THURSTON COUNTY WASHINGTON

ANNUAL
FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2024

THURSTON COUNTY
ANNUAL FINANCIAL STATEMENTS

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Thurston County
January 1, 2024 through December 31, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the financial section of our report.

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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Covid Local Fiscal Recovery, Housing & Community Renewal and Roads and Transportation funds 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.

Matters of Emphasis

As discussed in Note 20 to the financial statements, in 2024, the County adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

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 financial section of our report 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2026 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.

Pat McCarthy, State Auditor

Olympia, WA

June 23, 2026

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, 2024. 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

- Over the past year, COVID-19 continued to affect certain aspects of Thurston County's operations and financial position; however, with the pandemic largely subsided, the impact was significantly less than in the previous four years. The COVID Fiscal Recovery Fund remains a major special revenue fund and accounts for the federal grant received under the American Rescue Plan Act (ARPA), which provided second-round funding for the COVID-19 response. The fund balance at the end of 2024 was relatively small, as revenues and outflows were closely aligned. For 2024, the fund reported revenues of $12.9 million, expenditures of $7.2 million, and transfers of $4.2 million.

- Total Fund Balance for the General Fund decreased to $38.2 million on December 31, 2024, compared to $39.9 million at the end of 2023. This is a decrease of $1.7 million, or 4.3%. Total ending Fund Balance represents 29.0% of 2024 General Fund total expenditures compared to 32.8% in 2023. Increased spending on Public Safety is one of the reasons why Fund Balance decreased in 2024. The other main reason was an increase in transfers-out of $2.6 million to the Roads and the Real Estate Excise Tax funds compared to prior year.

- The County implemented GASB No. 96 Subscription Based IT Arrangements (SBITAs) in 2023. However, no Subscription Based Capital Assets were capitalized in 2023 because none exceeded the capitalization threshold. For 2024 the County lowered the capitalization reporting threshold for intangible assets and there were several SBITAs capitalized. As a result of this statement, depreciable capital assets increased by $9.1 million and Liabilities increased by $3.3 million. The large discrepancy in these two amounts was due to one software, Oracle Fusion Cloud, where the county accumulated over $5.2 million in capitalizable implementation costs prior to go-live.

- The County implemented GASB 101 during 2024. This statement establishes standards of accounting and financial reporting for compensated absences and clarifies the recognition and measurement of these liabilities. As a result, the county recorded $4.3 million in Change in Accounting Principal adjustments to 2024 beginning balances. See Note 21 for more details of the results of this statement implementation.

- For 2024, factoring in the Change in Accounting Principal mentioned above, total Net Position of the County (governmental and business-type, combined) increased by $48.7 million over 2023. The 2024 balances are comprised of the following categories. Details of differences between current and prior year are outlined throughout this report:

    1. Net Investment in Capital Assets, of $521 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 $161.5 million represents the portion restricted by constraints imposed from outside the County such as debt covenants, grants, and laws. This reflects an increase of $30.3 million compared to prior year mainly in General Government function due to a $28.6 million bond sale in 2024.

3. Unrestricted net position of $103.9 million represents the portion not restricted by outside constraints. Details of this change are discussed later in this report. This account decreased by $4.6 million compared to prior year.

- Remaining capacity for non-voted and voted debt was $1.0 billion and $1.8 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 like 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 include but are 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, Debt Holding, and COVID Fiscal Recovery, 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 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 and Storm Water funds are considered major funds for financial reporting purposes. The County reports ten 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, 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, 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.

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 and required schedules, 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.

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 $786.4 million at the end of 2024. Factoring in the Beginning Net Position restatement, this reflects an increase of $44.7 million from prior year and is mainly in the restricted cash and investments account, with partially offsetting increases in the GO Bonds Payable Liabilities.

Of the County's total Net Position, $521 million, or 66.3%, 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, $161.5 million, or 20.5%, 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 $103.9 million, or 13.2%, is unrestricted and represents the amount that is not restricted by outside sources. Of the amount subject to external spending restrictions, there were no major differences between the various functions except for General Government which increased by $26.8 million. Most of this increase was in the Debt Holding Fund due to the issuance of GO Bonds.

Thurston County reported $1.1 billion of total assets as of December 31, 2024, compared to $1.0 billion for 2023. This represents an increase of $46.2 million. The main reason for this is a $28.5 million increase in restricted cash and pooled investments with the bond sale, as noted above. There was also an increase of $13.8 million in Due From Other Governments, an account generally out of the control of the county and due to the timing of collections of grant revenue at year-end vs accrual activity.

Thurston County's total liabilities increased in 2024 compared to 2023, by $11.6 million, or 4.4%. The main reasons for the change were an increase of $26.5 million of GO Bonds Payable because of the sale of new bonds and a decrease of $12 million in Unearned Revenue due to the recognition of more COVID based grant revenues.

The County reported a Total Deferred Outflow of Resources of $40.2 million in 2024 compared to $32.9 million at the end of 2023. This increase was mainly in the Pension account that is due to an increase at the state level of Differences Between Expected and Actual Experience and Changes in Assumptions for Pensions. Deferred Inflows of Resources in 2024 was $39.3 million, a decrease of $2.8 million mainly due to an increase at the state level of Differences Between Expected and Actual Experience 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 2024 compares with 2023:

Thurston County Net Position

	Governmental Activities		Business-type Activities		Total	
Account	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Current & Non-Capital Assets	$ 376,462,809	$ 354,239,950	$ 95,649,278	$ 90,440,898	$ 472,112,087	$ 444,680,848
Capital Assets	556,752,742	537,121,852	33,113,292	33,989,163	589,866,034	571,111,015
Total Assets	**933,215,551**	**891,361,802**	**128,762,570**	**124,430,061**	**1,061,978,121**	**1,015,791,863**
Total Deferred Outflow of Resources	**36,172,347**	**29,388,946**	**4,069,902**	**3,545,539**	**40,242,249**	**32,934,485**
Current Liabilities	53,134,419	64,677,038	5,099,792	5,960,445	58,234,211	70,637,483
Long Term Liabilities	201,522,242	177,002,656	16,769,081	17,233,825	218,291,323	194,236,481
Total Liabilities	**254,656,661**	**241,679,694**	**21,868,873**	**23,194,270**	**276,525,534**	**264,873,964**
Total Deferred Inflow of Resources	**34,503,652**	**37,202,683**	**4,790,438**	**4,911,148**	**39,294,090**	**42,113,831**
Net Investment in Capital Assets	487,836,569	468,121,633	33,159,249	33,933,154	520,995,818	502,054,787
Restricted	158,731,276	127,946,554	2,737,791	3,228,313	161,469,067	131,174,867
Unrestricted	33,659,740	45,800,184	70,276,121	62,708,715	103,935,861	108,508,899
Total Net Position	**$ 680,227,585**	**$ 641,868,371**	**$ 106,173,161**	**$ 99,870,182**	**$ 786,400,746**	**$ 741,738,553**

Governmental activities – During 2024, the total net position for Governmental activities realized an increase of $38.3 million due to activity over prior year. $487.8 million in total net position was invested in capital assets, which is an increase of $19.7 million over prior year. Most of the Net Position increase was related to the cash increase described above. Nearly all the $33.7 million 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 2024, the Business-type activity accounts remained constant compared to prior year balances. Overall, the Net Position increased by $6.3 million, to $106.2 million. Net Invested in Capital Assets was $33.2 million. Restricted Net Position and Unrestricted Net Position were $2.7 million and $70.3 million respectively and were very consistent compared to prior year.

Analysis of the Statement of Activities

The following chart presents key elements in the Statement of Activities. In 2024, total County primary government revenues increased by $23.9 million, or 6.7%, up to $381.6 million, compared to prior year. There are several large differences in the main accounts that are the source of this difference as follows:

- Charges for Services in Governmental Activities decreased by $4.7 million, or 15.5%. This occurred in the county's General Governments funds and was mainly due to allocation and elimination of indirect costs as compared to 2023.
- Total Governmental Activities Tax revenues increased by $15.9 million, or 9.3%, due to the collection of a new approved Public Safety Sales Tax.

Total Primary County expenses increased by $17.7 million to $332.6 million. This increase was mainly due to more construction activity in the County's Transportation function within the Roads department. There was also an increase of $6.6 million in salaries in the Public Safety function.

Thurston County's Statement of Activities

Account	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for Services	$ 25,558,715	$ 30,230,393	$ 51,861,386	$ 49,493,566	$ 77,420,101	$ 79,723,959
Operating Grants & Contrib.	61,381,870	64,316,473	2,308,664	2,516,749	63,690,534	66,833,222
Capital Grants & Contrib.	29,522,698	18,362,438	69,060	254,130	29,591,758	18,616,568
General Revenues:						
Taxes	186,147,238	170,210,832	-	-	186,147,238	170,210,832
Interest and Invest. Earnings	19,438,858	19,750,625	623,666	517,900	20,062,524	20,268,525
Other General Revenues	3,935,298	1,293,312	708,502	709,455	4,643,800	2,002,767
Total Revenues	325,984,677	304,164,073	55,571,278	53,491,800	381,555,955	357,655,873
Program Expenses: (Net)						
General Government	18,668,073	17,256,001	-	-	18,668,073	17,256,001
Culture and Recreation	2,370,754	3,821,697	-	-	2,370,754	3,821,697
Economic Environment	40,004,205	32,387,633	-	-	40,004,205	32,387,633
Health and Human Services	65,379,607	61,200,699	-	-	65,379,607	61,200,699
Utilities and Environment	1,491,803	2,462,108	-	-	1,491,803	2,462,108
Public Safety	109,177,998	103,046,826	-	-	109,177,998	103,046,826
Transportation	43,631,710	39,584,257	-	-	43,631,710	39,584,257
Interest	2,471,391	3,950,776	-	-	2,471,391	3,950,776
Solid Waste	-	-	27,834,943	26,936,939	27,834,943	26,936,939
Water	-	-	1,801,350	1,473,034	1,801,350	1,473,034
Sewer	-	-	2,658,986	3,330,933	2,658,986	3,330,933
Stormwater	-	-	6,444,248	6,556,246	6,444,248	6,556,246
Environmental Health	-	-	6,150,300	7,290,832	6,150,300	7,290,832
Land Use & Permitting	-	-	4,516,133	5,605,653	4,516,133	5,605,653
Total Expenses	283,195,541	263,709,997	49,405,960	51,193,637	332,601,501	314,903,634
Excess (Deficiency) of Revenues						
Over (Under) Expenses						
Before Transfers	42,789,136	40,454,076	6,165,318	2,298,163	48,954,454	42,752,239
Transfers	(954,764)	(4,133,730)	954,764	4,133,730	-	-
Change in Net Position	41,834,372	36,320,346	7,120,082	6,431,893	48,954,454	42,752,239
Net Position as of January 1	641,868,371	605,235,700	99,870,182	95,488,226	741,738,553	700,723,926
Cumulative Effect of Change in Accounting Principle & Prior Period Adj.	(3,475,158)	312,325	(817,103)	(2,049,937)	(4,292,261)	(1,737,612)
Restated Net Position as of January 1	638,393,213	605,548,025	99,053,079	93,438,289	737,446,292	698,986,314
Ending Net Position	$ 680,227,585	$ 641,868,371	$ 106,173,161	$ 99,870,182	$ 786,400,746	$ 741,738,553

In 2024, Governmental activities provided $326 million in revenues (85.4% of total county revenues), while business type activities provided $55.6 million (14.6% of total County revenues). The three largest governmental revenues are - taxes at $186.1 million, or 57.1%, of total governmental revenues, charges for services at $25.6 million, or 7.9%, of total governmental revenues, and operating grants & contributions at $61.4 million, or 18.8% of total governmental revenues. The remaining 16.2% of governmental revenues include capital grants, interest and investment earnings and other general revenues.

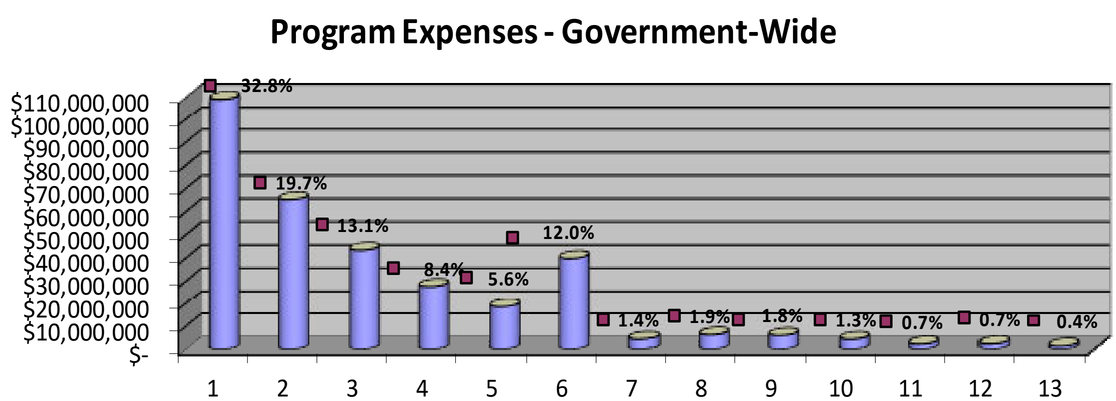
In 2024, Business-Type Activities Charges for Services were $51.9 million, or 93.3%, of total business-type revenues, which were $55.6 million. The Solid Waste fund makes up most revenues for Business-Type Activities.

In 2024, total governmental expenses increased by $19.5 million compared to prior year. These increases were distributed across most of the County's functional areas.

The governmental and business-type expense distribution of $283.2 million, or 85.1%, and $49.4 million, or 14.9%, closely resembles the distribution from the prior year with a slight increase towards Governmental Activities.

In 2024, the County recorded a Change in Accounting Principle of $4.3 million related to the implementation of GASB 101 which required the beginning balances to be adjusted. Adjustments to 2024 beginning balances due to the implementation of GASB 101 are summarized in Note 21.

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



Legend:

1. Public Safety
2. Health & Human Serv.
3. Transportation
4. Solid Waste
5. General Government
6. Economic Environment
7. Land Use & Permitting
8. Stormwater
9. Environmental Health
10. Water & Sewer
11. Culture & Recreation
12. Interest
13. Utilities & Environment

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

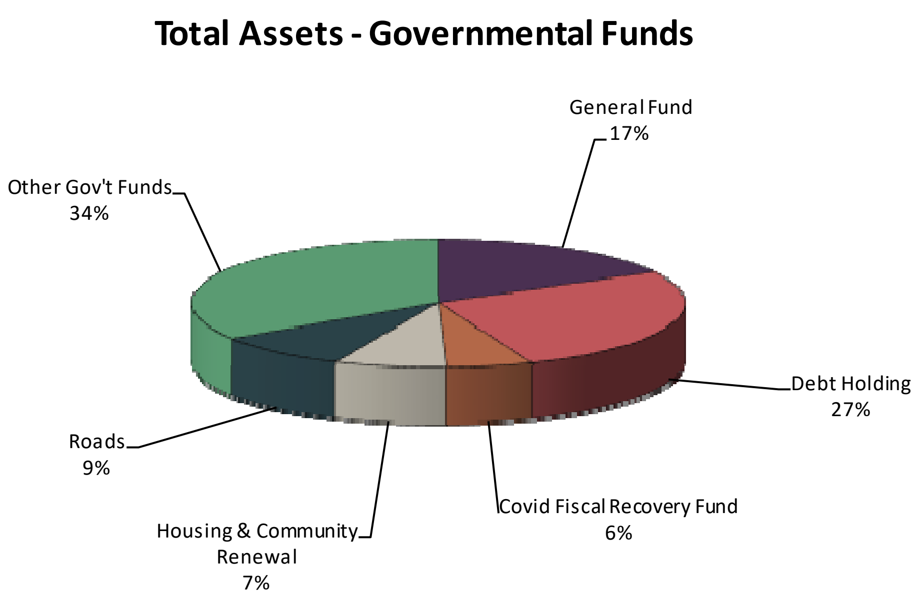
Following is an analysis of the County's major governmental and proprietary funds.

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 $244.9 million, an increase of $40.1 million from prior year ($204.8 million). Part of this increase was due to the sale of $28.6 million in GO Bonds during the year. Additionally, this increase was also due to the $12.4 million increase in Cash and Pooled Investments in Other Governmental Funds. This happened because new taxes were collected under the new Public Safety Sales Tax. Also, additional monies were received from the Opioid Settlement.

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



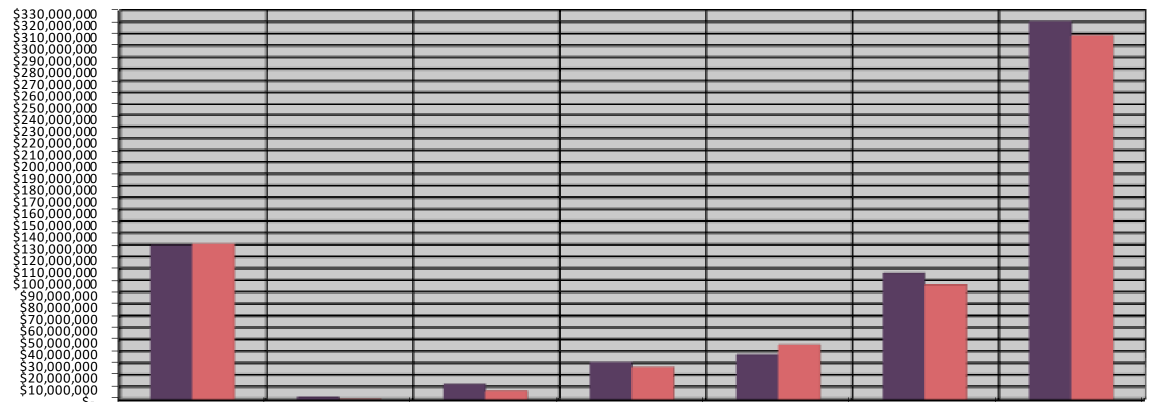
Governmental Fund revenues in 2024 increased by $28.9 million, or 9.9% mainly due to the increased Sales and Use Tax revenue of $11 million and increased Intergovernmental revenues of $9.1 million. The reason for the increase in Sales and Use Tax revenue is from the new Public Safety Sales Tax. The reason for the increase in intergovernmental revenues was more COVID grant expenditures happening in 2024 vs 2023. Intergovernmental revenues, for the most part, are considered earned when grant money is spent.

Governmental expenditures in 2024 increased by $32.4 million (11.7%) compared to 2023, reflecting expanded investment across several key service areas. The growth was primarily driven by higher spending in:

- Capital outlays – Increased investment in infrastructure, facilities, and equipment.
- Public safety – Additional funding for law enforcement.
- Transportation – Expanded support for road maintenance and related infrastructure.
- Economic environment – Greater investment in community development and economic growth initiatives.

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



	General Fund	Debt Holding	Covid Fiscal Recovery Fund	Housing & Community Renewal	Roads	Other Gov't Funds	Total Governmental Funds
Revenues	$130,377,839	$2,078,814	$12,861,203	$31,257,499	$37,785,900	$106,793,093	$321,154,348
Expenditures	$131,531,487	$112,523	$7,219,642	$27,292,139	$46,060,723	$96,972,220	$309,188,734

In 2024, the General Fund, Debt Holding, COVID Fiscal Recovering, Roads, and the Housing and Community Renewal Fund accounted for 66.7% of total revenues and 68.6% of total Governmental fund expenditures.

For 2024 the County is reporting the following as major governmental funds: General, Debt Holding, COVID Fiscal Recovery, Housing and Community Renewal, Roads, and Other Governmental.

The following are highlights related to each major fund in 2024:

The **General Fund** is the chief operating fund of the County. The General Fund's total ending fund balance was $38.2 million at the end of 2024, compared to $39.9 million at the end of 2023. This represents a decrease of $1.7 million, or 4.3%, compared to prior year. The main reason for this appears to be a 4.7% budget underspend across all county departments for 2024.

Total Unassigned fund balance was $38 million in 2024 compared to $39.6 million at the end of 2023. 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 $51.1 million and total liabilities were $8.6 million at the end of 2024. Compared to 2023, assets decreased by $1.8 million, or 3.4%, and liabilities decreased by 4.2%. The main decrease in assets was in the Due From Other Funds account of $3.0 million. The balance in this fund is due to year end accruals for the payment of interfund charges incurred late in the year. The county has no real control over this account as they are accruals at year-end. For Liabilities, the Accounts Payable account decreased by $1.4 million. This account represents warrants that have not cleared the bank as of year-end and is, again, out of the county's control.

General Fund revenues increased by $7.9 million, or 6.4%, from 2023 to 2024. $4 million of this increase was due to increased Property Taxes. Additionally, there was a $2.6 million increase in Intergovernmental revenues due in part to increased State revenues allocated to the County.

The **Debt Holding Fund,** a new fund for 2022, was established to account for GO Bonds sold during that year to fund a remodel of the County's courthouse facility. In 2024, $28.6 million in GO Bonds were sold to renovate the ballot processing center and purchase or renovate a building for law enforcement infrastructure. At year-end 2024, the fund had $78.8 million cash balance and $78.4 million in fund balance. These balances changed drastically from prior year due to this bond sale. Revenues and expenditures changed very little from 2023, but Other Financing Sources increased due to the bond sale.

The **COVID Fiscal Recovery Fund** was a new fund for 2021 and was established to account for activity related to funds the County received for the American Rescue Plan Act. In 2022, the County received its second tranche of funds totaling $28.2 million in advance of it earning these funds. As such, this amount was also recorded as Unearned Revenue liability. In 2024, the Unearned Revenue account decreased by $11.4 million or 42.6% because the county spent COVID funds thereby reclassifying these as revenues. This is evidenced by the $11.4 million reported in Intergovernmental Revenue reported in 2024.

Expenditures increased in 2024 by $1.3 million, or 21.9%, because more COVID funds were spent during the year vs. 2023. Over the course of the next couple years, the county expects this fund to no longer be a major fund as all funds must be spent by December 31, 2026.

The **Housing and Community Renewal Fund** was first reported as a major fund in 2021 due to the COVID funds it received. The total assets in this fund increased by just $468,000, or 2.2% compared to prior year. This increase is from Sales and Use Tax revenues which increased by $3.5 million. Conversely, expenditures in this fund increased by $1.9 million, up to $27.3 million. Fund balance was $18.8 million at the end of 2024, which was 27.9% greater than 2023.

The **Roads Fund** provides road maintenance and construction services to the citizens of Thurston County. Total Fund Balance decreased by $4.7 million from 2023 to 2024. Total 2024 ending fund balance in this fund was $21.5 million. Compared to 2023, revenues in the Roads fund increased by $7.4 million, or 24.3%. Intergovernmental Revenues was one of the main accounts that increased in 2024. This account increased by $9.0 million which was partially from Washington State revenues. Total expenditures increased by $10.7 million which is evidenced by an increase of $4.0 million in Capital Outlay expenditures. Transportation expenditures also increased by $6.7 million, or by 23.3%, mainly in the salaries and benefits category. Transfers-in increased by 58.5% to $6.5 million to help pay for the increase in Capital Outlay activity.

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 to $101.9 million, or 14.7% and liabilities increased by $4.8 million, or 63.6%. Fund Balance increased by $11.4 million. Revenues in this major fund increased by $13.6 million, or 14.6%. Expenditures increased by $8.4 million, or 9.5%. As expected, these increases were mostly due to the addition of new funds. By way of comparison, the following are summary totals of both of the new funds added to the Other Governmental Funds major fund, by account category:

- Total Assets – Public Health $14.8 million, REET $16.7 million
- Total Liabilities – Public Health $4.6 million, REET $2.9 million
- Fund Balance – Public Health $10.1 million, REET $13.7 million
- Total Revenues – Public Health $22.6 million, REET $6.9 million
- Total Expenditures – Public Health $24.1 million, REET $0

Another difference in this major fund were two newly added funds in 2024 titled Public Safety Sales Tax, one for Law and one for Justice. These funds were created because of a new sales tax that was established to be used exclusively to support law enforcement services and associated infrastructure, as well as for prosecution, public defense, and elections security infrastructure, including facilities.

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	Storm Water	Other Enterprise Funds	Total Enterprise Funds
Cash & Pooled Investments	$ 44,899,525	$ 19,584,594	$ 16,313,372	$ 80,797,491
Other Current Assets	2,043,688	369,934	1,019,470	3,433,092
Restricted Assets:				
Cash and Pooled Investments	-	-	11,536	11,536
Total Current Assets	46,943,213	19,954,528	17,344,378	84,242,119
Long-Term Assets:				
Receivables	-	-	20,304	20,304
Capital Assets	10,073,649	9,648,933	13,390,710	33,113,292
Net Pension Asset	667,447	509,253	1,217,765	2,394,465
Restrict Assets: Cash and Pooled Investments	9,449,501	-	-	9,449,501
Total Long Term Assets	20,190,597	10,158,186	14,628,779	44,977,562
Total Assets	**67,133,810**	**30,112,714**	**31,973,157**	**129,219,681**
Total Deferred Outflow of Resources	**1,140,492**	**836,083**	**2,093,327**	**4,069,902**
Liabilities				
Current Liabilities	3,776,220	654,450	1,126,233	5,556,903
Long-Term Liabilities:				
Comp Abs & OPEB Payable	1,788,463	1,079,370	3,367,483	6,235,316
Intergov. Loans & Contracts Payable	3,848	-	218,246	222,094
Accumulated Landfill Closure Costs	9,117,750	-	-	9,117,750
Net Pension Liability	332,801	253,923	607,197	1,193,921
Total Long Term Liabilities	11,242,862	1,333,293	4,192,926	16,769,081
Total Liabilities	**15,019,082**	**1,987,743**	**5,319,159**	**22,325,984**
Total Deferred Inflow of Resources	**1,366,238**	**867,412**	**2,556,788**	**4,790,438**
Net Position				
Net Investment in Capital Assets	10,069,801	9,648,933	13,440,515	33,159,249
Restricted For:				
Debt Service	-	-	11,575	11,575
Pensions	667,447	509,253	1,217,765	2,394,465
Unrestricted (Deficit)	40,819,983	17,935,456	11,520,682	70,276,121
Total Net Position	**$ 51,888,982**	**$ 28,093,642**	**$ 26,190,537**	**$ 106,173,161**

The Solid Waste and Storm & Surface Water Utility Funds are the major enterprise funds for Thurston County in 2024.

The **Solid Waste Fund** provides solid waste disposal and reduction services to the citizens of 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. These funds comprise 75.2% of enterprise assets and 76.2% 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 Enterprise funds increased by $6.3 million, or 6.3%. The main difference between 2024 and prior year was an increase of $6.7 million in cash due to normal business activity.

Of the total enterprise funds' net position, $33.2 million, or 31.2%, is invested in capital assets net or related debt, whereas $72.8 million, or 68.7%, is restricted for debt service or is unrestricted.

Proprietary Funds Revenue/Expense Analysis

The following table is a summary of enterprise fund revenues and expenses in 2024.

Thurston County Washington
Enterprise Funds Revenues and Expenses

	Solid Waste	Storm Water	Other Enterprise Funds	Total Enterprise Funds
Revenues:				
Operating:				
Charges for Services	$ 30,126,281	$ 7,079,134	$ 14,655,971	$ 51,861,386
Miscellaneous	901	923	706,678	708,502
Non-Operating:				
Interest Revenue	-	34,389	589,277	623,666
Operating & Capital Grant Proceeds	590,585	215,505	1,502,574	2,308,664
Total Revenues	**30,717,767**	**7,329,951**	**17,455,251**	**55,502,969**
Expenses:				
Operating:				
Salaries and Benefits	4,668,585	3,138,484	7,667,143	15,474,212
Other Supplies and Expenses	229,864	132,244	405,884	767,992
Contractual Services	4,189,490	697,942	1,373,791	6,261,223
Longhaul Contract	16,261,344	-	-	16,261,344
Interfund Services and Charges	1,942,542	1,956,684	4,351,803	8,251,029
Depreciation/Amortization	542,581	518,894	1,341,958	2,403,433
Claims Payments	-	-	-	-
Non-Operating:				
Interest Expense & Fiscal Charges	537	-	8,244	8,781
Total Expenses	**27,834,943**	**6,444,248**	**15,167,729**	**49,446,920**
Income (Loss) before contrib. and trans.	2,882,824	885,703	2,287,522	6,056,049
Capital Contributions	-	-	69,060	69,060
Transfers In (Out)	1,910	(168,226)	1,161,289	994,973
Change in Net Position	**2,884,734**	**717,477**	**3,517,871**	**7,120,082**
Net Position as of January 1	49,200,591	27,475,995	4,563,486	81,240,072
Restated Net Position as of January 1	49,004,248	27,376,165	22,672,666	99,053,079
Net Position as of December 31	**$ 51,888,982**	**$ 28,093,642**	**$ 26,190,537**	**$ 106,173,161**

For all enterprise funds, total operating revenues from charges for services in 2024 are $51.9 million and comprise 93.5% of total enterprise operating and non-operating revenues. Compared to prior year, total charges for services for enterprise funds increased by $2.4 million. Total Expenses increased by $1.7 million in several of the operating categories due 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 55.3% of total enterprise revenues and 56.3% of total enterprise expenses. Net Position increased in this fund by $2.7 million over 2023. All revenues and expenses remained constant compared to 2023. 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 2024 is $51.9 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 13.2% of total enterprise revenues and 13% of total enterprise expenses. Revenues and expenses remained constant compared to 2023. Net Position increased by just $618,000 in this fund over prior year due to normal operations of revenues exceeding expenses.

For 2024, the county reclassified three major funds to non-major funds, Grand Mound, Environmental Health, and Land Use & Permitting. These funds were reported in the major funds statements to the extent that Net Position was zeroed out through a Cumulative Effect of Change within the Financial Reporting Entity.

General Fund Budgetary Highlights

Beginning in 2024, Thurston County was in the second year of the biennial budget. Periodic adjustments were made to the budget during the year. Although the budget is considered 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, 2024. 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 increase in original vs. final expenditure budget was in the county's Non-Departmental department. Non-Departmental increased because there was a large, budgeted transfer-out during the year to another county department. On the revenue side, Intergovernmental Revenues budget increased due to unexpected grant activity.

Thurston County
General Fund Changes in Budget

	Original Budget	Final Budget	Variance Pos (Neg)
Revenues:			
Taxes	$ 51,000,000	$ 51,000,000	$ -
Sales and Use Taxes	31,750,000	31,750,000	-
Excise and Other Taxes	345,000	345,000	-
Licenses & Permits	2,023,200	2,023,200	-
Intergovernmental	11,287,885	12,950,451	1,662,566
Charges for Services	17,887,608	18,427,960	540,352
Fines & Forfeitures	2,100,300	2,100,300	-
Interest and Other Earnings	3,970,497	3,970,497	-
Donations and Contributions	111,458	145,432	33,974
Miscellaneous	422,045	422,045	-
Total General Revenues	**120,897,993**	**123,134,885**	**2,236,892**
Other Financing Sources	5,207,333	7,515,534	2,308,201
Total Revenues	**126,105,326**	**130,650,419**	**4,545,093**
Expenditures by Department:			
Assessor's Office	5,200,729	5,266,135	(65,406)
Auditor's Office	8,974,311	9,290,767	(316,456)
Assigned Counsel	8,867,776	9,020,427	(152,651)
Clerk's Office	5,159,821	5,290,912	(131,091)
Commissioner's Office	4,443,762	4,446,654	(2,892)
Coroner's Office	2,019,865	2,277,511	(257,646)
Corrections	21,302,752	21,460,558	(157,806)
Disabled Recreation Activities	24,590	24,590	-
District Court	4,358,288	4,348,179	10,109
Emergency Management	2,287,668	2,504,944	(217,276)
Human Resources	2,297,539	2,298,671	(1,132)
Juvenile Probation	7,840,887	7,841,364	(477)
Maternal Child Health	227,229	227,229	-
Non-Departmental	4,863,949	9,587,949	(4,724,000)
Paths & Trails	900,604	906,938	(6,334)
Planning	2,613,142	3,245,550	(632,408)
PreTrial Services	1,130,462	1,130,662	(200)
Prosecuting Attorney	11,645,858	11,826,278	(180,420)
Sheriff	26,442,598	26,789,545	(346,947)
Superior Court	7,871,731	7,981,488	(109,757)
Treasurer's Office	1,662,849	1,663,632	(783)
WSU Extension	3,085,052	3,085,375	(323)
General Fund Expenditures	**133,221,462**	**140,515,358**	**(7,293,896)**
Abatement	61,543	61,543	-
Election Stabilization Reserve	45	45	-
Fair	399,172	401,097	(1,925)
Parks & Trails	3,056,947	3,280,201	(223,254)
Prisoner Concession	81,497	81,497	-
Public, Educational & Governmental Access:	88,480	88,480	-
Reported General Fund Expenditures	**136,909,146**	**144,428,221**	**(7,519,075)**
Net Changes in Fund Balances	(10,803,820)	(13,777,802)	(2,973,982)
Fund Balances as of January 1	36,024,872	36,146,529	121,657
Fund Balances as of December 31	**$ 25,221,052**	**$ 22,368,727**	**$ (2,852,325)**

Overall, the County's original and final General Fund expenditure budgets were within $7.3 million, or 5.5% of each other.

The final budget ending fund balance was $22.4 million, a decrease of $11.6 million over the same figure in 2023.

General Fund Budget to Actual Variances

The following table summarizes differences between budget and actual revenues and expenditures in the General Fund for 2024. Note that transfers are included within the amounts reported for revenues and expenditures for each office and department. The results for 2024 show actual total revenues (including other financing sources) at $136.0 million, which is $5.3 million, or 4.1%, above the final budget. The main increase was $8.2 million in Interest and Other Earnings, which are roughly estimated at budget time. Several categories saw actual revenues lower than budget, which partially offset the increase. Taxes, including Sales and Use Taxes, was the largest decrease with a $1.4 million difference between Actuals and Final Budget. This happened because Property and Sales Tax collections were lower than expected in 2024. Total Other Financing Sources revenues were lower than budget by $1.9 million due to less transfers in than budgeted.

Actual expenditures were $137.7 million, which is $6.7 million or 4.6% 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. All offices/departments had a positive expenditure variance in 2024, meaning no office or department over-spent its budget authority. The two largest budget under-expenditure by a department was in the Non-Departmental and Juvenile Probation departments that underspend their budget by $767,000 and $712,000, respectively. Also, in a county internal managerial fund that is rolled into the General Fund for reporting purposes, the Parks and Trails fund under spent its budget by $2 million because proposed capital projects were not completed as expected.

Thurston County
General Fund Revenues, Expenditures & Fund Balance

	Final Budget	Actuals	Variance Pos (Neg)
Revenues:			
Taxes	$ 51,000,000	$ 49,893,497	$ (1,106,503)
Sales and Use Taxes	31,750,000	31,469,688	(280,312)
Excise and Other Taxes	345,000	422,856	77,856
Licenses & Permits	2,023,200	2,174,639	151,439
Intergovernmental	12,950,451	13,621,437	670,986
Charges for Services	18,427,960	18,273,222	(154,738)
Fines & Forfeitures	2,100,300	1,608,629	(491,671)
Interest and Other Earnings	3,970,497	12,175,860	8,205,363
Donations and Contributions	145,432	141,079	(4,353)
Miscellaneous	422,045	596,932	174,887
Total General Revenues	**123,134,885**	**130,377,839**	**7,242,954**
Total Other Financing Sources	7,515,534	5,650,956	(1,864,578)
Total Revenues	**130,650,419**	**136,028,795**	**5,378,376**
Expenditures by Department:			
Assessor's Office	5,266,135	5,176,289	89,846
Auditor's Office	9,290,767	9,286,908	3,859
Assigned Counsel	9,020,427	8,901,368	119,059
Clerk's Office	5,290,912	4,613,353	677,559
Commissioner's Office	4,446,654	4,323,354	123,300
Coroner's Office	2,277,511	2,242,805	34,706
Corrections	21,460,558	21,216,303	244,255
Disabled Recreation Activities	24,590	24,584	6
District Court	4,348,179	4,282,782	65,397
Emergency Management	2,504,944	2,121,579	383,365
Human Resources	2,298,671	2,096,378	202,293
Juvenile Probation	7,841,364	7,128,878	712,486
Maternal Child Health	227,229	50,712	176,517
Non-Departmental	9,587,949	8,820,336	767,613
Paths & Trails	906,938	906,897	41
Planning	3,245,550	3,170,879	74,671
PreTrial Services	1,130,662	1,032,413	98,249
Prosecuting Attorney	11,826,278	11,816,358	9,920
Sheriff	26,789,545	26,407,635	381,910
Superior Court	7,981,488	7,642,071	339,417
Treasurer's Office	1,663,632	1,638,909	24,723
WSU Extension	3,085,375	2,966,957	118,418
General Fund Expenditures	**140,515,358**	**135,867,748**	**4,647,610**
Election Stabilization Reserve	61,543	41,218	20,325
Election Stabilization Reserve	45	45	-
Fair	401,097	392,575	8,522
Parks & Trails	3,280,201	1,314,754	1,965,447
Prisoner Concession	81,497	32,498	48,999
Public, Educational & Governmental Access:	88,480	33,107	55,373
Reported General Fund Expenditures	**144,428,221**	**137,681,945**	**6,746,276**
Net Changes in Fund Balances	(13,777,802)	(1,653,150)	12,124,652
Fund Balances as of January 1	36,146,529	39,857,789	3,711,260
Prior Period Adjustments	-	-	-
Fund Balances as of January 1 - Restated	36,146,529	39,857,789	3,711,260
Fund Balances as of December 31	**$ 22,368,727**	**$ 38,204,639**	**$ 15,835,912**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, construction in progress, buildings, improvements, machinery and equipment intangible assets including leases, and infrastructure. Thurston County's total governmental and business-type capital asset balance was $589.9 million at year end. Of this total, $300.3 million (50.9%) are non-depreciable assets and $289.6 million (49.1%) are depreciable/amortizable. Capital assets comprise 55.5% of total assets.

A capital asset breakdown is provided in Note 7 within the financial statement section. Total capital assets in both governmental and business-type increased by $18.8 million, or 3.3% over prior year. However, please note that changes in land and intangible assets include category re-classifications due to the implementation of Thurston County's new financial system, TC Connect. These assets were re-categorized in accordance with GASB 51.

At year-end the County had $9.9 million commitments for capital expenditures relating to roads repairs and maintenance, $5 million dedicated to fish passages and a fish barrier removal project, $4.3 million related to a waste compactor replacement and waste hauling, $2.9 million related to fire equipment purchases, $1.7 commitments related to software and software implementations, $142,000 related to Pump System upgrades and $105,600 related to utilities infrastructure.

Long-Term Debt

Total general obligation debt outstanding at year end was $115.8 million, all in Governmental Activities. This total represents an increase of $26.0 million over 2023. The increase was due to the sale of General Obligation bonds during the year in the amount of $28.6 million to help pay for the acquisition of property, the remodeling of various County buildings, including HVAC, roof, window, and lighting improvements, and other capital improvements as deemed necessary and viable to the County.

At the end of 2024, the County has the remaining capacity to issue $1.0 billion in debt without a vote and a remaining capacity of $1.8 billion with a 3/5-majority vote. See financial statement Note 8 for more information on debt issues outstanding and the reasons for their issuance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Thurston County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Auditor's Office, Thurston County, 3000 Pacific Ave, Olympia, WA. 98501.

Statement of Net Position
December 31, 2024
Page 1 of 2

	Primary Government		
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**
Current Assets:			
Cash & Pooled Investments	$ 217,289,638	$ 80,797,491	$ 298,087,129
Receivables:			
Taxes Receivable	21,131,057	-	21,131,057
Special Assessment Receivables	29,486	185,182	214,668
Accrued Interest & Penalties	1,464,549	54,988	1,519,537
Net Customer Account Receivables	5,422,867	1,706,054	7,128,921
Internal Balances	34,637	(34,637)	-
Due from Other Government Units	24,511,227	1,032,950	25,544,177
Inventory	1,663,157	-	1,663,157
Prepayments	2,264,053	31,444	2,295,497
Building Lease Receivable - Current	107,900	-	107,900
Restricted Assets:			
Cash & Pooled Investments	-	11,536	11,536
Total Current Assets	273,918,571	83,785,008	357,703,579
Long-Term Assets:			
Community Loans Receivable	-	20,304	20,304
Building Lease Receivable - Long Term	908,571	-	908,571
Investment in Joint Ventures, Net	1,697,309	-	1,697,309
Net Pension Asset	21,141,524	2,394,465	23,535,989
SBITA Assets	-	-	-
Capital Assets:			
Non-Depreciable	295,989,457	4,271,144	300,260,601
Depreciable, Net	260,763,285	28,842,148	289,605,433
Restricted Assets : Cash and Pooled Investments	78,796,834	9,449,501	88,246,335
Total Noncurrent Assets	659,296,980	44,977,562	704,274,542
Total Assets	933,215,551	128,762,570	1,061,978,121
Deferred Outflow of Resources:			
Asset Retirement Obligation	306,053	-	306,053
Loss on Refunding	1,042,359	-	1,042,359
Other Post Employment Benefits Payable	5,072,429	745,513	5,817,942
Pensions	29,751,506	3,324,389	33,075,895
Total Deferred Outflow of Resources	36,172,347	4,069,902	40,242,249

See accompanying notes to financial statements

Statement of Net Position
December 31, 2024
Page 2 of 2

	Primary Government		
LIABILITIES	**Governmental Activities**	**Business-Type Activities**	**Total**
Current Liabilities:			
Accounts Payable	25,381,172	4,707,409	30,088,581
Notes/Leases Payable	2,010,052	34,783	2,044,835
Due to Other Government Units	-	12,320	12,320
Compensated Absences	734,325	112,502	846,827
Claims & Judgments Payable	1,677,855	-	1,677,855
SBITA ST Liability	624,956	-	624,956
Total OPEB Liability	1,310,901	137,961	1,448,862
Limited G.O. Bonds Payable	5,613,228	-	5,613,228
Unearned Revenue	15,781,930	94,817	15,876,747
Total Current Liabilities	53,134,419	5,099,792	58,234,211
Long-Term Liabilities:			
Limited G.O. Bonds Payable	110,212,470	-	110,212,470
Compensated Absences	11,905,817	1,824,021	13,729,838
Total OPEB Liability	35,589,510	4,411,295	40,000,805
Other Non-Current Liabilities	1,949,617	-	1,949,617
Claims & Judgments Payable	4,702,898	-	4,702,898
Notes/Leases Payable	27,294,224	222,094	27,516,318
SBITA LT Liability	2,708,515	-	2,708,515
Accumulated Landfill Closure Costs	-	9,117,750	9,117,750
Net Pension Liability	7,159,191	1,193,921	8,353,112
Total Noncurrent Liabilities	201,522,242	16,769,081	218,291,323
Total Liabilities	254,656,661	21,868,873	276,525,534
Deferred Inflow of Resources:			
Gain on Refunding	53,487	-	53,487
Building Leases	1,016,471	-	1,016,471
Other Post Employment Benefits Payable	24,974,454	3,826,195	28,800,649
Pensions	8,459,240	964,243	9,423,483
Total Deferred Inflow of Resources	34,503,652	4,790,438	39,294,090
NET POSITION			
Net Investment in Capital Assets	487,836,569	33,159,249	520,995,818
Restricted For:			
Culture & Recreation	3,267,422	-	3,267,422
Economic Environment	14,424,916	-	14,424,916
General Government	83,100,300	-	83,100,300
Health and Human Services	11,086,701	-	11,086,701
Pensions	21,141,524	2,394,465	23,535,989
Public Safety	7,215,854	-	7,215,854
Utilities & Environment	9,710,096	-	9,710,096
Transportation	8,784,463	-	8,784,463
Debt Service	-	11,575	11,575
Landfill Postclosure	-	331,751	331,751
Unrestricted (Deficit)	33,659,740	70,276,121	103,935,861
Total Net Position	$ 680,227,585	$ 106,173,161	$ 786,400,746

See accompanying notes to financial statements

Statement Of Activities

For The Year Ended December 31, 2024

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Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants & Contributions
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	$ 25,598,183	$ (6,930,110)	$ 10,072,898	$ 2,536,228	$ 329,353
Culture & Recreation	2,176,938	193,816	1,302,505	57,000	1,000
Economic Environment	40,757,857	(753,652)	3,304,752	31,293,395	844
Health & Human Services	63,983,145	1,396,462	1,380,942	16,570,066	661,634
Public Safety	107,698,664	1,479,334	5,299,765	9,818,818	906,462
Transportation	41,599,009	2,032,701	3,047,608	1,029,864	27,623,405
Utilities & Environment	1,415,048	76,755	1,150,245	76,499	-
Interest and Fiscal Charges	2,471,391	-	-	-	-
Total Governmental Activities	285,700,235	(2,504,694)	25,558,715	61,381,870	29,522,698
Business-Type Activities:					
Solid Waste	27,195,428	639,515	30,126,281	590,585	-
Water	1,657,490	143,860	1,665,695	-	33,237
Sewer	2,443,139	215,847	2,368,257	43,827	35,823
Stormwater	5,951,476	492,772	7,079,134	215,505	-
Environmental Health	5,867,895	282,405	6,787,190	1,458,747	-
Land Use & Permitting	3,785,838	730,295	3,834,829	-	-
Total Business-Type Activities	46,901,266	2,504,694	51,861,386	2,308,664	69,060
Total Primary Government	$ 332,601,501	$ -	$ 77,420,101	$ 63,690,534	$ 29,591,758

See accompanying notes to financial statements

Statement Of Activities

For The Year Ended December 31, 2024

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	Net (Expense) Revenue and Changes In Net Position		
	Primary Government		
Functions/Programs	**Governmental Activities**	**Business-Type Activities**	**Total**
PRIMARY GOVERNMENT			
Governmental Activities:			
General Government	$ (5,729,594)	$ -	$ (5,729,594)
Culture & Recreation	(1,010,249)	-	(1,010,249)
Economic Environment	(5,405,214)	-	(5,405,214)
Health & Human Services	(46,766,965)	-	(46,766,965)
Public Safety	(93,152,953)	-	(93,152,953)
Transportation	(11,930,833)	-	(11,930,833)
Utilities & Environment	(265,059)	-	(265,059)
Interest and Fiscal Charges	(2,471,391)	-	(2,471,391)
Total Governmental Activities	(166,732,258)	-	(166,732,258)
Business-Type Activities:			
Solid Waste	-	2,881,923	2,881,923
Water	-	(102,418)	(102,418)
Sewer	-	(211,079)	(211,079)
Stormwater	-	850,391	850,391
Environmental Health	-	2,095,637	2,095,637
Land Use & Permitting	-	(681,304)	(681,304)
Total Business-Type Activities	-	4,833,150	4,833,150
Total Primary Government	(166,732,258)	4,833,150	(161,899,108)
General Revenues:			
Taxes:			
Property Taxes	92,774,901	-	92,774,901
Sales Taxes	85,764,638	-	85,764,638
Excise Taxes	7,607,699	-	7,607,699
Other General Revenues:			
Interest & Investment Earnings	19,438,858	623,666	20,062,524
Miscellaneous	3,935,298	708,502	4,643,800
Transfers In/(Out)	(954,764)	954,764	-
Total General Revenues and Transfers	208,566,630	2,286,932	210,853,562
Change in Net Position	41,834,372	7,120,082	48,954,454
Net Position as of January 1	641,868,371	99,870,182	741,738,553
Cumulative Effect of Change in Accounting Principle	(3,475,158)	(817,103)	(4,292,261)
Net Position as of January 1 - Restated	638,393,213	99,053,079	737,446,292
Net Position as of December 31	$ 680,227,585	$ 106,173,161	$ 786,400,746

See accompanying notes to financial statements

Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Debt Holding	Covid Local Fiscal Recovery Fund	Housing & Community Renewal	Roads & Transport.	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash & Pooled Investments	$ 31,536,348	$ 78,796,834	$ 15,509,574	$ 11,740,399	$ 12,154,770	$ 85,307,782	$ 235,045,707
Receivables:							
Taxes Receivable	7,935,482	-	-	4,183,244	452,261	8,560,070	21,131,057
Special Assessment Receivables	-	-	-	-	-	29,486	29,486
Accrued Interest & Penalties	856,062	201,220	67,526	38,432	-	247,514	1,410,754
Net Customer Account Receivables	2,982,047	-	-	-	3,288	2,348,710	5,334,045
Due from Other Funds	3,161,341	-	1,327,205	-	3,487,371	345,679	8,321,596
Due from Other Government Units	4,463,898	-	-	5,766,266	9,601,514	4,512,779	24,344,457
Inventory	-	-	-	-	676,507	411,051	1,087,558
Prepayments	182,596	-	-	9,307	6,757	104,349	303,009
Total Assets	$ 51,117,774	$ 78,998,054	$ 16,904,305	$ 21,737,648	$ 26,382,468	$ 101,867,420	$ 297,007,669
LIABILITIES							
Accounts Payable	$ 6,725,515	$ 110,773	$ 164,303	$ 2,822,590	$ 2,294,613	$ 8,021,678	$ 20,139,472
Due to Other Funds	1,771,008	500,000	296,625	444	2,088,821	4,286,091	8,942,989
Unearned Revenues	91,145	-	15,381,479	104,874	150,875	49,557	15,777,930
Total Liabilities	8,587,668	610,773	15,842,407	2,927,908	4,534,309	12,357,326	44,860,391
Deferred Inflow of Resources:							
Courts	2,180,680	-	-	-	-	595,614	2,776,294
Opioid Settlement	-	-	-	-	-	1,529,173	1,529,173
JUUL Settlement	-	-	-	-	-	46,612	46,612
Property Taxes	2,144,787	-	-	-	387,102	353,897	2,885,786
Special Assessments	-	-	-	-	-	29,486	29,486
Total Deferred Inflow of Resources	4,325,467	-	-	-	387,102	2,554,782	7,267,351
FUND BALANCES							
Nonspendable	182,596	-	-	9,307	683,264	515,280	1,390,447
Restricted	-	73,804,642	-	12,652,227	-	51,132,883	137,589,752
Committed	-	-	-	-	-	14,593	14,593
Assigned	-	4,582,639	1,061,898	6,148,206	20,777,793	35,292,556	67,863,092
Unassigned	38,022,043	-	-	-	-	-	38,022,043
Total Fund Balance	38,204,639	78,387,281	1,061,898	18,809,740	21,461,057	86,955,312	244,879,927
Total Liabilities, Deferred Inflow of Resources & Fund Balances	$ 51,117,774	$ 78,998,054	$ 16,904,305	$ 21,737,648	$ 26,382,468	$ 101,867,420	$ 297,007,669

See accompanying notes to financial statements

Reconciliation of The Balance Sheet of Governmental Funds
To The Statement of Net Position
December 31, 2024

	Governmental Funds
Fund balance as shown in the Governmental Funds Balance Sheet	$ 244,879,927
The cost of capital assets, joint ventures and asset use rights, which are expended and not recognized in governmental funds, is deferred to future periods in the statement of net position	477,272,107
Debt, which is not reported in governmental funds, is reported in the statement of net position	(118,062,134)
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	98,190,940
Deferred gains and losses on refunding and asset retirement obligations, which is not reported in governmental funds, is reported in the statement of net position	1,276,909
Long term (non-available) receivables, which are deferred in governmental funds, are recognized and accrued as revenues in the statement of net position	7,267,351
Compensated absences, other post employment benefits (OPEB) and pensions, which are not reported in governmental funds, are reported as a long-term asset (only for the net pension asset) or as deferred inflows and outflows (for both pensions and OPEB) or as accrued liabilities in the statement of net position	(30,597,515)
Net position for governmental funds as shown in statement of net position	$ 680,227,585

See accompanying notes to financial statements

Statement of Revenues, Expenditures and Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2024

	General Fund	Debt Holding	Covid Local Fiscal Recovery Fund	Housing & Community Renewal	Roads & Transport.	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	$ 49,893,497	$ -	$ -	$ -	$ 19,481,980	$ 22,979,213	$ 92,354,690
Sales and Use Taxes	31,469,688	-	-	10,220,081	-	44,074,868	85,764,637
Excise and Other Taxes	422,856	-	-	-	188,913	6,995,930	7,607,699
Licenses and Permits	2,174,639	-	-	-	775,813	28,575	2,979,027
Intergovernmental	13,621,437	-	11,401,826	18,233,378	16,396,991	20,886,054	80,539,686
Charges for Services	18,273,222	-	-	2,152,528	873,634	4,580,420	25,879,804
Fines & Forfeitures	1,608,629	-	-	-	-	8,277	1,616,906
Interest Earnings (Loss)	12,175,860	2,078,814	1,459,377	651,512	2,049	2,111,098	18,478,710
Donations and Contributions	141,079	-	-	-	250	129,198	270,527
Other Revenues	596,932	-	-	-	66,270	4,999,460	5,662,662
Total Revenues	130,377,839	2,078,814	12,861,203	31,257,499	37,785,900	106,793,093	321,154,348
Expenditures:							
Current:							
General Government	23,488,696	-	-	-	-	1,262,192	24,750,888
Culture & Recreation	1,774,984	-	-	-	-	82,192	1,857,176
Economic Environment	7,624,946	-	6,663,168	27,292,139	-	973,775	42,554,028
Health & Human Services	75,296	-	-	-	-	66,118,706	66,194,002
Public Safety	97,387,736	-	-	-	-	12,048,687	109,436,423
Transportation	-	-	-	-	35,538,171	1,135	35,539,306
Utilities & Environment	-	-	-	-	-	1,646,040	1,646,040
Capital Outlay	1,045,819	-	556,474	-	10,425,117	5,726,896	17,754,306
Debt Service:							
Principal	114,404	-	-	-	72,366	5,729,936	5,916,706
Interest & Fiscal Charges	19,606	112,523	-	-	25,069	3,382,661	3,539,859
Total Expenditures	131,531,487	112,523	7,219,642	27,292,139	46,060,723	96,972,220	309,188,734
Excess (Deficiency) of Revenues Over Expenditures	(1,153,648)	1,966,291	5,641,561	3,965,360	(8,274,823)	9,820,873	11,965,614
Other Financing Sources (Uses)							
Lease Financing and SBITA	23,256	-	-	-	-	347,926	371,182
Debt Issuance	-	28,528,288	-	-	-	-	28,528,288
Premium on Debt Issuance	-	3,594,061	-	-	-	-	3,594,061
Transfers In	5,627,700	-	-	171,675	6,535,929	15,437,962	27,773,266
Transfers Out	(6,150,458)	(4,687,661)	(4,232,184)	-	(2,924,704)	(14,192,625)	(32,187,632)
Total Other Financing Sources (Uses)	(499,502)	27,434,688	(4,232,184)	171,675	3,611,225	1,593,263	28,079,165
Net Changes In Fund Balances	(1,653,150)	29,400,979	1,409,377	4,137,035	(4,663,598)	11,414,136	40,044,779
Fund Balances as of January 1	39,857,789	48,986,302	(347,479)	14,672,705	26,124,655	75,541,176	204,835,148
Fund Balances as of December 31	$ 38,204,639	$ 78,387,281	$ 1,061,898	$ 18,809,740	$ 21,461,057	$ 86,955,312	$ 244,879,927

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, 2024

		Governmental Funds
Change in fund balance as shown in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances		$ 40,044,779
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	17,754,022	
Depreciation (asset usage), which is not reported in governmental funds, is recognized and reported in the statement of activities	(13,655,009)	
Capital contributions and gains and losses on the sale and disposition of governmental capital assets, which is not reported in governmental funds, is reported in the statement of activities	12,753,531	16,852,544
Long-Term Debt/Leases:		
Bond and lease principal payments, which are reported as expenditures in governmental funds, are not reported as expenditures in the statement of activities	5,916,706	
Costs related to debt, such as premiums, discounts, and other similar items, are reported as revenues or expenditures in governmental funds when debit 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	1,052,262	
Long-term bond and lease financing proceeds, which are reported as "other financing sources" in governmental funds, are not recognized or reported in the statement of activities.	(32,493,531)	(25,524,563)
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		4,097,231
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	(2,979,330)	
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	9,343,711	6,364,381
Change in net position for governmental funds as shown in the Statement of Activities		$ 41,834,372

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, 2024

Page 1 of 7

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Revenues By Funding Source				
General Revenues:				
Property Taxes	$ 51,000,000	$ 51,000,000	$ 49,893,497	$ (1,106,503)
Sales and Use Taxes	31,750,000	31,750,000	31,469,688	(280,312)
Excise and Other Taxes	345,000	345,000	422,856	77,856
Licenses and Permits	2,023,200	2,023,200	2,174,639	151,439
Intergovernmental	11,287,885	12,950,451	13,621,437	670,986
Charges for Services	17,887,608	18,427,960	18,273,222	(154,738)
Fines & Forfeitures	2,100,300	2,100,300	1,608,629	(491,671)
Interest Earnings (Loss)	3,970,497	3,970,497	12,175,860	8,205,363
Donations and Contributions	111,458	145,432	141,079	(4,353)
Other Revenues	422,045	422,045	596,932	174,887
Total General Revenues	120,897,993	123,134,885	130,377,839	7,242,954
Other Financing Sources:				
Capital Lease Financing	5,833	5,833	23,256	17,423
Transfers In	5,201,500	7,509,701	5,627,700	(1,882,001)
Total Other Financing Sources	5,207,333	7,515,534	5,650,956	(1,864,578)
Total Revenues	$ 126,105,326	$ 130,650,419	$ 136,028,795	$ 5,378,376

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, 2024

Page 2 of 7

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Expenditures by Department				
Assessor's Office:				
General Government	$ 5,200,729	$ 5,266,135	$ 5,176,289	$ 89,846
Total Assessor's Office	5,200,729	5,266,135	5,176,289	89,846
Auditor's Office:				
General Government	8,611,850	8,923,945	9,113,316	(189,371)
Capital Outlay	10,000	10,000	-	10,000
Debt Service:				
Principal	3,250	3,250	2,994	256
Interest and Fiscal Charges	4,100	4,100	387	3,713
Transfers Out	345,111	349,472	170,211	179,261
Total Auditor's Office	8,974,311	9,290,767	9,286,908	3,859
Public Defense:				
General Government	-	-	-	-
Public Safety	8,861,802	9,014,453	8,892,769	121,684
Debt Service:				
Principal	2,894	2,894	6,263	(3,369)
Interest and Fiscal Charges	80	80	2,336	(2,256)
Transfers Out	3,000	3,000	-	3,000
Total Public Defense	8,867,776	9,020,427	8,901,368	119,059
Clerk's Office:				
Public Safety	5,095,365	5,226,456	4,601,019	625,437
Capital Outlay	49,180	49,180	-	49,180
Debt Service:				
Principal	12,447	12,447	10,678	1,769
Interest and Fiscal Charges	2,829	2,829	1,656	1,173
Total Clerk's Office	5,159,821	5,290,912	4,613,353	677,559

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, 2024
Page 3 of 7

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Commissioner's Office:				
General Government	4,390,358	4,393,250	4,320,268	72,982
Capital Outlay	12,304	12,304	-	12,304
Debt Service:				
Principal	5,500	5,500	2,242	3,258
Interest and Fiscal Charges	600	600	844	(244)
Transfers Out	35,000	35,000	-	35,000
Total Commissioner's Office	4,443,762	4,446,654	4,323,354	123,300
Coroner's Office:				
Public Safety	2,014,925	2,272,571	2,226,929	45,642
Capital Outlay	-	-	15,876	(15,876)
Debt Service:				
Principal	2,890	2,890	-	2,890
Interest and Fiscal Charges	2,050	2,050	-	2,050
Total Coroner's Office	2,019,865	2,277,511	2,242,805	34,706
Corrections:				
Public Safety	21,269,835	21,416,694	21,206,075	210,619
Capital Outlay	14,096	25,043	-	25,043
Debt Service:				
Principal	16,730	16,730	8,610	8,120
Interest and Fiscal Charges	2,091	2,091	1,618	473
Total Corrections	21,302,752	21,460,558	21,216,303	244,255
Disabled Recreation Activities:				
Health & Human Services	24,590	24,590	24,584	6
Total Disabled Recreation Activities	24,590	24,590	24,584	6
District Court				
Public Safety	4,358,288	4,348,179	4,282,782	65,397
Total District Court	4,358,288	4,348,179	4,282,782	65,397

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, 2024
Page 4 of 7

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Emergency Management:				
Public Safety	2,257,029	2,358,946	2,006,800	352,146
Capital Outlay	22,806	138,318	109,099	29,219
Debt Service:				
Principal	5,833	2,984	2,984	-
Interest and Fiscal Charges	-	2,696	2,696	-
Transfers Out	2,000	2,000	-	2,000
Emergency Management	2,287,668	2,504,944	2,121,579	383,365
Human Resources:				
General Government	2,285,025	2,286,157	2,096,378	189,779
Debt Service:				
Principal	9,858	9,858	-	9,858
Interest and Fiscal Charges	2,656	2,656	-	2,656
Total Human Resources	2,297,539	2,298,671	2,096,378	202,293
Juvenile Probation:				
Public Safety	7,840,887	7,841,364	7,123,175	718,189
Debt Service:				
Principal	-	-	3,961	(3,961)
Interest and Fiscal Charges	-	-	1,742	(1,742)
Total Juvenile Probation	7,840,887	7,841,364	7,128,878	712,486
Maternal Child Health:				
Health & Human Services	227,229	227,229	50,712	176,517
Total Maternal Child Health	227,229	227,229	50,712	176,517

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, 2024

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	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Non-Departmental:				
General Government	930,539	930,539	1,143,491	(212,952)
Public Safety	380,000	380,000	265,089	114,911
Economic Environment	1,550,093	2,224,093	1,506,509	717,584
Transfers Out	2,003,317	6,053,317	5,905,247	148,070
Total Non-Departmental	4,863,949	9,587,949	8,820,336	767,613
Paths & Trails:				
Culture and Recreation	900,604	906,938	902,843	4,095
Capital Outlay	-	-	4,054	(4,054)
Total Paths & Trails	900,604	906,938	906,897	41
Planning:				
Economic Environment	2,613,142	3,245,550	3,095,879	149,671
Transfers Out	-	-	75,000	(75,000)
Total Planning	2,613,142	3,245,550	3,170,879	74,671
Pretrial Services:				
Public Safety	1,125,453	1,125,653	1,031,576	94,077
Debt Service:				
Principal	1,537	1,537	823	714
Interest and Fiscal Charges	472	472	14	458
Transfers Out	3,000	3,000	-	3,000
Total Pretrial Services	1,130,462	1,130,662	1,032,413	98,249
Prosecuting Attorney:				
Public Safety	11,572,412	11,752,832	11,753,380	(548)
Debt Service:				
Principal	69,420	69,420	57,582	11,838
Interest and Fiscal Charges	4,026	4,026	5,396	(1,370)
Total Prosecuting Attorney	11,645,858	11,826,278	11,816,358	9,920

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, 2024

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	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Sheriff:				
Public Safety	26,275,537	26,432,484	26,327,331	105,153
Capital Outlay	5,000	195,000	62,878	132,122
Principal	9,079	9,079	15,661	(6,582)
Interest and Fiscal Charges	2,867	2,867	1,765	1,102
Transfers Out	150,115	150,115	-	150,115
Total Sheriff	26,442,598	26,789,545	26,407,635	381,910
Superior Court:				
Public Safety	7,863,808	7,973,565	7,638,313	335,252
Debt Service:				
Principal	5,300	5,300	2,606	2,694
Interest and Fiscal Charges	2,623	2,623	1,152	1,471
Total Superior Court	7,871,731	7,981,488	7,642,071	339,417
Treasurer's Office				
General Government	1,662,849	1,663,632	1,638,909	24,723
Total Treasurer's Office	1,662,849	1,663,632	1,638,909	24,723
WSU Extension				
Economic Environment	3,082,020	3,082,343	2,966,957	115,386
Debt Service:				
Principal	1,417	1,417	-	1,417
Interest and Fiscal Charges	1,615	1,615	-	1,615
Total WSU Extension	3,085,052	3,085,375	2,966,957	118,418
Total General Fund Expenditures	133,221,462	140,515,358	135,867,748	4,647,610

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, 2024

Reconciliation of Budgetary Perspective Differences Due to GASB 54:

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Abatement:				
Economic Environment	61,543	61,543	41,218	20,325
Total Abatement	61,543	61,543	41,218	20,325
Election Stabilization Reserve:				
General Government	45	45	45	-
Total Election Stabilization Reserve	45	45	45	-
Fair:				
Culture and Recreation	399,172	401,097	392,575	8,522
Total Fair	399,172	401,097	392,575	8,522
Parks & Trails:				
Culture and Recreation	453,569	767,247	479,566	287,681
Capital Outlay	2,603,378	2,512,954	835,188	1,677,766
Total Parks & Trails	3,056,947	3,280,201	1,314,754	1,965,447
Prisoner Concession:				
Public Safety	81,497	81,497	32,498	48,999
Total Prisoner Concession	81,497	81,497	32,498	48,999
Public, Educational & Governmental Access:				
Culture & Recreation	88,480	88,480	14,383	74,097
Capital Outlay	-	-	18,724	(18,724)
Total Public, Educational & Governmental Access	88,480	88,480	33,107	55,373
Total GASB 54 Expenditures	3,687,684	3,912,863	1,814,197	2,098,666
Total General Fund Expenditures	136,909,146	144,428,221	137,681,945	6,746,276
Net Changes in Fund Balances	(10,803,820)	(13,777,802)	(1,653,150)	12,124,652
Fund Balances as of January 1	36,024,872	36,146,529	39,857,789	3,711,260
Fund Balances as of December 31	$ 25,221,052	$ 22,368,727	$ 38,204,639	$ 15,835,912

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, 2024

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Revenues:				
Intergovernmental	$ -	$ -	$ 11,401,826	$ 11,401,826
Interest Earnings (Loss)	-	-	1,459,377	1,459,377
Total Revenues	-	-	12,861,203	12,861,203
Expenditures:				
Current:				
Economic Environment	18,665,426	9,181,840	6,663,168	2,518,672
Capital Outlay	-	-	556,474	(556,474)
Total Expenditures	18,665,426	9,181,840	7,219,642	1,962,198
Excess (Deficiency) of Revenues Over Expenditures	(18,665,426)	(9,181,840)	5,641,561	14,823,401
Other Financing Sources (Uses)				
Transfers Out	(4,490,000)	(2,783,567)	(4,232,184)	(1,448,617)
Total Other Financing Sources (Uses)	(4,490,000)	(2,783,567)	(4,232,184)	(1,448,617)
Net Changes In Fund Balances	(23,155,426)	(11,965,407)	1,409,377	13,374,784
Fund Balances as of January 1	27,900,000	27,900,000	(347,479)	(28,247,479)
Fund Balances as of December 31	$ 4,744,574	$ 15,934,593	$ 1,061,898	$ (14,872,695)

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, 2024

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Revenues:				
Sales and Use Taxes	$ 5,700,000	$ 5,700,000	$ 10,220,081	$ 4,520,081
Intergovernmental	12,186,921	12,186,921	18,233,378	6,046,457
Charges for Services	8,320,800	8,320,800	2,152,528	(6,168,272)
Interest Earnings (Loss)	20,000	20,000	651,512	631,512
Total Revenues	26,227,721	26,227,721	31,257,499	5,029,778
Expenditures:				
Current:				
Economic Environment	28,290,476	28,216,772	27,292,139	924,633
Total Expenditures	28,290,476	28,216,772	27,292,139	924,633
Excess (Deficiency) of Revenues Over Expenditures	(2,062,755)	(1,989,051)	3,965,360	5,954,411
Other Financing Sources (Uses)				
Transfers In	171,675	171,675	171,675	-
Total Other Financing Sources (Uses)	171,675	171,675	171,675	-
Net Changes In Fund Balances	(1,891,080)	(1,817,376)	4,137,035	5,954,411
Fund Balances as of January 1	11,477,639	15,095,288	14,672,705	(422,583)
Fund Balances as of December 31	$ 9,586,559	$ 13,277,912	$ 18,809,740	$ 5,531,828

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, 2024

	Original 2024 Budget	Final 2024 Budget	Actual 2024	Variance with Final Budget Positive or (Negative)
Revenues:				
Property Taxes	$ 19,050,000	$ 19,050,000	$ 19,481,980	$ 431,980
Excise and Other Taxes	260,000	260,000	188,913	(71,087)
Licenses and Permits	620,000	620,000	775,813	155,813
Intergovernmental	21,552,135	25,421,487	16,396,991	(9,024,496)
Charges for Services	787,000	635,451	873,634	238,183
Interest Earnings (Loss)	2,000	2,000	2,049	49
Donations and Contributions	-	-	250	250
Other Revenues	18,000	18,000	66,270	48,270
Total Revenues	42,289,135	46,006,938	37,785,900	(8,221,038)
Expenditures:				
Current:				
Transportation	36,393,403	42,242,561	35,538,171	6,704,390
Capital Outlay	28,202,114	26,534,519	10,425,117	16,109,402
Debt Service:				
Principal	79,579	79,579	72,366	7,213
Interest & Fiscal Charges	26,070	27,375	25,069	2,306
Total Expenditures	64,701,166	68,884,034	46,060,723	22,823,311
Excess (Deficiency) of Revenues Over Expenditures	(22,412,031)	(22,877,096)	(8,274,823)	14,602,273
Other Financing Sources (Uses)				
Insurance Recoveries	20,000	20,000	-	(20,000)
Debt Issuance	3,690,000	-	-	-
Transfers In	7,035,215	12,290,050	6,535,929	(5,754,121)
Transfers Out	(961,489)	(2,961,489)	(2,924,704)	36,785
Total Other Financing Sources (Uses)	9,783,726	9,348,561	3,611,225	(5,737,336)
Net Changes In Fund Balances	(12,628,305)	(13,528,535)	(4,663,598)	8,864,937
Fund Balances as of January 1	27,564,246	29,135,626	26,124,655	(3,010,971)
Fund Balances as of December 31	$ 14,935,941	$ 15,607,091	$ 21,461,057	$ 5,853,966

See accompanying notes to financial statements

Statement of Net Position
Proprietary Funds
December 31, 2024
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	Business-Type Activities - Enterprise Funds							Governmental Activities
	Major					Non-Major	Total	Internal
ASSETS	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Service Funds
Current Assets:								
Cash & Pooled Investments	$ 44,899,525	$ -	$ 19,584,594	$ -	$ -	$ 16,313,372	$ 80,797,491	$ 61,040,765
Receivables:								
Special Assessment Receivables	-	-	171,480	-	-	13,702	185,182	-
Accrued Interest & Penalties	-	-	-	-	-	54,988	54,988	53,795
Net Customer Account Receivables	1,379,983	-	-	-	-	326,071	1,706,054	88,821
Due From Other Funds	2,532	-	4,213	-	-	415,729	422,474	906,348
Due From Other Government Units	652,921	-	182,007	-	-	198,022	1,032,950	166,770
Inventory	-	-	-	-	-	-	-	575,599
Prepayments	8,252	-	12,234	-	-	10,958	31,444	1,961,044
Building Lease Receivable - Current	-	-	-	-	-	-	-	107,900
Restricted Assets:								
Cash and Pooled Investments	-	-	-	-	-	11,536	11,536	-
Total Current Assets	46,943,213	-	19,954,528	-	-	17,344,378	84,242,119	64,901,042
Noncurrent Assets:								
Community Loans Receivable	-	-	-	-	-	20,304	20,304	-
Building Lease Receivable - Long Term	-	-	-	-	-	-	-	908,571
Capital Assets:								
Non-Depreciable	1,713,061	-	1,011,567	-	-	1,546,516	4,271,144	5,831,450
Depreciable, Net	8,360,588	-	8,637,366	-	-	11,844,194	28,842,148	75,346,494
Net Pension Asset	667,447	-	509,253	-	-	1,217,765	2,394,465	1,933,609
Restricted Assets:								
Cash and Pooled Investments	9,449,501	-	-	-	-	-	9,449,501	-
Total Noncurrent Assets	20,190,597	-	10,158,186	-	-	14,628,779	44,977,562	84,020,124
Total Assets	67,133,810	-	30,112,714	-	-	31,973,157	129,219,681	148,921,166
Deferred Outflow of Resources:								
Loss on Refunding	-	-	-	-	-	-	-	18,017
Other Post Empl. Benefits Payable	213,834	-	129,054	-	-	402,625	745,513	502,321
Pensions	926,658	-	707,029	-	-	1,690,702	3,324,389	2,684,535
Total Deferred Outflow of Resources	1,140,492	-	836,083	-	-	2,093,327	4,069,902	3,204,873

See accompanying notes to financial statements

Statement of Net Position
Proprietary Funds
December 31, 2024
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	Business-Type Activities - Enterprise Funds							Governmental Activities
	Major					Non-Major	Total	Internal
LIABILITIES	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Service Funds
Current Liabilities:								
Accounts Payable	3,538,199	-	328,721	-	-	840,489	4,707,409	5,241,700
Notes/Leases Payable	-	-	-	-	-	34,783	34,783	1,709,111
Due To Other Funds	157,749	-	282,373	-	-	16,989	457,111	250,318
Due To Other Government Units	-	-	-	-	-	12,320	12,320	-
Compensated Absences	32,269	-	19,474	-	-	60,759	112,502	75,801
Claims and Judgments Payable	-	-	-	-	-	-	-	1,677,855
SBITA ST Liability	-	-	-	-	-	-	-	540,010
Total OPEB Liability	39,571	-	23,882	-	-	74,508	137,961	92,955
Unearned Revenue	8,432	-	-	-	-	86,385	94,817	4,000
Lim. Tax G. O. Bond - Current Portion	-	-	-	-	-	-	-	131,655
Total Current Liabilities	3,776,220	-	654,450	-	-	1,126,233	5,556,903	9,723,405
Noncurrent Liabilities:								
Limited G.O. Bonds Payable	-	-	-	-	-	-	-	896,240
Compensated Absences	523,181	-	315,749	-	-	985,091	1,824,021	1,229,019
Total OPEB Liability	1,265,282	-	763,621	-	-	2,382,392	4,411,295	2,972,300
Claims and Judgments Payable	-	-	-	-	-	-	-	4,702,898
Notes/Leases Payable	3,848	-	-	-	-	218,246	222,094	26,543,253
SBITA LT Liability	-	-	-	-	-	-	-	2,530,659
Accumulated Landfill Closure Costs	9,117,750	-	-	-	-	-	9,117,750	-
Net Pension Liability	332,801	-	253,923	-	-	607,197	1,193,921	964,131
Total Noncurrent Liabilities	11,242,862	-	1,333,293	-	-	4,192,926	16,769,081	39,838,500
Total Liabilities	15,019,082	-	1,987,743	-	-	5,319,159	22,325,984	49,561,905
Deferred Inflow of Resources:								
Total OPEB Liability	1,097,460	-	662,336	-	-	2,066,399	3,826,195	2,578,063
Building Leases	-	-	-	-	-	-	-	1,016,471
Pensions	268,778	-	205,076	-	-	490,389	964,243	778,660
Total Deferred Inflow of Resources	1,366,238	-	867,412	-	-	2,556,788	4,790,438	4,373,194
NET POSITION								
Net Investment in Capital Assets	10,069,801	-	9,648,933	-	-	13,440,515	33,159,249	48,845,033
Restricted For:								
Postclosure	331,751	-	-	-	-	-	331,751	-
Debt Service	-	-	-	-	-	11,575	11,575	-
Pensions	667,447	-	509,253	-	-	1,217,765	2,394,465	1,933,609
Unrestricted (Deficit)	40,819,983	-	17,935,456	-	-	11,520,682	70,276,121	47,412,298
Total Net Position	$ 51,888,982	$ -	$ 28,093,642	$ -	$ -	$ 26,190,537	$ 106,173,161	$ 98,190,940

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes In Fund Net Position
Proprietary Funds
For The Year Ended December 31, 2024

	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	$ 30,126,281	$ -	$ 7,079,134	$ -	$ -	$ 14,655,971	$ 51,861,386	$ 38,425,327
Equipment Rental	-	-	-	-	-	-	-	11,490,765
Miscellaneous	901	-	923	-	-	706,678	708,502	97,539
Total Operating Revenues	30,127,182	-	7,080,057	-	-	15,362,649	52,569,888	50,013,631
Operating Expenses:								
Salaries and Benefits	4,668,585	-	3,138,484	-	-	7,667,143	15,474,212	12,457,324
Other Supplies and Expenses	229,864	-	132,244	-	-	405,884	767,992	3,800,315
Contractual Services	4,189,490	-	697,942	-	-	1,373,791	6,261,223	14,010,622
Longhaul Contract	16,261,344	-	-	-	-	-	16,261,344	-
Interfund Services and Charges	1,942,542	-	1,956,684	-	-	4,351,803	8,251,029	3,742,469
Depreciation/Amortization	542,581	-	518,894	-	-	1,341,958	2,403,433	9,624,056
Claims Payments	-	-	-	-	-	-	-	5,581,165
Total Operating Expenses	27,834,406	-	6,444,248	-	-	15,140,579	49,419,233	49,215,951
Operating Income (Loss)	2,292,776	-	635,809	-	-	222,070	3,150,655	797,680
Nonoperating Revenue (Expenses):								
Interest Revenue (Loss)	-	-	34,389	-	-	589,277	623,666	712,715
Operating Assessment Interest & Penalties	-	-	-	-	-	751	751	-
Operating Grants & Contributions	590,585	-	215,505	-	-	1,502,574	2,308,664	161,314
Gain/Loss on Disposition of Capital Assets	-	-	-	-	-	(18,906)	(18,906)	(285,492)
Insurance Recoveries	-	-	-	-	-	-	-	7,687
Interest Expense & Fiscal Charges	(537)	-	-	-	-	(8,244)	(8,781)	(716,066)
Total Nonoperating Revenue (Expense)	590,048	-	249,894	-	-	2,065,452	2,905,394	(119,842)
Income Before Contributions and Transfers	2,882,824	-	885,703	-	-	2,287,522	6,056,049	677,838
Capital Grants & Contributions	-	-	-	-	-	69,060	69,060	-
Interfund Capital Contributions	-	-	-	-	-	-	-	323,941
Transfers In	1,910	-	-	-	-	23,717,782	23,719,692	4,480,265
Transfers Out	-	-	(168,226)	-	-	(22,556,493)	(22,724,719)	(1,060,872)
Change in Net Position	2,884,734	-	717,477	-	-	3,517,871	7,120,082	4,421,172
Net Position as of January 1	49,200,591	17,347,849	27,475,995	2,161,891	(879,630)	4,563,486	99,870,182	94,128,214
Cumulative Effect of Change within the Financial Reporting Entity	-	(17,347,849)	-	(2,161,891)	879,630	18,630,110	-	-
Cumulative Effect of Change in Accounting	(196,343)	-	(99,830)	-	-	(520,930)	(817,103)	(358,446)
Net Position as of January 1 - Restated	49,004,248	-	27,376,165	-	-	22,672,666	99,053,079	93,769,768
Net Position as of December 31	$ 51,888,982	$ -	$ 28,093,642	$ -	$ -	$ 26,190,537	$ 106,173,161	$ 98,190,940

See accompanying notes to financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2024
Page 1 of 2

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non-Major	Total	Internal
	Solid Waste	Storm Water	Enterprise Funds	Enterprise Funds	Service Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 29,955,448	$ 7,042,966	$ 15,557,502	$ 52,555,916	$ -
Cash Received from Interfund Services	-	-	-	-	50,779,261
Cash Paid for Goods & Services	(21,721,911)	(866,126)	(2,133,565)	(24,721,602)	(21,254,759)
Cash Paid for Interfund Services	(2,127,566)	(2,005,318)	(4,422,354)	(8,555,238)	(3,695,086)
Cash Paid to Employees	(4,224,751)	(3,196,624)	(7,723,193)	(15,144,568)	(13,747,179)
Net Cash Provided (Used) by Operating Activities	1,881,220	974,898	1,278,390	4,134,508	12,082,237
Cash Flows from Noncapital Financing Activities:					
Transfers In	1,910	-	9,005,692	9,007,602	4,154,449
Transfers Out	(548,872)	(289,587)	(7,722,128)	(8,560,587)	(1,060,872)
Grant Proceeds	590,585	98,876	1,526,946	2,216,407	-
Assessments	-	-	751	751	-
Community Loans Issued to Homeowners	-	-	8,660	8,660	-
Community Loan Financing Payments	-	-	(34,389)	(34,389)	-
Insurance Recoveries	-	-	-	-	7,687
Interest Payments	-	-	(5,272)	(5,272)	-
Net Cash Provided (Used) by Noncapital Financing Activities	43,623	(190,711)	2,780,260	2,633,172	3,101,264
Cash Flows from Capital & Related Financing Activities:					
Cash Proceeds from Sale of Capital Assets	-	-	-	-	6,100
Capital Asset Purchases	(105,818)	(330,057)	(562,634)	(998,509)	(9,073,385)
Bond/Loan Payments	(1,997)	-	(12,099)	(14,096)	(129,690)
Capital Contributions	-	-	69,060	69,060	323,941
Assessment Receipts	-	-	2,192	2,192	-
Interest Payments	(537)	-	(2,972)	(3,509)	(716,066)
Net Cash Provided (Used) by Capital & Related Financing Activities	(108,352)	(330,057)	(506,453)	(944,862)	(9,589,100)
Cash Flows from Investing Activities:					
Interest Receipts (Loss)	-	34,389	574,636	609,025	710,629
Net Cash Provided (Used) by Investing Activities	-	34,389	574,636	609,025	710,629
Net Increase (Decrease) in Cash & Cash Equivalents	1,816,491	488,519	4,126,833	6,431,843	6,305,030
Cash & Cash Equivalents as of January 1 (includes restricted cash of $10,278,728 for Landfill Closure and $9,450 for Debt Service)	52,532,535	19,096,075	12,198,075	83,826,685	54,735,735
Cash & Cash Equivalents as of December 31 (includes restricted cash of $9,739,321 for Landfill Closure and $11,137 for Debt Service)	$ 54,349,026	$ 19,584,594	$ 16,324,908	$ 90,258,528	$ 61,040,765

See accompanying notes to financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2024
Page 2 of 2

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non-Major	Total	Internal
	Solid Waste	Storm Water	Enterprise Funds	Enterprise Funds	Service Funds
Reconciliation of Operating Income To Net Cash Provided (Used) by Operating Income:					
Operating Income	$ 2,292,776	$ 635,809	$ 222,070	$ 3,150,655	$ 797,680
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	542,581	518,894	1,341,958	2,403,433	9,624,056
(Increase) Decrease in:					
Customer Account Receivables	111,348	-	91,512	202,860	(63,510)
Special Assessment Receivables	-	66,952	(1,854)	65,098	-
Due from Other Funds	654	(4,213)	650,318	646,759	48,431
Due from Other Government Units	(94,181)	-	(23,331)	(117,512)	(162,634)
Inventories	-	-	-	-	(201,513)
Prepaid Expense	1,926	(3,295)	4,249	2,880	(58,183)
Increase (Decrease) in:					
Accounts Payable	(514,877)	(32,645)	(349,809)	(897,331)	2,521,001
Due to Other Funds	(185,024)	(48,634)	(69,630)	(303,288)	47,390
Due to Other Government Units	-	-	(8,330)	(8,330)	-
Claims and Judgments	-	-	-	-	388,150
Unearned Revenue	6,788	-	(1,783)	5,005	-
Compensated Absences Payable	156,836	29,098	(35,276)	150,658	83,030
Other Post Employment Benefits	548,574	61,378	(84,046)	525,906	114,545
Net Pension Liability	(457,919)	(248,446)	(457,658)	(1,164,023)	(1,056,206)
Accumulated Landfill Closure	(528,262)	-	-	(528,262)	-
Total Adjustments	(411,556)	339,089	1,056,320	983,853	11,284,557
Net Cash Provided (Used) by Operating Activities	$ 1,881,220	$ 974,898	$ 1,278,390	$ 4,134,508	$ 12,082,237

Noncash Investing, Capital, and Financing Activities:					
Non-Cash Disposition of Capital Assets:					
Loss on Disposition	$ -	$ -	$ (18,906)	$ (18,906)	$ (291,592)
Transfers In	$ -	$ -	$ 18,464,288	$ 18,464,288	$ -
Transfers Out	$ -	$ 1	$ (14,045,581)	$ (14,045,580)	$ -
Leases	$ 11,728,060	$ -	$ (11,728,060)	$ -	$ -

See accompanying notes to financial statements

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Custodial Funds			
	Custodial	External Investment Pools	Investment Trust Funds	Private Purpose Trust Funds
ASSETS				
Cash & Pooled Investments:				
Pooled Investments At Fair Value	$ 2,151,776	$ 397,915	$ 833,293,892	$ -
Trust Funds	-	-	-	4,637,946
Receivables:				
Taxes Receivable	2,436,612	804,321	5,252,227	-
Special Assessment Receivable	36,954	52,246	12,215	-
Accrued Interest Receivable	-	-	2,936,715	-
Due from Other Governments	-	28,489	-	-
Total Assets	**4,625,342**	**1,282,971**	**841,495,049**	**4,637,946**
LIABILITIES				
Taxes & Regulatory Fees Payable	14,810	-	16,084,717	-
Other Accrued Liabilities	-	-	348,752	-
Due to Other Governments	3,688,604	430,665	-	-
Total Liabilities	**3,703,414**	**430,665**	**16,433,469**	**-**
NET POSITION				
Restricted for:				
Individuals, Organizations and Other Governments	921,928	-	-	4,637,946
Pool Participants	-	852,306	825,061,580	-
Total Net Position	**$ 921,928**	**$ 852,306**	**$ 825,061,580**	**$ 4,637,946**

See accompanying notes to financial statements

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended December 31, 2024

	Custodial Funds			
	Custodial	External Investment Pools	Investment Trust Funds	Private Purpose Trust Funds
ADDITIONS:				
Contributions				
Taxes and Assessments Collected	$ 132,726,389	$ 52,577,200	$ 298,704,312	$ -
Administrative Revenues	637	118	246,677	-
Other Taxes and Fees Collected for Participants	550,889,294	7,936,731	808,926,099	-
Additions by Participants	-	-	355,755,233	66,588,410
Total Contributions	683,616,320	60,514,049	1,463,632,321	66,588,410
Investment Income	(1,433)	175,618	35,677,373	19,552
Total Additions	**683,614,887**	**60,689,667**	**1,499,309,694**	**66,607,962**
DEDUCTIONS:				
Distributions to Participants	682,917,053	60,496,821	-	66,142,671
Administrative Costs	637	118	246,677	-
Distributions by Participants	-	-	1,425,272,849	-
Total Deductions	**682,917,690**	**60,496,939**	**1,425,519,526**	**66,142,671**
Change in Net Position	697,197	192,728	73,790,168	465,291
Net Position as of January 1, 2024	224,731	659,578	751,271,412	4,172,655
Net Position as of December 31, 2024	**$ 921,928**	**$ 852,306**	**$ 825,061,580**	**$ 4,637,946**

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

Guide to Notes
Year ended December 31, 2024

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2024

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 2024, 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 five 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 the 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 properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financials 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 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.
- *Debt Holding* – is a Capital Projects fund used to hold proceeds for debt issued in 2022 for the purpose of a major construction remodel project.
- *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* – created for the purpose of managing the American Rescue Plan Act (ARPA) funds that the County received 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.

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.
- *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.

- *Grand Mound Utility* – this fund was closed during 2024 as part of a utility fund consolidation by the county's Public Works Department. Therefore, only the Cumulative Effect of Change within the Reporting Entity to reduce Net Position was recorded.
- *Environmental Health* – this fund did not meet the definition of a major fund this year. Therefore, only the Cumulative Effect of Cumulative Effect of Change within the Reporting Entity to reduce Net Position was recorded.
- *Land Use and Permitting* – this fund did not meet the definition of a major fund this year. Therefore, only the Cumulative Effect of Change within the Reporting Entity to reduce Net Position was recorded.

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 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. 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 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, Storm & Surface Water Utility, 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 2024/2025 budget period. While the County is on a biennial budget, the budget authority does not carry forward 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 2024.

E. Assets, Liabilities, Fund Balance and Net Position

1. Cash Deposits and Investments (See Note 4 – Deposits and Investments)

It is the County's policy to invest all temporary cash surpluses. At December 31, 2024, all cash and cash equivalents were cash on hand and demand deposits with average maturities as noted in Note 4. 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 $5,302,800.

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, except for 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 4 – 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 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 and Medic One Special Revenue funds 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. 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 2024, capital assets are defined by the County as assets with an initial, individual cost of $10,000 or more, including ancillary costs, with an estimated useful life more than 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.

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. Infrastructure and the history pertaining to infrastructure assets are retained indefinitely in our financial system. The book values of all other fully and partially depreciated assets are retained within the system until they are replaced or sold. Infrastructure and the history of pertaining to infrastructure assets are retained indefinitely.

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 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. Restricted Assets

Resources for construction, debt service and other future obligations are segregated and classified as restricted assets. Related liabilities are included on the Statement of Fund Net Position as liabilities payable from restricted assets or as certain long-term liabilities

7. Leases

Lessee/SBITA: The county recognizes a lease/SBITA liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The county) recognizes lease liabilities with an initial, individual value of $10,000 or more and SBITA liabilities with an initial, individual value of $200,000 or more.

The lease/SBITA asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease/SBITA. Lease/SBITA payments in governmental funds are reported as debt service principal and debt service interest expenditures.

The county uses the interest rate charged by the lessor/vendor as the discount rate. When the interest rate charged by the lessor/vendor is not provided, the county generally uses its incremental borrowing rate as the discount rate.

Lessor: The county recognizes a lease receivable and a deferred inflow of resources in the government wide and fund financial statements.

The deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

The county uses its estimated incremental borrowing rate as the discount rate for leases.

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

The county has two different leave plans, traditional and alternative. The traditional leave plan has separate vacation and sick leave hours. The alternative leave plan has just one pool of hours and the leave can be used for any absence.

For traditional leave, county employees accrue vested vacation leave at a variable rate based on years of service. In general, accrued vacation leave cannot exceed 280 hours at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested (i.e., the county does not pay employees for unused sick leave upon termination, except upon employee death, retirement, or qualifying disability). At death, retirement, or qualifying disability, the county is liable for 50 percent of the employee's accumulated sick leave, up to a maximum number of hours that vary depending on leave plan and union group. Most county sponsored leave plans have a maximum number of sick leave accumulated hours of 360. The maximum allowed is 500 hours in one Public Safety union plan. It is the county's policy to liquidate its compensated absences obligations with future resources rather than advance funding it with available spendable financial resources.

For government-wide reporting purposes, the county reports compensated absences obligations as liabilities in the applicable governmental or business-type activities columns on the Statement of Net Position.

For fund statement reporting purposes, governmental funds recognize an expenditure for annual and sick leave when it is payable (i.e., upon employee's use, resignation, death, or retirement). Proprietary funds recognize the expense and accrue a liability for annual leave and estimated sick leave buyout, including related payroll taxes and benefits, as applicable, as the leave is earned.

9. 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.

10. Unearned Revenue

Unearned revenues in the government-wide and fund financial statements represent resources received but not yet earned.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

12. Pensions and OPEB

For purposes of measuring the net pension and other post-employment benefits liability, assets, 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.

13. Asset Retirement Obligation

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset that has a substantial cost to a government. An ARO is recognized when the liability is incurred and reasonably estimable. Incurrence of a liability requires both an internal obligating event and an external obligating event resulting from normal operations. An internal obligating event includes acquiring or placing a capital asset into operation. An external obligating event requires federal, state, or local laws or regulations, a binding contract or issuance of a court judgement requiring specific actions to retire an asset. The obligation will be paid from operating income; no assets have been set aside to fund the obligations.

14. 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.

15. 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 relation 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, the 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.

16. 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 $477,272,107 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	$ 460,745,333
Governmental Capital Outlays	17,754,306
Capital Contributions from Governmental Funds	12,813,053
Depreciation Expense	(14,040,585)
Governmental Net Book Value - End of Current Year	$ 477,272,107

Another element of the reconciliation, as detailed below, was for ($118,015,422) because of long-term debt (this amount includes all G.O. debt, notes, leases and other governmental liabilities but excludes debt for internal service funds which is included with internal service funds as noted below), which is not reported in governmental funds, is reported in the statement of net position:

Governmental Debt - End of Prior Year	$ 92,497,289
Bond/Note Proceeds	32,493,531
Amortization of Premium/Discount & Gains/Losses on Refunded Debt	(1,011,980)
Principal Payments	(5,916,706)
Computed Governmental Debt - End of Current Year	$ 118,062,134

A third element of the reconciliation, as detailed below, was for $98,190,940 because Internal Service Funds assets and liabilities transfers in/out, and Capital Contributions, 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	$ 94,128,214
Operating Income (Loss)	797,680
Nonoperating Income (Loss) & Capital Distributions	(154,347)
Net Transfers In/Out	3,419,393
Net Position - End of Current Year	$ 98,190,940
Cash	$ 61,040,765
Capital Assets	81,177,944
Right to Use Asset - Buildings	-
Other Assets	9,907,330
Claims and Judgments Payable	(6,380,753)
Pension & OPEB	(4,029,386)
Notes/Leases Payable	(26,543,253)
Other Liabilities	(12,608,513)
Deferrals	(4,373,194)
Net Position - End of Current Year	$ 98,190,940

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 – 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, 2024, 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, 2024, was $9,398,376.

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 for the pool. 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 4 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 GASB 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.

At December 31, 2024, the fair value of investments was $13,117,812 lower than the amortized cost. Approximately 32% 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 per GASB 72. 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 2024, TCIP did not sell any investments.

Fair value of the TCIP is reviewed by the County Investment Officer, monthly, 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, 2024, 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	$ 88,531,370	$ 188,968,630	$ 277,500,000
Money Market Accounts	13,718,374	29,281,626	43,000,000
Total Investments at Amortized Cost	$ 102,249,745	$ 218,250,255	$ 320,500,000

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.

On December 31, 2024, 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	45,804,590		45,804,590	1.83	.800%-5.472%
US Treasurer Securities	123,913,678.00	123,913,678		3.00	.250%-4.625%
US Agency Securities	572,709,698.75		572,709,699	1.33	.375%-6.320%
Supranational	73,143,518.50		73,143,519	1.08	2.020%-5.450%
Corporate Securities	76,435,246.45		76,435,246	1.08	.450%-5.200%
Total Investments by Fair Value Level	$ 892,006,732	$ 123,913,678	$ 768,093,054		

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 1.139 years as of December 31, 2024. During 2024 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, 2024, 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
Barbers Hill Tx ISD GO PSF Taxable	AAA
West Contra Costa CA GO Taxable	AA
Philomath OR SD Benton & Polk County	AA+
Barbers Hill TX ISD GO PSF Taxable	AAA
Multnomah County OR SD Portland GO	AA
Metro OR GO Taxable	AAA
Multnomah County OR GO Taxable	AAA
Klamath Falls OR SCHS GO Taxable	AA+
King County WA GO Taxable	AAA
Hawaii St Taxable GO REF BDS	AA+
Port of Seattle WA Taxable GO	AA-
	Moody Rating
Los Angeles CA GO Taxable	Aa2
Tamalpais CA GO Taxable Ref	Aaa
Port Vancouver WA GO Taxable	Aa2

Corporates and Supranational Securities	S&P Rating
International Bank Recon & Development	AAA
Cisco Systems Inc	AA-
Apple Inc	AA+
State Street Corp	A
Toyota Motor Credit Corp	A+
Johnson & Johnson Corp	AAA
John Deere Capital Corp Mtn	A
Caterpillar Financial Svc 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 to ensure that securities are deposited with a third-party custodian prior to release of funds. The State Treasurer's vendor for safekeeping services is Principal Custody Solutions and the County follows the state with their selection for safekeeping services. Principal Custody Solutions 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, 2024, is as follows:

Schedules of Deposits and Investments

Composition of Cash & Investments
December 31, 2024

	Total	Pooled Cash Investments	Non-Pooled Cash & Investments
State Investment Pool	$ 277,500,000	$ 277,500,000	$ -
Municipal Bonds	47,745,000	47,745,000	-
US Treasury & Agency Securities	717,803,000	717,803,000	-
Money Market Accounts	43,000,000	43,000,000	-
Supernationals	75,615,000	75,615,000	-
Corporate Securities	77,583,000	77,583,000	-
Total Investment Pool Investments	**1,239,246,000**	**1,239,246,000**	-
Deposits With Financial Institutions	9,421,716	9,421,716	-
Net Increase (Decrease) in Fair Value of Investments	(13,117,812)	(13,117,812)	-
Pool Accruals	(13,414,803)	(13,414,803)	-
Total Investment Pool Cash & Investments	**1,222,135,101**	**1,222,135,101**	**-**
Fiscal and Petty Cash	53,482	-	53,482
Clerk's Trust Funds	4,637,946	-	4,637,946
Total Reported Cash & Investments	**$ 1,226,826,529**	**$ 1,222,135,101**	**$ 4,691,428**

Reconciliation of Cash & Investments to Statements
December 31, 2024

		Statements of	
	Total	Fiduciary Net Position	Net Position
Cash & Pooled Investments - County Funds	$ 386,345,000	$ -	$ 386,345,000
Cash & Pooled Investments - Investment Trust Fund	833,293,892	833,293,892	-
Cash & Pooled Investments - Investments Not In Trust	397,915	397,915	-
Cash & Pooled Investments - Custodial Funds	2,151,776	2,151,776	-
Total Investment Pool Cash & Investments	**1,222,188,583**	**835,843,583**	**386,345,000**
Fiscal and Petty Cash	-	-	-
Private Purpose Trust Funds	4,637,946	4,637,946	-
Total Reported Cash & Investments	**$ 1,226,826,529**	**$ 840,481,529**	**$ 386,345,000**

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, 2024, is reported in the following schedule:

Condensed Statement of Net Position
December 31, 2024

	Investment Trust Fund	Custodial Funds	Private Purpose Trust Fund
Cash, Cash Equivalents, Investments and Pooled Investments	$ 841,495,049	$ 5,908,313	$ 4,637,946
Total Assets	**841,495,049**	**5,908,313**	**4,637,946**
Pool Liabilities	16,433,469	4,134,079	-
Total Liabilities	**16,433,469**	**4,134,079**	-
Net Position Held in Trust for Pool Participants	**$ 825,061,580**	**$ 1,774,234**	**$ 4,637,946**

Condensed Statement of Changes in Net Position
December 31, 2024

	Investment Trust Funds	Custodial Funds	Private Purpose Trust Funds
Total Additions	$ 1,499,309,694	$ 744,304,554	$ 66,607,962
Total Deductions	(1,425,519,526)	(743,414,629)	(66,142,671)
Change in Net Position	73,790,168	889,925	465,291
Adjusted Net Position Beginning of Year	751,271,412	884,309	4,172,655
Net Position End of Year	**$ 825,061,580**	**$ 1,774,234**	**$ 4,637,946**

NOTE 4 – 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, 2024, 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 $672,054. 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.

88% 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, Washington State Transit Insurance Pool, and LOTT Clean Water Alliance. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund.

Separate financial statements for the investment funds may be obtained from the Thurston County Treasurer's website under Thurston County Investment Pool.

NOTE 5 – 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 because 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 2023 for collection in 2024:

	Levy In Dollars Per Thousand	Assessed Value	Total Levy
Current Expense			
General Fund	0.8192	$ 59,970,587,483	$ 49,127,077
Veterans	0.0113	$ 59,970,587,483	$ 674,669
Public Health	0.0250	$ 59,970,587,483	$ 1,499,265
Total Current Expense Levy			$ 51,301,010
Medic One	0.2146	$ 59,970,587,483	$ 12,871,029
Medic One Lid Lilft	0.1106	$ 59,364,453,734	$ 6,566,147
Roads	0.7485	$ 28,153,802,929	$ 21,073,354
Conservation Futures	0.0270	$ 59,970,587,483	$ 1,621,303

NOTE 6 – CAPITAL ASSETS AND COMMITMENTS

A. Capital Assets

Capital assets activity for the year ended December 31, 2024, was as follows:

	Beginning Balance 01/01/2024	Increases	Decreases & Adjustments	Ending Balance 12/31/2024
GOVERNMENTAL TYPE ACTIVITIES				
Capital Assets - Non-Depreciable:				
Land	$ 269,794,350	$ 475,895	$ (248,429,565)	$ 21,840,680
Construction in Progress	12,105,153	13,377,604	(6,737,244)	18,745,513
Intangible Assets	2,977,816	252,617,301	(191,853)	255,403,264
Capital Assets - Non-Depreciable	**284,877,319**	**266,470,800**	**(255,358,662)**	295,989,457
Capital Assets - Depreciable:				-
Buildings	150,233,804	3,370,345		153,604,149
Right to Use Leased - Buildings	31,586,825		(167,551)	31,419,274
Intangible Assets	1,875,159	-	-	1,875,159
Improvements Other Than Buildings	14,942,931	23,624	(209,775)	14,756,780
Machinery & Equipment	55,189,846	6,018,879	(749,232)	60,459,493
Right to Use Leased - Machinery & Equipment	498,126	9,898	-	508,024
Right to Use SBITA	-	9,134,687	-	9,134,687
Infrastructure	200,606,774	12,833,127	-	213,439,901
Original Cost	**454,933,465**	**31,390,560**	**(1,126,558)**	**485,197,467**
Less Accumulated Depreciation:				
Buildings	(68,644,211)	(5,106,907)	-	(73,751,118)
Right to Use Leased - Buildings	(3,493,232)	(2,183,489)	167,551	(5,509,170)
Improvements Other Than Buildings	(7,058,267)	(910,600)	42,774	(7,926,093)
Machinery & Equipment	(36,679,705)	(5,114,413)	1,303,901	(40,490,217)
Right to Use Leased - Machinery & Equipment	(287,639)	(74,691)	11,503	(350,827)
Right to Use SBITA	-	(955,169)	-	(955,169)
Intangible Assets	(1,868,850)	(4,003)	-	(1,872,853)
Infrastructure	(84,657,028)	(8,938,024)	16,316	(93,578,736)
Accumulated Depreciation	**(202,688,932)**	**(23,287,296)**	**1,542,045**	**(224,434,183)**
Capital Assets - Depr, Net	**252,244,533**	**8,103,264**	**415,487**	**260,763,284**
Total Original Cost	**739,810,784**	**297,861,360**	**(256,485,220)**	**781,186,924**
Total Accumulated Depreciation	**(202,688,932)**	**(23,287,296)**	**1,542,045**	**(224,434,183)**
Governmental Capital Assets, Net	**$ 537,121,852**	**$ 274,574,064**	**$ (254,943,175)**	**$ 556,752,741**

Depreciation expense was charged to functions as follows:

Depreciation Expense was charged to functions as follows:	
General Government	$ 378,616
Public Safety	2,751,115
Utilities and Environment	603
Transportation	9,136,663
Economic Environment	-
Health and Human Services	980,324
Culture and Recreation	407,688
Subtotal	13,655,009
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.	9,624,056
Total Governmental Activities Depreciation Expense	**$ 23,279,065**

Business Type Activities for the year ended December 31, 2024, was as follows:

	Beginning Balance 01/01/2024	Prior Period Adjustment	Revised Beginning Balance 01/01/2024	Increases	Decreases & Adjustments	Ending Balance 12/31/2024
BUSINESS TYPE ACTIVITIES						
Capital Assets, not being depreciated:						
Land	$ 1,519,100	$ -	$ 1,519,100	$ -	$ -	$ 1,519,100
Construction In Progress	5,411,518	-	5,411,518	180,809	(4,380,479)	1,211,848
Intangible	1,543,521		1,543,521	1,343,883	(1,347,208)	1,540,196
Total Capital Assets, not being depreciated	**8,474,139**	**-**	**8,474,139**	**1,524,692**	**(5,727,687)**	**4,271,144**
Capital Assets, being depreciated:						
Buildings	24,970,679	-	24,970,679	16,691,769	(16,600,255)	25,062,193
Intangible	2,081,024		2,081,024	-	-	2,081,024
Improvements other than buildings	24,154,916	-	24,154,916	-	-	24,154,916
Machinery & Equipment	4,301,512		4,301,512	5,415,157	(480,790)	9,235,879
Right to Use - Leased Machinery & Equipment	51,332		51,332	10,156	-	61,488
Infrastructure	24,688,761		24,688,761	9,304,568	(8,635,184)	25,358,145
Total Capital Assets, being depreciated	**80,248,224**	**-**	**80,248,224**	**31,421,650**	**(25,716,229)**	**85,953,645**
Less Accumulated Depreciation For:						
Buildings	(16,121,586)	-	(16,121,586)	(10,894,439)	10,221,077	(16,794,948)
Improvements other than buildings	(21,723,324)	-	(21,723,324)	(691,943)	527,832	(21,887,435)
Machinery & Equipment	(3,189,198)		(3,189,198)	(478,396)	354,757	(3,312,837)
Right to Use - Leased Machinery & Equipment	(12,865)		(12,865)	(20,421)	-	(33,286)
Intangible - M&E	(1,819,256)	-	(1,819,256)	(294,628)	119,873	(1,994,011)
Infrastructure	(11,866,971)	-	(11,866,971)	(6,261,683)	5,039,674	(13,088,980)
Total Accumulated Depreciation	**(54,733,200)**	**-**	**(54,733,200)**	**(18,641,510)**	**16,263,213**	**(57,111,497)**
Total Capital Assets being depreciated, net	**25,515,024**	**-**	**25,515,024**	**12,780,140**	**(9,453,016)**	**28,842,148**
Business Type Activities Capital Assets, net	**$ 33,989,163**	**$ -**	**$ 33,989,163**	**$ 14,304,832**	**$ (15,180,703)**	**$ 33,113,292**

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
Solid Waste	$ 542,580
Water	521,359
Sewer	805,500
Stormwater	518,894
Land Use & Permitting	6,369
Environmental Health	8,731
Total	**$ 2,403,433**

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 $100,000.

Thurston County has the following active construction and other significant commitments as of December 31, 2024:

	Spent-to-Date	Remaining Commitment
Project:		
Amanda Replacement - ACCELA - R0001	496,804	128,196
Enterprise Resource Planning (ERP) Systems R0016 (2021 - R0005 & R0007)	6,332,493	367,311
Pump System Upgrades and Improvements #91717	3,601,858	141,667
MobleAssessor	114,550	199,506
Justice Premier Standard Deployment	83,765	997,067
Hughes Fire Equipment Contract# PO's BMT051923	158,385	1,990,050
Hughes Fire Equipment Contract# PO's BMT121523	234,621	876,690
Black Lake Bridge Repair #77175	2,485,800	179,865
Pacific Ave SE Pavement Preservation #C98408	1,418,292	191,323
Yelm Hwy SE Pavement Preservation #C98409	2,375,985	277,456
Chip Seal 2024 #C65003	3,929,848	564,135
On-Call Engineering & Professional Consulting Services	39,669	1,460,331
On-Call Engineering & Professional Consulting Services	-	1,000,000
Marvin Rd Upgrade Phase 1, #C61478	1,317,848	4,543,012
Green Cove Creek Fish Barrier Removal Ph 1 #C63023	2,947,167	3,889,929
Thompson Fish Passage #C63025	252,231	1,091,263
2025 Pavement Preservation #C65002	-	1,690,000
Moderate Risk Waste Hauling & Disposal	70,031	1,429,969
WARC Compactor Replacement #C90007	-	2,902,003
Tamoshan Water & Sewer Infrastructure Rehab & Replacement Project #CA053A/CA0511A	2,026,515	105,651
Total	$ 27,885,862	$ 24,025,425

The following are more details pertaining to the table above:

- Amanda Replacement – ACCELA (R001) is financed with Large Application System Replacement Reserves from Fund 5240.
- The Enterprise Resource Planning (ERP) Systems is financed with Large Application System Replacement Reserves from Fund 5240.
- Pump System Upgrades and Improvements # 91717 is financed with Solid Waste Fees
- MobileAssessor is financed with Large Application System Replacement Reserves from fund 5240.
- Justice Premier Standard Deployment is financed with Rates and Information Technology Operations and Maintenance Renew from fund 5250.
- Hughes Fire Equipment Contract# PO's BMT051923 and BMT121523 are financed with Medic One and American Rescue Plan Act (ARPA) funds.
- Black Lake Bridge Repair #77175 is financed with Local Road Fund.
- Pacific Ave SE Pavement Preservation #C98408 is financed with Federal Grant and REET2 funds.
- Yelm Hwy SE Pavement Preservation #C98409 is financed with Federal Grant, Transportation Improvement Board and REET2 funds.
- Chip Seal 2024 #C65003 is financed with Local Road Funds.
- On-Call Engineering & Professional Services for remaining commitment balance $1,460,331 is financed with Local Road Funds.
- On-Call Engineering & Professional Services for remaining commitment balance $1,000,000.00 is financed with State Grant, Local Road Fund and REET2.
- Marvin RD Upgrade Phase 1 #C61478 is financed with Transportation Improvement Board, Transportation Impact Fees and Local Government Agency funds.
- Green Cove Creek Fish Barrier Removal PH 1 #C63023 is financed with Federal Grant, Recreation and Conservation Office, Transportation Impact Fees, Stormwater Fees and Thurston PUD funds.
- Thompson Fish Passage #C63025 is financed with Recreation and Conservation Office and REET2 funds.
- 2025 Pavement Preservation #C65002 is financed with REET and American Rescue Plan Act (ARPA) funds.
- Moderate Risk Waste Hauling & Disposal is financed with Solid Waste Tipping Fees
- WARC Compactor Replacement #C9007 is financed with Solid Waste Tipping Fees.
- Tamoshan Water & Sewer Infrastructure Rehab & Replacement Project #C053A/CA0511A is financed with American Rescue Plan Act (ARPA) funds.

NOTE 7 – 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. 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. 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, 2024, 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, 2024, was $1,527,860.

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, 2024, is $145,000.

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, 2024, is $18,630,000.

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

> Limited Tax General Obligation Refunding bonds, 2021A
> $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. These 2021 bonds were paid off as of December 01, 2022.

Limited Tax General Obligation Refunding bonds, 2021B
$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 $1,210,0000 a year. The term of these bonds is nine years with a final payment due in 2030. The balance on December 31, 2024, is $6,445,000

Limited Tax General Obligation Bonds, 2021
$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, 2024, is $4,380,000.

2022 Limited Tax General Obligation Bonds of $45,805,000 were issued in 2022 to finance a portion of the acquisition and remodeling of various county buildings, including heating, ventilation and air conditioning, roof, window and lighting improvements, and other capital improvements. The bonds bear an interest rate of 5.00% semiannually with annual principal installments starting in 2026 ranging from $1,190,000 to 3,310,000 a year. The term of these bonds is twenty-five years with a final payment due in 2047. The balance on December 31, 2024, is $45,805,000.

2024 Limited Tax General Obligation Bonds of $28,575,000 were issued in 2024 to finance the remodeling and renovation of the County's ballot processing center and the purchase and remodel an existing building or purchase of land and construction a new building to house the county Sheriff's Department. The bonds bear an interest rate of 5.00% semiannually with annual principal installments starting in 2027 ranging from $935,000 to $2,475,000 a year. The term of these bonds is twenty years with a final payment due in 2044. The balance on December 31, 2024 is $28,575,000.

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

Year Ending	Governmental Activities	
December 31	Principal	Interest
2025	$ 4,825,000	$ 4,587,348
2026	$ 6,050,000	$ 4,423,906
2027	$ 8,020,000	$ 4,212,728
2028	$ 7,970,000	$ 3,905,043
2029	$ 10,315,000	$ 3,603,146
2030 - 2034	$ 24,365,000	$ 14,200,295
2035 - 2039	$ 15,380,000	$ 9,656,000
2040 - 2044	$ 19,625,000	$ 5,407,250
2044 - 2047	$ 9,470,000	$ 962,250
Total	$ 106,020,000	$ 50,957,966

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 final payment was made in 2022. The fifth loan is not to exceed $150,000 with an interest rate of 1.5%. Repayment began in 2005. The final payment was made in 2024. 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, 2024 was $39,391. 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, 2024 was $105,243. 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, 2024 was $60,195. 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, 2024 is $10,134.

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, 2024 was $10,330.

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, 2024 was $725,827.

Public Works entered in a loan agreement with the Public Works Board and the State of Washington Department of Commerce for a culvert replacement at Green Cove Creek in 2023. The term of the loan is for twenty years, and the loan is not to exceed $4,500,000 with an interest amount of 1.39%. If this loan is not paid on time, late charges will be charged at 1% per month until it is paid. Payments are expected to begin in 2025. The balance on December 31, 2024 was $252,467.

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
2025	80,931	23,478	34,130.00	4,775.00
2026	82,850	21,375	34,727.00	4,100.00
2027	84,823	19,218	30,172.00	3,412.00
2028	86,852	17,004	30,796.00	2,789.00
2029	88,938	14,733	21,210.00	2,190.00
2030 - 2034	434,311	37,467	63,427.00	4,642.00
2035 - 2039	66,439	6,464	10,832.00	300.00
2040 - 2043	53,151	1,847	-	-
Total	$ 978,295	$ 141,586	$ 225,294	$ 22,208

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. 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. In 2024, the final delinquent principal payments and delinquent penalties were paid off. There is no remaining balance due.

4. 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 $14,576,665 at December 31, 2024, for that portion of unpaid accumulated vacation and personal leave payable in the Statement of Net Position. This liability includes $11,335,322 for governmental funds, $1,304,820 for internal service funds and $1,936,523 for enterprise funds. $846,829 of this total liability is expected to be incurred in 2024. A leave buyout fund was created to pay a portion of the leave that is cashed out when an employee retires. The fund pays the salary portion and 25% of benefits upon retirement. The remaining leave costs are paid by the County office or department the employee retired from. Vested sick leave is not considered material and is not accrued.

B. Changes in Long-Term and Other Significant Debt

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

Schedule Of Changes in Debt and Other Long-Term Liabilities
For The Year Ended December 31, 2024

	Beginning Balance	New Issues And Adjustments	Retirements And Adjustments	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligation Bonds	$ 82,820,001	$ 28,528,288	5,328,289	$ 106,020,000	$ 4,825,000
For Issuance Premiums	7,014,259	3,594,061	802,622	9,805,698	788,228
Total Bonds Payable	**89,834,260**	**32,122,349**	**6,130,911**	**115,825,698**	**5,613,228**
Notes Payable:					
Loans Payable	1,292,038	-	313,744	978,294	80,931
Leases Payable	28,831,323	-	505,341	28,325,982	1,929,121
Total Notes Payable	**30,123,361**	**-**	**819,085**	**29,304,276**	**2,010,052**
Claims and Judgments Payable	5,992,603	1,996,660	1,608,510	6,380,753	1,677,855
Compensated Absences **	12,305,387	334,755	-	12,640,142	734,325
Subscription Based IT Arrangements	-	3,333,471	-	3,333,471	624,956
Other Post Employment Benefits (OPEB)	42,171,829	-	5,271,418	36,900,411	1,310,901
Other Non-Current Liabilities	1,949,617	-	-	1,949,617	-
Net Pension Liability	9,572,205	-	2,413,014	7,159,191	-
Total Governmental Activities	**$ 191,949,262**	**$ 37,787,235**	**$ 16,242,938**	**$ 213,493,559**	**$ 11,971,317**
Business-type Activities:					
Notes Payable:					
Loans Payable	264,848	-	39,554	225,294	34,130
Leases Payable	40,514	-	8,931	31,583	653
Total Notes Payable	**305,362**	**-**	48,485	**256,877**	**34,783**
Compensated Absences	1,785,866	150,657	-	1,936,523	112,502
Accumulated Landfill Closure Costs	9,646,012	-	528,262	9,117,750	-
Other Post Employment Benefits (OPEB)	4,824,329	(275,073)	-	4,549,256	137,961
Net Pension Liability	1,734,602	-	540,681	1,193,921	-
Total Business-type Activities	**$ 18,296,171**	**$ (124,416)**	**$ 1,117,428**	**$ 17,054,327**	**$ 285,246**

** The change in the compensated absences liability is presented as a net change. Beginning balances are restated.

Internal Service funds predominately serve governmental funds. Accordingly, their long-term liabilities are included in totals for governmental activities. Internal service funds also include $1,027,895 of general obligation bonds payable and $3,065,225 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.

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-Profiteering, Auditor Election Reserve, Conservation Futures, Law Library, 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, 2024, the County had $1,602,336 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, 2024, the County also had $11,575 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 2024:

Purpose of Indebtedness	Total Capacity	Remaining Capacity
General Government (No vote required)	$ 1,137,260,359	$ 1,023,031,584
General Government (With 3/5-majority vote)	$ 1,895,433,931	$ 1,781,205,156

E. Refunded Debt

In this year 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, 2024, $26,305,000 of bonds outstanding are considered defeased.

NOTE 8 – LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs)

A. County as Lessee

The County has entered into lease contracts for the right-to-use copiers, buildings and office space that have a variation of cancelable and non-cancelable terms and conditions. Currently, the County has 14 active building/office space leases and 39 active 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.

During reporting year 2024, Thurston County had 39 active copier leases amongst multiple offices and departments throughout the county. Out of the 39 leased copiers, 33 of them had an initial lease term of 60 months and the remaining 6 copiers had an initial lease term of 36 months with the most recent copier lease scheduled to end on July 1st, 2028. During 2024, Thurston County made copier lease payments that totaled $101,192, with $82,440 recognized as lease principal and $18,752 as lease interest.

Thurston County Prosecuting Attorney's Office is currently leasing office space located at 3525 7th Ave, Olympia, WA 98502 and the landlord is Family Support Center of South Sound. The current lease term, including the likelihood of exercising extension options, is March 1, 2019, to March 1, 2024. During 2024, Thurston County Prosecuting Attorney's Office made $513 in lease payments, where $513 was recognized as lease principal and $.24 in lease interest.

Thurston County Prosecuting Attorney's Office is leasing additional office space located at 3525 7th Ave, Olympia, WA 98502 and the landlord is Family Support Center of South Sound. The current lease term, including the likelihood of exercising extension options, is March 1, 2019, to March 1, 2024. During 2024, Thurston County Prosecuting Attorney's Office made $55,464 in lease payments, where $51,037 was recognized as lease principal and $4,427 in lease interest.

Thurston County Sheriff's Office is currently leasing space located at 8407 Steilacoom Rd SE, Olympia, WA 98512 and the landlord is Lacey Fire District #3. The current lease term, including the likelihood of exercising extension options, is December 30, 2021, to December 30, 2046. During 2024, Thurston County Sheriff's Office made $1,500 in lease payments, where $728 was recognized as lease principal and $772 in lease interest.

Thurston County Sheriff's Office is currently leasing space located at 18720 Sargent Rd SW, Rochester, WA 98579 and the landlord is West Thurston Regional Fire Authority. The current lease term, including the likelihood of exercising extension options, is December 3, 2021, to December 31, 2024. During 2024, Thurston County Sheriff's Office made $2,582 in lease payments, where $2,543 was recognized as lease principal and $25 in lease interest.

Thurston County Emergency Services-Medic One is currently leasing fire station space at the following locations: 1231 Franz St SE, Lacey, WA 98503, 8447 Steilacoom Rd SE, Olympia, WA 98513 and 16510 160th Ave, Yelm, WA 98597 and the landlord is Lacey Fire District #3. The current lease term, including the likelihood of exercising extension options, is January 1, 2021, to December 31, 2027. During 2024, Thurston County Emergency Services made $90,378 in lease payments, where $89,248 was recognized as lease principal and $1,129 in lease interest.

Thurston County Emergency Services-Medic One is currently leasing fire station space at the following locations: 330 Kenyon St NW, Olympia WA 98502 and 3525 Stoll Rd SE, Olympia WA 98501 and the landlord is the City of Olympia. The current lease term, including the likelihood of exercising extension options, is January 1, 2021, to December 31, 2027. During 2024, Thurston County Emergency Services made $18,070 in lease payments, where $17,469 was recognized as lease principal and $601 in lease interest.

Thurston County Emergency Services-Medic One is currently leasing fire station space at the following locations: 311 Israel Rd, Tumwater, WA 98501 and 18720 Sargent Rd SW, Rochester, WA 98579 and the landlord is the City of Tumwater. The current lease term, including the likelihood of exercising extension options, is January 1, 2021, to December 31, 2027. During 2024, Thurston County Emergency Services made $9,035 in lease payments, where $8,734 was recognized as lease principal and $301 in lease interest.

Thurston County Emergency Services-Medic One is currently leasing fire station space located at 18720 Sargent Rd SW, Rochester, WA 98579 and the landlord is West Thurston Regional Fire Authority. The current lease term, including the likelihood of exercising extension options, is August 1, 2018, to December 31, 2027. During 2024, Thurston County Emergency Services made $20,136 in lease payments, where $19,868 was recognized as lease principal, $268 in lease interest.

Thurston County Central Services Department is currently leasing building space located at 2400 Bristol Court SW, Olympia, WA 98512 and the landlord is Drebick Investments LLC. The current lease term, including the likelihood of exercising extension options, is July 16, 2019, to July 15, 2029. During 2024, Thurston County Central Services Department made $84,478in lease payments, where $79,642 was recognized as lease principal and $4,836 in lease interest.

Thurston County Central Services Department is currently leasing building space located at 2404 Chandler Court SW, Olympia, WA 98502 and the landlord is DM Ventures Evergreen LLC. The current lease term, including the likelihood of exercising extension options, is November 1, 2020, to October 31, 2037. During 2024, Thurston County Central Services Department made $385,175 in lease payments, where $269,886 was recognized as lease principal and $115,289 in lease interest.

Thurston County Central Services Department is currently leasing building space located at 7721 New Market St, Tumwater, WA 98501 and the landlord is J/4 Associates. The current lease term, including the likelihood of exercising extension options, is June 1, 2017, to May 31, 2025. During 2023, Thurston County Central Services Department made $242,265 in lease payments, where $240,890 was recognized as lease principal and $1,365 in lease interest.

Thurston County Central Services Department is currently leasing building space located at 2947 RW Johnson Blvd, Tumwater, WA 98501 and the landlord is Diverse Properties LLC. The current lease term, including the likelihood of exercising extension options, is August 1, 2014, to July 31, 2025. During 2024, Thurston County Central Services Department made $71,125 in lease payments, where $70,706 was recognized as lease principal and $473 in lease interest.

Thurston County Central Services Department is currently leasing building space located at 3000 Pacific Ave SE, Olympia, WA 98501 and the landlord is DM Ventures Pacific LLC. The current lease term, including the likelihood of exercising extension options, is November 1, 2022, to May 31, 2039. During 2024, Thurston County Central Services Department made $1,641,763 in lease payments, where $1,101,042 was recognized as lease principal and $540,721 in lease interest.

The net lease amount shown below reflects the right-to-use assets continuing to be financed through the lease. These lease agreements qualify as leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date or prospectively according to the GASB 87 implementation date. The assets acquired through leases are as follows:

	Beg Bal	Increases	Decreases	End Bal
Leased Bldgs	$ 40,108,836	$ 82,500		$ 40,191,336
Leased Equip	$ 342,485	$ 197,490	$ 96,353	$ 443,622
Total	**$ 40,451,321**	**$ 279,990**	**$ 96,353**	**$ 40,634,958**
Accum Depr. Leased Bldgs	$ 1,887,426	$ 3,227,980	$ -	$ 5,115,406
Accum Depr. Leased Equip	$ 201,855	$ 89,205	$ 96,353	$ 194,707
Total	**$ 2,089,281**	**$ 3,317,185**	**$ 96,353**	**$ 5,310,113**

The future minimum lease obligations and net present value of future lease payments for copiers, buildings and office space acquired through leases as of December 31, 2024, were as follows:

Year ended December 31	Principal	Interest	Total
2025	$ 1,938,706	$ 712,253	$ 2,650,959
2026	$ 1,779,632	$ 667,432	$ 2,447,064
2027	$ 1,698,249	$ 623,125	$ 2,321,374
2028	$ 1,782,285	$ 578,210	$ 2,360,495
2029	$ 1,775,253	$ 532,829	$ 2,308,082
2030-2034	$ 9,217,599	$ 1,977,296	$ 11,194,895
2035-2039	$ 9,919,789	$ 735,352	$ 10,655,141
2040-2044	$ 756,051	$ 6,071	$ 762,122
2045-2049	$ 4,274	$ 226	$ 4,500
Total	**$ 28,871,838**	**$ 5,832,794**	**$ 34,704,632**

B. County as Lessor

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 leases as of December 31, 2024:

Asset	Activities
Buildings	$ 11,811,241
Less: Accumulated Depreciation	$ (4,448,924)
Total Invested in Long Term Building Leases	**$ 7,362,317**

During fiscal year 2024, the County served as lessor for the following building leases:

The Mottman Complex leases consists of two buildings located at 2918 Ferguson St – Bldg. 1 and 2915 29th Ave SW – Bldg. 2, Tumwater, WA 98512. The current tenants (comprising of seven leases) were in place at the time of purchase and will all terminate by January 31, 2025. There are no options to extend. At that time, the Mottman Complex will be occupied by the County. During 2024, the County received $28,558 in combined lease revenues and $78 in combined interest revenues related to these leases. These external leases have a combined lease receivable balance of $2,083 as of year-end.

The County leases the property located at 3285 Ferguson St SW, Tumwater, WA 98512 and the tenant is Thurston Mason Behavioral Health Organization, LLC. The current lease was entered into in 2019 and shall end on July 31, 2040. This is inclusive of the option to extend for an additional five years that we believe will be exercised. During 2024, the County received $35,401 of lease revenues and $20,411 of interest revenue related to this lease. This lease has a lease receivable balance of $709,363 as of year-end.

The County leases the property located at 2703 Pacific Ave Suite A, Olympia, WA 98501 and the tenant is Thurston 911 Communications. The current lease was entered into in 2018 and shall end on December 31, 2028. This is inclusive of the option to extend for an additional five years that we believe will be exercised. During 2024, the County received $48,087 of lease revenues and $2,227 in interest revenues related to this lease. This lease has a lease receivable balance of $197,126 as of year-end.

The County's schedule of lease revenues to be received in future years is as follows:

Year ended December 31	Principal	Interest	Total
2025	$ 107,900	$ 22,691	$ 130,591
2026	$ 87,041	$ 21,167	$ 108,208
2027	$ 86,463	$ 19,663	$ 106,126
2028	$ 88,000	$ 18,125	$ 106,125
2029	$ 89,572	$ 16,553	$ 106,125
2030-2034	$ 215,199	$ 63,858	$ 279,057
2035-2039	$ 247,294	$ 31,762	$ 279,056
2040-2044	$ 95,001	$ 2,669	$ 97,670
Total	**$ 1,016,470**	**$ 196,488**	**$ 1,212,958**

C. County as SBITA Lessee

In fiscal year 2023, the County implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Upon implementation, the County established a capitalization threshold of $1,000,000 for SBITA assets. At that time, the county had no SBITA's to report. During 2024, the Washington State Auditor's Office recommended that a $1,000,000 capitalization threshold was not appropriate for local governments. As a result, the County revised its capitalization threshold for SBITAs to $200,000 effective January 1, 2024.

The County party to various noncancelable Subscription-Based Information Technology Arrangements (SBITAs). The County recognizes a subscription liability and an intangible subscription asset, in the government-wide and proprietary fund financial statements.

At the commencement of a subscription, the County initially measures the subscription liability at the present value of the payments expected to be made during the subscription term. The subscription liability is subsequently reduced by the principal portion of subscription payments made. The subscription asset is amortized using the straight-line method over its estimated useful life.

Governmental funds recognize a capital outlay and other financial sources at the commencement of a new subscription. Subscription payments in governmental funds are reported as debt service principal and debt service interest expenditures.

The County uses the interest rate charged by the supplier as the discount rate. When the interest rate charged by the supplier is not provided, the County generally uses its incremental borrowing rate as the discount rate for subscriptions. In 2024, that rate was the rate on the most recent bond sale that happened in 2024.

The County monitors changes in circumstances that would require a remeasurement of its subscription and remeasures the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

As of December 31, 2024, the County had five active subscriptions. The subscriptions have payments that range from $24,128 to $205,000 and the interest rate is 5%. The total combined value of the subscription liability is $3,333,471, and the total combined value of the short-term subscription liability is $624,956.

At year-end, the combined value of the right to use assets was $9,134,687 (all Governmental Activities), and accumulated amortization was $955,169. Subscription assets activity for the year ended December 31, 2024, was as follows:

Governmental Activities	Beginning Balance 1/1/24	Increases	Decreases	Ending Balance 12/31/24
Subscription assets:				
Software	$ -	$ 9,134,687	$ -	$ 9,134,687
Total subscription assets	$ -	$ 9,134,687	$ -	$ 9,134,687
Less accumulated amortization for:				
Software	$ -	$ (955,169)	$ -	$ 955,169
Total accumulated amortization	$ -	$ (955,169)	$ -	$ 955,169
Governmental activities subscription based assets, net	$ -	$ 8,179,518	$ -	$ 10,089,856

The County's schedule of future minimum payments for these SBITA liabilities is as follows:

Governmental Activities	Principal	Interest	Total
2025	624,956	159,514	784,470
2026	678,656	127,901	806,557
2027	700,983	93,585	794,568
2028	469,259	59,962	529,222
2029	281,598	37,964	319,562
2030-2034	578,018	67,579	645,597
Total	**$ 3,333,471**	**$ 546,505**	**$ 3,879,976**

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, 2024, is shown in the following table:

	Due From Other Funds								
Due to Other Funds	**General Fund**	**Covid Fiscal Recovery Fund**	**Roads**	**Non-Major Gov**	**Internal Service**	**Solid Waste**	**Storm Water**	**Non Major Enterprise**	**Total**
General Fund	$ -	$ 1,327,205	$ 40,883	$ 284,839	$ 66,906	$ -	$ -	$ 51,175	**$ 1,771,008**
Covid Fiscal Recovery Fund	29,075	-	-	-	3,899	-	-	263,651	**296,625**
Housing & Community Renewal	-	-	-	-	444	-	-	-	**444**
Roads	2,066,175	-	-	7,599	10,612	584	3,603	248	**2,088,821**
21/22 Debt Holding	-	-	-	-	500,000	-	-	-	**500,000**
Non-Major Governmental	914,495	-	3,252,692	52,604	59,951	39	-	6,310	**4,286,091**
Internal Service	-	-	7,687	-	240,722	1,909	-	-	**250,318**
Solid Waste	135,613	-	4,760	-	11,076	-	610	5,690	**157,749**
Stormwater	15,790	-	178,836	-	1,380	-	-	86,367	**282,373**
Non-Major Enterprise	193	-	2,513	637	11,358	-	-	2,288	**16,989**
Total Due to/Due from	**$ 3,161,341**	**$ 1,327,205**	**$ 3,487,371**	**$ 345,679**	**$ 906,348**	**$ 2,532**	**$ 4,213**	**$ 415,729**	**$ 9,650,418**

B. 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, 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, 2024, are summarized below:

	Transfers In							
Transfer Out	General Fund	Housing & Community Renewal	Roads	Non-Major Govt	Internal Service	Solid Waste	Non-Major Enterprise	Total
General Fund		$ 171,675	$ 2,075,000	$ 3,293,988	$ -	$ -	$ 609,795	**$ 6,150,458**
Covid Fiscal Recovery Fund	2,207,276	-	-	-	1,511,505	-	513,403	**4,232,184**
Roads	2,000,000	-		733,544	191,160	-	-	**2,924,704**
21/22 Debt Holding	-	-	-	3,857,566	830,095	-	-	**4,687,661**
Non-Major Govt	1,377,424	-	4,294,202	6,776,600	1,706,308	-	38,091	**14,192,625**
Internal Service	43,000	-	-	776,264	239,698	1,910	-	**1,060,872**
StormWater	-	-	166,727	-	1,499	-	-	**168,226**
Non-Major Enterprise	-	-	-	-	-	-	22,556,493	**22,556,493**
Total Transfers	**$ 5,627,700**	**$ 171,675**	**$ 6,535,929**	**$ 15,437,962**	**$ 4,480,265**	**$ 1,910**	**$ 23,717,782**	**$ 55,973,223**

NOTE 10 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ (8,353,111)
Pension assets	$ 23,535,988
Deferred outflows of resources	$ 33,075,895
Deferred inflows of resources	$ (9,423,476)
Pension expense/expenditures	$ 2,903

State Sponsored Pension Plans

Substantially all County's 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 downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

Employer Contribution Rates	Percent
January – June	
PERS Plan 1, 2, 3	6.36%
PERS Plan 1 UAAL	2.97%
Administrative Fee	0.20%
Total	**9.53%**
July - August	
PERS Plan 1, 2, 3	6.36%
PERS Plan 1 UAAL	2.47%
Administrative Fee	0.20%
Total	**9.03%**
September – December	
PERS Plan 1, 2, 3	6.36%
PERS Plan 1 UAAL	2.55%
Administrative Fee	0.20%
Total	**9.11%**

Plan	Employee Contribution Rate
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies 5% - 15%

The County's actual PERS plan contributions were $2,644,859 to PERS Plan 1 and $5,132,596 to PERS Plan 2/3 for the year ended December 31, 2024.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006.

PSERS membership includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act
- A limited number of state agencies

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the AFC times the member's years of service. The AFC is based on the member's 60 consecutive highest creditable months of service. 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. 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. Retirement before age 60 is considered an early retirement. PSERS members who retire before turning 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. 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 rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The Plan 2 employer rates include components to address the PERS Plan 1 UAAL.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2023 were as follows:

Employer Contribution Rates	Percent
January – June	
PSERS Plan 2	6.73%
PERS Plan 1 UAAL	2.97%
Administrative Fee	0.20%
Total	**9.90%**
July – August	
PSERS Plan 2	6.73%
PERS Plan 1 UAAL	2.47%
Administrative Fee	0.20%
Total	**9.40%**
September - December	
PERS Plan 2	6.76%
PERS Plan 1 UAAL	2.55%
Administrative Fee	0.20%
Total	**9.51%**

The employee contribution rate was 6.73%

The county's actual plan contributions were $1,035,182 to PSERS Plan 2 for the year ended December 31, 2024.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state's full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

LEOFF is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are 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-paid 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 a COLA. 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 0%, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2024. Employers paid only the administrative expense of 0.20% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service (the FAS is based on the highest-paid 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 – 52, the reduction is 3% 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 a COLA (based on the CPI), capped at 3% annually. 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 rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

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%.

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

Employer Contribution Rates	Percent
January – December	
State and local governments	5.12%
Administrative Fee	0.20%
Total Employer	**5.32%**
Ports and Universities	8.53%
Administrative Fee	0.20%
Total	**8.73%**

The employee contribution rate was 8.53%

The county's actual contributions to the plan were $652,746 for the year ended December 31, 2024.

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, 2024, the state contributed $96,422,231 to LEOFF Plan 2. The amount recognized by the county as its proportionate share of this amount is $388,563.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 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 7.0 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 7.0 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

The table below summarizes the 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, 2024. The inflation component used to create the table is 2.5 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	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	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 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	$ 12,287,216	$ 8,353,111	$ 4,902,806
PERS 2/3	$ 30,199,682	$ (16,752,558)	$ (55,313,454)
PSERS 2	$ 4,502,452	$ (695,187)	$ (4,807,650)
LEOFF 1	$ (1,330,233)	$ (1,511,499)	$ (1,669,571)
LEOFF 2	$ 3,032,156	$ (4,576,745)	$ (10,800,598)

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, 2024, the county reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ (8,353,111)
PERS 2/3	$ 16,752,558
PSERS 2	$ 695,187
LEOFF 1	$ 1,511,499
LEOFF 2	$ 4,576,745

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	$ (1,511,499)	$ (4,576,745)
Washington State's proportionate share of the net pension liability/(asset) associated with Thurston County	(10,223,739)	(2,970,065)
TOTAL	$ (11,735,237)	$ (7,546,810)

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

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion current year less prior year
PERS 1	0.4953%	0.4701%	-0.0252%
PERS 2/3	0.5116%	0.5082%	-0.0035%
PSERS 2	1.8700%	1.6302%	-0.2397%
LEOFF 1	0.0540%	0.0531%	-0.0008%
LEOFF 2	0.2666%	0.2444%	-0.0222%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, 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 2024. 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 2024, 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, 2024, the county recognized pension expense as follows:

	Pension Expense
PERS 1	$ (329,312)
PERS 2/3	(748,532)
PSERS	669,380
LEOFF 1	40,703
LEOFF 2	370,664
TOTAL	$ 2,903

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, 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	$ -	$ (668,394)
Contributions subsequent to the measurement date	1,236,921	-
TOTAL	$ 1,236,921	$ (668,394)

PERS 2-3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,519,161	$ (38,787)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,800,806)
Changes of assumptions	9,250,794	(1,061,439)
Changes in proportion and differences between contributions and proportionate share of contributions	644,121	(176,759)
Contributions subsequent to the measurement date	2,607,585	-
TOTAL	$ 22,021,661	$ (6,077,790)

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,802,179	$ (397,649)
Net difference between projected and actual investment earnings on pension plan investments	-	(336,597)
Changes of assumptions	693,922	(259,736)
Changes in proportion and differences between contributions and proportionate share of contributions	314,115	(103,552)
Contributions subsequent to the measurement date	527,540	-
TOTAL	$ 3,337,756	$ (1,097,534)

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	-	(57,130)
TOTAL	$ -	$ (57,130)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,368,398	$ (34,831)
Net difference between projected and actual investment earnings on pension plan investments	-	(752,994)
Changes of assumptions	1,884,070	(384,701)
Changes in proportion and differences between contributions and proportionate share of contributions	882,504	(350,102)
Contributions subsequent to the measurement date	344,586	-
TOTAL	$ 6,479,558	$ (1,522,626)

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, 2025. 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
2025	$ (1,106,143)	$ (3,637,829)	$ (239,594)	$ (96,059)	$ (520,324)
2026	$ 568,283	$ 7,393,732	$ 457,139	$ 49,766	$ 1,244,690
2027	$ (60,170)	$ 3,310,659	$ 165,033	$ (4,776)	$ 559,615
2028	$ (70,363)	$ 3,286,303	$ 169,348	$ (6,062)	$ 597,282
2029	$ -	$ 1,654,381	$ 221,947	$ -	$ 717,976
Thereafter	$ -	$ 1,329,039	$ 938,808	$ -	$ 2,013,108

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, 2024, 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. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2024, 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 the Pool's 2022-23 and 2023-2024 Fiscal Years, the Pool's SIR was $3,000,000. 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 $20,000,000 (lowest reinsured layer), and $20,000,000 million, (second layer). The Pool purchases excess coverage for the additional $10,000,000 with an aggregate limit of $20,000,000 (first layer), $10,000,000 (second layer), $10,000,000 (third layer), and $7,500,000 (fourth layer). Since the Pool is a cooperative program, there is a joint liability among the participating members. For the 2023-24 Fiscal Year, 15 of the Pool's 24 member counties, group purchase an additional $5,000,000 policy in excess of the pooled $20,000,000. Thurston County does purchase this optional coverage.

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 claims for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss prevention services.

During 2023-24, Thurston County was also one of twenty-four (24) counties which participated in the Washington Counties Property Program (WCPP). 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 $370 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 $5,000,000 in the aggregate. For 2024, the Pool's SIR for cyber claims was $500,000 from January 1 through December 31, with Thurston County having no deductible.

Beginning in the 2023-24 Fiscal Year, Thurston County was one of 22 counties that participated in a group purchased crime policy, which included limits of $2,000,000 and with a county deductible of $25,000.

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 more than $100,000, c). to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2023-24, the WCRP's assets increased to $82,249,435 while its liabilities also increased to $67,350,711. The Pool's net position ended at $15,987,251. The Pool 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, 2023, 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 $1,680,510 during 2024. 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) equates to $6,380,753. 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 fluctuatesignificantly 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

	2024	2023
Beginning claims liability	$ 5,992,603	$ 4,391,601
Claims incurred during the year (including IBNRs)*	1,996,660	2,669,995
Claims payments	(1,608,510)	(1,068,993)
Ending claims liability	$ 6,380,753	$ 5,992,603

**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 2024:

Aggregate OPEB Amounts - All Plans		
OPEB liabilities	$	41,449,667
Deferred outflows of resources	$	5,817,938
Deferred inflows of resources	$	28,800,642
OPEB expense/expenditures	$	549,000

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	285
Active employees	1,194
Total	1,479

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 GAAP requirements. To meet these requirements, 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, 2024, for the measurement period, was $410,407.

Assumptions and Other Inputs

The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	6/30/2024
Actuarial measurement date	6/30/2024
GASB 75 reporting date	12/31/2024
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	2.40%
Projected salary/wage growth	3.25%
Healthcare cost trend rate	Initial rate is 6.0% and trends down to 3.8% by 2074
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

Demographic assumptions regarding retirement, mortality, disability mortality, turnover, and marriage are based on assumptions used in the 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 Office of the State Actuary's actuarial valuation for the Washington State retirement systems 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, we used the assumptions for PERS 1, 2, and 3, PSERS Plan 2, and LEOFF Plan 2 from the 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 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 actuarial valuation for the Washington State retirement systems.

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

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93% for the June 30, 2024, measurement date and was 3.65% for the June 30, 2023, measurement date. This is the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years. OPEB GAAP requires that the discount rate be based on a 20-year high quality (AA/Aa or higher) municipal bond rate.

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 3.93%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93%) or 1-percentage point higher (4.93%) that the current rate.

Sensitivity Analysis - Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	2.93%	3.93%	4.93%
Total June 30, 2024, OPEB Liability	$ 40,313,660	$ 34,243,262	$ 29,413,560

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 6.0%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.0%) or 1-percentage point higher (7.0%) that the current rate.

Sensitivity Analysis - Healthcare Trend			
	1% Decrease	Current Discount Rate	1% Increase
	5.00%	6.00%	7.00%
Total June 30, 2024, OPEB Liability	$ 28,867,972	$ 34,243,262	$ 41,222,886

Total OPEB Liability – As of December 31, 2024, the County reported a total PEBB OPEB Liability of $34,243,262.

Changes in the Total OPEB Liability – the following table presents the change in the total OPEB Liability as of June 30, 2024, the measurement date:

	2024	2023	2022	2021	2020	2019	2018
Total Beg OPEB Liability 6/30	**$ 39,203,317**	**$ 44,965,179**	**$ 59,753,980**	**$ 55,294,236**	**$ 49,105,899**	**$ 39,784,991**	**$ 39,040,229**
Service Cost	2,049,196	2,550,693	3,673,932	3,496,141	2,546,439	2,049,606	2,164,431
Interest on total OPEB liability	1,486,935	1,665,045	1,359,742	1,289,414	1,794,259	1,605,943	1,463,658
Effect on plan changes	-	-	-	-	-	-	-
Effect on economic/demographic gains or losses	(3,615,235)	-	(4,516,328)	-	(2,489,035)	3,024,244	-
Effect of assumptions changes or inputs	(3,842,495)	(9,007,774)	(14,347,237)	570,886	5,118,963	3,322,312	(2,236,927)
Expected benefit payments	(1,038,456)	(969,826)	(958,910)	(896,697)	(782,289)	(681,197)	(646,400)
Total End OPEB Liability	**$ 34,243,262**	**$ 39,203,317**	**$ 44,965,179**	**$ 59,753,980**	**$ 55,294,236**	**$ 49,105,899**	**$ 39,784,991**

OPEB Expense – As of the measurement date of June 30, 2024, the County recognized OPEB expense for the PEBB of $725,033.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – On December 31, 2024, 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	$ 1,051,912	$ 7,642,318
Changes of assumptions	4,057,599	21,158,324
Payments subsequent to the measurement date	502,115	-
TOTAL	$ 5,611,626	$ 28,800,642

Deferred outflows of resources total $5,611,626. Of that $502,115 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, 2025. 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
2025	$ 2,811,098
2026	$ 2,811,098
2027	$ 2,616,585
2028	$ 3,119,828
2029	$ 3,257,789
Thereafter	$ 9,074,733

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, 2024, the following employers were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet, receiving benefits	-
Active employees	-
Total	14

Contributions - The amount paid by the County for OPEB as benefits as of the measurement date of June 30, 2024, for the measurement period, was $206,312.

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, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Methodology	
Actuarial Valuation Date	6/30/2024
Actuarial Measurement Date	6/30/2024
Actuarial Cost method	Entry age
Assumptions	
Discount rate (1)	
Beginning of measurement year	3.65%
End of measurement year	3.93%
Health Care Trend Rates (2)	
Medical costs	Approximately 4.5%, varies by year
Long-Term Care	4.75%
Medicare Part B Premiums	Approximately 5.0%, 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 3.93 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current rate.

Sensitivity Analysis - Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	2.65%	3.65%	4.65%
Total June 30, 2024, OPEB Liability	$ 7,949,433	$ 7,206,405	$ 6,568,354

The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 4.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.5 percent) or 1-percentage point higher (5.5 percent) than the current rate.

Sensitivity Analysis - Healthcare Trend			
	1% Decrease	Current Discount Rate	1% Increase
	3.50%	4.50%	5.50%
Total June 30, 2024, OPEB Liability	$ 6,594,938	$ 7,206,405	$ 7,902,766

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability	**$ 7,792,845**	**$ 7,578,692**	**$ 8,645,985**	**$ 8,971,196**	**$ 8,063,447**	**$ 8,479,158**	**$ 8,763,230**
Interest on total OPEB liability	$277,016	$261,940	183,143	194,593	276,589	322,822	308,731
Changes in experience data and assumptions	($453,049)	313,873	(914,325)	(185,835)	955,740	(460,896)	(311,425)
Estimated benefit payments	($410,407)	(361,660)	(336,111)	(333,969)	(324,580)	(277,637)	(281,378)
Total OPEB Liability at 6/30	**$ 7,206,405**	**$ 7,792,845**	**$ 7,578,692**	**$ 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, 2024, was used in the calculation of Total OPEB Liability and the Actuarial Measurement Date used was June 30, 2024.

As of the June 30, 2024, measurement date, the County recognized OPEB expense of ($176,033).

As of December 31, 2024, 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	$ 206,312	$ -
TOTAL	$ 206,312	$ -

The $206,312 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, 2025.

NOTE 13 – JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS, AND RELATED PARTIES

Thurston County participates in joint ventures, jointly governed organizations, and related parties 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), The Chehalis River Flood Control Authority, The Thurston Mason Behavioral Health Organization (TMBHO) and Water Conservancy Board of Thurston County.

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. The City of Lacey reported a decrease of $749,517 to Net Position – Ending December 31, 2024. The adjustment is included in the Animal Control table below. The County contributed $942,758 as its share of operations in 2024, which is 51.11% of the total contributions from participating agencies. The County's equity interest at December 31, 2024, is therefore $1,697,308. 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 2022 totaled $3,320,892. Complete financial statements for Animal Control can be obtained from its administrative office at the City of Lacey, Post Office Box 3400, Lacey, WA 98509-3400.

Animal Control	
Total Assets	$ 3,461,319
Total Deferred Outflows of Resources	299,222
Total Liabilities:	345,624
Total Deferred Inflows of Resources	94,025
Net Position	$ 3,320,892
Total Revenues	$ 2,597,223
Total Expenses	3,280,807
Change in accounting principal - GASB 101	66,043
Change in Net Position	(749,627)
Net position - beginning as previously reported	4,070,519
Net Position - Ending 12/31/2024	$ 3,320,892

The Thurston County Narcotics Task Force (Interlocal Drug Unit) is a joint venture governed by a two-member executive committee consisting of the Thurston County Prosecutor's Office and the Thurston County Sheriff's Office. Currently, participating members are Thurston County, Homeland Security Investigations, and the Department of Corrections as a result of interlocal agreements.

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, 2024, was $480,619.

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 $132,834 as its share of operations in 2024. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2022. Complete financial statements for ORCAA can be obtained from its administrative office at 2940 B Limited Lane NW, Olympia, WA 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 $201,930 as its share of operations in 2024 for intergovernmental professional services. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2024. Complete financial statements for TRPC can be obtained from its administrative office at 2424 Heritage Court SE Suite A, Olympia, WA 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 2024 Thurston County contributed $14,841 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, WA 98532.

Thurston County Regional Housing Council (RHC) 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.

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, 2015, 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 Hawks 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 $9,117,750 on December 31, 2024.

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, 2024, cash and pooled investments of $9,449,501 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, 2024.

Specific Purpose Fund Balance Classifications
Governmental Funds
December 31, 2024
Page 1 of 2

		Major Special Revenue				
ASSETS	**General Fund**	**Roads**	**Debt Holding**	**Covid Fiscal Recovery Fund**	**Housing & Community Renewal**	**Other Funds**
Nonspendable:						
Inventory	$ -	$ 676,507	$ -	$ -	$ -	$ 411,051
Prepayments	182,596	6,757	-	-	9,307	104,229
Total Non-Spendable	**182,596**	**683,264**	**-**	**-**	**9,307**	**515,280**
Restricted for:						
Capital Projects	-	-	73,804,642	-	-	8,395,534
Conservation Futures	-	-	-	-	-	8,859,089
Economic Development	-	-	-	-	-	263,925
General Obligation Debt	-	-	-	-	-	3,955
Health and Social Services	-	-	-	-	-	2,014,998
Historic Preservation	-	-	-	-	-	874,277
Housing Services	-	-	-	-	12,652,227	-
Judicial	-	-	-	-	-	3,138,796
Law Enforcement	-	-	-	-	-	4,073,103
Legislative/Admin/Support Services	-	-	-	-	-	199,865
Life Support and Transport Services						2,568,615
Mental Health	-	-	-	-	-	6,503,088
Noxious Weed Control	-	-	-	-	-	33,873
Parks and Recreation	-	-	-	-	-	2,843,854
Public Safety	-	-	-	-	-	1,149
Roads Operations & Construction	-	-	-	-	-	8,784,463
Special assessments	-	-	-	-	-	817,134
Veteran's Relief	-	-	-	-	-	1,758,314
Total Restricted	**-**	**-**	**73,804,642**	**-**	**12,652,227**	**51,134,032**

Specific Purpose Fund Balance Classifications
Governmental Funds
December 31, 2024
Page 2 of 2

ASSETS	General Fund	Major Special Revenue: Roads	Major Special Revenue: Debt Holding	Major Special Revenue: Covid Fiscal Recovery Fund	Major Special Revenue: Housing & Community Renewal	Other Funds
Committed for:						
Elections	-	-	-	-	-	14,593
Total Committed	**-**	**-**	**-**	**-**	**-**	**14,593**
Assigned to:						
Capital Projects	-	-	4,582,639	-	-	5,415,138
Conservation Futures	-	-	-	-	-	888,884
Economic Development	-	-	-	1,061,898	-	132,520
Elections	-	-	-	-	-	667,311
General Obligation Debt	-	-	-	-	-	1,598,381
Health and Social Services	-	-	-	-	-	15,083,055
Historic Preservation	-	-	-	-	-	879,764
Housing Services	-	-	-	-	6,148,206	-
Judicial	-	-	-	-	-	535,194
Law Enforcement	-	-	-	-	-	75,221
Legislative/Admin/Support Services	-	-	-	-	-	494,259
Life Support and Transport Services						4,933,186
Mental Health	-	-	-	-	-	1,017,567
Noxious Weed Control	-	-	-	-	-	470,891
Parks and Recreation	-	-	-	-	-	237,869
Public Safety	-	-	-	-	-	1,433,754
Roads Operations & Construction	-	20,777,793		-	-	874,163
Special assessments	-	-	-	-	-	281,440
Veteran's Relief	-	-	-	-	-	272,810
Total Assigned	-	20,777,793	4,582,639	1,061,898	6,148,206	35,291,407
Unassigned	38,022,043	-	-	-	-	-
Total Fund Balance	**$ 38,204,639**	**$ 21,461,057**	**$ 78,387,281**	**$ 1,061,898**	**$ 18,809,740**	**$ 86,955,312**

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	$ 556,752,742	$ 33,113,292
Right to Use Asset - Buildings	-	
Less: Total Reported Outstanding Debt	(148,463,445)	(256,877)
Net Investment in Capital Assets Before Adjustments	**408,289,297**	**32,856,415**
Un-Expended Debt Proceeds	78,796,834	-
Loss on Refunding	1,042,359	-
Gain on Refunding	(53,487)	-
Retainage Payable	(238,434)	-
Non-Capital Debt	-	302,834
Net Investment in Capital Assets	**$ 487,836,569**	**$ 33,159,249**

NOTE 17 – RESTRICTED NET POSITION

Thurston County's government-wide statement of net position, Governmental Activities, reports a restricted net position of $158.7 million, of which $147.2 million is restricted by enabling legislation. The Business-Type Activities reports a restricted net position of $3 million.

NOTE 18 – OTHER DISCLOSURES

A. Fund Changes

The following fund changes happened during the 2024 reporting year:

- The County eliminated three major Proprietary funds for the 2024 reporting year, Grand Mound, Environmental Health, and Land Use & Permitting. These have been major funds for the past several years but fell under the major fund threshold for 2024.
- The county consolidated several Utility funds into two non-major Utilities funds: Water Utility and Sewer Utility. These funds were consolidated in early 2024. In future years, only the new funds will be reported.
- Three new non-major Special Revenue funds were added. These funds, titled Offut Lake, Long Lake, and Pattison Lake, are Lake Management District funds created to improve the quality of these separate lakes for the benefit of property owners.

B. Contingencies

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

C. 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 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 2024, $168,933 was abated in the General Fund, $5,344 was abated in the Conservation Futures Fund, and $68,771 was abated in the Medic One Fund.

D. 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 15 to 41 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, 2024, is $1,074,287 and the deferred outflow is $314,827. The obligations will be paid from operating income. No assets have been set aside to fund these obligations.

E. Accounting and Reporting Changes

During the year, the County implemented two GASB statements as follows:

- GASB 100 – Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB 101 – Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

NOTE 19 – CONTINGENCIES AND LITIGATIONS

The County has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the county will have to make payment. In the opinion of management, the County's insurance policies are adequate to pay all known or pending claims.

As discussed in Note 8, Long-Term Debt, the County is contingently liable for repayment of refunded debt.

The County participates in several federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. County management believes that such disallowances, if any, will be immaterial.

NOTE 20- ACCOUNTING CHANGES AND ERROR CORRECTIONS

Change in Accounting Principle

During fiscal year 2024, the County implemented GASB Statement No. 101 which uses a "more likely-than-not" condition for recognizing a liability for compensated absences, which replaces the "probable" threshold used in GASB 16. The implementation resulted in an increase in compensated absences liability of $4.3 million (from $9.7 million on December 31, 2023, to $14.0 million on January 1, 2024).

This increase is reflected in long term liabilities: Other due in more than one year and due within one year in the Government Wide Statement of Net Position, with $3,475,158 added to the Governmental Activities column and $817,103 added to the Business Type Activities column. The expense is presented in the Statement of Activities in account "Change in Accounting Principle" in similar columns.

The Business Type Activities of $817,103 noted above is also reported in the Proprietary Funds Statements-Enterprise Funds. Additionally, $358,446 is reported in the Internal Service Funds, reflecting the governmental activities nature of those funds. The effect of GASB 101 is shown in column A of the table below.

Cumulative Effect of Change withing the Financial Reporting Entity

In 2024, three Enterprise Funds that were major funds in 2023 are now considered non-major as follows:

- Grand Mound – in May of 2024, the county's Public Works department consolidated several separate water and sewer utility enterprise funds into one Water Utility Fund and one Sewer Utility Fund. This change resulted in these two new funds being non-major enterprise funds. The county's Grand Mound fund was part of this consolidation. The change resulted in a $17,347,849 million change to beginning 2024 Net Position to this fund as well as the reclassification from a major 2023 fund to a non-major 2024 fund. Even though the change happened mid-year 2024, GASB 100 requires instances like this to be adjusted to beginning Net Position as if the change occurred as of the beginning of the reporting period.
- Environmental Health – this was a major fund in 2023 but did not qualify as such in 2024. Therefore, an adjustment to beginning Net Position of $2,161,891 million was made.

- Land Use and Permitting – this was a major fund in 2023 but did not qualify as such in 2024. Therefore, an adjustment to beginning Net Position of $879,630 was made.

Accounting Changes and Error Corrections

	12/31/2023 as Previously Reported	Change in Accounting Principle (A)	Change to or within the Financial Reporting Entity (B)	Correction of Error (C)	12/31/2023 As Revised
Government-wide					
Government Activities	$ 641,868,371	$ (3,475,158)	$ -	$ -	$ 638,393,213
Business-Type Activities	99,870,182	(817,103)	-	-	99,053,079
Total primary government	$ 741,738,553	$ (4,292,261)	$ -	$ -	$ 737,446,292
Governmental Funds					
Major Funds:					
General Fund	$ 39,857,789	$ -	$ -	$ -	$ 39,857,789
Debt Holding	48,986,302	-	-	-	48,986,302
COVID Fiscal Recovery Fund	(347,479)	-	-	-	(347,479)
Housing & Community Renewal	14,672,705	-	-	-	14,672,705
Roads & Transportation	26,124,655	-	-	-	26,124,655
Non Major Funds	75,541,176	-	-	-	75,541,176
Total Governmental Funds	$ 204,835,148	$ -	$ -	$ -	$ 204,835,148
Proprietary Funds					
Enterprise Funds					
Major Funds:					
Solid Waste	$ 49,200,591	$ (196,343)	$ -	$ -	$ 49,004,248
Grand Mound	17,347,849	-	(17,347,849)	-	-
Storm Water	27,475,995	(99,830)	-	-	27,376,165
Environmental Health	2,161,891	-	(2,161,891)	-	-
Land Use & Permitting	(879,630)	-	879,630	-	-
Non Major Funds	4,563,486	(520,930)	18,630,110	-	22,672,666
Total Enterprise Funds	$ 99,870,182	$ (817,103)	$ -	$ -	$ 99,053,079
Internal Service Funds					
Central Services	$ 49,184,445	$ (336,223)	$ -	$ -	$ 48,848,222
Equipment Rental & Revolving	43,214,117	(68,886)	-	-	43,145,231
Insurance Risk Management	(925,864)	21,007	-	-	(904,857)
Benefits Administration	95,251	10,790	-	-	106,041
Leave Buyout	666,594	-	-	-	666,594
Unemployment Compensation	1,893,671	14,866	-	-	1,908,537
Total Internal Service Funds	$ 94,128,214	$ (358,446)	$ -	$ -	$ 93,769,768

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, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.47011%	0.47822%	0.49043%	0.50233%	0.49671%	0.52265%	0.52712%	0.53694%	0.53414%	0.54111%
Employer's proportionate share of the net pension liability	$ 8,353,111	$ 10,916,572	$ 13,655,482	$ 6,134,600	$ 17,536,492	$ 20,097,902	$ 23,541,403	$ 25,478,222	$ 28,685,834	$ 28,305,295
Covered payroll	$ 94,267,068	$ 85,262,254	$ 79,931,569	$ 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	8.86%	12.80%	17.08%	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	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

** These plans are administered by the State Department of Retirement Systems (DRS). The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for these pension plans. See the DRS Annual Comprehensive Financial Report's (ACFR) and the Participating Employer Financial Information (PEFI) for information on factors that significantly affect trends in the amounts reported in this schedule. The DRS ACFR and PEFI are available on DRS's website at https://www.drs.wa.gov/employer/ch15/.*

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.50818%	0.51165%	0.53109%	0.53676%	0.53696%	0.55716%	0.55650%	0.56401%	0.56076%	0.56903%
Employer's proportionate share of the net pension liability (asset)	$ (16,752,558)	$ (20,970,789)	$ (19,696,965)	$ (53,469,833)	$ 6,867,425	$ 5,411,937	$ 9,501,674	$ 19,596,756	$ 28,233,771	$ 20,331,695
Covered payroll	$ 79,051,551	$ 70,844,876	$ 66,605,388	$ 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	-21.19%	-29.60%	-29.57%	-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	107.02%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

** These plans are administered by the State Department of Retirement Systems (DRS). The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for these pension plans. See the DRS Annual Comprehensive Financial Report's (ACFR) and the Participating Employer Financial Information (PEFI) for information on factors that significantly affect trends in the amounts reported in this schedule. The DRS ACFR and PEFI are available on DRS's website at https://www.drs.wa.gov/employer/ch15/.*

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
PSERS
As of June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	1.63025%	1.86997%	1.94592%	1.85450%	1.98906%	2.57562%	2.85940%	2.98852%	2.83819%	2.97578%
Employer's proportionate share of the net pension liability (asset)	$ (695,187)	$ (1,982,896)	$ (1,391,336)	(4,260,519)	$ (273,695)	$ (334,933)	$ 35,428	$ 585,541	$ 1,206,174	$ 543,139
Covered payroll	$ 15,115,914	$ 14,327,330	$ 13,197,666	$ 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	-4.60%	-13.84%	-10.54%	-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	102.61%	107.90%	105.96%	123.67%	101.68%	101.85%	99.79%	96.26%	90.41%	95.08%

Notes to Schedule:

** These plans are administered by the State Department of Retirement Systems (DRS). The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for these pension plans. See the DRS Annual Comprehensive Financial Report's (ACFR) and the Participating Employer Financial Information (PEFI) for information on factors that significantly affect trends in the amounts reported in this schedule. The DRS ACFR and PEFI are available on DRS's website at https://www.drs.wa.gov/employer/ch15/.*

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 1
As of June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.05315%	0.05395%	0.05327%	0.05295%	0.05302%	0.05245%	0.05158%	0.05158%	0.05040%	0.04875%
Employer's proportionate share of the net pension (asset)	(1,511,499)	(1,601,249)	(1,528,053)	(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	(10,223,739)	(10,830,808)	(10,335,711)	(12,267,809)	(6,772,939)	(7,012,566)	(6,333,784)	(5,292,853)	(3,512,011)	(3,973,734)
TOTAL	$ (11,735,237)	$ (12,432,057)	$ (11,863,764)	$ (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	N/A	N/A	N/A	-1133.53%	-602.07%
Plan fiduciary net position as a percentage of the total pension liability	168.48%	175.99%	169.62%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

Notes to Schedule:

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

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Thurston County
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 2
As of June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.24439%	0.26659%	0.25669%	0.25431%	0.26456%	0.27646%	0.26981%	0.26170%	0.26031%	0.25764%
Employer's proportionate share of the net pension (asset)	(4,576,745)	(6,394,422)	(6,976,113)	(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	(2,970,065)	(4,083,412)	(4,518,974)	(9,529,151)	(3,450,676)	(4,194,179)	(3,546,688)	(2,355,690)	(987,060)	$ (1,750,899)
TOTAL	$ (7,546,810)	$ (10,477,835)	$ (11,495,088)	$ (24,300,529)	$ (8,847,212)	$ (10,598,816)	$ (9,024,358)	$ (5,987,197)	$ (2,501,125)	$ (4,398,913)
Covered payroll	$ 11,506,984	$ 11,660,148	$ 10,240,237	$ 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	-54.84%	-68.12%	-151.83%	-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	109.27%	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

Notes to Schedule:

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – BY PLAN

Thurston County
Schedule of Employer Contributions
PERS 1
As of December 31, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 2,644,859	$ 3,053,624	$ 3,105,216	$ 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	$ 2,644,859	$ 3,053,624	$ 3,105,216	$ 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	$ 96,156,732	$90,129,763	$82,494,092	$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	2.75%	3.39%	3.76%	4.30%	4.81%	4.98%	5.11%	4.96%	4.86%	4.49%

Notes to Schedule:
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Thurston County
Schedule of Employer Contributions
PERS 2/3
As of December 31, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 5,132,596	$ 4,802,961	$ 4,359,437	$ 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	$ 5,132,596	$ 4,802,961	$ 4,359,437	$ 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	$ 80,700,682	$75,517,845	$68,547,411	$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	6.36%	6.36%	6.36%	7.14%	7.92%	7.72%	7.50%	7.04%	6.41%	5.81%

Notes to Schedule:
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Thurston County
Schedule of Employer Contributions
PSERS
As of December 31, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 1,035,182	$ 964,532	$ 905,338	$ 884,550	$ 878,532	$ 868,354	$ 789,666	$ 749,164	$ 676,123	$ 596,718
Contributions in relation to the contractually required contributions	$ 1,035,182	$ 964,532	$ 905,338	$ 884,550	893,381	868,354	789,666	749,164	676,123	596,718
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,359,103	$ 14,515,765	$ 13,856,633	$ 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	6.74%	6.64%	6.53%	6.84%	7.20%	7.13%	6.85%	6.84%	6.77%	6.66%

Notes to Schedule:

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Thurston County
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 652,746	$ 597,656	$ 569,039	$ 513,339	$ 516,126	$ 512,382	$ 480,660	$ 458,853	$ 422,633	$ 401,274
Contributions in relation to the contractually required contributions	$ 652,746	$ 597,656	$ 569,039	$ 513,339	516,126	512,382	480,660	458,853	422,633	401,274
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,568,853	$ 11,481,331	$ 10,965,228	$ 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	5.19%	5.21%	5.19%	5.20%	5.22%	5.31%	5.25%	5.37%	5.23%	5.23%

Notes to Schedule:

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Thurston County
Changes in Total OPEB Liability - PEBB
As of the Measurement Date June 30, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	$ 2,049,196	$ 2,550,693	$ 3,673,932	$ 3,496,141	$ 2,546,439	$ 2,049,606	$ 2,164,431
Interest on total OPEB liability	1,486,935	1,665,045	1,359,742	1,289,414	1,794,259	1,605,943	1,463,658
Effect on plan changes	-	-	-	-	-	-	-
Effect on economic/demographic gains or losses	(3,615,235)	-	(4,516,328)	-	(2,489,035)	3,024,244	-
Effect of assumptions changes or inputs	(3,842,495)	(9,007,774)	(14,347,237)	570,886	5,118,963	3,322,312	(2,236,927)
Expected benefit payments	(1,038,456)	(969,826)	(958,910)	(896,697)	(782,289)	(681,197)	(646,400)
Net changes in Total OPEB Liability	(4,960,055)	(5,761,862)	(14,788,801)	4,459,744	6,188,337	9,320,908	744,762
Total OPEB liability, beginning	39,203,317	44,965,179	59,753,980	55,294,236	49,105,899	39,784,991	39,040,229
Total OPEB liability, ending	$ 34,243,262	$ 39,203,317	$ 44,965,179	$ 59,753,980	$ 55,294,236	$ 49,105,899	$39,784,991
Covered employee payroll	$ 106,389,914	$ 97,549,436	$ 90,762,870	$ 87,524,287	$ 85,873,140	$ 82,433,135	$78,377,467
Total OPEB liability as a percentage of covered employee payroll	32.2%	40.2%	49.5%	68.3%	64.4%	59.6%	50.8%

** 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, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Interest on total OPEB liability	$277,016	$261,940	$ 183,143	$ 194,593	$ 276,589	$ 322,822	$ 308,731
Changes in Experience Data and Assumptions	($453,049)	$313,873	(914,325)	(185,835)	955,740	(460,896)	(311,425)
Expected benefit payments	($410,407)	($361,660)	(336,111)	(333,969)	(324,580)	(277,637)	(281,378)
Net changes in Total OPEB Liability	($586,440)	214,153	(1,067,293)	(325,211)	907,749	(415,711)	(284,072)
Total OPEB liability, beginning	$ 7,792,845	7,578,692	8,645,985	8,971,196	8,063,447	8,479,158	8,763,230
Total OPEB liability, ending	$7,206,405	$ 7,792,845	$ 7,578,692	$ 8,645,985	$ 8,971,196	$ 8,063,447	$ 8,479,158
Covered employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** 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*

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