502)	(3,549)	805	121,469	13,020
Special Assessment Receivables	-	-	8,369	-	-	-	8,369	-
Due from Other Funds	(644)	938	(44,202)	146,867	41,511	(5,045)	139,425	(505,589)
Due from Other Government Units	(92,103)	(11,196)	-	-	-	(1,945)	(105,244)	1,184
Inventories	-	-	-	-	-	-	-	(20,125)
Prepaid Expense	-	-	-	-	(11,152)	-	(11,152)	(222,470)
Increase (Decrease) in:								
Accounts Payable	1,183,466	25,505	(43,437)	2,068	(55,571)	(39,923)	1,072,108	811,845
Due to Other Funds	(130,013)	1,608	(82,029)	315	(453)	169	(210,403)	(354,496)
Due to Other Government Units	-	-	(25,637)	-	-	-	(25,637)	-
Claims and Judgments	-	-	-	-	-	-	-	570,827
Unearned Revenue	(3,523)	2,583	-	-	-	1,939	999	-
Compensated Absences Payable	4,533	(22,081)	(1,686)	(14,759)	(3,306)	4,684	(32,615)	26,832
Other Post Employment Benefits	(16,974)	1,301	89,728	360,550	(128,374)	19,368	325,599	220,620
Net Pension Liability	(697,737)	(143,638)	(613,111)	(805,392)	(778,758)	(107,672)	(3,146,308)	(2,333,462)
Accumulated Landfill Closure	(750,279)	-	-	-	-	-	(750,279)	-
Total Adjustments	438,845	587,376	(156,226)	(321,830)	(931,646)	35,138	(348,343)	3,250,306
Net Cash Provided (Used) by Operating Activities	\$ 3,447,279	\$ 789,891	\$ 2,141,211	\$ 261,491	\$ (1,190,008)	\$ (35,550)	\$ 5,414,314	\$ 4,244,892

Noncash Investing, Capital, and Financing

Activities:

Disposition of Capital Assets:

Gain of Disposition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,969
Loss on Disposition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(243,953)
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,932
Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(20,932)
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	781,336

See accompanying notes to financial statements

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Custodial Funds			
	Custodial	External Investment Pools	Investment Trust Funds	Private Purpose Trust Funds
ASSETS				
<i>Cash & Pooled Investments:</i>				
Pooled Investments At Fair Value	\$ 2,808,431	\$ 2,486,414	\$ 810,525,526	\$ -
Trust Funds	-	-	-	13,879,816
<i>Receivables:</i>				
Taxes Receivable	1,722,188	604,314	3,733,594	-
Special Assessment Receivable	23,140	15,996	7,732	-
Accrued Interest Receivable	-	-	1,012,869	-
Total Assets	4,553,759	3,106,724	815,279,721	13,879,816
LIABILITIES				
Taxes & Regulatory Fees Payable	-	-	12,478,975	-
Other Accrued Liabilities	2,414,440	2,504,441	187,655	-
Due to Other Governments	1,727,712	-	-	-
Total Liabilities	4,142,152	2,504,441	12,666,630	-
NET POSITION				
Restricted for:				
Individuals, Organizations and				
Other Governments	411,607	-	-	13,879,816
Pool Participants	-	602,283	802,613,091	-
Total Net Position	\$ 411,607	\$ 602,283	\$ 802,613,091	\$ 13,879,816

See accompanying notes to financial statements

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended December 31, 2021

	Custodial Funds			
	Custodial	External Investment Pools	Investment Trust Funds	Private Purpose Trust Funds
ADDITIONS:				
Contributions				
Taxes and Assessments Collected	\$ 180,353,926	\$ 60,847,708	\$ 255,180,900	\$ -
Administrative Revenues	734	648	211,308	-
Deposits from Inmates	241,500	-	-	-
Additions by Participants	19,068,397	999,997	981,018,179	29,258,445
Total Contributions	199,664,557	61,848,353	1,236,410,387	29,258,445
Investment Income	(37,939)	(26,333)	(7,597,149)	473
Total Additions	199,626,618	61,822,020	1,228,813,238	29,258,918
DEDUCTIONS:				
Distributions to Participants	200,624,089	60,862,555	-	18,244,490
Administrative Costs	732	648	211,308	-
Purchases of Merchandise	215,608	-	-	-
Distributions by Participants	-	-	1,225,376,338	-
Total Deductions	200,840,429	60,863,203	1,225,587,646	18,244,490
Change in Net Position	(1,213,811)	958,817	3,225,592	11,014,428
Net Position as of January 1, 2021	435,733	734,958	799,387,499	2,865,388
Prior Period Adjustment	1,189,685	(1,091,492)	-	-
Net Position as of January 1 - Restated	1,625,418	(356,534)	799,387,499	2,865,388
Net Position as of December 31, 2021	\$ 411,607	\$ 602,283	\$ 802,613,091	\$ 13,879,816

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2021

NOTE 1 – 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, the primary government. During 2021, the County had no component units currently in operation for which it was financially accountable. See next paragraph for a component unit not currently in operation. 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.

Blended Component Unit:

On December 31, 2014, the Thurston County Board of County Commissioners adopted an ordinance establishing the Thurston County Transportation Benefit District (TBD) in unincorporated Thurston County, pursuant to chapter 36.73 of the Revised Code of Washington (RCW). The purpose of the TBD, as an independent taxing authority, is to provide a source of funding for transportation improvements that preserve, maintain, and improve transportation and related infrastructure within the unincorporated limits of Thurston County. The TBD, when operational, will be authorized to collect a \$20 per vehicle fee for vehicles registered to owners living in unincorporated Thurston County. An interlocal agreement between the TBD and the County will be entered into for the purpose of identifying the responsibilities of the TBD and the County.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. 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. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not 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. Fiduciary Funds are not included in the government-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For example, property taxes are recognized if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, fines and forfeitures and interest associated within the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is susceptible to accrual as revenue of the current period. All other revenue items are measurable and available only when cash is received by the County.

The 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.
- *Roads Special Revenue Fund* – accounts for the design, construction, and maintenance of county roads. Most of the revenues for this fund come from transportation related taxes and grants.
- *COVID Fiscal Recovery Fund* – a new fund created in 2021 for the purpose of managing the American Rescue Plan Act (ARPA) funds that the county received in 2021 to help fight COVID-19.
- *Housing & Community Renewal* – uses business, occupation and excise taxes, grants, recording surcharges, and interfund payments to provide planning and grant management services for housing development and homelessness prevention
- *Real Estate Excise Tax fund* – a fund established for holding excise tax proceeds dedicated to capital projects from the one-half percent tax on real property sales in unincorporated Thurston County. This fund is a newly added major fund for 2016. In prior years it was a Non-Major Capital Projects fund.
- *Public Health and Social Services Special Revenue Fund* - accounts for the following services: mental health, developmental disabilities, substance abuse prevention & treatment, children and family, environmental protection, and personal health. Most of the revenues in this fund come from health-related state and federal grants.

The County reports the following major proprietary funds:

- *Solid Waste* - accounts for county-wide solid waste activities including waste prevention, recycling and disposal activities at the county's waste and recovery center.
- *Grand Mound Water and Wastewater* - accounts for maintenance and operations of the Grand Mound water & wastewater systems.
- *Storm & Surface Water Utility* – accounts for assessments levied to minimize the harmful effects of storm water runoff and to construct and improve storm water run-off facilities within the utility's boundaries in unincorporated Thurston County.
- *Land Use and Permitting* – accounts for the receipt of development license fees and service charges that support planning, permitting, and development inspection services within the unincorporated sections of Thurston County.
- *Environmental Health* – accounts for activity in the county related to preventing pollution, human exposure to environmental hazards, and ensuring safe and clean drinking water. This is a newly created fund in 2019 that broke off from the Public Health Special Revenue Fund.

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 in trust (as defined by paragraph 11c(1) of GASB 84) by the County Treasurer on behalf of external participants in the County's investment program.
- *Private Purpose Trust Funds* report amounts not required to be reported in investment trust funds and are held in trust per paragraph 11c(1) of GASB 84. These represent amounts deposited with the County Clerk through Superior Court trust arrangements and agreements and the county's District Court.
- *Custodial Funds* are used to report fiduciary activities that are not required to be reported in investment trust funds or private-purpose trust funds. The external portion of the County's investment pool not held in a trust that meets the criteria in paragraph 11c(1) of GASB 84 are reported within these funds as well.

The effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule 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 to customers, 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, Storm & Surface Water Utility, Land Use and Permitting, 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 cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Information

1. Scope of Budget

The County adopted a biennial budget during the 2021/2022 budget period. While the County is on a biennial budget, the budget authority does not carryforward into the second year. 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. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

During the budget process, each County official submits detailed estimates of anticipated revenue and expenditure requests for the subsequent budget year. The data is compiled and made available for public comment beginning the fourth week in September. 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, by resolution, shortly thereafter.

2. Amending the Budget

The Board of County Commissioners must approve revisions that alter total expenditures of any County fund or General Fund department. These changes must be approved by resolution by a majority of Commissioners at a public hearing. General Fund departments or other County funds may transfer budget amounts between expenditure items without Board approval if these adjustments do not exceed the total department or fund budget.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements report authorized original and final budgets for that year. 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

There were no violations of excess expenditures over appropriations during 2021.

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. The county does not adopt a budget for these funds.

E. Assets, Liabilities, Fund Balance and Net Position

1. Cash Deposits and Investments (See Note 3 – Deposits and Investments)

It is the County's policy to invest all temporary cash surpluses. At December 31, 2021, all cash and cash equivalents were cash on hand and demand deposits with average maturities as noted in Note 3. 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 \$27,662,600.

The County's cash and cash equivalents are 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, to facilitate the management of cash. Some securities are measured at fair value as required by GAAP.

Cash applicable to a fund is readily identifiable. Earnings on cash and cash equivalents accrue to the individual fund owning the cash, with the exception of the following funds, which accrue to the County's General Fund: Law Library, Auditor's Maintenance & Operation, Detention Facility Sales Tax, Investment Administration, Treatment Sales Tax, Medic One, Roads, Conservation Futures, Abatement, Real Estate Excise Tax, Solid Waste, Stormwater, Unemployment Compensation, Insurance Risk, Central Services, and Equipment Rental & Revolving. 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. For more information on the County's investments, see Note 3 – Deposits and Investments.

2. Receivables

Taxes receivable consist of delinquent property taxes and related interest and penalties (See Property Taxes Note 6) and sales tax received shortly after the end of the year. The County considers property taxes to be available if they are collected within 60 days after year end. The County accrues these amounts as revenue unless they are immaterial to the amount collected or to the outstanding balance.

Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. The County considers interest on investments to be available if they will be collected within 60 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.

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 Inflows of Resources – Special Assessments, for county road improvement and lake management districts, public health assessments, and the countywide noxious weed program. In enterprise funds, they represent receivables for repayment of general obligation and special assessment debt issued to construct water and wastewater facilities and to fund storm water operations. See Note 8 for more information about the County's debt.

Customer account receivables are amounts owed by private individuals or organizations for County services including amounts owed for which billings have not yet been prepared. They primarily include receivables for sales tax, court fines and forfeitures, incarceration fees and fees for public health services. Receivable amounts exclude any amounts estimated to be material and uncollectible at year end.

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

Activity between funds that are representative of lending/borrowing arrangements and outstanding at year end are reported in the fund financial statements as interfund loans receivable and payable if due within one year or advances to and from other funds if due within more than one year. All other outstanding balances between funds, including interfund loans receivable and payable due within one year, are reported as "due to/from other funds".

The County reports accrued wages payable as accounts payable, whenever possible, for simplicity. 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 position.

Due to and from other funds and other 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 reported at market value and 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 special revenue and the Equipment Rental internal service funds, 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.

5. Capital Assets and Depreciation (See Note 7 – Capital Assets and Commitments)

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 a significantly greater number of years than most other capital assets. Examples of infrastructure include roads, bridges, drainage systems, sidewalks, trails and paths, and water and sewer systems. In 2021, 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 acquisition value at the date of donation.

GAAP requires 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 June 30, 1980 in its statement of net position. 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 July 1, 1980, except for roads right of way/easements and certain storm water structures, is not reported.

Improvements to capital assets that replace depreciated assets, or 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 when constructed. The net book values of infrastructure assets are removed from the system when fully depreciated. The net book values of all other fully and partially depreciated assets are retained within the system until replaced or sold.

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

Asset Class	Estimated Useful Life
Machinery & Equipment	3 – 20 years
Improvements	10 – 40 years
Buildings	10 – 40 years
Infrastructure	15 – 50 years
Intangible	3 – 11 years

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. Compensated Absences (See Note 8 – Long Term and Other Significant Debt)

Compensated absences are absences for which employees will be paid, such as vacation leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Debt (See Note 8 – Long Term and Other Significant Debt)

Revenue bonds and other long-term liabilities (including general obligation bonds) that are directly related to and financed from enterprise funds are accounted for in the respective enterprise fund. All other county long-term debt is reported in the governmental column in the entity-wide statement of net position. Bond premiums and discounts 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.

When bonds are sold by a governmental fund, bond premiums and discounts are recognized in the fund financial statements in the current period. The face amount of debt is reported as other financing sources. Issuance costs are 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 long-term debt are shown as restricted fund balance in the fund financial statements and restricted net position in the statement of net position.

8. Unearned Revenue

Unearned revenues in the fund financial statements include amounts collected before revenue recognition criteria are met. Unearned revenues in the government-wide financial statements represent resources received but not yet earned.

9. Deferred Outflows/Inflows of Resources

The statement of net position will generally report a separate section for *deferred outflows of resources*. This element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense or expenditure) until then. The County currently reports three items as deferred outflows of resources. These items are deferred charge on refunding and amounts related to Pensions and OPEB. The statements of financial position will also generally report a separate section for *deferred inflows of resources*. This element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. On the Statement of Net Position, the County currently reports three items as deferred inflows of resources. These items are deferred charge on refunding and amounts related to Pensions and OPEB. On the fund balance sheets the County reports deferred inflows of resources related to property taxes and related penalties/interest, special assessments, and court fees. These amounts will be recognized as an inflow of resources in the period that the amounts become available.

10. Pensions

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the County includes the net pension asset only.

11. Rebateable Arbitrage

Thurston County has not incurred any rebateable arbitrage as of December 31, 2021. Rebateable arbitrage, if incurred, will be treated as a reduction in revenue.

12. Net Position

Fund equity is recognized as net position in proprietary funds and entity wide statements. A portion of the County's net position 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. This is considered restricted net position. Examples include fees and charges for services levied for a specific purpose or use, operating/capital grants restricted by the grantor, and Solid Waste cash and investments restricted to fund a 30-year landfill post-closure care period (see Note 14 – Closure and Post Closure Care Costs). When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources, if available, before accessing and using unrestricted resources to finance the County's ongoing operations as reported in the Statements of Net Position and Activities.

13. Fund Balance Classification

Fund equity is recognized as fund balance in governmental funds. Per GAAP, there are five fund balance classifications as follows: Non-Spendable, Restricted, Committed, Assigned, and Unassigned.

The County has adopted a policy in related to fund balance as follows:

- The Board of County Commissioners (BoCC) is the highest level of decision-making authority for the County. It has the authority to set aside governmental funds for a specific purpose. For funds to be set aside as committed for any purpose, a formal resolution by the BoCC is required to be passed, on or prior to, December 31st of the applicable calendar year. The same action is required by the BoCC to remove a commitment of fund balance.
- Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The BoCC, through policy, has authorized the County's Financial Management Committee (FMC) to assign fund balance. The FMC is a three-member committee made up of the County Manager, County Auditor, and the County Treasurer. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- When both restricted and unrestricted funds are available for expenditure, it is County policy that restricted funds be depleted first, before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless legal requirements disallow it. It is also County policy that when committed, assigned and unassigned funds are available for expenditure, it is assumed that committed funds are spent first, assigned funds second, and unassigned funds last.

14. Minimum Fund Balance

The County's formal adopted minimum fund balance policy for the General Fund stipulates that the minimum balance should equal one month of average budgeted annual expenditures. The BoCC has the ultimate responsibility of monitoring this balance on a periodic basis. For all other governmental funds, establishment of an appropriate minimum balance is the responsibility of the department managing that fund.

NOTE 2 – 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 Position

Fund balance in the governmental funds balance sheet is reconciled to net position in the statement of net position. One element of that reconciliation, as detailed below, was for \$451,708,083 because the cost of capital assets, which is expended in governmental funds, is deferred to future periods in the statement of net position:

Governmental Net Book Value - End of Prior Year	\$ 442,974,099
Gains (Losses) and Adjustments on Dispositions of Capital Assets	3,236,730
Prior Period Adjustment	(294,868)
Governmental Capital Outlays	17,235,266
Governmental Depreciation & Amortization Expense	<u>(11,443,144)</u>
Governmental Net Book Value - End of Current Year	<u><u>\$ 451,708,083</u></u>

Another element of the reconciliation, as detailed below, was for \$52,587,883 because long-term debt, which is not reported in governmental funds, is reported in the statement of net position:

Governmental Debt - End of Prior Year	\$ 50,234,330
Bond/Note Proceeds	6,507,840
Amortization of Premium/Discount & Gains/Losses on Refunded Debt	494,149
Principal Payments	<u>(4,648,436)</u>
Computed Governmental Debt - End of Current Year	<u><u>\$ 52,587,883</u></u>

A third element of the reconciliation, as detailed below, was for \$77,017,815 because Internal Service Funds assets and liabilities transfers in/out, and Contributed Capital, which are separately reported in proprietary fund statements, are included and combined with governmental balances in the statement of net position:

Net Position - End of Prior Year	\$ 67,434,663
Operating Income	994,586
Nonoperating Income (Loss) & Capital Distributions	1,161,061
Net Transfers In/Out	<u>7,427,505</u>
Net Position - End of Current Year	<u><u>\$ 77,017,815</u></u>
Cash	\$ 39,123,157
Capital Assets	44,369,908
Other Assets	15,345,244
Claims and Judgments Payable	(4,342,852)
Pension & OPEB	(5,966,835)
Other Liabilities	(4,820,076)
Deferrals	<u>(6,690,731)</u>
Net Position - End of Current Year	<u><u>\$ 77,017,815</u></u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These line item reconciliations are available and reported in detail within this statement.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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.

NOTE 4 – 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

Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The County has an adopted policy that addresses deposit custodial risk; however, the County's deposits and money market accounts are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All deposits held on December 31, 2021 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 cash on hand at the bank on December 31, 2021 was \$15,689,526.

B. Investments

Investments are governed by State statute and county investment policy. All investment instruments are those allowed by statute. These include U.S. Treasury Obligations, Federal Agencies, supranational, corporate notes, municipal bonds, money market account and the State Treasurer's Local Government Investment Pool (LGIP).

C. Investments in Local Government Investment Pool (LGIP)

The County is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

D. Thurston County Investment Pool (TCIP)

Also see Note 5 County's External Investment Pool for more information.

The Thurston County Investment Pool (TCIP) operates on an amortized cost-book value basis and reports on a fair value basis. Authorized investments for the TCIP are the same as investments held outside of the pool. These are defined in statute and discussed in Note 3 (B). The TCIP also has holdings in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GAAP for external investment pools that elect to measure investments at amortized cost. The only limitations or restrictions with the money in LGIP are a minimum transaction size of \$5,000 for deposits and withdrawals and a request to notify LGIP of a deposit or withdrawal of ten million dollars (\$10,000,000) or more of at least one day prior to the transfer. The Thurston County Investment Pool does not have a credit rating.

All funds deposited in the TCIP are available to the participant at full face value without regard to current fair 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 anyone other than the County Treasurer.

The TCIP experienced a net increase in the fair value of the investments during 2021. At 12/31/2021, the fair value of investments was \$8,071,828 lower than the amortized cost. Approximately 27% of this amount is applicable to County funds with the remainder applicable to outside entities participating in the pool. These unrealized losses have been recognized in the county funds. Management intends to hold these investments to maturity, unless value is gained by swapping out securities at a premium, recognizing income and reinvesting in a replacement security that balances out specific categories such as maturities, effective duration, or types of investments. During 2021, TCIP did not sale any investments.

Fair value of the TCIP is reviewed by the County Investment Officer, on a monthly basis, and quarterly by the County Finance Committee. Fair value is determined using information from "FinSer", an Investment Portfolio Reporting software provider. Fair Value classification levels shown are based on FinSer's interpretation of the fair value hierarchy established by ASC 820.

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. This option is only available if they meet liquidity and volume requirements. Currently, there is only one district with investments outside the TCIP.

E. Investments Measured at Amortized Cost

As of December 31, 2021, the County held the following investments at amortized cost:

Investment Type	Thurston County Investments	Investments held by Thurston County as an agent for other local governments	Total
State Investment Pool	\$ 44,103,076	\$ 120,896,924	\$ 165,000,000
Money Market Accounts	16,037,482	43,962,518	60,000,000
Total Investments at Amortized Cost	\$ 60,140,558	\$ 164,859,442	\$ 225,000,000

Credit risk related to investments at amortized costs is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy further limits risk to investments in securities that have one of the three highest ratings of a national rating agency at the time of investment. The County's exposure to credit risk is limited to its investment in the Washington State Investment Pool.

F. Investments Measured at Fair Value

The County measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted market prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2021, the County had the following investments measured at fair value:

Investment Type	Fair Value	Fair Value Measurements Using			
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Weighted Average Maturity (Years)	Interest Rate Ranges
Municipal Bonds	21,104,754	-	21,104,754	2.92	.95%-5.0%
US Treasurer Securities	54,883,200	54,883,500	-	2.75	.125%-2.25%
US Agency Securities	712,793,502	-	712,793,502	2.67	.125%-5.2%
Supranational	43,913,624	-	43,913,624	2.67	.50%-2.50%
Corporate Securities	39,189,471	-	39,189,471	2.67	.45%-3.70%
Total Investments by Fair Value Level	\$ 871,884,551	\$ 54,883,500	\$ 817,001,351		

The County's investments measured at fair value are subject to the following risks:

- Interest Rate Risk – The adopted investment policy limited investment maturities to a maximum of five years, with the exception of preapproval by the County Treasurer. The weighted average maturity of the county investments is 2.13 years as of December 31, 2021. During 2021 the County did not buy or own any securities earning interest at a rate which varied depending on an underlying rate or index.
- Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy further limits credit risk to investments 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, 2021 are:

US Agency Securities	S&P Rating
Federal Home Loan Bank (FHLB)	AA+
Federal National Mortgage Association (FNMA)	AA+
Federal Home Loan Mortgage Corporation (FHLMC)	AA+
Federal Farm Credit Bank System (FFCB)	AA+

Municipal Bonds	S&P Rating
Oregon St Taxable GO (MWC)	AA+
Santa Clara County CA GO Taxable	AAA
Barbers Hill TX ISD GO PSF Taxable	AAA
Multnomah County OR SD Portland GO	AA
Metro OR GO Taxable	AAA
Klamath Falls OR SCHS GO Taxable	AA-
Washington ST Ref GO	AA+

Corporates and Supranational Securities	S&P Rating
International Bank Recon & Development	AAA
JPMorgan Chase & Co	A-
Procter & Gamble Corp	AA-
Unilever Capital Corp	A+
US Bankcorp	A+
Intel Corp	A+
Amazon Com Inc Corp	AA

- **Concentration Risk** – Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The adopted investment policy requires that no more than 20% of the investments will be in a single security type, with the exception of U.S. treasury, agency securities, municipal investments, money market accounts, and the State Local Government Investment Pool. The investments held are in compliance with this requirement.

County investment policy dictates that all investment instruments be transacted on the delivery vs. payment basis. The County's safekeeping agent for investments is Wells Fargo Bank. The Agent agrees to provide Safekeeping Services, also referred to as Custodian Services, for custody, record keeping and cash management of the County's investments.

G. Summary of Deposit and Investment Balances

Reconciliation of the county's deposits and investment balances as of December 31, 2021 is as follows:

Schedules of Deposits and Investments
Composition of Cash & Investments
December 31, 2021

	Total	Pooled Cash Investments	Non-Pooled Cash & Investments
State Investment Pool	\$ 165,000,000	\$ 165,000,000	\$ -
Municipal Bonds	20,460,000	20,460,000	-
US Treasury & Agency Securities	773,939,000	773,939,000	-
Money Market Accounts	60,000,000	60,000,000	-
Supernationals	44,485,000	44,485,000	-
Corporate Securities	38,281,000	38,281,000	-
Total Investment Pool Investments	1,102,165,000	1,102,165,000	-
Deposits With Financial Institutions	15,689,526	15,689,526	-
Net Increase (Decrease) in Fair Value of Investments	(8,071,828)	(8,071,828)	-
Pool Accruals	2,913,093	2,913,093	-
Total Investment Pool Cash & Investments	1,112,695,791	1,112,695,791	-
Fiscal and Petty Cash	53,014	-	53,014
Clerk's Trust Funds	13,879,816	-	13,879,816
Total Reported Cash & Investments	\$ 1,126,628,621	\$ 1,112,695,791	\$ 13,932,830

Reconciliation of Cash & Investments to Statements
December 31, 2021

	Total	Statements of	
		Fiduciary Net Position	Net Position
Cash & Pooled Investments - County Funds	\$ 296,875,420	\$ -	\$ 296,875,420
Cash & Pooled Investments - Investment Trust Fund	810,525,526	810,525,526	-
Cash & Pooled Investments - Investments Not In Trust	2,486,414	2,486,414	-
Cash & Pooled Investments - Custodial Funds	2,808,431	2,808,431	-
Total Investment Pool Cash & Investments	1,112,695,791	815,820,371	296,875,420
Fiscal and Petty Cash	53,014	-	53,014
Private Purpose Trust Funds	13,879,816	13,879,816	-
Total Reported Cash & Investments	\$ 1,126,628,621	\$ 829,700,187	\$ 296,928,434

A condensed statement of net position and statement of changes in net position for the investment trust, custodial, and private purpose trust funds at December 31, 2021 is reported in the following schedule:

**Condensed Statement of Net Position
December 31, 2021**

	Investment Trust Fund	Custodial Funds	Private Purpose Trust Fund
Cash, Cash Equivalents, Investments and Pooled Investments	\$ 815,279,721	\$ 7,660,483	\$ 13,879,816
Total Assets	815,279,721	7,660,483	13,879,816
Pool Liabilities	12,666,630	6,646,593	-
Total Liabilities	12,666,630	6,646,593	-
Net Position Held in Trust for Pool Participants	\$ 802,613,091	\$ 1,013,890	\$ 13,879,816

**Condensed Statement of Changes in Net Position
December 31, 2021**

	Investment Trust Funds	Custodial Funds	Private Purpose Trust Funds
Total Additions	\$ 1,228,813,238	\$ 261,448,638	\$ 29,258,918
Total Deductions	(1,225,587,646)	(261,703,632)	(18,244,490)
Change in Net Position	3,225,592	(254,994)	11,014,428
Adjusted Net Position Beginning of Year	799,387,499	1,268,884	2,865,388
Net Position End of Year	\$ 802,613,091	\$ 1,013,890	\$ 13,879,816

NOTE 5 – EXTERNAL INVESTMENT POOL

The External Investment Pool sponsored by the County was established on January 1, 1992. Revised Code of Washington (RCW) [36.29.022](#), [36.29.010](#), [36.29.020](#), authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the county treasurer. The External Investment Pool's investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW [36.29.024](#).

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2021, to support the value of shares in the Pool.

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. The Committee's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the General Fund of the county and may be used for general county purposes. The total amount of income from the External Investment Pool assigned to the County's general fund for the year was \$143,510. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the County Treasurer's Investment Pool as they are required to be invested by statute.

86% of the County Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County Treasurer's Pool include Housing Authority, Olympic Region Clean Air Agency, Thurston Regional Planning Council, 911 Communications, Lewis-Mason-Thurston Area Agency on Aging, Thurston Mason Behavioral Health Organization, Transit Authorities, and LOTT Clean Water Alliance. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund.

NOTE 6 – PROPERTY TAXES

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

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

Property tax is recorded as a receivable 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 these limitations:

1. The district budget is one of the limitations on taxation.
2. The amount authorized by a district in their resolution or ordinance is another limitation on taxation. When district officials need to increase their budget over the spending of the previous year, they are required to pass one or more resolutions (or ordinances).
3. Statutory dollar rate limits are specified for regular property tax levy rates for most types of taxing districts in RCW 84.52.043.
4. 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.
5. The Washington State Constitution limits total regular property taxes to 1 percent of true and fair valuation. This limit would equate to a regular levy rate of \$10 per \$1,000 of assessed value if the property were assessed at its true and fair value. If taxes for regular districts (excluding the Port & PUD) exceed this amount, the proration order starts with junior taxing districts first, then senior taxing districts, if necessary, until the total is at the 1 percent limit.

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 2020 for collection in 2021:

	Levy In Dollars Per Thousand	Assessed Value	Total Levy
General Fund	\$ 1.0793	\$ 40,680,976,577	\$ 43,907,087
Medic One	\$ 0.2892	\$ 40,680,976,577	\$ 11,763,086
Roads	\$ 1.1081	\$ 19,275,720,481	\$ 21,359,074

NOTE 7 – CAPITAL ASSETS AND COMMITMENTS

A. Capital Assets

Capital assets activity for the year ended December 31, 2021 was as follows:

	Beginning Balance 01/01/2021	Prior Period Adjustment	Revised Beginning Balance 01/01/2021	Increases	Decreases & Adjustments	Ending Balance 12/31/2021
<u>GOVERNMENTAL TYPE ACTIVITIES</u>						
Capital Assets - Non-Depreciable:						
Land	\$ 265,261,026	\$ -	\$ 265,261,026	\$ 3,143,537	\$ (1,576,931)	\$ 266,827,632
Construction in Progress	13,078,384	-	13,078,384	13,167,841	(4,707,174)	21,539,051
Intangible Assets	2,977,816	-	2,977,816	-	-	2,977,816
Capital Assets - Non-Depreciable	281,317,226	-	281,317,226	16,311,378	(6,284,105)	291,344,499
Capital Assets - Depreciable:						
Buildings	139,397,219	-	139,397,219	6,791,675	(1,357,267)	144,831,627
Intangible Assets	1,994,230	-	1,994,230	-	(5,475)	1,988,755
Improvements Other Than Buildings	6,657,359	-	6,657,359	179,686	(294)	6,836,751
Machinery & Equipment	53,919,008	-	53,919,008	4,496,427	(3,218,146)	55,197,289
Infrastructure	159,173,040	-	159,173,040	11,898,087	(6,399,606)	164,671,521
Original Cost	361,140,856	-	361,140,856	23,365,875	(10,980,788)	373,525,943
Less Accumulated Depreciation:						
Buildings	(56,301,823)	-	(56,301,823)	(3,977,886)	23,870	(60,255,839)
Improvements Other Than Buildings	(5,262,712)	-	(5,262,712)	(237,266)	-	(5,499,978)
Machinery & Equipment	(32,909,866)	-	(32,909,866)	(4,379,761)	3,021,324	(34,268,303)
Intangible Assets	(1,924,602)	-	(1,924,602)	(28,868)	5,475	(1,947,995)
Infrastructure	(66,296,196)	(294,867)	(66,591,063)	(7,861,517)	5,881,340	(68,571,240)
Accumulated Depreciation	(162,695,199)	(294,867)	(162,990,066)	(16,485,298)	8,932,009	(170,543,355)
Capital Assets - Depr, Net	198,445,657	-	198,150,790	6,880,577	(2,048,779)	202,982,588
Total Original Cost	642,458,082	-	642,458,082	39,677,253	(17,264,893)	664,870,442
Total Accumulated Depreciation	(162,695,199)	(294,867)	(162,990,066)	(16,485,298)	8,932,009	(170,543,355)
Governmental Capital Assets, Net	\$ 479,762,883	\$ (294,867)	\$ 479,468,016	\$ 23,191,955	\$ (8,332,884)	\$ 494,327,087

Depreciation expense was charged to functions as follows:

Depreciation Expense was charged to functions as follows:	
General Government	\$ 305,667
Public Safety	2,387,912
Utilities and Environment	901
Transportation	8,360,301
Economic Environment	17,204
Health and Human Services	178,729
Culture and Recreation	192,430
Subtotal	11,443,144
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.	5,042,121
Total Governmental Activities Depreciation Expense	\$ 16,485,265

Business Type Activities for the year ended December 31, 2021 was as follows:

	Beginning Balance 01/01/2021	Revised Beginning Balance 01/01/2020	Increases	Decreases & Adjustments	Ending Balance 12/31/2021
<u>BUSINESS TYPE ACTIVITIES</u>					
Capital Assets, not being depreciated:					
Land	\$ 1,503,649	\$ 1,503,649	\$ 15,451	\$ -	\$ 1,519,100
Construction In Progress	1,156,692	1,156,692	880,454	(795,249)	1,241,897
Intangible	1,514,655	1,514,655	6,843	-	1,521,498
Total Capital Assets, not being depreciated	4,174,996	4,174,996	902,748	(795,249)	4,282,495
Capital Assets, being depreciated:					
Buildings	24,967,188	24,967,188	-	-	24,967,188
Intangible	1,874,553	1,874,553	366,041	(159,570)	2,081,024
Improvements other than buildings	24,162,052	24,162,052	-	-	24,162,052
Machinery & Equipment	4,367,360	4,367,360	107,018	(42,342)	4,432,036
Infrastructure	20,044,306	20,044,306	575,850	(64,868)	20,555,288
Total Capital Assets, being depreciated	75,415,459	75,415,459	1,048,909	(266,780)	76,197,588
Less Accumulated Depreciation For:					
Buildings	(14,097,406)	(14,097,406)	(675,046)	-	(14,772,452)
Improvements other than buildings	(21,068,567)	(21,068,567)	(265,198)	-	(21,333,765)
Machinery & Equipment	(3,115,106)	(3,115,106)	(148,798)	31,162	(3,232,742)
Intangible - M&E	(1,296,883)	(1,296,883)	(148,889)	-	(1,445,772)
Infrastructure	(9,097,913)	(9,097,913)	(1,027,394)	-	(10,125,307)
Total Accumulated Depreciation	(48,675,875)	(48,675,875)	(2,265,325)	31,162	(50,910,038)
Total Capital Assets being depreciated, net	26,739,584	26,739,584	(1,216,416)	(235,618)	25,287,550
Business Type Activities Capital Assets, net	\$ 30,914,580	\$ 30,914,580	\$ (313,668)	\$ (1,030,867)	\$ 29,570,045

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:		
Solid Waste	\$	812,218
Water		524,265
Sewer		362,034
Stormwater		555,779
Land Use & Permitting		8,006
Environmental Health		3,023
Total	\$	2,265,325

B. Construction and Other Significant Commitments

Construction Commitments

Management has determined that for materiality purposes, Public Works construction commitments of greater than \$1 million will be disclosed. All other funds will disclose construction commitments greater than \$100 thousand.

Thurston County has the following active construction and other significant commitments as of December 31, 2021:

	Spent-to-Date	Remaining Commitment
Project:		
Mullen Road - Lacey City Limits to Carpenter Road	\$ 10,222,731	\$ 182,983
Atrium Building - Tenant Improvements	-	6,109,029
Enterprise Resource Planning (ERP) Systems	791,794	5,678,730
Yelm Hwy and Meridian Roundabout	44,915	1,964,223
Vail Road Phase 3	606,626	1,354,334
Long Term Bed Expansion	93,553	936,415
County Website	-	533,212
Latigo Street and Chehalis Western Trail at Spurgeon Creek	651,657	522,985
Family Justice Center Hydronic Repairs	-	356,206
Total	\$ 12,411,276	\$ 17,638,117

The Mullen Road – Lacey City Limits to Carpenter Road project is financed with local road funds, City of Lacey and Federal funding.

The Yelm Hwy and Meridian Roundabout is financed with local Roads funds and Federal funding.

The Vail Road Phase 3 is financed with local Roads funds and County Road Administration Board (CRAB) funding.

The Latigo Street and Chehalis Western Trail at Spurgeon Creek is financed with Real Estate Excise Tax (REET), and Recreation and Conservation Office (RCO), funds.

NOTE 8 – 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 various sources, dependent on the purpose of the debt. Those include real estate excise tax fees, detention facility sales tax, conservation futures, roads, County general fund and proprietary revenues.

2010 Limited General Obligation Bonds of \$29,665,000 were issued in 2010. The bonds were used as follows:

\$8,775,000 was used for an advance refunding of \$1,800,000 of outstanding 1999 bonds and for a partial advance refunding of \$6,730,000 of outstanding 2002 bonds. The bonds bear an interest rate of 2% to 4% payable semi-annually with annual principal installments ranging from \$555,000 to \$1,505,000. The term of the bonds is 12 years with final payment due in 2022. The advanced refunding portion of the 1999 bonds is serviced by the Grand Mound Debt Service Fund (Enterprise Fund). The Grand Mound Debt Service Fund includes assessments from ULID No. 96-2. The remaining debt balance portion of the Grand Mound Utility was paid off in 2016. The final assessments owed to the county were paid off in 2020. In 2021, the county refunded these bonds with new 2021 Limited General Obligation Bonds, 2021A. These 2010 bonds were paid off as of December 31, 2021.

\$18,850,000 of Taxable Build America Bonds were issued to finance construction of the Tilley Road project, communication system upgrades and other building improvements. The bonds bear an interest rate of .75% to 5.4% payable semi-annually with annual principal installments ranging from \$825,000 to \$1,285,000. The Build America Bonds also have an interest subsidy from the Internal Revenue Service to be received in semi-annual installments of 35% of the interest amount, of which a portion was reduced due to sequestration by the federal government beginning in 2013. The term of the bonds is 20 years with final payment due in 2030. In 2021, the county refunded these bonds with new 2021 Limited General Obligation Bonds, 2021B. These 2010 bonds were paid off as of December 31, 2021.

\$2,040,000 of Taxable Qualified Energy Conservation Bonds were issued to finance a portion of the Tilley Road project. The bonds bear an interest rate of 5.5% payable in semi-annual interest payments. Qualified Energy Conservation Bonds also have an interest subsidy from the Internal Revenue Service to be received in semi-annual installments ranging from \$41,746 to \$74,398, of which a portion was reduced due to sequestration by the federal government beginning in 2013. The term of the bonds is 18 years with a single principal payment due in 2029. The balance on December 31, 2021 was \$ 2,040,000. A sinking fund was created in 2011 for future principal payments for the QECB bonds. The cash balance of the sinking fund on December 31, 2021 was \$1,154,540.

2015 Limited Tax General Obligation Bonds of \$13,795,000 were issued in 2015. The Bonds were issued to refund the 2004 Limited General Obligation Bonds of \$6,650,000 and a partial refunding of the 2005 Limited General Obligation Bonds of \$8,940,000. The bonds bear interest rates of 2.5% to 5.0% semi-annually with annual principal installments ranging from \$145,000 to \$3,560,000 a year. The term of the bonds is 10 years with a final payment due in 2025. The balance on December 31, 2021 is \$2,605,000.

2016 Limited Tax General Obligation Bonds of \$33,010,000 were issued in 2016. The Bonds were issued to partially refund the 2007 Limited General Obligation Bonds of \$2,680,000 and a partial refunding of the 2009 Limited General Obligation Bonds of \$30,330,000. The bonds bear interest rates of 2.0% to 5.0% semi-annually with annual principal installments ranging from \$210,000 to \$3,255,000 a year. The term of the bonds is 14 years with a final payment due in 2030. The balance on December 31, 2021 is \$26,625,000.

2021 Limited Tax General Obligation Bonds of \$16,520,000 were issued in 2021. The bonds are used as follows:

\$730,000 was used for a partial advance refunding of the 2010 bonds (original amount \$8,775,000). These bonds bear an interest rate of .703% semiannually with the final payment of \$730,000 on December 1, 2022. The balance on December 31, 2021 is \$730,000.

Limited Tax General Obligation Refunding bonds, 2021A

\$9,370,000 was used for an advance refunding of the 2010 Taxable Qualified Energy Conservation Bonds. These bonds bear an interest rate of 1.55% semiannually with annual principal installments ranging from \$960,000 to \$1,210,000 a year. The term of these bonds is nine years with a final payment due in 2030. The balance on December 31, 2021 is \$9,370,000.

Limited Tax General Obligation Refunding bonds, 2021B

\$6,420,000 was issued to fund a portion of the Tilley Master plan, the Simulcast/Narrowband Project, the 3400 Building improvements and other capital projects of the county. The bonds bear an interest rate of 1.52% semiannually with annual principal installments ranging from \$670,000 to 760,000 a year. The term of these bonds is nine years with a final payment due in 2030. The balance on December 31, 2021 is \$6,420,000.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2022	\$ 5,615,000	\$ 1,468,701
2023	\$ 5,160,000	\$ 1,295,505
2024	\$ 5,375,000	\$ 1,094,807
2025	\$ 4,825,000	\$ 884,224
2026	\$ 4,860,000	\$ 704,906
2027 - 2030	\$ 21,955,000	\$ 1,302,462
Total	\$ 47,790,000	\$ 6,750,605

2. Direct Borrowing and Direct Placement Debt

The Community Loan Repayment Funds (Enterprise Funds) have entered into nine 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 term of each of the loans with the State of Washington Department of Ecology is twenty years. In the event of default, the principal and interest may become immediately due and payable. Repayments not made immediately will incur late charges.

The first loan is not to exceed \$300,000 with an interest rate of 5% per annum. Repayment began in 1996. The final payment was made in 2015. The second loan is not to exceed \$200,000 with an interest rate of 0%. The final payment was made in 2019. The third loan is not to exceed \$200,000 with an interest rate of 4.3%. Repayment began in 2003. The final payment was made in 2021. The fourth loan is not to exceed \$100,000 with an interest rate of 0%. Repayments began in 2003. The balance on December 31, 2021 is \$582. The fifth loan is not to exceed \$150,000 with an interest rate of 1.5%. Repayment began in 2005. The balance on December 31, 2021 is \$17,766. The sixth loan is not to exceed \$200,000 with an interest rate of 1.5%. Repayment began in 2009. The balance on December 31, 2021 was \$67,423. The seventh loan is not to exceed \$254,695 with an interest rate of 2.2%. Repayment began in 2012. The balance on December 31, 2021 was \$145,621. The eighth loan is not to exceed \$250,000 with an interest rate of 2.6%. Repayment began in 2017. The balance on December 31, 2021 was \$73,158. The ninth loan is not to exceed \$150,000 with an interest rate of 2.7%. Repayment began in 2017. The balance on December 31, 2021 is \$12,195.

Public Works entered into a state revolving fund (DWSRF) loan agreement with the State of Washington Department of Commerce to construct a corrosion control system for the Grand Mound water system in 2006. The term of the loan is for twenty years and the amount financed was \$132,518 with an interest rate of 1%. The balance on December 31, 2021 was \$25,825.

Public Works entered into a loan agreement with the State of Washington Department of Ecology to construct a sanitary sewer system for Woodland Creek in 2011. The term of the loan is for twenty years and the loan is not to exceed \$1,286,721 with an interest amount of 2.8%. If this loan is not paid on time, late charges will be charged at 1% per month until it is paid. Payments began in 2015. The balance on December 31, 2021 was \$917,768.

The annual debt service requirements to maturity for the direct borrowing and direct placement debt are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 62,200	25,413	38,827	6,970
2023	63,964	23,649	38,894	6,244
2024	65,778	21,835	39,555	5,505
2025	67,644	19,969	34,130	4,775
2026	69,562	18,051	34,727	4,100
2027 - 2031	298,545	51,906	103,884	10,084
2032 - 2036	290,077	16,568	52,553	3,248
Total	\$ 917,770	\$ 177,391	\$ 342,570	\$ 40,926

3. Special Assessment Notes Payable

The County has also issued Special Assessment debt for the construction and replacement of wastewater collection systems within the County. This debt will be repaid from amounts levied against the property owners benefited by this construction. The County must provide the resources to cover a deficiency due to any unpaid or delinquent special assessments until other resources, such as foreclosure proceeds, are received. The special assessment debt outstanding is as follows:

In 2004, the County 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 was paid off in 2021. The interest rate of the loan is 0% with a 20-year repayment term. On December 31, 2021, the amount of delinquent assessment principal was \$3,823

4. Refunded Debt

In 2021, the county issued \$10,100,000, of general obligation refunding bonds to provide resources to purchase U.S. government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payment on \$10,105,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to refund two existing 2010 bonds.

The first bond refunding was to reduce the total debt service of the 2010 bond payments (original 2010 amount of \$8,775,000) over the next year by \$35,477 and resulted in an economic gain of \$28,821

The second bond refunding was undertaking to reduce the total debt service of the 2010 bond payments (2010 Taxable Qualified Energy Conservation Bonds) over the next nine years by \$929,572 and resulted in an economic gain of \$860,020.

5. Leases

a. Operating Lease Liabilities

The County has lease commitments for leases of buildings and office space that are cancelable and non-cancelable. Currently, the County has thirteen active leases that will come to expire over the course of the next five years. In addition, the County also has two lease contracts that were signed during 2021, but the lease terms begin in 2022. Specifically, the County has entered into a lease contract for the Atrium building located at 3000 Pacific Ave SE, Olympia WA, 98501. The lease term for the Atrium building begins on June 1st, 2022 and ends on May 31st, 2029. Total lease payments for the Atrium building amount to \$11,750,018 over the course of the lease term and is reflected in the table below. In addition, the County has agreed to pay \$6.1 million for leasehold improvements prior to moving into the Atrium building. The County's commitment to pay for leasehold improvements has been disclosed as a contractual commitment, therefore, this figure is reflected in the note disclosure for contractual commitments. The County also signed a lease contract with Lacey Fire District #3 that begins on January 1st, 2022 and ends on December 31st, 2025. Over the course of this lease term, the County expects to pay approximately \$6,000. Operating lease expenditures for the year ended December 31, 2021 were \$1,098,434. The future minimum lease payments for these leases are:

Year Ending December 31	Amount
2022	\$ 1,782,926
2023	1,816,405
2024	1,743,334
2025	1,705,978
2026	1,704,342
2027-2031	4,295,824
Total	\$ 13,048,809

b. Capital Lease Liabilities

The County has entered into the transactions that are recorded as capital lease purchases to account for copier leases. These long-term contracts incorporate some or all of the benefits and risks of ownership. The leased assets and related obligations are accounted for in the statement of net position. The net capital lease amount shown below reflects the assets continuing to be financed through the capital lease. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through capital lease are as follows:

Asset	Governmental Activities	Business-Type Activities
Machinery & Equipment	\$ 507,118	\$ 61,877
Less: accumulated depreciation	(331,213)	(46,450)
Present Value of Minimum Lease Payments	175,905	15,427
Plus amount representing interest	20,170	3,307
Total Invested in Capital Leases	\$ 196,075	\$ 18,734

The future minimum lease obligations and net present value of minimum lease payments for assets acquired through capital leases as of December 31, 2021 were as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2022	\$ 92,333	\$ 6,138
2023	46,813	5,838
2024	30,050	2,534
2025	24,528	2,534
2026	2,351	1,689
Total Minimum Lease Payments	196,075	18,734
Less: Interest	(20,170)	(3,307)
Present Value of Minimum Lease Payments	\$ 175,905	\$ 15,427

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, 2021:

Asset	Governmental Activities
Land	\$ 2,317,769
Buildings	11,450,637
Less: Accumulated Depreciation	(3,655,818)
Total Invested in Long Term Leases	\$ 10,112,588

The County received \$487,794 of operating lease revenues from these contracts in 2021. Amounts that will be received in future years under these lease agreements are noted below:

Year Ending December 31	Amount
2022	\$ 577,252
2023	481,450
2024	207,483
2025	184,575
2026	182,492
2027-2035	1,566,390
Total Lease Receivable	\$ 3,199,641

6. Long-term Compensated Absences

Thurston County has traditional and alternative leave plans allowed per collective bargaining agreements and personnel policies. Thurston County employees who chose the traditional leave plan earn 12 days of sick leave and 12-24.75 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 12-20.50 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 280 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 300 hours.

The County reported a liability of \$9,455,573 at December 31, 2021 for that portion of unpaid accumulated vacation and personal leave payable in the Statement of Net Position. This liability includes \$7,638,119 for governmental funds, \$828,587 for internal service funds and \$988,870 for enterprise funds. \$563,368 of this liability is expected to be incurred in 2022. Leave costs are paid from governmental funds that fund the personnel costs for those employees. Vested sick leave is not considered material and is not accrued.

B. Changes in Long-Term and Other Significant Debt

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

Schedule Of Changes Debt and Other Long-Term Liabilities For The Year Ended December 31, 2021

	Beginning Balance	New Issues And Adjustments	Retirements And Adjustments	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
<u>Bonds payable:</u>					
General Obligation Bonds	\$ 45,985,001	\$ 16,520,000	\$ 14,715,001	\$ 47,790,000	\$ 5,615,000
For Issuance Premiums	3,809,557	(46,056)	427,227	3,336,274	427,227
Total Bonds Payable	49,794,558	16,473,944	15,142,228	51,126,274	6,042,227
<u>Notes Payable:</u>					
Loans Payable	978,252	-	60,483	917,769	62,200
Capital Leases Payable	183,489	94,894	102,478	175,905	82,065
Total Notes Payable	1,161,741	94,894	162,961	1,093,674	144,265
Claims and Judgments Payable	3,772,025	570,827	-	4,342,852	486,257
Compensated Absences	8,218,129	690,281	441,704	8,466,706	504,451
Other Post Employment Benefits (OPEB)	57,165,424	4,867,062	1,006,418	61,026,068	1,019,719
Other Non-Current Liabilities	809,247	1,024,091	51,190	1,782,148	-
Net Pension Liability	20,738,856	-	15,517,366	5,221,490	-
Total Governmental Activities	\$ 141,659,980	\$ 23,721,099	\$ 32,321,867	\$ 133,059,212	\$ 8,196,919
<u>Business-type Activities:</u>					
<u>Notes Payable:</u>					
Loans Payable	387,217	-	44,648	342,569	38,827
Capital Leases Payable	15,716	9,745	10,034	15,427	4,666
Total Notes Payable	402,933	9,745	54,682	357,996	43,493
Special Assessments Payable	34,847	-	34,847	-	-
Compensated Absences	1,021,482	22,288	54,903	988,867	58,914
Accumulated Landfill Closure Costs	12,788,199	-	750,279	12,037,920	-
Other Post Employment Benefits (OPEB)	7,100,006	374,337	100,448	7,373,895	96,536
Net Pension Liability	3,665,064	6,548	2,758,499	913,113	-
Total Business-type Activities	\$ 25,012,531	\$ 412,918	\$ 3,753,658	\$ 21,671,791	\$ 198,943

Internal Service funds predominately serve governmental funds. Accordingly, their long-term liabilities are included in totals for governmental activities. At year end, \$779,219 of internal service fund compensated absences are included in the amounts above. Internal service funds also include \$1,411,070 of general obligation bonds payable and \$5,271,348 of other post-employment benefits payable. 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.

Compensated absence liabilities for governmental funds are typically liquidated by the fund in which the employee is being compensated reports his/her time. Additionally, the County liquidates and funds past and future pension and OPEB obligations through employee and employer paid pension and medical benefit obligations. Therefore, only funds with FTEs would fund these types of obligations which would exclude the following reported County Funds: Anti-Profitteering, Auditor Election Reserve, Conservation Futures, Law Library, Detention Facilities Sales Tax Holding, Emergency Management Council, Superior Court Family Services, Trial Court Improvement, Stadium/Convention/Art Center, Tourism Promotion, Communications, Historic Preservation, Debt Service Funds, Capital Project Funds and the Community Loan Program Fund.

C. 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, 2021, the County had \$1,228,202 available in reserve in governmental debt service funds to service general obligation and assessment debt. The County's general obligation debt, as noted above, will be funded by cash balances and future revenue streams from the Real Estate Tax and Detention Facility Sales Tax Holding Funds. At December 31, 2021 the County also had \$103,850 in net position restricted for business type debt, which primarily include current and long-term special assessment receivables that have been assessed on benefitting utility districts.

D. 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 2021:

Purpose of Indebtedness	Total Capacity	Remaining Capacity
General Government (No vote required)	\$ 810,931,109	\$ 761,031,868
General Government (With 3/5-majority vote)	\$ 1,351,551,848	\$ 1,301,652,607

E. Refunded Debt

In this and prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the County's financial statements. On December 31, 2021, \$41,905,000 of bonds outstanding are considered defeased.

NOTE 9 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

Interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship. These amounts, which are reported in the fund financial statements, were eliminated in the government-wide statements. The composition of interfund receivables and payables in the fund financial statements as of December 31, 2021 is shown in the following table:

Due From Other Funds															
Due to Other Funds	General Fund	Covid Fiscal Recovery Fund	Housing & Community Renewal	Roads	Public Health	REET	Non-Major Gov	Internal Service	Solid Waste	Grand Mound	Storm Water	Land Use & Permitting	Environmental Health	Non Major Enterprise	Total
General Fund		-	95,541	\$ 8,747	\$ -	\$ -	\$ 71,289	\$ 231,115	\$ -	\$ -	\$ 7,301	\$ 30,444	\$ 144	\$ 502	\$ 445,082
Covid Fiscal Recovery Fund	2,741,639		240	20,637	7,320	-	49,849	11,845	5,860	363	4,270	2,240	6,888	-	\$ 2,851,153
Housing & Community Renewal	-	-		-	-	-	-	-	-	-	-	-	230	-	\$ 230
Roads	20,543	-	-		-	-	-	11,633	735	-	29,731	144	-	-	\$ 62,786
Public Health	143,213	-	-	8,533		-	8,326	8,783	133	-	-	-	-	-	\$ 168,988
REET	113,907	-	-	347,208	-		-	11,201	-	1,207	-	-	-	6,720	\$ 480,243
Non-Major Governmental	304,187	-	-	21,417	8,545	-	3,712	803,552	854	(0)	18,757	577	1	-	\$ 1,161,600
Internal Service	-	-	-	1,580	-	78	-	163,309	272	-	-	-	-	-	\$ 165,239
Solid Waste	39,288	-	-	387	56,727	-	-	1,827		-	8,399	-	73,224	-	\$ 179,852
Grand Mound	-	-	-	1,197	-	-	-	111	-		1,315	-	638	-	\$ 3,261
Stormwater	38,500	-	-	-	-	-	-	887	1,693	-		8,889	66,289	-	\$ 116,258
Land Use & Permitting	-	-	-	386	-	-	-	129	-	-	-		-	-	\$ 515
Environmental Health	-	-	-	207	-	-	-	110	-	-	-	103		-	\$ 420
Non-Major Enterprise	-	-	-	512	-	-	-	116	-	-	904	-	522	-	\$ 2,054
Total Due to/Due from	\$ 3,401,277	\$ -	\$ 95,781	\$ 410,811	\$ 72,592	\$ 78	\$ 133,175	\$ 1,244,618	\$ 9,547	\$ 1,570	\$ 70,677	\$ 42,397	\$ 147,936	\$ 7,222	\$ 5,637,681

B. Interfund Loans and Advances

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. These amounts, which are reported in the fund financial statements, were eliminated in the government-wide statements. In 2021, the county made an interfund loan of \$5,600,000 from an Internal Service Fund to the Real Estate Excise Tax fund. This has been reported as an Advance To/From Other Funds respectively. This interfund loan is set to be paid off on or before 6/30/2023 and was for the purchase of a building.

C. Interfund Transfers

Interfund transfers are subsidies and 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 Public Health and Land Use and Permitting that are not fully funded by taxes, grants or program and service fees. Transfers into 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 into Public Health and Social Services mostly comprise subsidies and support service payments from the General Fund. Transfers into and out of proprietary and non-major governmental funds are primarily for debt service and associated capital projects. Transfers could also include transfers of residual fund balances to active ongoing funds from funds that were closed out and terminated during the year.

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, 2021 are summarized below:

Transfer In															
Transfer Out	General Fund	Covid Fiscal Recovery Fund	Housing & Community Renewal	Roads	REET	Public Health	Non-Major Govt	Internal Service	Solid Waste	Grand Mound	Land Use and Permitting	StormWater	Environmental Health	Non-Major Enterprise	Total
General Fund		\$ -	\$ 146,147	\$ -	\$ -	\$ 968,569	\$ 392,714	\$ 947,819	\$ -	\$ -	\$ 87,111	\$ -	\$ 49,795	\$ -	\$ 2,592,155
Covid Fiscal Recovery Fund	2,730,544		241	20,637		7,320	49,820	91,701	5,858	364	2,240	4,272	6,888	-	\$ 2,919,885
Housing & Community Renewal	-	-		-	-	-	-	-	-	-	-	-	-	-	\$ -
Roads	-	-	-		-	-	748,819	-	-	-	-	-	-	-	\$ 748,819
REET	217,627	-	-	3,411,977		-	1,200,227	5,683,039	-	13,956	-	-	-	57,291	\$ 10,584,117
Public Health	-	-	-	-	-		-	-	-	-	-	-	-	-	\$ -
Non-Major Govt	652,071	-	-	1,342,229	-	-	3,808,006	795,212	-	-	6,706	-	-	-	\$ 6,604,224
Internal Service	43,000	-	-	-	-	-	61,494	323,743	-	-	-	-	-	-	\$ 428,237
Solid Waste	-	-	-	-	-	-	-	14,228		-	-	-	-	-	\$ 14,228
Grand Mound	-	-	-	-	-	-	-	-	-		-	-	-	-	\$ -
Land Use and Permitting	-	-	-	-	-	-	-	-	-	-		-	-	-	\$ -
StormWater	-	-	-	-	-	-	-	-	-	-	-		-	-	\$ -
Environmental Health	-	-	-	-	-	-	-	-	-	-	-	-		-	\$ -
Non-Major Enterprise	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Total Transfers	\$ 3,643,242	\$ -	\$ 146,388	\$ 4,774,843	\$ -	\$ 975,889	\$ 6,261,080	\$ 7,855,742	\$ 5,858	\$ 14,320	\$ 96,057	\$ 4,272	\$ 56,683	\$ 57,291	\$ 23,891,665

NOTE 10 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (6,134,600)
Pension assets	\$ 74,315,427
Deferred outflows of resources	\$ 8,194,389
Deferred inflows of resources	\$ (68,586,042)
Pension expense/expenditures	\$ (15,138,853)

State Sponsored 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 state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

The County's actual PERS plan contributions were \$3,374,666 to PERS Plan 1 and \$4,664,775 to PERS Plan 2/3 for the year ended December 31, 2021.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, 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 membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor and Cannabis Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement 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; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS 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. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2021 were as follows:

PSERS Plan 2			
Actual	Contribution	Employer	Employee
Rates			
January – June 2021			
PSERS Plan 2		7.20%	7.20%
PERS Plan 1 UAAL		4.87%	
Administrative Fee		0.18%	
Total		12.25%	7.20%
July – December 2021			
PSERS Plan 2		6.50%	6.50%
PERS Plan 1 UAAL		3.71%	
Administrative Fee		0.18%	
Total		10.39%	6.50%

The county's actual plan contributions were \$884,550 to PSERS Plan 2 for the year ended December 31, 2021.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

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. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. 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. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
Total	8.77%	8.59%
July – December 2021		
State and local governments	5.12	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	8.71%	8.53%

The county's actual contributions to the plan were \$513,339 for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the county as its proportionate share of this amount is \$327,039.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the county's proportionate share* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% increase 8.40%
PERS 1	\$ 10,450,638	\$ 6,134,600	\$ 2,370,571
PERS 2/3	\$ (15,232,517)	\$ (53,469,833)	\$ (84,958,279)
PSERS 2	\$ (667,974)	\$ (4,260,519)	\$ (7,103,844)
LEOFF 1	\$ (1,632,808)	\$ (1,813,698)	\$ (1,970,199)
LEOFF 2	\$ (9,314,841)	\$ (14,771,378)	\$ (19,239,192)

* See Note 4.C of the DRS Participating Employer Financial Information report for the year ended June 30. Multiply the total net pension liability amounts for each applicable plan by your proportionate share for that plan.

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the county reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 6,134,600
PERS 2/3	\$ (53,469,833)
PSERS 2	\$ (4,260,519)
LEOFF 1	\$ (1,813,698)
LEOFF 2	\$ (14,771,378)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the county. The amount recognized by the county as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the county were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Thurston County's proportionate share	\$ 1,813,698	\$ 14,771,378
Washington State's proportionate share of the net pension liability/(asset) associated with Thurston County	\$ 12,267,809	\$ 9,529,151
TOTAL	\$ 14,081,507	\$ 24,300,529

At June 30, the county's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion current year less prior year
PERS 1	0.4967%	0.5023%	0.0056%
PERS 2/3	0.5370%	0.5368%	-0.0002%
PSERS 2	1.9891%	0.5368%	-1.4523%
LEOFF 1	0.0530%	0.0529%	-0.0001%
LEOFF 2	0.2646%	0.2543%	-0.0102%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2021, the county recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (839,343)
PERS 2/3	(12,042,995)
PSERS	(177,651)
LEOFF 1	(268,650)
LEOFF 2	(1,810,214)
TOTAL	\$ (15,138,853)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (6,807,353)
Contributions subsequent to the measurement date	\$ 1,371,070	\$ -
TOTAL	\$ 1,371,070	\$ (6,807,353)

PERS 2-3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,596,953	\$ (655,488)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (44,688,238)
Changes of assumptions	\$ 78,136	\$ (3,797,243)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 56,460	\$ (534,814)
Contributions subsequent to the measurement date	\$ 1,905,224	\$ -
TOTAL	\$ 4,636,773	\$ (49,675,783)

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 437,183	\$ (16,839)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (3,051,822)
Changes of assumptions	\$ 663	\$ (435,651)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 25,095	\$ (91,375)
Contributions subsequent to the measurement date	\$ 438,121	\$ -
TOTAL	\$ 901,062	\$ (3,595,686)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (554,196)
TOTAL	\$ -	\$ (554,196)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 669,973	\$ (78,066)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (7,043,099)
Changes of assumptions	\$ 6,385	\$ (702,527)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 345,504	\$ (129,330)
Contributions subsequent to the measurement date	\$ 263,621	
TOTAL	\$ 1,285,483	\$ (7,953,023)

Deferred outflows of resources related to pensions resulting from the county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Inflows of Resources by Plan					
Year	PERS 1	PERS 2	PSERS	LEOFF 1	LEOFF 2
2022	\$ (1,803,269)	\$ (12,319,578)	\$ (804,410)	\$ (147,214)	\$ (1,862,115)
2023	\$ (1,652,450)	\$ (11,516,676)	\$ (763,348)	\$ (134,655)	\$ (1,734,011)
2024	\$ (1,562,459)	\$ (11,034,543)	\$ (724,649)	\$ (127,059)	\$ (1,637,221)
2025	\$ (1,789,175)	\$ (11,871,763)	\$ (803,338)	\$ (145,268)	\$ (1,845,656)
2026	\$ -	\$ (220,160)	\$ (10,763)	\$ -	\$ (8,976)
Thereafter	\$ -	\$ 18,486	\$ (26,237)	\$ -	\$ 156,819

NOTE 11 – RISK MANAGEMENT

A. Risk Pool and General Liability Insurance

Thurston County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same 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 in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool's liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. WCRP provides liability limits of \$20,000,000 and currently retains \$2,000,000 million per occurrence. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2021, Thurston County selected a per-occurrence deductible of \$250,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions ("SIRs") equal to the amount of the layer of coverage below. For 2020-21, the Pool's SIR was \$2,000,000. For certain years prior to 2019, reinsurance programs have included "corridor deductibles" with aggregated stop losses which have the effect of increasing the Pool's SIR. For 2018-19, the "corridor" increased the SIR to \$2,000,000, with losses between \$1,000,000 and \$2,000,000 having an annual aggregated stop loss of \$2,500,000. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), \$50 million, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. Sixteen of the Pool's 24 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year's assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members' proportional shares of any unresolved, unreported, and in- process claims for the periods that the former members were signatories to the Interlocal Agreement.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the four staff members responsible for evaluating each claim for coverage, establishing reserves and investigating for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss prevention services.

During 2020-21, Thurston County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Two members withdrew from the WCRP during the 2020-21 Fiscal Year. Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Thurston County also participates in the jointly purchased cyber risk and security coverage from a highly rated commercial insurer. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$10,000,000 in the aggregate. For 2021, the Pool's SIR for cyber claims was \$100,000 from January 1 through September 30 and was \$250,000 from October 1 through December 31, with Thurston County having no deductible.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool's self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool's annual operating budget.

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and review the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$100,000, c). to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2020-21, the WCRP's assets decreased to \$53,351,913 while its liabilities also decreased to \$27,509,338. The Pool's net position ended at \$26,624,589. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2021 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Thurston County paid general claims costs of \$402,030 during 2021. There have been no settlements that exceeded insurance coverage for any of the past fiscal years. The County's suggested reserves which are (Thurston County's proportionate share of the Pool's expected losses) plus reserve funding for uninsured losses and a catastrophic property loss at least equal to the current minimum deductible of (\$1 million) for this exposure, equates to \$4,342,852. This 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 from our claims experience. This loss estimate does not include (IBNR) liabilities for non-insured claims, some employment relations including past wages or benefits, some pollutants, property losses / takings, certain municipal activities, punitive damages, willful civil violations and other loss exposures not currently insured. As estimates, these values fluctuate significantly 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		
	2021	2020
Beginning claims liability	\$ 3,772,025	\$ 4,117,186
Claims incurred during the year (including IBNRs)*	972,857	41,371
Claims payments	(402,030)	(386,532)
Ending claims liability	\$ 4,342,852	\$ 3,772,025

**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 8.E., the County also has a contingent financial liability for the payment of refunded debt.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GAAP for the year 2021:

Aggregate OPEB Amounts - All Plans		
OPEB liabilities	\$	68,399,965
Deferred outflows of resources	\$	9,533,575
Deferred inflows of resources	\$	3,255,578
OPEB expense/expenditures	\$	5,561,093

The County participates in two plans that provide Other Post-Employment Benefits (OPEB) to its members. They are the Public Employee Benefits Board (PEBB) and Law Enforcement and Fire Fighters Retirement System Plan 1 (LEOFF 1). Below is a description of each plan.

Public Employees Benefits Board (PEBB)

Plan Description – The PEBB is a cost-sharing multiple-employer defined benefit healthcare plan. County eligible retirees and spouses are entitled to subsidies associated with postemployment medical benefits provided through the Public Employee Benefits Board (PEBB). Per RCW 41.05.065, the PEBB was created within the Washington State Health Care Authority to administer medical, dental, and life insurance plans for public employees and retirees. It is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. The PEBB establishes eligibility criteria for both active employees and retirees.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Benefits Provided – the benefits provided by the PEBB to pre-65 and post-65 retirees and spouses include an explicit and implicit medical subsidy and an implicit dental subsidy. The explicit subsidies are monthly amounts paid per post-65 retiree and spouse. As of the valuation date, the explicit subsidy for post-65 retirees and spouses is the lesser of \$183 or 50% of the monthly premiums. The retirees and spouses currently pay the premium minus \$183 when the premium is over \$366 per month and pay half the premium when the premium is lower than \$366.

The implicit medical subsidy is the difference between the total cost of medical benefits and the premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, but that amount is based on a pool that includes active employees. Active employees will tend to be younger and healthier than retirees on average, and therefore can be expected to have lower average health costs. For post-65 retirees and spouses, the retiree does not pay the full premium due to the subsidy discussed above.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	245
Active employees	1,099
Total	1,344

The PEBB retiree OPEB plan is available to employees who elect, at the time they retire, to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. PEBB members are covered in the following retirement systems: PERS, PSERS, and LEOFF 2

Trust Asset Information - The plan is administered through a trust that does not meet the requirements of a qualifying trust under paragraph 4 of GASB 75. To meet paragraph 4, the trust must only pay benefits for postemployment healthcare. It is the County's understanding that this trust is able to provide active employee healthcare benefits, not just postemployment healthcare.

Contributions – Administrative costs as well as implicit and explicit subsidies are funded by required contributions, per RCW 41.05.050, from participating employers. The subsidies provide monetary assistance for medical benefits. The amount paid by the County for OPEB as benefits as of the measurement date of June 30, 2021, for the measurement period, was \$896,697.

Assumptions and Other Inputs

The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	7/1/2020
Actuarial measurement date	6/30/2021
Reporting date	12/31/2021
Actuarial cost method	Entry Age
Asset valuation method	N/A - No Assets

The Valuation Date is the date as of which the census data is gathered, and the actuarial valuation was performed. The Measurement Date is the date as of which the total OPEB liability was determined. Note that GAAP allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting date. The Reporting Date is the County's fiscal year-end.

The total OPEB liability is also reported as of the beginning of the measurement period. As permitted by GAAP this calculation is based on a roll backward of the actuarial valuation results, with an adjustment made to the discount rate. There have been no significant changes between the valuation date and fiscal year end.

The actuarial cost method used for determining the benefit obligations is the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). For purposes of projecting benefits prior to the valuation date as required by the actuarial cost method, a health cost trend equal to the ultimate health cost trend rate was assumed.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Inflation rate	2.75%
Projected salary/wage growth	3.50%, plus service-based salary increases for 6/30/2021 measurement date.
Healthcare cost trend rate	Initial rate is 6.1% and trends down to 4.3% by 2096
Post-retirement participation percentage	65%
Percentage with spouse coverage	45%

Demographic assumptions regarding retirement, mortality, disability mortality, turnover, and marriage are based on assumptions used in the 2019 actuarial valuation for the Washington State retirement systems and modified for the County.

The assumed rates of disability under PERS Plans 1, 2, and 3 and PSERS Plan 2 from the 2019 actuarial valuation are less than 0.1% for ages 50 and below and continue to be low after that. A 0% disability rate was assumed for all ages for those plans.

For service retirement, the assumptions used for all plans were taken from the 2019 actuarial valuation for Washington State retirement systems. The service requirements for these plans vary based on hire date and years of service.

For mortality, we used the assumptions from the 2019 actuarial valuation for the Washington State Retirement Systems, adjusted for Thurston County. For healthy PERS members, we used the PubG.H-2010 base mortality table with generational mortality adjustments using the long-term MP-2017 generational improvement scale. For healthy PSERS members, we used the PubS.H-2010 base mortality table with generational mortality adjustments using the long-term MP-2017 generational improvement scale. For healthy LEOFF members, we used the PubS.H-2010 base mortality table, with a one-year setback for males and no setback for females, with generational mortality adjustments using the long-term MP-2017 generational improvement scale. For disabled LEOFF members, we used the PubS.H-2010 disabled base mortality rates consistent with the 2019 actuarial valuation for the Washington State retirement systems.

For other termination of employment, the assumptions by plan from the 2019 actuarial valuation for Washington State retirement systems were used.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% for the 6/30/2020 measurement date and was 2.16% for the 6/30/2021 measurement date. Since OPEB benefits are funded on a pay- as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the County calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) that the current rate.

Sensitivity Analysis - Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Total June 30, 2021 OPEB Liability	\$ 72,861,041	\$ 59,753,980	\$ 49,592,921

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates - The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 6.1 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.1%) or 1-percentage point higher (7.1%) that the current rate.

Sensitivity Analysis - Healthcare Trend			
	1% Decrease	Current Discount Rate	1% Increase
	5.10%	6.10%	7.10%
Total June 30, 2021 OPEB Liability	\$ 47,828,864	\$ 59,753,980	\$ 75,912,347

Total OPEB Liability – As of December 31, 2021, the County reported a total PEBB OPEB Liability of \$59,753,980.

Changes in the Total OPEB Liability – the following table presents the change in the total OPEB Liability as of the June 30, 2021, the measurement date:

	2021	2020	2019	2018
Total Beg OPEB Liability 6/30	\$ 55,294,236	\$ 49,105,899	\$ 39,784,991	\$ 39,040,229
Service Cost	3,496,141	2,546,439	2,049,606	2,164,431
Interest on total OPEB liability	1,289,414	1,794,259	1,605,943	1,463,658
Effect on plan changes	-	-	-	-
Effect on economic/demographic gains or losses	-	(2,489,035)	3,024,244	-
Effect of assumptions changes or inputs	570,886	5,118,963	3,322,312	(2,236,927)
Expected benefit payments	(896,697)	(782,289)	(681,197)	(646,400)
Total End OPEB Liability	\$ 59,753,980	\$ 55,294,236	\$ 49,105,899	\$ 39,784,991

OPEB Expense – As of the measurement date of June 30, 2021, the County recognized OPEB expense of \$5,552,335.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – On December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,038,078	\$ 1,991,227
Changes of assumptions	6,847,917	1,264,351
Payments subsequent to the measurement date	479,455	-
TOTAL	\$ 9,365,450	\$ 3,255,578

Deferred outflows of resources total \$9,365,450. Of that \$479,455 resulted from payments subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources are related to changes in assumptions and the difference between original estimations and actuals:

Year ended December 31:	Amount
2022	\$ 766,780
2023	\$ 766,780
2024	\$ 766,780
2025	\$ 766,780
2026	\$ 766,780
Thereafter	\$ 1,796,517

Law Enforcement and Fire Fighters Retirement System Plan 1 (LEOFF 1).

Plan Description - The County provides lifetime medical care for members of the Law Enforcement Officers and Firefighters Retirement System (LEOFF) hired before October 1, 1977 as required by RCW 41.26. The eligible members are covered under LEOFF Plan 1.

LEOFF Plan 1 is a cost-sharing multiple-employer defined benefit healthcare plan. The members necessary hospital, medical, and nursing care expenses not payable by worker's compensation, social security, insurance provided by another employer, other pension plan or any other similar source are covered.

Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical plan benefit provisions. Financial reporting for the LEOFF retiree healthcare plan is included in the County's Annual Comprehensive Financial Report.

Employees covered by benefit terms - At December 31, 2021, the following employers were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to, but not yet, receiving benefits	-
Active employees	-
Total	15

Contributions - The amount paid by the County for OPEB as benefits as of the measurement date of June 30, 2021, for the measurement period, was \$333,969.

Funding policy - The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust or otherwise set aside for the exclusive benefit of the participants.

Actuarial Assumptions - Total OPEB Liability (TOL) was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Methodology	
Actuarial Valuation Date	6/30/2021
Actuarial Measurement Date	6/30/2021
Actuarial Cost method	Entry age
Assumptions	
Discount rate (1)	
Beginning of measurement year	2.21%
End of measurement year	2.16%
Health Care Trend Rates (2)	
Medical costs	Initial rate is approximately 5.3%, trends down to about 5% in the 2020's (assumes Excise Tax)
Long-Term Care	4.50%
Medicare Part B Premiums	Approximately 5%, varies by year.
Mortality rates (100% male population)	
Base Mortality Table	PubS.H-2010 (Public Safety) Blended 50%/50% Healthy/Disabled
Age Setback	-1 year Healthy / 0 years Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Projection period	Generational
Medicare Participation Rate	100%

(1) Bond Buyer General Obligation 20-Bond Municipal Index

(2) For additional detail on the healthcare trend rates, please see OSA's 2020 LEOFF 1 OPEB Actuarial Valuation Report.

The following presents the total OPEB liability of the County calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current rate.

Sensitivity Analysis - Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Total June 30, 2021 OPEB Liability	\$ 9,793,981	\$ 8,645,985	\$ 7,687,903

The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 5.3 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.3 percent) or 1-percentage point higher (6.3 percent) than the current rate.

Sensitivity Analysis - Healthcare Trend			
	1% Decrease	Current Discount Rate	1% Increase
	4.30%	5.30%	6.30%
Total June 30, 2021 OPEB Liability	\$ 7,733,573	\$ 8,645,985	\$ 9,711,168

The following table presents the changes in Total LEOFF 1 OPEB Liability:

	2021	2020	2019	2018
Total OPEB Liability	\$ 8,971,196	\$ 8,063,447	\$ 8,479,158	\$ 8,763,230
Interest on total OPEB liability	194,593	276,589	322,822	308,731
Changes in experience data and assumptions	(185,835)	955,740	(460,896)	(311,425)
Estimated benefit payments	(333,969)	(324,580)	(277,637)	(281,378)
Total OPEB Liability at 6/30	\$ 8,645,985	\$ 8,971,196	\$ 8,063,447	\$ 8,479,158

The County used the alternative measurement method to calculate Total OPEB Liability because there are fewer than 100 members covered under LEOFF Plan 1 as of the beginning of the fiscal year. A measurement date of June 30, 2021 was used in the calculation of Total OPEB Liability and the Actuarial Measurement Date used was June 30, 2021.

As of the June 30, 2021 measurement date, the County recognized OPEB expense of \$8,758.

As of December 31, 2021, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Payments subsequent to the measurement date	\$ 168,125	\$ -
TOTAL	\$ 168,125	\$ -

The \$168,125 reported as deferred outflows of resources related to OPEB benefits results from County contributions subsequent to the measurement date and will be recognized as a reduction of the TOL in the year ended December 31, 2022.

NOTE 13 – JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

Thurston County participates in joint ventures and jointly governed organizations as follows: Animal Control Services, the Inter-local Drug Control Unit, Olympic Region Clean Air Agency (ORCAA), Thurston Regional Planning Council (TRPC), the Thurston County Regional Housing Council (RHC) and The Chehalis River Flood Control Authority.

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. Thurston County's cost is based on their computed share of services in compliance with the interlocal agreement with Animal Control Services. City of Lacey reported an increase of \$60,910 to Net Position – Ending 12/31/2021. The adjustment is included in the Animal Control table below. The County contributed \$683,096 as its share of operations in 2021, which is 51.01% of the total contributions from participating agencies. The County's equity interest at December 31, 2021 is therefore \$1,750,903. 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 Position for Animal Control at the end of 2021 totaled \$3,432,470. 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	\$ 4,404,311
Total Deferred Outflows of Resources	101,767
Total Liabilities:	301,300
Total Deferred Inflows of Resources	772,308
Net Position	\$ 3,432,470
Total Revenues	\$ 1,835,173
Total Expenses	1,699,862
Change in Net Position	135,311
Net Position - Beginning 01/31/2020	3,297,159
Net Position - Ending 12/31/2020	\$ 3,432,470

The Thurston County Narcotics Task Force (Interlocal Drug Unit) is a joint venture governed by a three-member executive committee. Participating members are Thurston County and the Washington State Patrol as a result of an interlocal agreement.

The interlocal Drug Control Unit is funded by grants and seizures of drug funds. The Interlocal Drug Unit operates as a joint venture and is responsible for controlling illegal drug trafficking in Thurston County, investigating violations of the Uniform Controlled Substance Act, and providing training and assistance to nine local law enforcement agencies in Thurston County.

As the administrative jurisdiction, Thurston County provides accounting services for the operation of this joint venture. Thurston County Narcotics Task Force equity interest as of December 31, 2021 was \$549,541.

Any party may withdraw from this Agreement by giving ninety (90) days written notice to the other parties. Monies contributed during the calendar year of the party's withdrawal will be returned to that party, on a prorated basis, after determination by the Executive Committee of any purchase commitments made prior to the notification of a party's withdrawal. Money so refunded will be used by the withdrawing party for its use in carrying out drug enforcement activities pursuant to Ch. 69.50 RCW. Property purchased with the drug unit funds or forfeited to the drug unit will remain the property of the non-withdrawing parties and the withdrawing party will have no interest in or claim of title to said property. All monies and equipment remain with the drug unit until the drug unit disbands entirely. Disposition and disbursement of net equity upon dissolution is not specified in the agreement, therefore, is not recorded in Thurston County's financial statements. There is no ongoing financial responsibility. For more detailed information about the task force, contact the Thurston County Sheriff's Office, 2000 Lakeridge Dr. SW, Olympia, WA 98502, or call (360) 754-3800.

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 \$117,389 as its share of operations in 2021. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2021. 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 \$209,086 as its share of operations in 2021 for intergovernmental professional services. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2021. Complete financial statements for TRPC can be obtained from its administrative office at 2424 Heritage Court SE Suite A, Olympia, Washington 98502.

The Chehalis River Flood Control Authority is a jointly governed organization governed by an eleven-member body of which Thurston County is a member. This Authority was formed for the purpose of study, analysis, and implementation of flood control projects to protect the Chehalis River Basin. The assessment is based on 50% populations of communities prone to flooding and 50% on historic FEMA flood insurance payments. In 2021, Thurston County contributed \$10,985 for the Operating and Maintenance of the Early Warning System. We do not have an equity interest in this Authority. More information regarding this Authority can be obtained from the Lewis County Community Development Department, at 2025 NE Kresky Ave., Chehalis, Washington 98532.

Thurston County Regional Housing Council (RHC) replaces the Thurston County Health and Human Services Council (HHSC) during 2021 by interlocal agreement. Any remaining assets were transferred to the RHC. The Regional Housing Council is a jointly governed organization formed by an interlocal agreement between Thurston County and the cities of Lacey, Olympia, Tumwater, and Yelm. The council was formed for the primary purpose to leverage resources and partnerships through policies and projects that promote equitable access to safe and affordable housing by making recommendations to regional elected and appointed leaders. The required annual funding contribution from each jurisdiction comprising 5% or more of the County population shall allocate a minimum annual amount equal to not less than one half of one percent of the last full year general sales and use tax collected as of the time each jurisdiction is adopting its budget. Thurston County acts as the Fiscal Agent, Lead Agency and provides administrative staffing for the Council. During 2021, the County contributed \$95,540 as its share of annual operations.

Thurston Mason Behavioral Health Organization (TMBHO) is a jointly governed organization that was formed on April 1, 2016. It was formed when the Regional Support Network of the Thurston County Public Health Department (along with the Health Department of Mason County, a neighboring county to the northwest) split off from the County and formed its own Behavioral Health Organization. The name of the organization is the Thurston Mason Behavioral Health Organization. On September 15, 2016, the Thurston County Board of County Commissioners passed resolution #15183 that officially created this joint operating agreement pursuant to State Law, RCW Chapters 71.24 and 39.34. The TMBHO's governing body is comprised of three members, two of which are appointed by the Thurston County Commissioners and one by the Mason County Commissioners. The main source of revenue for the TMBHO is Medicare payments from the Washington State Department of Social and Health Services.

The Water Conservancy Board of Thurston County is a related organization to the county. The board is a separate unit of local government in the state. The board's duties are to act on applications for changes to existing water rights and its decisions are subject to final action by the Washington State Department of Ecology. The board is governed by state statute, RCW 90.80.050. Board members are appointed by the Board of County Commissioners. The county does not have a financial relationship, nor can it impose its will on this board.

NOTE 14 – CLOSURE AND POST CLOSURE CARE COSTS

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

Cell No. 1, the last landfill cell used for waste disposal at the Hawke's Prairie landfill site, was closed on April 30, 2000. The County's long haul of waste to a regional landfill in Klickitat County was initiated on May 1, 2000. The post closure care period was therefore initiated on January 1, 2001. The estimated remaining liability for post closure care costs is \$12,037,920 on December 31, 2021.

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, 2021 cash and pooled investments of \$11,672,240 are held for these purposes.

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 15 – FUND BALANCES, GOVERNMENTAL FUNDS

The following table discloses the specific purposes of restricted, committed, assigned and unrestricted fund balances for all governmental funds as of December 31, 2021.

Specific Purpose Fund Balance Classifications
Governmental Funds
December 31, 2021
Page 1 of 2

ASSETS	General Fund	Major Special Revenue					Other Funds
		Roads	Covid Fiscal Recovery Fund	Housing & Community Renewal	Real Estate Excise Tax	Public Health & Social Services	
Nonspendable:							
Inventory	\$ -	\$ 551,861	\$ -	\$ -	\$ -	\$ -	\$ 444,912
Prepayments	174,708	4,453	26,348	3,147	-	14,789	32,028
Total Non-Spendable	174,708	556,314	26,348	3,147	-	14,789	476,940
Restricted for:							
Capital Projects	-	-	-	-	16,382,504	-	7,404,375
Conservation Futures	-	-	-	-	-	-	7,989,200
Economic Development	-	-	-	-	-	-	214,958
General Obligation Debt	-	-	-	-	-	-	3,955
Health and Social Services	-	-	-	-	-	-	1,742,396
Historic Preservation	-	-	-	-	-	-	993,128
Housing Services	-	-	-	3,092,167	-	-	269,659
Judicial	-	-	-	-	-	-	1,249,635
Law Enforcement	-	-	-	-	-	-	291,880
Legislative/Admin/Support Services	-	-	-	-	-	-	333,727
Mental Health	-	-	-	-	-	-	6,456,796
Noxious Weed Control	-	-	-	-	-	-	237,092
Parks and Recreation	-	-	-	-	-	-	2,883,314
Roads Construction	-	-	-	-	-	-	8,447,295
Special assessments	-	-	-	-	-	-	628,257
Veteran's Relief	-	-	-	-	-	-	939,676
Water Management	-	-	-	-	-	-	-
Total Restricted	-	-	-	3,092,167	16,382,504	-	40,085,343

Specific Purpose Fund Balance Classifications
Governmental Funds
December 31, 2021
Page 2 of 2

ASSETS	General Fund	Major Special Revenue					Other Funds
		Roads	Covid Fiscal Recovery Fund	Housing & Community Renewal	Real Estate Excise Tax	Public Health & Social Services	
Committed for:							
Elections	-	-	-	-	-	-	527,699
Total Committed	-	-	-	-	-	-	527,699
Assigned to:							
Capital Projects	-	-	-	-	1,617,838	-	3,222,519
Conservation Futures	-	-	-	-	-	-	864,930
Economic Development	-	-	-	-	-	-	111,935
Elections	-	-	-	-	-	-	62,286
General Obligation Debt	-	-	-	-	-	-	1,224,247
Health and Social Services	-	-	-	-	-	6,709,122	4,898,226
Historic Preservation	-	-	-	-	-	-	740,195
Housing Services	-	-	-	4,162,687	-	-	2,427
Judicial	-	-	-	-	-	-	381,213
Law Enforcement	-	-	-	-	-	-	45,753
Legislative/Admin/Support Services	-	-	-	-	-	-	442,200
Life Support and Transport Services	-	-	-	-	-	-	-
Mental Health	-	-	-	-	-	-	1,005,241
Noxious Weed Control	-	-	-	-	-	-	195,013
Public Safety	-	-	-	-	-	-	859,870
Roads Operations	-	27,323,397	-	-	-	-	-
Special assessments	-	-	-	-	-	-	123,971
Veteran's Relief	-	-	-	-	-	-	179,162
Total Assigned	-	27,323,397	-	4,162,687	1,617,838	6,709,122	14,359,188
Unassigned	41,565,357	-	(128,582)	-	-	-	-
Total Fund Balance	\$ 41,740,065	\$ 27,879,711	\$ (102,234)	\$ 7,258,001	\$ 18,000,342	\$ 6,723,911	\$ 55,449,170

NOTE 16 – NET INVESTMENT IN CAPITAL ASSETS

Net Investment in Capital Assets 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, debt incurred to finance capital acquisitions by outside parties, and non-capital financings as noted below.

Reconciliation of Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital Assets, Net of Depreciation	\$ 494,327,087	\$ 29,570,058
Less: Total Reported Outstanding Debt	(52,220,044)	(357,996)
Net Investment in Capital Assets Before Adjustments	442,107,043	29,212,062
Adjustments: Non-County Agency Debt	43,800	-
Un-Expended Debt Proceeds	6,369,612	-
Loss on Refunding	1,565,766	-
Gain on Refunding	(213,939)	-
Non-Capital Debt	-	316,744
Net Investment in Capital Assets	\$ 449,872,282	\$ 29,528,806

NOTE 17 – RESTRICTED NET POSITION

Thurston County's government-wide statement of net position reports a restricted net position of \$126 million, of which \$34.6 million is restricted by enabling legislation.

NOTE 18 – OTHER DISCLOSURES

A. Prior Period Adjustments

The County reported a (\$898,909) prior period adjustment in Governmental Activities. A detail discussion of this balance is as follows:

- An adjustment of \$30,569 was reported in the General Fund to reconcile the general ledger to a third-party receipting software balances dating back to prior years
- An adjustment of (\$294,868) was reported to account for previously unreported adjustments, retirements, and additions related to several smaller capital assets that were identified during 2021.
- An adjustment of (\$634,610) was reported in the Government Wide Statement of Activities due to a project the county started during the year that identified activity related to wells owned by the county. This resulted in activity qualifying under GASB 83, Asset Retirement Obligations. For more information on this, see bullet E in this Note below.

The County had two prior period adjustments in its Fiduciary Funds as follows:

- An adjustment of \$1,851,009 in the Custodial Fiduciary Fund to adjust a prior period adjustment to the fund balance for state passthrough funds reported by the Treasurer for remaining unresolved and unreconciled differences between the reported ending fund balance in the balance sheet and the computed balance in the income statement.
- An adjustment of (\$1,091,492) in the External Investment Fund as an adjustment to reporting categories for State Passthrough Funds and Cities & Towns funds to balance the reported ending net position to the computed ending net position.

B. Fund Changes

The following fund changes happened during the 2021 reporting year:

- Due to the amount of COVID funds received for the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund, the county created a new Special Revenue fund titled "COVID Response and Recovery Fund". This was a major fund in 2021.
- The county created three new Debt Service funds during 2021. Two were created for a refunding of the county's 2010 bond issues. The other one was created to account for the debt service related to new bonds that were sold to help pay for a countywide Enterprise Resource Planning (ERP) software purchased in 2021.
- The county created a new Capital Projects fund to account for the funds received from the sale of bonds to fund the new ERP.
- Due to the amount of COVID funds received for the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund, the county's Housing and Community Renewal Fund qualified as a major fund in 2021.
- The county is not reporting its Medic One Special Revenue fund as a major fund in 2021.
- The county closed one department in the General Fund related to the State Examiner and began reporting this program in the Non-Departmental Department.

C. 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.

D. Tax Abatements

The County is subject to tax abatements granted by the City of Olympia through their Multifamily Tax Exemption Program. There are no receivables associated with these tax abatements. The City's program has the stated purpose of increasing residential opportunities, including affordable housing, in designated areas. This program is authorized by RCW 84.14. Agreements entered into by the City abate City, County, and other special purpose district property taxes. Under this program, the property taxes abated are shifted to other taxpayers. During 2021, \$90,499 was abated in the General Fund, \$3,131 was abated in the Conservation Futures Fund, and \$24,753 was abated in the Medic One Fund.

E. Asset Retirement Obligation

An asset retirement obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. The County operates eleven wells in various locations with varying estimated useful lives dependent upon well installation date, from 18 to 42 years. When these wells are retired, they are subject to specific decommissioning requirements with the Washington Administrative Code (WAC) 173-160-381, (WAC) 173-160-460, (WAC) 173-160-460, (WAC) 173-162 and RCW Chapter 18.104 for the Washington Well Construction Act. The county estimated the liability using an average cost based on the size and depth of the wells. The estimated liability as of December 31, 2021 is \$1,007,496 and the deferred outflow is \$356,291. The obligations will be paid from operating income. No assets have been set aside to fund these obligations.

NOTE 19 – CONTINGENCIES AND LITIGATIONS

On February 25, 2021, the Washington Supreme Court struck down the state's main drug possession crime in a case called State v. Blake. Convictions of simple possession of controlled substances were deemed unconstitutional and voided (this goes back to 1971). State Treasury to be used to help cover state and local costs. Because the Treasury is being initially used to cover these costs that were determined at the state level, the county has determined that, once the state allocation has been depleted, these liabilities are still liabilities of the state and not the county. As such, the county will not be reporting a liability for this activity.

NOTE 20 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel and in-person interactions.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the County is unknown at this time. Into 2022, many of these measures remain in place and the length of time they will be in effect, as well as the full extent of the financial impact on the county, is unknown at this time.

During 2021, the county was a recipient of both federal and state funding directly for the fight against COVID-19. The uses of these funds included housing assistance, purchase of various personal protection equipment, teleworking capabilities, and other direct expenditures for employees on the front lines of this effort.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – BY PLAN**

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.50233%	0.49671%	0.52265%	0.52712%	0.53694%	0.53414%	0.54111%
Employer's proportionate share of the net pension liability	\$ 6,134,600	\$ 17,536,492	\$20,097,902	\$ 23,541,403	\$ 25,478,222	\$ 28,685,834	\$ 28,305,295
Covered payroll	\$ 79,809,996	\$ 75,084,833	\$72,903,952	\$ 68,272,438	\$ 66,896,398	\$ 62,772,447	\$ 60,498,584
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	7.69%	23.36%	27.57%	34.48%	38.09%	45.70%	46.79%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.00536759	0.53696%	0.55716%	0.55650%	0.56401%	0.56076%	0.56903%
Employer's proportionate share of the net pension liability (asset)	\$ (53,469,833)	\$ 6,867,425	\$ 5,411,937	\$ 9,501,674	\$ 19,596,756	\$ 28,233,771	\$ 20,331,695
Covered payroll	\$ 67,042,208	\$ 62,649,272	\$ 60,622,605	\$ 56,717,146	\$ 55,457,431	\$ 52,509,692	\$ 50,535,914
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	-79.76%	10.96%	8.93%	16.75%	35.34%	53.77%	40.23%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
PSERS
As of June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.01854504	1.98906%	2.57562%	2.85940%	2.98852%	2.83819%	2.97578%
Employer's proportionate share of the net pension liability (asset)	(4,260,519) \$	(273,695) \$	(334,933) \$	35,428 \$	585,541 \$	1,206,174 \$	543,139 \$
Covered payroll	\$ 12,604,642	\$ 12,231,599	\$ 11,877,813	\$ 10,914,664	\$ 10,622,021	\$ 9,245,155	\$ 8,732,083
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	-33.80%	-2.24%	-2.82%	0.32%	5.51%	13.05%	6.22%
Plan fiduciary net position as a percentage of the total pension liability	123.67%	101.68%	101.85%	99.79%	96.26%	90.41%	95.08%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 1
As of June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.00052946	0.05302%	0.05245%	0.05158%	0.05158%	0.05040%	0.04875%
Employer's proportionate share of the net pension (asset)	(1,813,698)	\$ (1,001,325)	\$ (1,036,752)	\$ (936,400)	\$ (782,506)	\$ (519,223)	\$ (587,485)
State's proportionate share of the net pension liability (asset) associated with the employer	(12,267,809)	(6,772,939)	(7,012,566)	(6,333,784)	(5,292,853)	(3,512,011)	(3,973,734)
TOTAL	\$ (14,081,507)	\$ (7,774,264)	\$ (8,049,319)	\$ (7,270,183)	\$ (6,075,359)	\$ (4,031,234)	\$ (4,561,219)
Covered payroll	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ 45,806	\$ 97,578
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	-1133.53%	-602.07%
Plan fiduciary net position as a percentage of the total pension liability	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

* For covered payroll, as of the start of 2016, the County had no current employees active in the LEOFF 1 Plan.

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 2
As of June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.0025431	0.26456%	0.27646%	0.26981%	0.26170%	0.26031%	0.25764%
Employer's proportionate share of the net pension (asset)	(14,771,378)	\$ (5,396,536)	\$ (6,404,637)	\$ (5,477,670)	\$ (3,631,506)	\$ (1,514,065)	\$ (2,648,014)
State's proportionate share of the net pension liability (asset) associated with the employer	(9,529,151)	(3,450,676)	(4,194,179)	(3,546,688)	(2,355,690)	(987,060)	(1,750,899)
TOTAL	\$ (24,300,529)	\$ (8,847,212)	\$ (10,598,816)	\$ (9,024,358)	\$ (5,987,197)	\$ (2,501,125)	\$ (4,398,913)
Covered payroll	\$ 9,728,796	\$ 9,871,894	\$ 9,554,576	\$ 8,443,780	\$ 8,160,872	\$ 7,909,406	\$ 7,505,894
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	-54.67%	-67.03%	-64.87%	-64.87%	-44.50%	-19.14%	-35.28%
Plan fiduciary net position as a percentage of the total pension liability	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS – BY PLAN

Thurston County Schedule of Employer Contributions PERS 1 As of December 31, 2021 Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 3,374,666	\$ 3,660,908	\$ 3,689,985	\$ 3,633,665	\$ 3,384,559	\$ 3,152,092	\$ 2,753,010
Contributions in relation to the contractually required contributions	\$ 3,374,666	3,660,908	3,689,985	3,633,665	3,384,559	3,152,092	2,753,010
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 78,428,179	\$ 76,038,055	\$ 74,161,632	\$ 71,176,239	\$ 68,176,847	\$ 64,911,819	\$ 61,270,546
Contributions as a percentage of covered employee payroll	4.30%	4.81%	4.98%	5.11%	4.96%	4.86%	4.49%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

Thurston County
Schedule of Employer Contributions
PERS 2/3
As of December 31, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 4,664,775	\$ 5,025,081	\$ 4,762,500	\$ 4,442,192	\$ 3,984,624	\$ 3,464,070	\$ 2,973,565
Contributions in relation to the contractually required contributions	\$ 4,664,775	5,025,081	4,762,500	4,442,192	3,984,624	3,464,070	2,973,565
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 65,338,089	\$ 63,452,136	\$ 61,696,101	\$ 59,241,899	\$ 56,594,498	\$ 54,048,064	\$ 51,167,804
Contributions as a percentage of covered employee payroll	7.14%	7.92%	7.72%	7.50%	7.04%	6.41%	5.81%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

Thurston County
Schedule of Employer Contributions
PSERS
As of December 31, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 884,550	\$ 878,532	\$ 868,354	\$ 789,666	\$ 749,164	\$ 676,123	\$ 596,718
Contributions in relation to the contractually required contributions	\$ 884,550	893,381	868,354	789,666	749,164	676,123	596,718
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,925,364	\$ 12,408,149	\$ 12,171,466	\$ 11,524,593	\$ 10,945,641	\$ 9,987,030	\$ 8,965,975
Contributions as a percentage of covered employee payroll	6.84%	7.20%	7.13%	6.85%	6.84%	6.77%	6.66%

Notes to Schedule:

* This schedule is to be built prospectively until it contains ten years of data.

Thurston County
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 513,339	\$ 516,126	\$ 512,382	\$ 480,660	\$ 458,853	\$ 422,633	\$ 401,274
Contributions in relation to the contractually required contributions	\$ 513,339	516,126	512,382	480,660	458,853	422,633	401,274
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,862,778	\$ 9,881,604	\$ 9,656,997	\$ 9,155,412	\$ 8,541,674	\$ 8,080,915	\$ 7,672,529
Contributions as a percentage of covered employee payroll	5.20%	5.22%	5.31%	5.25%	5.37%	5.23%	5.23%

Notes to Schedule:

** This schedule is to be built prospectively until it contains ten years of data.*

Thurston County
Changes in Total OPEB Liability - PEBB
As of the Measurement Date June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 3,496,141	\$ 2,546,439	\$ 2,049,606	\$ 2,164,431
Interest on total OPEB liability	1,289,414	1,794,259	1,605,943	1,463,658
Effect on plan changes	-	-	-	-
Effect on economic/demographic gains or losses	-	(2,489,035)	3,024,244	-
Effect of assumptions changes or inputs	570,886	5,118,963	3,322,312	(2,236,927)
Expected benefit payments	(896,697)	(782,289)	(681,197)	(646,400)
Net changes in Total OPEB Liability	4,459,744	6,188,337	9,320,908	744,762
Total OPEB liability, beginning	55,294,236	49,105,899	39,784,991	39,040,229
Total OPEB liability, ending	\$ 59,753,980	\$ 55,294,236	\$ 49,105,899	\$ 39,784,991
Covered payroll	\$ 87,524,287	\$ 85,873,140	\$ 82,433,135	\$ 78,377,467
Total OPEB liability as a percentage of covered employee payroll	68.3%	64.4%	59.6%	50.8%

** This schedule is to be built prospectively until it contains ten years of data.*

** For this plan, there are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay for related benefits for the OPEB plan*

Thurston County
Changes in Total OPEB Liability - LEOFF 1
As of the Measurement Date June 30, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Interest on total OPEB liability	\$ 194,593	\$ 276,589	\$ 322,822	\$ 308,731
Effect on plan changes	(185,835)	955,740	(460,896)	(311,425)
Expected benefit payments	(333,969)	(324,580)	(277,637)	(281,378)
Net changes in Total OPEB Liability	(325,211)	907,749	(415,711)	(284,072)
Total OPEB liability, beginning	8,971,196	8,063,447	8,479,158	8,763,230
Total OPEB liability, ending	<u>\$ 8,645,985</u>	<u>\$ 8,971,196</u>	<u>\$ 8,063,447</u>	<u>\$ 8,479,158</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A

** This schedule is to be built prospectively until it contains ten years of data.*

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via State of Washington Office of the Superintendent of Public Instruction)	School Breakfast Program	10.553	N/A	4,386	-	4,386	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via State of Washington Office of the Superintendent of Public Instruction)	COVID 19 - National School Lunch Program	10.555	N/A	8,336	-	8,336	-	3
Total Child Nutrition Cluster:				12,722	-	12,722	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of the State Treasurer)	Schools and Roads - Grants to States	10.665	N/A	534,850	-	534,850	-	3
Total Forest Service Schools and Roads Cluster:				534,850	-	534,850	-	
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-53- 0007	-	11,465	11,465	11,465	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-53- 0007	-	58,476	58,476	58,476	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures				Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total			
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-53- 0007	-	460,934	460,934	460,934	460,934	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-53- 0007	-	525,288	525,288	449,679	5	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-21-UC-53- 0007	-	85,332	85,332	37,107	5	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-53- 0007	-	1,128,747	1,128,747	489,719	5	
Total CDBG - Entitlement Grants Cluster:				-	2,270,242	2,270,242	1,507,381		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-169	5,877	-	5,877	5,864	5	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	COVID 19 - Emergency Solutions Grant Program	14.231	20-4313C-126	2,339,471	-	2,339,471	2,309,029	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-18-DC-53- 0207	-	5,209	5,209	-	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M19-DC530207	-	441,629	441,629	368,382	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M20-DC-53- 0207	-	201,055	201,055	201,055	
Total CFDA 14.239:				-	647,893	647,893	569,437	
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Department of Fish and Wildlife)	Cooperative Endangered Species Conservation Fund	15.615	WDFW 14- 02365	238,612	-	238,612	-	
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Department of Fish and Wildlife)	Cooperative Endangered Species Conservation Fund	15.615	WDFW 19- 14875	115,897	-	115,897	-	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total CFDA 15.615:	354,509	-	354,509	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	21-31101-530	30,016	-	30,016	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	22-31101-530	43,125	-	43,125	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	20-31219-036 Amendment A	140,368	-	140,368	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	22-31219-030	96,361	-	96,361	-	
			Total CFDA 16.575:	309,870	-	309,870	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F19-31103-115	73,575	-	73,575	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F19-31103-014 Amendment C	600	-	600	-	

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Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total CFDA 16.588:	74,175	-	74,175	-	
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF (via Washington State Patrol)	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2019-CD-BX- 0033	8,884	-	8,884	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Office of Public Defense)	COVID 19 - Edward Byrne Memorial Competitive Grant Program	16.751	GRT21015	58,115	-	58,115	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	STPUS-5252 (011)	93,202	-	93,202	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	HIPR-C341 (003)	12,938	-	12,938	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (506)	502,591	-	502,591	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	SRTS-9934 (023)	15,937	-	15,937	-	8

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	BROS-2034 (081)	639,874	-	639,874	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	STPUS-HSIP- 5282(006)	63,901	-	63,901	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	STPR-STPUS- 2034(092)	71,709	-	71,709	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	STPR-2034 (093)	36,487	-	36,487	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (594)	6,755	-	6,755	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Thurston Regional Planning Council)	Highway Planning and Construction	20.205	STPUS-5238 (011)	1,167	-	1,167	-	5
Total Highway Planning and Construction Cluster:				1,444,561	-	1,444,561	-	
Highway Safety Cluster								

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs and Police Chiefs)	State and Community Highway Safety	20.600	N/A	11,400	-	11,400	-	3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2021-HE-4061 - Region 4 Target Zero Task Force	2,059	-	2,059	-	
Total Highway Safety Cluster:				13,459	-	13,459	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	21-4614C-127	1,729,865	-	1,729,865	1,711,241	5
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Health)	COVID 19 - Coronavirus Relief Fund	21.019	CLH18264	704,210	-	704,210	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	354,116	-	354,116	-	3
Total CFDA 21.019:				2,788,191	-	2,788,191	1,711,241	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - Emergency Rental Assistance Program	21.023	N/A	-	13,812,694	13,812,694	13,714,503	3, 5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington Department of Commerce)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4616C-127	9,767,806	-	9,767,806	9,759,148	5
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington Department of Commerce)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4618C-127	506,752	-	506,752	506,340	5
		Total CFDA 21.023:		10,274,558	13,812,694	24,087,252	23,979,991	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	1505-0271	-	4,672,101	4,672,101	1,539,511	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18264	285,500	-	285,500	-	5
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Pierce County)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	SC-105503	61,235	-	61,235	-	5
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Ecology)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	WQNEP-2017- ThCoWR-00037	120,802	-	120,802	-	5
		Total CFDA 66.123:		467,537	-	467,537	-	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Puget Sound Partnership)	National Estuary Program	66.456	2021-15	102,387	-	102,387	5
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Puget Sound Partnership)	National Estuary Program	66.456	2022-26	5,464	-	5,464	5
Total CFDA 66.456:				107,851	-	107,851	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Health)	Beach Monitoring and Notification Program Implementation Grants	66.472	CLH18264	6,228	-	6,228	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Public Health Emergency Preparedness	93.069	CLH18264	244,936	-	244,936	5
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Center for Children and Youth Justice)	Maternal and Child Health Federal Consolidated Programs	93.110	2020090526	61,346	-	61,346	2, 5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Center for Children and Youth Justice)	Maternal and Child Health Federal Consolidated Programs	93.110	2021090594	20,355	-	20,355	-	
		Total CFDA 93.110:		81,701	-	81,701	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH18264	47,971	-	47,971	-	5
		93.243	N/A	56,000	-	56,000	-	3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	12,242	-	12,242	-	3
		Total CFDA 93.243:		68,242	-	68,242	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH18264	418,342	-	418,342	-	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
						Total	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH18264	4,979,430	-	4,979,430	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH18264	340,263	-	340,263	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	National and State Tobacco Control Program	93.387	CLH18264	47,599	-	47,599	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	CLH18264	435	-	435	5
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Child Support Enforcement	93.563	2110-80383	978,696	-	978,696	5

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Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K4662	76,591	-	76,591	-	4
				76,591	-	76,591	-	
Total Medicaid Cluster:								
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	CLH18264	143,313	-	143,313	-	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	HIV Prevention Activities Health Department Based	93.940	CLH18264	114,624	-	114,624	-	5
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K4913, K5737	351,389	-	351,389	-	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3944-2	216,229	-	216,229	-	5
		Total CFDA 93.959:		567,618	-	567,618	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH18264	195,968	-	195,968	-	5
		95.001	G20NW0013A	-	32,279	32,279	-	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G21NW0013A	-	53,907	53,907	-	
		95.001	9001800036	9,877	-	9,877	-	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Education Service District 105)	High Intensity Drug Trafficking Areas Program	95.001	G20NW0014A	10,292	-	10,292	-	
		Total CFDA 95.001:		20,169	86,186	106,355	-	

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Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Emergency Management Performance Grants	97.042	E20-257	25,744	-	25,744	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Emergency Management Performance Grants	97.042	E22-238	286	-	286	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E22-147	80,445	-	80,445	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E21-130	57,157	-	57,157	-	
Total CFDA 97.042:				163,632	-	163,632	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	BRIC: Building Resilient Infrastructure and Communities	97.047	D22-002	5,254	-	5,254	-	

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Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E19-074	94,199	-	94,199	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E20-073	28,765	-	28,765	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E18-170	33,263	-	33,263	-	
Total CFDA 97.067:				156,227	-	156,227	-	
HOMELAND SECURITY, DEPARTMENT OF	2022 State and Local Overtime Reimbursement Program	97U01	N/A	-	815	815	-	3
Total Federal Awards Expended:				27,451,869	21,489,931	48,941,800	31,622,453	

The accompanying notes are an integral part of this schedule.

THURSTON COUNTY
Notes to the Schedule of Expenditures of
Federal Awards
For the Year Ended December 31, 2021

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, which use the modified accrual basis of accounting. There is one exception to this general rule. See Note 4 below for exceptions.

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – FEDERAL DE MINIMIS INDIRECT COST RATE

The County's Superior Court elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance on Assistance Listing 93.110, contract 2020090526.

NOTE 3 – NOT AVAILABLE (N/A)

The County was unable to obtain other identification numbers.

NOTE 4 – MEDICAL ASSISTANCE PROGRAM

Due to timing issues associated with a random sample method used by the granting agency to calculate allowable expenditures, we have been advised by our on-site auditors to report the receipts of cash for this grant. This represents a departure from our normal basis of accounting as described in Note 1 above.

NOTE 5 – FEDERAL INDIRECT COST RATE

The amount expended includes indirect cost recovery. The following provides details of the indirect costs recovered:

Assistance Listing Number	Contract #	Indirect Cost Rate	Amount
14.218	B-20-UC-53-0007	Variable	\$11,139.54
14.218	B-21-UC-53-0007	Variable	\$8,418.37
14.218	B-20-UW-53-0007	Variable	\$40,390.46
14.228	20-6221C-169	Variable	\$3.64
14.231	20-4313C-126	Variable	\$6,555.17

14.239	M19-DC530207	Variable	\$14,152.58
14.239	M-18-DC-53-0207	Variable	\$295.12
15.615	WDFW 19-14875	10.0%	\$2,626.51
20.205	STPUS-5238(011)	25.0%	233.47
21.019	21-4614C-127	Variable	\$1,969.73
21.023	N/A	Variable	\$12,922.53
21.023	21-4616C-127	Variable	\$2,144.51
21.023	21-4618C-127	Variable	\$103.13
66.123	CLH18264	36.56%	\$48,072.36
66.123	SC-105503	36.21%	\$3,072.16
66.123	WQNEP-2017-ThCoWR-0003	29%	\$4,941.11
66.456	2022-26	10.0%	\$84.53
66.472	CLH18264	36.56%	\$995.12
93.069	CLH18264	36.56%	\$65,292.16
93.136	CLH18264	36.56%	\$12,231.02
93.268	CLH18264	36.56%	\$71,632.14
93.323	CLH18264	36.56%	\$1,058,953.22
93.354	CLH18264	35.99%	\$90,051.22
93.387	CLH18264	36.56%	\$12,649.63
93.391	CLH18264	36.56%	\$116.55
93.563	2110-80383	10.33%	\$31,003.00
93.563	2110-80383	8.10%	\$47,752.00
93.563	2110-80383	9.40%	\$8,850.00
93.870	CLH18264	36.56%	\$34,125.48
93.959	K3944-2	36.56%	\$3,345.46
93.940	CLH18264	36.56%	\$27,424.00
93.959	K4913, K5737	10%	\$50,903.40
93.994	CLH18264	36.56%	\$52,419.78

NOTE 7 – NONCASH AWARDS

The amount reported on the schedule under Assistance Listing Number 93.243 is the value of naloxone doses received by the County during 2021 and priced as prescribed by the University of Washington and the Washington State Department of Health.

Thurston County received \$1,665,645.20 in donated personal protective equipment (PPE) in 2021. This amount is reported at fair market value and is unaudited.

NOTE 8 – FINAL SETTLEMENT PAYMENTS

The following grant received final settlement payment from the Department of Transportation in 2021. The payment is a result of a final administrative review of the federal funds received for the following project in the time period below. The expenditures have not previously been reported on the Schedule of Expenditures of Federal Awards.

CFDA #	Contract #	Amount	Contract Time Period
20.205	SRTS-9934(023)	\$15,937.27	05/26/2018-12/31/2020



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Thurston County
January 1, 2021 through December 31, 2021

This schedule presents the corrective action planned by the County for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2021-001	Finding caption: The County's internal controls were inadequate for ensuring compliance with federal requirements for suspension and debarment.
Name, address, and telephone of County contact person: Darren Bennett, Financial Services Manager 2000 Lakeridge Drive S.W. Olympia, WA 98502-6090 (360) 867-2253	
Corrective action the auditee plans to take in response to the finding: <i>The county is currently in the process of implementing and expects to go live in 2023 with a new integrated Enterprise Resource Planning (ERP) system with increased functionality and improved controls. Both procurement and grants have historically been decentralized and managed manually by each office and department. The county has dedicated substantial effort to modernizing, streamlining and standardizing processes across the county while improving controls by investing in new software and staff training. The new system allows for automated workflow, shared access to view who has completed what task, and the uploading of attachments. The county will implement a new procedure which includes verification the vendor is not suspended or debarred for all purchases using federal funds.</i>	

In addition to the upcoming new system training, the county also conducts regular countywide fiscal staff trainings throughout the year. The county is updating grant policies and procedures and started a training series with an emphasis on grants management, followed up by a monthly newsletter. With a new system, updated procedures and additional training, the county is confident internal controls will be adequate for ensuring compliance with federal requirements for suspension and debarment.

Anticipated date to complete the corrective action: 12/31/22

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