



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Thurston County

For the period January 1, 2020 through December 31, 2020

Published September 2, 2021

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

September 2, 2021

Board of Commissioners
Thurston County
Olympia, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Thurston County January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
21.019	COVID-19 Coronavirus Relief Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,182,980.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Thurston County January 1, 2020 through December 31, 2020

Board of Commissioners
Thurston County
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Thurston County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2021.

As discussed in Note 19 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

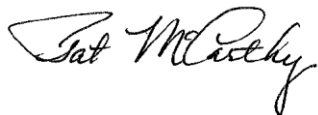
COMPLIANCE AND OTHER MATTERS

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the management of the County in a separate special investigation report dated April 22, 2021.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 25, 2021

INDEPENDENT AUDITOR'S REPORT

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

Thurston County January 1, 2020 through December 31, 2020

Board of Commissioners
Thurston County
Olympia, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Thurston County, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

August 18, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Thurston County **January 1, 2020 through December 31, 2020**

Board of Commissioners
Thurston County
Olympia, Washington

REPORT ON THE FINANCIAL STATEMENTS

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 14.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Thurston County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Medic One, Public Health & Social Services and Roads & Transportation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 19 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

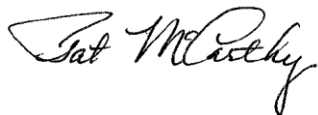
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 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 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 25, 2021

FINANCIAL SECTION

Thurston County **January 1, 2020 through December 31, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020

Statement of Activities – 2020

Governmental Funds Balance Sheet – 2020

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position –
2020

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2020

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities – 2020

General Fund – Statement of Revenues, Expenditures, and Change in Fund Balance –
Budget (GAAP Basis) and Actual – 2020

Medic One – Statement of Revenues, Expenditures, and Change in Fund Balance –
Budget (GAAP Basis) and Actual – 2020

Public Health and Social Services – Statement of Revenues, Expenditures, and Change in
Fund Balance – Budget (GAAP Basis) and Actual – 2020

Roads and Transportation – Statement of Revenues, Expenditures, and Change in Fund
Balance – Budget (GAAP Basis) and Actual – 2020

Statement of Net Position – Proprietary Funds – 2020

Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of
Net Position – 2020

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
– 2020

Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net
Position of Proprietary Funds to the Statement of Activities – 2020

Statement of Cash Flows – Proprietary Funds – 2020

Statement of Net Position – Fiduciary Funds – 2020

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2020

Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, PSERS,
LEOFF 1, LEOFF 2 – 2020

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS, LEOFF 2 – 2020

Changes in Total OPEB Liability – PEBB, LEOFF 1 – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal, which can be found preceding this narrative, and with the County's financial statements and notes to the financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- COVID-19 has had a dramatic impact on many aspects of Thurston County operations and finance over the past year. During 2020, the county incurred approximately \$32 million more in direct expenditures in response to the virus. This required the shifting of resources in several departments including Public Health and Emergency Management. The county was reimbursed for most of these costs through federal and state grants and other funding sources. Additionally, the county was able to offset over \$3 million in General Fund expenditures related to Public Safety. Over the next few years, the county expects to receive at least \$75 million in new grant funds and has hired a considerable number of temporary front line and administrative personnel to manage projects and compliance and track spending. During 2020 the county noted an unexpected increase in sales tax collections of 8% partly due to the shifting of purchasing patterns as it relates to how sales taxes are collected and federal stimulus payments. It is unclear if this pattern will continue into the future but collections for the first four months of 2021 are indicating a similar pattern.
- Total Fund Balance for the General Fund increased to \$32 million at December 31, 2020 compared to \$22 million at the end of 2019. This is an increase of \$10 million, or 45.5%. Total ending Fund Balance represents 28.3% of 2020 General Fund total expenditures compared to 22.6% in 2019. This significant increase in Fund Balance was due to three main factors: 1) the county used over \$3 million of Coronavirus Relief Funds (CRF for previously budgeted Public Safety expenditures, 2) actual sales tax collections exceeded budgeted sales tax collections by \$2.4 million, and 3) Offices and Departments underspent budgeted expenditures by \$9.9 million, or 8.1%, due to budget cuts enacted by the Board of County Commissioners because of the financial uncertain surrounding COVID-19. Details of these factors are discussed later in this report. The county's General Fund has increased by \$19.2 million in the two years since 2018. This represents an increase of 150%.
- COVID-19 also had some dramatic effects on revenues and expenses/expenditures of several of the county's major funds including Governmental Activities, Public Health, and Other Governmental Funds.
- For 2020, total Net Position of the County (governmental and business-type, combined) increased by \$38.3 million over 2019. The 2020 balances are comprised of the following:
 1. Net Investment in Capital Assets, of \$461 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 \$50.3 million represents the portion restricted by constraints imposed from outside the County such as debt covenants, grants, and laws.
 3. Unrestricted net position of \$117 million represents the portion not restricted by outside constraints. This was an increase of \$50 million over prior year. Details of this change are discussed later in this report.
- Remaining capacity for non-voted and voted debt was \$658.3 million and \$1.1 billion respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements distinguish functions of Thurston County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities including but not limited to: services provided to the public such as law enforcement and public safety; road construction and maintenance; recreation and open space preservation; public health and social services; and general administration. Business-type activities of Thurston County include solid waste, land use and permitting, and sewer and water management.

Fund Financial Statements

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

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

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

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

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

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

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

Internal service funds are used to report activities that provide services to the County's other programs and activities on a cost reimbursement basis. The County internal service funds include: Risk Management, Benefits Administration, Central Services (facilities maintenance, construction, and information technology support) Unemployment Compensation and Equipment Rental and Replacement. The revenues and expenses of internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column. All internal service funds are aggregated in a single column in the basic proprietary fund financial statements.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Statistical Section

The statistical section presents a summary of County financial, revenue, debt, economic, demographic and performance information over the past ten years.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

Over time, Net Position serves as a useful indicator of a government's financial position. As indicated in the condensed financial information on the following pages, which was derived from the government-wide Statement of Net Position, the County's combined net position (governmental and business-type activities) was \$628.3 million at the end of 2020. This reflects an increase of \$38.3 million from prior year and is mainly in the cash and investments account. This was due to CARES Act reimbursements, sales tax collections exceeding budget, and expenses under budget.

Of the County's total Net Position, \$461 million, or 73.4%, 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, \$50.3 million, or 8%, 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 \$117 million, or 18.6%, is unrestricted and represents the amount that is not restricted by outside sources. This amount increased by \$50.1 million compared to last year. The main reason for this increase was the county removed the restriction for Internal Service from the Restricted section because it was determined that this does not meet the definition of a Restricted Net Position. By default, this change moves the amount into the Unrestricted section of Net Position. The restricted amount for Internal Service in 2019 was \$27.7 million. Had this change not taken place in 2020, the amount would've been \$30.5 million. The remaining \$19.6 million increase was mainly due to more cash collections without spending restrictions and COVID-19 CRF funds being applied to previously appropriated Public Safety expenditures.

Thurston County reported \$810.5 million of total assets as of December 31, 2020, compared to \$776.2 million for 2019. This represents an increase of \$34.3 million and was mainly a result of the Cash and Pooled Investments increasing by \$22.6 million.

Thurston County's total liabilities increased in 2020 compared to 2019, by \$7.2 million, or 3.9%. The change was the net result of several increases and decreases, but the main increases were in Accounts Payable and the OPEB Liability for increased medical costs.

The County reported a Total Deferred Outflow of Resources of \$20.8 million in 2020 compared to \$15.5 million at the end of 2019. The increase in this account was related to Pensions and OPEB, both accounts that are largely out of the county's control. Deferred Inflows of Resources, on the other hand, decreased by \$5.8 million, or 31.7% due to Pensions.

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 2020 compares with 2019:

Thurston County Net Position

Account	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current & Non-Capital Assets	\$ 219,804,359	\$ 190,169,715	\$ 79,986,785	\$ 76,786,369	\$ 299,791,144	\$ 266,956,084
Capital Assets	479,762,883	476,903,958	30,914,588	32,290,380	510,677,471	509,194,338
Total Assets	699,567,242	667,073,673	110,901,373	109,076,749	810,468,615	776,150,422
Total Deferred Outflow of Resources	18,473,324	13,705,459	2,336,773	1,795,213	20,810,097	15,500,672
Current Liabilities	27,232,755	19,778,313	3,886,062	4,461,755	31,118,817	24,240,068
Long Term Liabilities	134,640,532	133,397,337	24,768,150	25,711,659	159,408,682	159,108,996
Total Liabilities	161,873,287	153,175,650	28,654,212	30,173,414	190,527,499	183,349,064
Total Deferred Inflow of Resources	10,980,151	16,015,621	1,479,694	2,252,021	12,459,845	18,267,642
Net Investment in Capital Assets	430,188,833	422,610,081	30,833,035	32,013,331	461,021,868	454,623,412
Restricted	50,142,045	68,277,233	138,204	185,497	50,280,249	68,462,730
Unrestricted	64,856,250	20,700,547	52,133,001	46,247,699	116,989,251	66,948,246
Total Net Position	\$ 545,187,128	\$ 511,587,861	\$ 83,104,240	\$ 78,446,527	\$ 628,291,368	\$ 590,034,388

Governmental activities – During 2020, the total net position for Governmental activities realized an increase of \$33.6 million due to activity over prior year. \$430.2 million in total net position was invested in capital assets, which is an increase of \$7.6 million over prior year. At year-end, \$50.1 million in net position was restricted and \$64.9 million was unrestricted net position. The unrestricted amount increased by \$44.2 million over prior year due to a reclassification of Internal Service Funds Net Position as previously discussed as well as an increase in collection of unrestricted sources of cash (sales taxes), reduction of debt service, and application of CRF funds. Nearly all unrestricted assets are assigned for certain purposes but are essentially available for any future spending purposes based on actions and decisions by Thurston County's Board of County Commissioners.

Business-type activities – During 2020, the Business-type activity accounts remained fairly constant compared to prior year balances. Overall, the Net Position did increase by \$4.7 million, to \$83.1 million. Net Invested in Capital Assets was \$30.8 million. Restricted Net Position and Unrestricted Net Position were \$138,000 and \$52.1 million respectively. The latter category of net position is available for future spending in the Business-Type funds and increased by \$5.9 million because of cash collections in the county's Solid Waste and Stormwater funds and a decrease in the Accumulated Landfill Closure Costs.

Analysis of the Statement of Activities

The following chart presents key elements in the Statement of Activities. In 2020, total County primary government revenues increased by \$34.6 million, or 13.6%, up to \$288.4 million, compared to prior year. The two main reasons for this are receipt of several state and local grants and other funding sources related to COVID-19 as well as increased sales tax collections. Similarly, Total Primary County governmental expenses increased by \$26.9 million to \$250.7 million mainly due to expenses related to the fight against COVID in our General Government, Public Safety, and Health and Human Services functions.

Thurston County's Statement of Activities

Account	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for Services	\$ 28,179,920	\$ 27,562,688	\$ 45,328,158	\$ 43,173,430	\$ 73,508,078	\$ 70,736,118
Operating Grants & Contrib.	54,140,408	27,716,227	551,779	310,747	54,692,187	28,026,974
Capital Grants & Contrib.	11,678,588	14,333,409	244,156	1,308,381	11,922,744	15,641,790
General Revenues:						
Taxes	140,918,791	129,492,194	-	-	140,918,791	129,492,194
Interest and Invest. Earnings	6,091,775	8,457,483	292,355	260,372	6,384,130	8,717,855
Other General Revenues	371,530	461,770	659,790	779,306	1,031,320	1,241,076
Total Revenues	241,381,012	208,023,771	47,076,238	45,832,236	288,457,250	253,856,007
Program Expenses: (Net)						
General Government	20,872,643	9,834,970	-	-	20,872,643	9,834,970
Culture and Recreation	3,625,020	3,173,850	-	-	3,625,020	3,173,850
Economic Environment	14,332,944	8,144,766	-	-	14,332,944	8,144,766
Health and Human Services	43,183,883	36,836,311	-	-	43,183,883	36,836,311
Utilities and Environment	1,476,325	1,413,981	-	-	1,476,325	1,413,981
Public Safety	91,491,791	85,673,513	-	-	91,491,791	85,673,513
Transportation	31,201,106	33,285,354	-	-	31,201,106	33,285,354
Interest	1,714,592	1,894,437	-	-	1,714,592	1,894,437
Solid Waste	-	-	25,269,804	22,645,386	25,269,804	22,645,386
Water	-	-	1,141,543	1,026,871	1,141,543	1,026,871
Sewer	-	-	2,380,871	2,126,989	2,380,871	2,126,989
Stormwater	-	-	4,788,006	4,990,767	4,788,006	4,990,767
Environmental Health	-	-	4,389,069	7,604,202	4,389,069	7,604,202
Land Use & Permitting	-	-	4,860,469	5,128,747	4,860,469	5,128,747
Total Expenses	207,898,304	180,257,182	42,829,762	43,522,962	250,728,066	223,780,144
Excess (Deficiency) of Revenues Over (Under) Expenses Before Transfers	33,482,708	27,766,589	4,246,476	2,309,274	37,729,184	30,075,863
Transfers	(411,237)	(2,685,455)	411,237	2,685,455	-	-
Change in Net Position	33,071,471	25,081,134	4,657,713	4,994,729	37,729,184	30,075,863
Net Position as of January 1	511,587,861	485,503,401	78,446,527	73,451,798	590,034,388	558,955,199
Cumulative Effect of Change in Accounting Principle & Prior Period Adj.	527,796	1,003,326	-	-	527,796	1,003,326
Restated Net Position as of January 1	512,115,657	486,506,727	78,446,527	73,451,798	590,562,184	559,958,525
Ending Net Position	\$ 545,187,128	\$ 511,587,861	\$ 83,104,240	\$ 78,446,527	\$ 628,291,368	\$ 590,034,388

In 2020 Governmental activities provided \$241.4 million in revenues (83.7% of total county revenues), while business type activities provided \$47.1 million (16.3% of total county revenues). The three largest governmental revenues are - taxes at \$140.9 million, or 58.3%, of total governmental revenues, charges for services at \$28.2 million, or 11.7%, of total governmental revenues, and operating grants & contributions at \$54.1 million, or 22.4% of total governmental revenues. The remaining 7.6% of governmental revenues include capital grants, interest and investment earnings and other general revenues.

In 2020, charges for services were \$45.3 million, or 96.2%, of total business-type revenues, which were \$47.1 million. The Solid Waste fund makes up the majority of revenues for the Business-Type Activities.

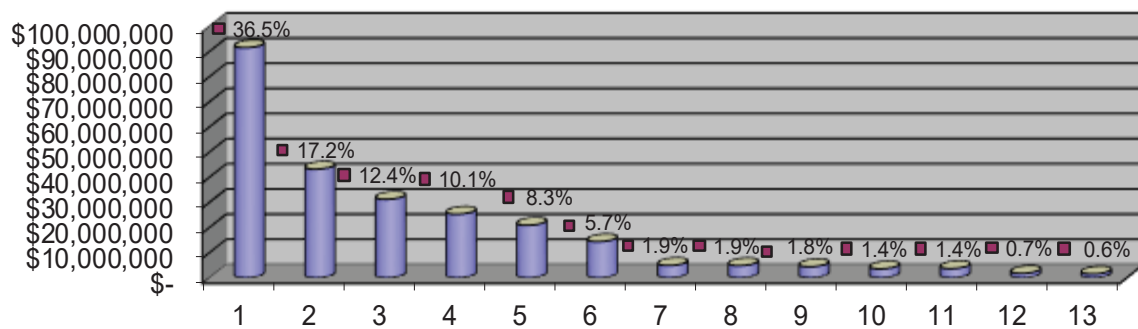
Total governmental expenses increased by \$27.6 million mainly due to increased expenses for COVID-19. Business-Type expenses remained constant compared to prior year.

The governmental and business-type expense distribution of \$207.9 million, or 82.9%, and \$42.9 million, or 17.1%, closely resembles the distribution from the prior year with a slight increase towards Governmental Activities.

The county recorded a prior period adjustment of \$527,000 related to an analysis of Special Revenue Funds as they are related to GASB 54 where three previously reported Special Revenue funds were included in the General Fund and one fund previously reported in the General Fund was reclassified to a Special Revenue Fund and previously unreported capital assets.

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

Program Expenses - Government-Wide



Legend:

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

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

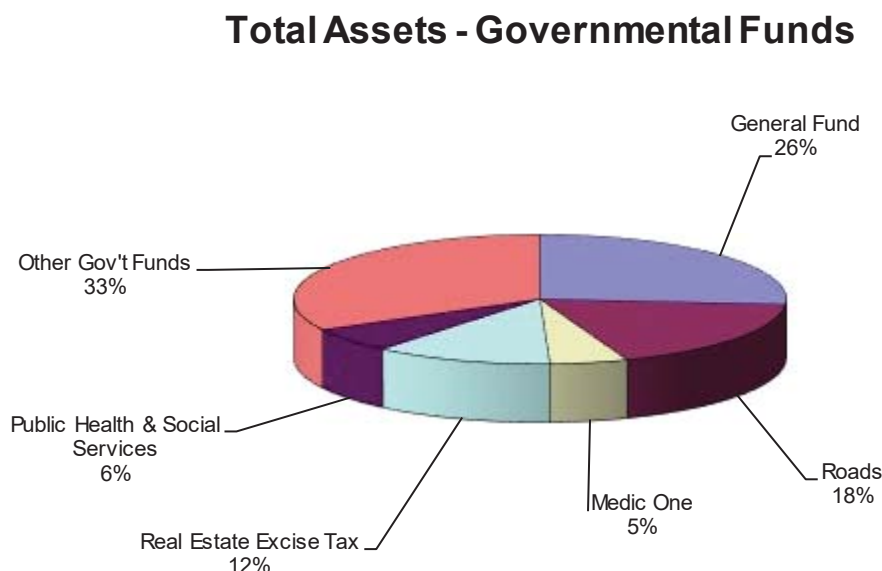
Following is an analysis of the County's major governmental and proprietary funds.

Governmental Funds Analysis

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

The County's governmental funds reported a combined total ending fund balance of \$137 million, an increase of \$22 million from prior year (\$115 million). Most of this increase was due to an increase in the Cash account of \$14.7 million and Due From Other Governments of \$11.1 million. These increases were due to more tax collections in the governmental funds and a higher level of accruals related COVID resources as previously discussed.

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

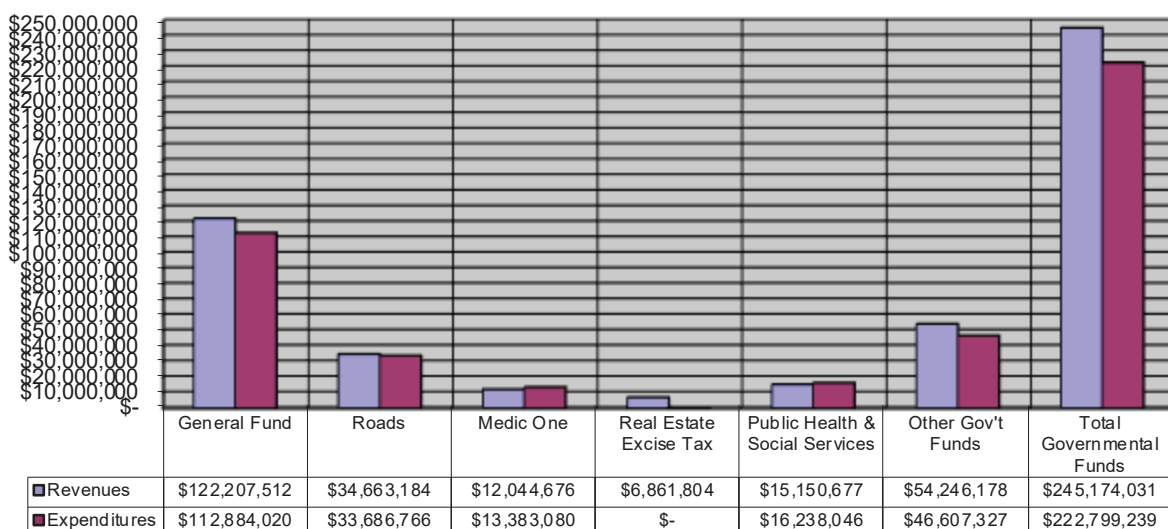


Governmental Fund revenues in 2020 increased vs. 2019 by \$36.9 million, or 17.7%, mainly in the Taxes and Intergovernmental categories. Reasons for increases in these accounts were discussed earlier.

Governmental expenditures in 2020 were higher than 2019 by \$27.4 million, or 14%, mainly in the Public Health and General Government categories. Reasons for increases in these accounts were discussed earlier.

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

Governmental Fund Revenues and Expenditures



In 2020, the General Fund and the Roads Fund accounted for 64% of total revenues and 65.8% of total expenditures.

For 2020 the County is reporting the following as major governmental funds: General, Roads, Medic One, Real Estate Excise Tax, Public Health and Social Services, and Other Governmental.

The following are highlights related to each major fund in 2020:

The **General Fund** is the chief operating fund of the County. The General Fund's total ending fund balance was \$32 million at the end of 2020, compared to \$22 million at the end of 2019. This represents an increase of \$10 million, or 45%, compared to prior year. This increase was due to several factors including: 1) sales tax receipts exceeded budget revenues by \$2.4 million, 2) \$3 million of CRF funds was used as a direct offset to Public Safety expenditures in the County's Corrections department to fight COVID, and 3) because of a concerted effort to cut costs as a planning effort when the virus first appeared early in 2020, General Fund Offices and Departments underspent their budget by 9.2%, or \$11.6 million.

Total Unassigned fund balance was \$31.7 million compared to \$21.8 million at the end of 2019. 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 \$42.4 million and total liabilities were \$6.5 million at the end of 2020. Compared to 2019, assets increased by \$11.3 million, or 36.3%, and liabilities increased by just 27.4%. The main increase in assets was in the Cash and Pooled Investments account because of the offset of COVID relief funds used and the cost cutting exercise s as previously discussed.

General Fund revenues increased by \$15.1 million, or 14.1%, from 2019 to 2020 due to increases in property and sales taxes and intergovernmental revenues. General Fund expenditures increased by \$15.7 million, or 16.2%. This increase was due the increased cost of fighting the COVID-19 virus mainly in the General Government function.

The General Fund recorded a prior period adjustment of (\$152,194) because of an analysis performed on the county's Special Revenue fund for continued adherence to GASB 54. Several adjustments were made as described in Note 18.

Transfers-in to the General fund increased by \$1.9 million in 2020. The increase was mainly due to the county's Parks and Trails activity being moved from the Roads fund to the General Fund. Parks receives transfers in from several sources including REET, Conservation Futures, and the Parks Impact Fees fund.

The **Roads Fund** provides road maintenance and construction services to the citizens of Thurston County. Total Assets in this fund increased by \$4.7 million, or 19.3%. The increase was mainly in the Cash and Investments account and was due to an increase in revenues and a decrease in expenditures as described below. Liabilities increased by \$2 million over prior year. There was a one-time Unearned Revenue transaction of \$1.1 million due to a receipt of funds from a private party not meeting the definition of a revenue until 2021. Accounts Payable also increased because of payments for large invoices at year end. Fund balance was \$24.4 million and increased \$2.8 million from prior year.

Compared to 2019, revenues in the Roads fund increased by \$3.2 million, or 10.2%. An increase in Intergovernmental Revenues was the main reason for this increase as the county received grant funding for the Mullen Road construction project during the year. Expenditures decreased by only \$600,000 in 2020 even though Capital Outlay increased by \$3.3 million mainly for the Mullen Road project. Transportation related functional expenditures decreased by \$2.8 million because Parks & Trails activity moved out of this fund.

The **Medic One Fund** provides basic and advanced life support services to the citizens of Thurston County. All accounts in this fund remained fairly constant in 2020 compared to 2019. The fund balance in Medic One decreased by \$900,000 because expenditures were slightly higher than revenues. This fund also recorded a prior period adjustment of \$296,434 because during the year it was determined that this fund had never reported an inventory asset balance for items in its supply inventory. Statement preparers determined the balance at the beginning of the year to be the prior period adjustment amount. The final 2020 Inventory asset amount was \$413,000.

Both revenues and expenditures in this fund remained very constant, increasing by just \$400,000 and decreasing by \$700,000 respectively.

The **Real Estate Excise Tax** fund is a Capital Projects fund established for holding excise tax proceeds dedicated to capital projects from the one-half percent tax on real property sales in unincorporated Thurston County. Cash is the main asset in this fund. Assets, Liabilities, Revenues, Expenditures, Other Financing Sources, and Fund Balance all stayed fairly constant compared to 2019 activity. Fund Balance increased by \$2.6 million, to \$18.5 million in 2020. The main reason for this increase was \$1 million less in Transfers Out, the only outflow in this fund, because of fewer transfers to a wastewater capital fund and the Jail Capital Projects fund.

The **Public Health and Social Services Fund** provides social and health services to the citizens of Thurston County. Total assets remained constant in 2020. Liabilities increased by \$1 million, or 100% from 2019 due to increased Accounts Payable year-end accruals for COVID expenditures and a \$300,000 one-time unearned revenue recorded for grant funds received but not earned in 2020. Because of COVID related state and federal funds received, Revenues and Expenditures increased by \$3.4 million and \$3.2 million respectively.

The **Other Governmental Funds** is a major fund comprised of all non-major Special Revenue, Capital Projects, and Debt Service funds of the County. Total assets in this major fund increased by \$9.2 million. Cash and Investments increased by \$2.5 million, Customer Accounts Receivable increased by \$1.8 million because of increased sales tax year-end accruals, and Due From Other Governments increased by \$4.9 million due to COVID grant year-end revenue accruals. Liabilities increased by \$1.7 million due to Accounts Payable accruals at year-end. As such, Fund Balance increased by \$7.8 million. Revenues in this major fund increased by \$14.3 million, or 35.8% due to COVID state and federal grants and increased sales tax collections as discussed earlier in this report. Similarly, expenditures increased by \$9.8 million, or 26.6%. COVID related expenditures were the main reason for this increase.

Proprietary Funds Net Position Analysis

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

**Thurston County
Enterprise Net Position**

Assets	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use And Permitting	Other Enterprise Funds	Total Enterprise Funds
Cash & Pooled Investments	\$ 38,543,318	\$ 2,077,820	\$ 16,383,949	\$ 2,960,986	\$ 1,603,420	\$ 1,533,127	\$ 63,102,620
Other Current Assets	1,776,369	237,729	324,972	471,685	87,112	130,089	3,027,956
Restricted Assets:							
Cash and Pooled Investments	-	-	-	-	-	21,773	21,773
Total Current Assets	40,319,687	2,315,549	16,708,921	3,432,671	1,690,532	1,684,989	66,152,349
Long-Term Assets:							
Receivables	-	-	-	-	-	123,726	123,726
Capital Assets	7,064,439	13,405,120	7,658,255	-	20,673	2,766,101	30,914,588
Restrict Assets: Cash and Pooled Investments	12,425,370	-	-	-	-	-	12,425,370
Total Long Term Assets	19,489,809	13,405,120	7,658,255	-	20,673	2,889,827	43,463,684
Total Assets	59,809,496	15,720,669	24,367,176	3,432,671	1,711,205	4,574,816	109,616,033
Total Deferred Outflow of Resources	551,537	98,225	427,958	603,515	585,124	70,414	2,336,773
Liabilities							
Current Liabilities:							
Accounts Payable/ Due To's	2,895,340	132,458	561,620	283,886	315,546	175,128	4,363,978
Restricted Laibilities - Debt	-	-	-	-	-	34,847	34,847
Total Current Liabilities	2,895,340	132,458	561,620	283,886	315,546	209,975	4,398,825
Long-Term Liabilities:							
Comp Abs & OPEB Payable	1,897,036	330,575	1,399,535	2,106,087	2,017,242	215,662	7,966,137
Intergov. Loans & Contracts Payable	6,181	25,825	-	-	-	316,744	348,750
Accumulated Landfill Closure Costs	12,788,199	-	-	-	-	-	12,788,199
Net Pension Liability	811,496	167,985	712,179	936,545	910,752	126,107	3,665,064
Total Long Term Liabilities	15,502,912	524,385	2,111,714	3,042,632	2,927,994	658,513	24,768,150
Total Liabilities	18,398,252	656,843	2,673,334	3,326,518	3,243,540	868,488	29,166,975
Total Deferred Inflow of Resources	340,392	64,495	277,764	380,502	369,361	47,180	1,479,694
Net Position							
Net Investment in Capital Assets	7,055,528	13,374,130	7,658,255	-	13,868	2,731,254	30,833,035
Restricted For:							
Debt Service	-	4,058	-	-	-	134,146	138,204
Unrestricted (Deficit)	34,566,861	1,719,368	14,185,781	329,166	(1,330,440)	864,162	50,334,898
Total Net Position	\$ 41,622,389	\$ 15,097,556	\$ 21,844,036	\$ 329,166	\$ (1,316,572)	\$ 3,729,562	\$ 81,306,137

The Solid Waste, Grand Mound, Storm & Surface Water Utility, Environmental Health, and Land Use and Permitting Funds are the major enterprise funds for Thurston County in 2020.

The **Solid Waste Fund** provides solid waste disposal and reduction services to the citizens of Thurston County. The **Grand Mound Fund** provides water and wastewater services to residents of Grand Mound in southern Thurston County. The **Storm & Surface Water Fund** accounts for assessments levied to minimize the harmful effects of storm water run-off and to construct and improve storm water run-off facilities within the utility's boundaries. The **Environmental Health Fund** accounts for activity in the county related to preventing pollution, human exposure to environmental hazards, and ensuring safe and clean drinking water. **Land Use and Permitting Fund** uses development license fees and service charges to provide planning, permitting, and development inspection services in unincorporated Thurston County. These funds comprise 95.5% of enterprise assets and 96.9% of enterprise liabilities.

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

The total Net Position in the Enterprise funds increased by \$4.5 million, or 5.9% mainly in the Cash account in the Storm Water fund which saw an increase of \$2.8 million due to normal operations. The total Net Position at the end of 2020 is \$81.3 million. It should be noted here that the Land Use and Permitting fund had a negative Net Position of \$1.3 million at the end of 2020. \$2.9 million of Liabilities (90.1% of total Liabilities) in this fund are liabilities related to Pensions, OPEB, and Compensated Absences.

Of the total enterprise funds' net position, \$30.8 million, or 37.9%, is invested in capital assets net or related debt, whereas \$50.5 million, or 62.1%, is restricted for debt service or is unrestricted. Total liabilities for all enterprise funds remained constant vs. prior year.

Proprietary Funds Revenue/Expense Analysis

The following table is a summary of enterprise fund revenues and expenses in 2020.

Thurston County Washington Enterprise Funds Revenues and Expenses

	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use And Permitting	Other Enterprise Funds	Total Enterprise Funds
Revenues:							
<i>Operating:</i>							
Charges for Services	\$ 27,080,419	\$ 2,125,107	\$ 7,141,596	\$ 4,115,920	\$ 3,994,862	\$ 910,711	\$ 45,368,615
Miscellaneous	9,866	22,354	32,880	582,925	1,705	10,060	659,790
<i>Non-Operating:</i>							
Interest Revenue	-	131,998	48,138	56,230	27,854	28,135	292,355
Operating & Capital Grant Proceeds	110,785	3,033	29,216	335,292	73,190	263	551,779
Other Non-Operating Revenues	-	-	-	-	-	-	-
Total Revenues	27,201,070	2,282,492	7,251,830	5,090,367	4,097,611	949,169	46,872,539
Expenses:							
<i>Operating:</i>							
Salaries and Benefits	2,768,720	566,132	2,243,959	3,160,124	3,135,061	416,643	12,290,639
Other Supplies and Expenses	96,332	83,471	94,595	91,347	21,796	59,781	447,322
Contractual Services	4,041,733	333,384	618,692	137,604	73,603	250,012	5,455,028
Longhaul Contract	15,907,488	-	-	-	-	-	15,907,488
Interfund Services and Charges	1,878,830	427,225	1,625,399	878,211	1,651,859	152,123	6,613,647
Depreciation/Amortization	843,122	731,656	549,729	-	9,287	159,332	2,293,126
<i>Non-Operating:</i>							
External & Internal Tax Payments	-	-	-	-	-	-	-
Interest Expense & Fiscal Charges	1,348	542	-	-	329	9,492	11,711
Other Including Capital Asset Gain/Loss	30,965	-	6,881	-	-	-	37,846
Total Expenses	25,568,538	2,142,410	5,139,255	4,267,286	4,891,935	1,047,383	43,056,807
Income (Loss) before contrib. and trans.	1,632,532	140,082	2,112,575	823,081	(794,324)	(98,214)	3,815,732
Capital Contributions	-	120,175	108,560	-	-	15,421	244,156
Transfers In (Out)	(1,020)	32,869	(55,000)	59,795	361,716	12,877	411,237
Change in Net Position	1,631,512	293,126	2,166,135	882,876	(432,608)	(69,916)	4,471,125
Net Position as of January 1	39,990,877	14,804,430	19,677,901	(553,710)	(883,964)	3,799,478	76,835,012
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-
Restated Net Position as of January 1	39,990,877	14,804,430	19,677,901	(553,710)	(883,964)	3,799,478	76,835,012
Net Position as of December 31	\$ 41,622,389	\$ 15,097,556	\$ 21,844,036	\$ 329,166	\$ (1,316,572)	\$ 3,729,562	\$ 81,306,137

For all enterprise funds, total operating revenues from charges for services in 2020 are \$45.4 million and comprise 97% of total enterprise operating and non-operating revenues. Compared to prior year, total charges for services for enterprise funds increased by just \$1 million. Total Net Position for all Enterprise Funds increased by \$4.5 million due mainly to normal operations. Note that non-operating revenues and expenses are not segregated within the accompanying summarized table above whereas they are segregated within the fund financial statements.

The **Solid Waste Fund** has provided waste disposal and reduction services through a solid waste transfer facility since 1999 at the Hawk's Prairie Solid Waste and Recovery Center. Solid waste was disposed at a landfill at this site prior to that time. Maintenance of the closed landfill is fully funded through post closure reserves generated from landfill revenues prior to closure. Solid Waste Fund revenues comprise 58% of total enterprise revenues and 59.4% of total enterprise expenses. Net Position increased in this fund by \$1.6 million over 2019. All revenues and expenses remained constant compared to 2019. 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 2020 is \$41.6 million. This represents an increase of \$24.7 million, or 146.2% since that time.

The **Grand Mound Fund** has provided water and wastewater services to the Grand Mound area since 1999. Grand Mound Fund revenues comprise 4.9% of total enterprise revenues and 4.9% of total enterprise expenses. In 2020 both revenues and expenses remained fairly constant over prior year. Net Position was nearly identical in 2020 vs. 2019, increasing by just \$300,000, or 2%, up to \$15.1 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 15.6% of total enterprise revenues and 11.8% of total enterprise expenses. Revenues and expenses remained constant compared to 2019. Net Position increased by \$2.1 million in this fund over prior year due to normal operations of revenues exceeding expenses.

The **Land Use and Permitting Fund** provides planning, permitting, and development inspection services to citizens living in unincorporated Thurston County. Revenues comprise 8.7% of total enterprise revenues and 11.4% of total enterprise expenses. Revenues and expenses stayed constant in 2020 vs prior year and fund balance decreased by \$433,000 to a negative \$1.3 million. This fund has been in a negative Net Position since the inception of GASB 68. Now, with an increased OPEB Liability per GASB 75, Net Position is further affected.

The **Environmental Health Fund** accounts for the activity in the county related to preventing pollution, human exposure to environmental hazards, and ensuring safe and clean drinking water. Revenues in this fund remained constant from prior year decreasing by just \$500,000. This fund was newly created in 2019 and expenditures decreased by \$3.1 million in 2020, down 72.9% over 2019, because of a one-time entry in this fund to establish long term liabilities for Compensated Absences, Pensions and OPEB. The Net Position in this fund was \$329,000 year's end, up from a negative \$554,000 in 2019.

General Fund Budgetary Highlights

Beginning in 2020, Thurston County was in the second year of a biennial budget. Periodic adjustments were made to the budget during the year. Although the budget is considered a biennial, appropriations still lapse at the end of each year.

The following table shows changes between the original and final budget as of December 31, 2020. 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 final vs. original budget was in the county's non-department department. The reason is that is where the county recorded the transfer of CFR funds to its subrecipients during the year and the department needed additional spending authority to do this. The county's Parks Department fund, which was rolled into the General Ledger because of GASB 54, had an increase in its Final Budget vs Original because there was a large construction project conducted in one of the county's parks that build a trail passageway underneath a heavily used railway.

**Thurston County
General Fund Changes in Budget**

	Original Budget	Final Budget	Variance Pos (Neg)
Revenues:			
Taxes	\$ 44,500,000	\$ 44,500,000	\$ -
Sales and Use Taxes	22,704,000	22,704,000	-
Excise and Other Taxes	308,600	308,600	-
Licenses & Permits	1,958,000	1,958,000	-
Intergovernmental	10,764,923	23,729,083	12,964,160
Charges for Services	16,901,832	16,664,621	(237,211)
Fines & Forfeitures	2,541,700	2,433,610	(108,090)
Interest and Other Earnings	4,087,100	4,087,100	-
Donations and Contributions	302,417	286,494	(15,923)
Miscellaneous	525,214	290,130	(235,084)
Total General Revenues	104,593,786	116,961,638	12,367,852
Other Financing Sources	2,663,538	4,373,892	1,710,354
Total Revenues	107,257,324	121,335,530	14,078,206
Expenditures by Department:			
Assessor's Office	4,446,627	4,413,734	32,893
Auditor's Office	7,395,029	8,076,571	(681,542)
Assigned Counsel	7,081,834	6,921,385	160,449
Clerk's Office	4,434,088	4,348,717	85,371
Commissioner's Office	2,417,951	2,450,765	(32,814)
Coroner's Office	1,283,346	1,315,228	(31,882)
Corrections	19,061,106	19,350,202	(289,096)
District Court	3,670,256	3,715,078	(44,822)
Emergency Management	1,709,054	2,235,222	(526,168)
Human Resources	2,065,641	1,997,880	67,761
Juvenile Probation	7,269,364	7,135,573	133,791
Non-Departmental	5,339,852	17,652,439	(12,312,587)
Planning	2,535,143	2,370,528	164,615
PreTrial Services	697,170	677,245	19,925
Prosecuting Attorney	10,145,373	9,837,059	308,314
State Examiner	149,000	184,000	(35,000)
Sheriff	20,753,967	21,278,348	(524,381)
Superior Court	6,266,404	6,081,317	185,087
Treasurer's Office	1,275,049	1,255,967	19,082
WSU Extension	508,447	506,692	1,755
General Fund Expenditures	108,504,701	121,803,950	(13,299,249)
Clerk's Collection	199,215	199,215	-
Election Stabilization Reserve	480,186	480,186	-
Fair	583,201	395,517	187,684
Parks & Trails	1,599,309	3,307,210	(1,707,901)
Prisoner Concession	344,957	345,161	(204)
Public, Educational & Governmental Access:	61,272	61,272	-
Reported General Fund Expenditures	111,772,841	126,592,511	(14,819,670)
Net Changes in Fund Balances	(4,515,517)	(5,256,981)	(741,464)
Fund Balances as of January 1	10,783,271	21,573,616	10,790,345
Fund Balances as of December 31	\$ 6,267,754	\$ 16,316,635	\$ 10,048,881

Overall, the County's original and final General Fund budgets were quite different with a \$14.1 million increase in budgeted revenues and a \$14.9 million increase in budgeted expenditures. Most of this was due to COVID-19.

The final budget ending fund balance was \$16.3 million, an increase of \$5.5 million over 2019.

General Fund Budget to Actual Variances

The following table summarizes differences between budget and actual revenues and expenditures in the General Fund for 2020. Note that transfers are included within the amounts reported for revenues and expenditures for each office and department. The results for 2020 show actual total revenues (including other financing sources) at \$125.2 million, which is \$3.8 million, or 3%, above the final budget. Actual expenditures were \$111.9 million, which is \$9.9 million or 8.1% under budget. This percentage underspend is over past annual historic percentages and is mainly due to a concerted effort by offices and departments to cut their spending as directed by the board of commissioners at the beginning of the pandemic.

The largest revenue variance between budget and actual were in Sales and Use Taxes of \$2.4 million, and Intergovernmental of \$2.4 million. Explanations for increases in these accounts have been explained in other areas in this report. All offices/departments had a positive expenditure variance in 2020, meaning no office or department over-spent its budget authority. The largest budget under-expenditure by a department was in the County's Non-Departmental department with a \$3.9 million under-expenditure. This was due to COVID related expenditures shifting to the Sheriff's Office to cover expenditures previously budgeted. The County's Correction department also had a large expenditure underspend at \$1.1 million. This was mostly in salary related expenditures.

Thurston County
General Fund Revenues, Expenditures & Fund Balance

	Final Budget	Actuals	Variance Pos (Neg)
Revenues:			
Taxes	\$ 44,500,000	\$ 44,069,629	\$ (430,371)
Sales and Use Taxes	22,704,000	25,069,468	2,365,468
Excise and Other Taxes	308,600	325,704	17,104
Licenses & Permits	1,958,000	2,238,878	280,878
Intergovernmental	23,729,083	26,131,930	2,402,847
Charges for Services	16,664,621	16,106,080	(558,541)
Fines & Forfeitures	2,433,610	2,268,747	(164,863)
Interest and Other Earnings	4,087,100	5,388,846	1,301,746
Donations and Contributions	286,494	484,780	198,286
Miscellaneous	290,130	123,450	(166,680)
Total General Revenues	116,961,638	122,207,512	5,245,874
Total Other Financing Sources	4,373,892	2,949,906	(1,423,986)
Total Revenues	121,335,530	125,157,418	3,821,888
Expenditures by Department:			
Assessor's Office	4,413,734	4,344,545	69,189
Auditor's Office	8,076,571	7,767,083	309,488
Assigned Counsel	6,921,385	6,523,879	397,506
Clerk's Office	4,348,717	3,949,476	399,241
Commissioner's Office	2,450,765	2,281,132	169,633
Coroner's Office	1,315,228	1,314,798	430
Corrections	19,350,202	18,260,280	1,089,922
District Court	3,715,078	3,523,655	191,423
Emergency Management	2,235,222	1,681,626	553,596
Human Resources	1,997,880	1,767,695	230,185
Juvenile Probation	7,135,573	6,612,344	523,229
Non-Departmental	17,652,439	13,719,370	3,933,069
Planning	2,370,528	2,041,630	328,898
PreTrial Services	677,245	632,692	44,553
Prosecuting Attorney	9,837,059	9,455,169	381,890
State Examiner	184,000	165,789	18,211
Sheriff	21,278,348	20,700,791	577,557
Superior Court	6,081,317	5,489,657	591,660
Treasurer's Office	1,255,967	1,228,419	27,548
WSU Extension	506,692	474,230	32,462
General Fund Expenditures	121,803,950	111,934,260	9,869,690
Clerk's Collection	199,215	117,941	81,274
Election Stabilization Reserve	480,186	186	480,000
Fair	395,517	378,307	17,210
Parks & Trails	3,307,210	2,519,541	787,669
Prisoner Concession	345,161	34,533	310,628
Public, Educational & Governmental Access:	61,272	49,117	12,155
Reported General Fund Expenditures	126,592,511	115,033,885	11,558,626
Net Changes in Fund Balances	(5,256,981)	10,123,533	15,380,514
Fund Balances as of January 1	21,573,616	22,015,703	442,087
Prior Period Adjustments	-	(152,194)	(152,194)
Fund Balances as of January 1 - Restated	21,573,616	21,863,509	289,893
Fund Balances as of December 31	\$ 16,316,635	\$ 31,987,042	\$ 15,670,407

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, construction in progress, buildings, improvements, machinery and equipment intangible assets, and infrastructure. Thurston County's total governmental and business-type capital asset balance was \$510.7 million at year end. Of this total, \$285.5 million (56%) are non-depreciable assets and \$225.2 million (44%) are depreciable. Capital assets comprise 63% of total assets. A capital asset breakdown is provided in Note 6 within the financial statement section. Total capital assets in both governmental and business-type increased by just \$1.5 million over prior year.

At year-end the County had \$5.2 million in commitments for capital expenditures related to a large Road Fund construction project and other improvements.

Long-Term Debt

Total general obligation debt outstanding at year end was \$49.8 million, all in Governmental Activities. This total represents a decrease of \$4.9 million over 2019 due to annual debt payments.

At the end of 2020, the County has the remaining capacity to issue \$658.3 million in debt without a vote and a remaining capacity of \$1.1 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.

In May of 2021, the County issued General Obligation debt not to exceed \$19 million. The use of this debt is a refund of the County's 2010 General Obligation debt issue to take advantage of favorable interest rates and to fund a new Enterprise Resource Planning (ERP) system, Oracle Cloud and Permitting system. The County has a target date of October 2022 for a go-live implementation of the ERP system.

OTHER SIGNIFIGANT MATTERS

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

The fight against this pandemic is taking longer than most people expected and most of the above-mentioned measures have remained in place, to one extent or the other, into the beginning of 2021. As more and more people get vaccinated, it is expected that into the summer of 2021, the State will continue to ease restrictions on most businesses, restaurants, and other activities. The full extent of the financial impact on the County is still unknown at this time. However, with the County expected to receive over \$75 million in funding over the next few years directly related to COVID, the County is not expecting to have large scale budget cuts or loss of revenue because of this pandemic going forward.

REQUESTS FOR INFORMATION

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

Statement of Net Position
December 31, 2020
Page 1 of 2

	Primary Government		
	Governmental	Business-Type	
ASSETS	Activities	Activities	Total
Current Assets:			
Cash & Pooled Investments	\$ 167,760,172	\$ 63,102,620	\$ 230,862,792
<i>Receivables:</i>			
Taxes Receivable	3,250,104	-	3,250,104
Special Assessment Receivables	25,755	324,587	350,342
Accrued Interest & Penalties	534,229	12,240	546,469
Customer Account Receivables	24,607,768	1,705,228	26,312,996
Internal Balances	(1,704,114)	1,704,114	-
Due from Other Government Units	15,375,597	561,565	15,937,162
Inventory	1,219,760	-	1,219,760
Prepayments	373,538	5,562	379,100
<i>Restricted Assets:</i>			
Cash & Pooled Investments	-	21,773	21,773
Total Current Assets	211,442,809	67,437,689	278,880,498
Long-Term Assets:			
Community Loans Receivable	-	50,654	50,654
Special Assessment Receivables	-	73,072	73,072
Investment in Joint Ventures, Net	1,689,993	-	1,689,993
Net Pension Asset	6,671,557	-	6,671,557
<i>Capital Assets:</i>			
Non-Depreciable	281,317,227	4,174,997	285,492,224
Depreciable, Net	198,445,656	26,739,591	225,185,247
<i>Restricted Assets: Cash and Pooled Investments</i>	-	12,425,370	12,425,370
Total Noncurrent Assets	488,124,433	43,463,684	531,588,117
Total Assets	699,567,242	110,901,373	810,468,615
Deferred Outflow of Resources:			
Loss on Refunding	1,561,730	-	1,561,730
Other Post Employment Benefits Payable	8,898,355	1,286,907	10,185,262
Pensions	8,013,239	1,049,866	9,063,105
Total Deferred Outflow of Resources	18,473,324	2,336,773	20,810,097

See accompanying notes to financial statements

Statement of Net Position
December 31, 2020
Page 2 of 2

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	18,366,998	3,539,992	21,906,990
Notes/Leases Payable	143,267	54,183	197,450
Due to Other Government Units	1,064	25,637	26,701
Compensated Absences	441,704	54,903	496,607
Claims & Judgments Payable	367,898	-	367,898
Total Other Post Employment Benefits Liability	1,006,418	100,448	1,106,866
Limited G.O. Bonds Payable	5,060,256	-	5,060,256
Special Assess. Debt - Gov. Commitment	-	34,847	34,847
Unearned Revenue	1,845,150	76,052	1,921,202
Total Current Liabilities	27,232,755	3,886,062	31,118,817
Long-Term Liabilities:			
Limited G.O. Bonds Payable	44,734,397	-	44,734,397
Special Assess. Debt - Gov. Commitment	-	-	-
Compensated Absences	7,776,425	966,579	8,743,004
Total Other Post Employment Benefits Liability	56,159,006	6,999,558	63,158,564
Other Non-Current Liabilities	809,247	-	809,247
Claims & Judgments Payable	3,404,127	-	3,404,127
Notes/Leases Payable	1,018,474	348,750	1,367,224
Accumulated Landfill Closure Costs	-	12,788,199	12,788,199
Net Pension Liability	20,738,856	3,665,064	24,403,920
Total Noncurrent Liabilities	134,640,532	24,768,150	159,408,682
Total Liabilities	161,873,287	28,654,212	190,527,499
Deferred Inflow of Resources:			
Gain on Refunding	267,424	-	267,424
Other Post Employment Benefits Payable	3,266,424	481,210	3,747,634
Pensions	7,446,303	998,484	8,444,787
Total Deferred Inflow of Resources	10,980,151	1,479,694	12,459,845
NET POSITION			
Net Investment in Capital Assets	430,188,833	30,833,035	461,021,868
Restricted For:			
Culture & Recreation	2,742,197	-	2,742,197
Economic Environment	3,704,860	-	3,704,860
General Government	17,987,752	-	17,987,752
Health and Human Services	7,072,697	-	7,072,697
Public Safety	9,088,760	-	9,088,760
Utilities & Environment	8,031,915	-	8,031,915
Transportation	8,007,603	-	8,007,603
Debt Service	-	138,204	138,204
Unrestricted (Deficit)	58,362,511	52,133,001	110,495,512
Total Net Position	\$ 545,187,128	\$ 83,104,240	\$ 628,291,368

See accompanying notes to financial statements

Statement Of Activities
For The Year Ended December 31, 2020
Page 1 of 2

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants And Contributions	Capital Grants & Contributions
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 27,896,511	\$ (7,023,868)	\$ 9,299,664	\$ 14,142,514	\$ -
Culture & Recreation	3,499,690	125,330	1,664,177	411,856	772,426
Economic Environment	15,426,845	(1,093,901)	3,917,228	12,993,228	-
Health & Human Services	42,061,976	1,121,907	502,165	13,725,464	-
Public Safety	89,208,994	2,282,797	6,781,317	11,746,318	472,361
Transportation	29,052,336	2,148,770	5,175,841	1,035,104	10,433,801
Utilities & Environment	1,312,467	163,858	839,528	85,924	-
Interest and Fiscal Charges	1,714,592	-	-	-	-
Total Governmental Activities	210,173,411	(2,275,107)	28,179,920	54,140,408	11,678,588
Business-Type Activities:					
Solid Waste	24,639,965	629,839	27,080,346	110,785	-
Water	900,109	241,434	999,994	1,099	45,199
Sewer	1,898,004	482,867	2,035,824	2,197	90,397
Stormwater	4,694,256	93,750	7,113,351	29,216	108,560
Environmental Health	4,267,286	121,783	4,115,920	335,292	-
Land Use & Permitting	4,155,035	705,434	3,982,723	73,190	-
Total Business-Type Activities	40,554,655	2,275,107	45,328,158	551,779	244,156
Total Primary Government	\$ 250,728,066	\$ -	\$ 73,508,078	\$ 54,692,187	\$ 11,922,744

See accompanying notes to financial statements

Statement Of Activities
For The Year Ended December 31, 2020

Page 2 of 2

Functions/Programs	Net (Expense) Revenue and Changes In Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT			
<i>Governmental Activities:</i>			
General Government	\$ 2,569,535	\$ -	\$ 2,569,535
Culture & Recreation	(776,561)	-	(776,561)
Economic Environment	2,577,512	-	2,577,512
Health & Human Services	(28,956,254)	-	(28,956,254)
Public Safety	(72,491,795)	-	(72,491,795)
Transportation	(14,556,360)	-	(14,556,360)
Utilities & Environment	(550,873)	-	(550,873)
Interest and Fiscal Charges	(1,714,592)	-	(1,714,592)
Total Governmental Activities	(113,899,388)	-	(113,899,388)
<i>Business-Type Activities:</i>			
Solid Waste	-	1,921,327	1,921,327
Water	-	(95,251)	(95,251)
Sewer	-	(252,453)	(252,453)
Stormwater	-	2,463,121	2,463,121
Environmental Health	-	62,143	62,143
Land Use & Permitting	-	(804,556)	(804,556)
Total Business-Type Activities	-	3,294,331	3,294,331
Total Primary Government	(113,899,388)	3,294,331	(110,605,057)
General Revenues:			
<i>Taxes:</i>			
Property Taxes	77,133,808	-	77,133,808
Sales Taxes	54,709,929	-	54,709,929
Business & Harvest Taxes	1,600,054	-	1,600,054
Excise Taxes	7,475,000	-	7,475,000
<i>Other General Revenues:</i>			
Interest & Investment Earnings	6,091,775	292,355	6,384,130
Miscellaneous	371,530	659,790	1,031,320
Transfers In/(Out)	(411,237)	411,237	-
Total General Revenues and Transfers	146,970,859	1,363,382	148,334,241
Change in Net Position	33,071,471	4,657,713	37,729,184
Net Position as of January 1	511,587,861	78,446,527	590,034,388
Prior Period Adjustment	527,796	-	527,796
Net Position as of January 1 - Restated	512,115,657	78,446,527	590,562,184
Net Position as of December 31	\$ 545,187,128	\$ 83,104,240	\$ 628,291,368

See accompanying notes to financial statements

Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Roads	Medic One	Real Estate Excise Tax	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash & Pooled Investments	\$ 28,115,313	\$ 24,174,144	\$ 7,583,972	\$ 18,754,777	\$ 5,676,594	\$ 40,491,239	\$ 124,796,039
Receivables:							
Taxes Receivable	2,587,749	412,935	200,544	-	16,216	32,660	3,250,104
Special Assessment Receivables	-	-	-	-	-	25,755	25,755
Accrued Interest & Penalties	371,171	-	10,589	-	11,836	120,599	514,195
Customer Account Receivables	7,991,952	819,357	354	-	1,155	6,532,462	15,345,280
Due from Other Funds	410,221	199,838	-	2,230	268,965	200,338	1,081,592
Due from Other Government Units	2,887,771	2,874,846	-	-	3,977,113	5,625,787	15,365,517
Inventory	-	523,264	412,574	-	-	-	935,838
Prepayments	68,936	10,418	19,528	-	5,233	11,521	115,636
Total Assets	\$ 42,433,113	\$ 29,014,802	\$ 8,227,561	\$ 18,757,007	\$ 9,957,112	\$ 53,040,361	\$ 161,429,956
LIABILITIES							
Accounts Payable	\$ 5,939,166	\$ 3,075,311	\$ 1,848,420	\$ -	\$ 1,472,697	\$ 4,431,309	\$ 16,766,903
Due to Other Funds	306,595	108,016	-	222,264	156,331	413,691	1,206,897
Due to Other Government Units	1,064	-	-	-	-	-	1,064
Unearned Revenues	281,110	1,113,250	-	-	324,595	126,195	1,845,150
Total Liabilities	6,527,935	4,296,577	1,848,420	222,264	1,953,623	4,971,195	19,820,014
Deferred Inflow of Resources:							
Property Taxes	2,211,040	353,827	168,199	-	13,584	27,385	2,774,035
Special Assessments	-	-	-	-	-	25,757	25,757
Courts	1,707,096	-	-	-	-	118,687	1,825,783
Total Deferred Inflow of Resources	3,918,136	353,827	168,199	-	13,584	171,829	4,625,575
FUND BALANCES							
Nonspendable	68,936	533,682	432,102	-	5,233	11,521	1,051,474
Restricted	-	-	-	16,917,253	-	33,046,974	49,964,227
Committed	-	-	-	-	-	575,563	575,563
Assigned	177,818	23,830,716	5,778,840	1,617,490	7,984,672	14,263,279	53,652,815
Unassigned	31,740,288	-	-	-	-	-	31,740,288
Total Fund Balance	31,987,042	24,364,398	6,210,942	18,534,743	7,989,905	47,897,337	136,984,367
Total Liabilities, Deferred Inflow of Resources & Fund Balances	\$ 42,433,113	\$ 29,014,802	\$ 8,227,561	\$ 18,757,007	\$ 9,957,112	\$ 53,040,361	\$ 161,429,956

See accompanying notes to financial statements

**Reconciliation of The Balance Sheet of Governmental Funds
To The Statement of Net Position
December 31, 2020**

	Governmental Funds
	<hr/>
Fund balance as shown in the Governmental Funds Balance Sheet	\$ 136,984,367
The cost of capital assets and joint ventures, which is expended and not recognized in governmental funds, is deferred to future periods in the statement of net position	442,974,098
Debt, which is not reported in governmental funds, is reported in the statement of net position	(50,234,330)
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	67,434,663
Deferred gains and losses on refunding, which is not reported in governmental funds, is reported in the statement of net position	1,294,307
Long term (non-available) receivables, which are deferred in governmental funds, are recognized and accrued as revenues in the statement of net position	13,781,173
Compensated absences, other post employment benefits and pensions, which are not reported in governmental funds, are reported as accrued liabilities in the statement of net position	(65,249,047)
Interfund balances, which are reported in governmental and proprietary funds, are eliminated in the statement of net position (except for a residual amount outstanding between governmental and enterprise activities)	<hr/> (1,798,103)
Net position for governmental funds as shown in statement of net position	<hr/> \$ 545,187,128 <hr/>

See accompanying notes to financial statements

Statement of Revenues, Expenditures and Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2020

	General Fund	Roads	Medic One	Real Estate Excise Tax	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 44,069,629	\$ 19,072,857	\$ 11,316,506	\$ -	\$ 1,053,668	\$ 1,856,330	\$ 77,368,990
Sales and Use Taxes	25,069,468	-	-	-	-	29,640,461	54,709,929
Excise and Other Taxes	325,704	201,122	69,781	6,861,115	5,829	11,449	7,475,000
Licenses and Permits	2,238,878	798,968	-	-	25,470	-	3,063,316
Intergovernmental	26,131,930	11,460,421	514,505	-	12,860,072	13,237,453	64,204,381
Charges for Services	16,106,080	2,998,713	1,866	-	731,723	7,910,612	27,748,994
Fines & Forfeitures	2,268,747	-	-	-	-	30,310	2,299,057
Interest and Other Earnings	5,388,846	1,558	118,123	689	121,430	461,135	6,091,781
Donations and Contributions	484,780	-	2,725	-	348,162	-	835,667
Other Revenues	123,450	129,545	21,170	-	4,323	1,098,428	1,376,916
Total Revenues	122,207,512	34,663,184	12,044,676	6,861,804	15,150,677	54,246,178	245,174,031
Expenditures:							
<i>Current:</i>							
General Government	27,456,671	-	-	-	-	730,544	28,187,215
Culture & Recreation	2,741,329	-	-	-	-	751,507	3,492,836
Economic Environment	2,482,898	-	-	-	-	13,337,292	15,820,190
Health & Human Services	-	-	13,379,127	-	16,215,842	13,902,833	43,497,802
Public Safety	78,173,293	-	-	-	-	10,586,677	88,759,970
Transportation	220,641	23,191,282	-	-	-	1,422	23,413,345
Utilities & Environment	671,157	-	-	-	-	972,740	1,643,897
Capital Outlay	1,045,387	10,397,657	-	-	13,963	149,900	11,606,907
<i>Debt Service:</i>							
Principal	81,588	66,936	3,474	-	6,499	4,177,897	4,336,394
Interest & Fiscal Charges	11,056	30,891	479	-	1,742	1,996,515	2,040,683
Total Expenditures	112,884,020	33,686,766	13,383,080	-	16,238,046	46,607,327	222,799,239
Excess (Deficiency) of Revenues Over Expenditures	9,323,492	976,418	(1,338,404)	6,861,804	(1,087,369)	7,638,851	22,374,792
Other Financing Sources (Uses)							
Capital Lease Financing	48,199	12,211	-	-	-	-	60,410
Sale of Capital Assets	680,437	694,410	180,511	-	15,079	29,616	1,600,053
Transfers In	2,221,270	2,949,432	-	-	1,314,160	6,187,989	12,672,851
Transfers Out	(2,149,865)	(1,904,314)	-	(4,268,453)	(488,630)	(6,216,709)	(15,027,971)
Total Other Financing Sources (Uses)	800,041	1,751,739	180,511	(4,268,453)	840,609	896	(694,657)
Net Changes In Fund Balances	10,123,533	2,728,157	(1,157,893)	2,593,351	(246,760)	7,639,747	21,680,135
Fund Balances as of January 1	22,015,703	21,636,241	7,072,401	15,941,392	8,236,665	40,105,396	115,007,798
Prior Period Adjustments	(152,194)	-	296,434	-	-	152,194	296,434
Fund Balances as of January 1-Restated	21,863,509	21,636,241	7,368,835	15,941,392	8,236,665	40,257,590	115,304,232
Fund Balances as of December 31	\$ 31,987,042	\$ 24,364,398	\$ 6,210,942	\$ 18,534,743	\$ 7,989,905	\$ 47,897,337	\$ 136,984,367

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, 2020**

		Governmental Funds
Change in fund balance as shown in the Governmental Funds		
Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 21,680,135
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	11,606,905	
Depreciation (asset usage), which is not reported in governmental funds, is recognized and reported in the statement of activities	(11,166,919)	
Gain (Loss) on the sale and disposition of governmental capital assets, which is not reported in governmental funds, is reported in the statement of activities	<u>815,026</u>	1,255,012
Long-Term Debt:		
Bond and capital lease principal payments, which are reported as expenditures in governmental funds, are not reported as expenditures in the statement of activities	4,377,999	
Costs related to debt, such as premiums, discounts, and other similar items, are reported as revenues or expenditures in governmental funds when debt is issued. They are deferred in the statement of net position and recognized over the life of the bond issue in the statement of activities	326,091	
Long-term bond and capital lease financing proceeds, which are reported as "other financing sources" in governmental funds, are not recognized or reported in the statement of activities.	<u>(60,410)</u>	4,643,680
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	4,202,808	
Other interfund transactions, which are reported in governmental funds, are eliminated in the statement of activities, except for a residual amount outstanding between governmental and business activities	(2,461,695)	
Unbilled internal service costs from the County's cost allocation plan, which is not allocated to service users in governmental fund statements, is allocated to service users in the statement of activities, resulting in a residual amount outstanding between governmental and business activities	<u>2,275,107</u>	4,016,220
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	(398,187)	
Compensated absences, other post employment benefits and pensions, which are not reported in governmental funds, are reported as an expense in the statement of activities	<u>1,874,611</u>	<u>1,476,424</u>
Change in net position for governmental funds as shown in the		
Statement of Activities		<u><u>\$ 33,071,471</u></u>

See accompanying notes to financial statements

General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2020
Page 1 of 7

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Revenues By Funding Source				
General Revenues:				
Property Taxes	\$ 44,500,000	\$ 44,500,000	\$ 44,069,629	\$ (430,371)
Sales and Use Taxes	22,704,000	22,704,000	25,069,468	2,365,468
Excise and Other Taxes	308,600	308,600	325,704	17,104
Licenses and Permits	1,958,000	1,958,000	2,238,878	280,878
Intergovernmental	10,764,923	23,729,083	26,131,930	2,402,847
Charges for Services	16,901,832	16,664,621	16,106,080	(558,541)
Fines & Forfeitures	2,541,700	2,433,610	2,268,747	(164,863)
Interest and Other Earnings	4,087,100	4,087,100	5,388,846	1,301,746
Donations and Contributions	302,417	286,494	484,780	198,286
Other Revenues	525,214	290,130	123,450	(166,680)
Total General Revenues	104,593,786	116,961,638	122,207,512	5,245,874
Other Financing Sources:				
Capital Lease Financing	45,624	64,598	48,199	(16,399)
Other Finance Sources - Capital Asset Sales	300,000	300,000	680,437	380,437
Transfers In	2,317,914	4,009,294	2,221,270	(1,788,024)
Total Other Financing Sources	2,663,538	4,373,892	2,949,906	(1,423,986)
Total Revenues	\$ 107,257,324	\$ 121,335,530	\$ 125,157,418	\$ 3,821,888

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, 2020
Page 2 of 7

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Expenditures by Department				
Assessor's Office:				
General Government	\$ 4,446,627	\$ 4,413,734	\$ 4,344,545	\$ 69,189
Total Assessor's Office	4,446,627	4,413,734	4,344,545	69,189
General Government	7,226,427	7,689,969	7,308,493	381,476
Capital Outlay	30,000	248,000	276,643	(28,643)
Debt Service:				
Principal	7,150	7,150	4,333	2,817
Interest and Fiscal Charges	6,452	6,452	361	6,091
Transfers Out	125,000	125,000	177,253	(52,253)
Total Auditor's Office	7,395,029	8,076,571	7,767,083	309,488
Public Defense:				
Public Safety	7,078,860	6,918,411	6,511,530	406,881
Interest and Fiscal Charges	80	80	1,738	(1,658)
Total Public Defense	7,081,834	6,921,385	6,523,879	397,506
Clerk's Office:				
Public Safety	4,418,812	4,333,441	3,937,363	396,078
Principal	12,447	12,447	11,773	674
Interest and Fiscal Charges	2,829	2,829	340	2,489
Total Clerk's Office	4,434,088	4,348,717	3,949,476	399,241

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, 2020
Page 3 of 7

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Commissioner's Office:				
General Government	2,068,486	2,030,451	1,987,681	42,770
Transportation	220,242	291,692	220,560	71,132
Economic Environment	123,123	122,522	69,824	52,698
Debt Service:				
Principal	5,500	5,500	2,627	2,873
Interest and Fiscal Charges	600	600	440	160
Total Commissioner's Office	2,417,951	2,450,765	2,281,132	169,633
Coroner's Office:				
Public Safety	1,278,406	1,310,288	1,312,538	(2,250)
Debt Service:				
Principal	2,890	2,890	1,667	1,223
Interest and Fiscal Charges	2,050	2,050	593	1,457
Total Coroner's Office	1,283,346	1,315,228	1,314,798	430
Corrections:				
Public Safety	19,042,285	19,324,581	18,243,097	1,081,484
Capital Outlay	-	6,800	6,799	1
Debt Service:				
Principal	16,730	16,730	9,403	7,327
Interest and Fiscal Charges	2,091	2,091	981	1,110
Total Corrections	19,061,106	19,350,202	18,260,280	1,089,922
District Court				
Public Safety	3,667,405	3,715,078	3,523,655	191,423
Debt Service:				
Principal	2,686	-	-	-
Interest and Fiscal Charges	165	-	-	-
Total District Court	3,670,256	3,715,078	3,523,655	191,423

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, 2020
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	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Emergency Management:				
Public Safety	1,647,054	2,129,444	1,642,262	487,182
Capital Outlay	60,000	103,778	37,364	66,414
Transfers Out	2,000	2,000	2,000	-
Emergency Management	1,709,054	2,235,222	1,681,626	553,596
Human Resources:				
General Government	2,056,787	1,989,026	1,764,211	224,815
Principal	6,198	6,198	3,108	3,090
Interest and Fiscal Charges	2,656	2,656	376	2,280
Total Human Resources	2,065,641	1,997,880	1,767,695	230,185
Juvenile Probation:				
Public Safety	7,253,740	7,135,573	6,598,307	537,266
Capital Outlay	15,624	-	7,879	(7,879)
Debt Service:				
Principal	-	-	5,288	(5,288)
Interest and Fiscal Charges	-	-	870	(870)
Total Juvenile Probation	7,269,364	7,135,573	6,612,344	523,229

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, 2020

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	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Non-Departmental:				
General Government	1,223,594	13,531,218	10,539,406	2,991,812
Public Safety	392,000	392,000	297,714	94,286
Utilities & Environment	713,306	653,532	671,157	(17,625)
Transportation	20,327	327	81	246
Economic Environment	386,559	385,059	322,327	62,732
Transfers Out	2,604,066	2,690,303	1,888,685	801,618
Total Non-Departmental	5,339,852	17,652,439	13,719,370	3,933,069
Planning:				
Economic Environment	2,535,143	2,370,528	2,041,630	328,898
Total Planning	2,535,143	2,370,528	2,041,630	328,898
Pretrial Services:				
Public Safety	695,161	675,236	630,683	44,553
Debt Service:				
Principal	1,537	1,537	1,537	-
Interest and Fiscal Charges	472	472	472	-
Total Pretrial Services	697,170	677,245	632,692	44,553
Prosecuting Attorney:				
Public Safety	10,119,173	9,811,859	9,435,008	376,851
Debt Service:				
Principal	21,300	21,300	17,666	3,634
Interest and Fiscal Charges	4,900	3,900	2,495	1,405
Total Prosecuting Attorney	10,145,373	9,837,059	9,455,169	381,890
State Examiner:				
General Government	149,000	184,000	165,789	18,211
Total State Examiner	149,000	184,000	165,789	18,211

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, 2020
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	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Sheriff:				
Public Safety	20,663,112	21,159,695	20,525,013	634,682
Capital Outlay	5,000	32,798	91,425	(58,627)
Principal	9,079	9,079	9,149	(70)
Interest and Fiscal Charges	2,867	2,867	1,344	1,523
Transfers Out	73,909	73,909	73,860	49
Total Sheriff	20,753,967	21,278,348	20,700,791	577,557
Superior Court:				
Public Safety	6,258,481	6,073,394	5,481,590	591,804
Debt Service:				
Principal	5,300	5,300	-	5,300
Interest and Fiscal Charges	2,623	2,623	-	2,623
Transfers Out	-	-	8,067	(8,067)
Total Superior Court	6,266,404	6,081,317	5,489,657	591,660
Treasurer's Office				
General Government	1,275,049	1,255,967	1,228,419	27,548
Total Treasurer's Office	1,275,049	1,255,967	1,228,419	27,548
WSU Extension				
Culture and Recreation	505,415	503,660	471,166	32,494
Debt Service:				
Principal	1,417	1,417	2,523	(1,106)
Interest and Fiscal Charges	1,615	1,615	541	1,074
Total WSU Extension	508,447	506,692	474,230	32,462
Total General Fund Expenditures	108,504,701	121,803,950	111,934,260	9,869,690

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, 2020
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Reconciliation of Budgetary Perspective Differences Due to GASB 54:

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Clerk's Collection:				
General Government	199,215	199,215	117,941	81,274
Total Clerks Collection	199,215	199,215	117,941	81,274
Election Stabilization Reserve:				
General Government	186	186	186	-
Transfers Out	480,000	480,000	-	480,000
Total Election Stabilization Reserve	480,186	480,186	186	480,000
Fair:				
Culture and Recreation	583,201	395,517	375,899	19,618
Debt Service:				
Principal	-	-	1,903	(1,903)
Interest and Fiscal Charges	-	-	505	(505)
Total Fair	583,201	395,517	378,307	17,210
Parks & Trails:				
Culture and Recreation	995,798	2,206,122	1,894,264	311,858
Capital Outlay	603,511	1,101,088	625,277	475,811
Total Parks & Trails	1,599,309	3,307,210	2,519,541	787,669
Prisoner Concession:				
Public Safety	344,957	345,161	34,533	310,628
Total Prisoner Concession	344,957	345,161	34,533	310,628
Public, Educational & Governmental Access:				
Economic Environment	61,272	61,272	49,117	12,155
Total Public, Educational & Governmental Access	61,272	61,272	49,117	12,155
Total GASB 54 Expenditures	3,268,140	4,788,561	3,099,625	1,688,936
Total Reported General Fund Expenditures	111,772,841	126,592,511	115,033,885	11,558,626
Net Changes in Fund Balances	(4,515,517)	(5,256,981)	10,123,533	15,380,514
Fund Balances as of January 1	10,783,271	21,573,616	22,015,703	442,087
Prior Period Adjustments	-	-	(152,194)	(152,194)
Fund Balances as of January 1 - Restated	10,783,271	21,573,616	21,863,509	289,893
Fund Balances as of December 31	\$ 6,267,754	\$ 16,316,635	\$ 31,987,042	\$ 15,670,407

See accompanying notes to financial statements

Medic One
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2020

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Revenues:				
Property Taxes	\$ 11,500,000	\$ 11,500,000	\$ 11,316,506	\$ (183,494)
Excise and Other Taxes	53,000	53,000	69,781	16,781
Intergovernmental	62,135	408,700	514,505	105,805
Charges for Services	24,030	24,030	1,866	(22,164)
Interest and Other Earnings	304,370	304,370	118,123	(186,247)
Donations and Contributions	-	-	2,725	2,725
Other Revenues	-	-	21,170	21,170
Total Revenues	11,943,535	12,290,100	12,044,676	(245,424)
Expenditures:				
Health & Human Services	13,842,668	14,203,348	13,379,127	824,221
Capital Outlay	70,000	70,000	-	70,000
Debt Service:				
Principal	4,532	4,532	3,474	1,058
Interest & Fiscal Charges	381	381	479	(98)
Total Expenditures	13,917,581	14,278,261	13,383,080	895,181
Excess (Deficiency) of Revenues Over Expenditures	(1,974,046)	(1,988,161)	(1,338,404)	649,757
Other Financing Sources (Uses)				
Sale of Capital Assets	33,000	33,000	180,511	147,511
Total Other Financing Sources (Uses)	33,000	33,000	180,511	147,511
Net Changes In Fund Balances	(1,941,046)	(1,955,161)	(1,157,893)	797,268
Fund Balances as of January 1	5,986,469	7,058,681	7,072,401	13,720
Prior Period Adjustments	-	-	296,434	296,434
Fund Balances as of January 1 - Restated	5,986,469	7,058,681	7,368,835	310,154
Fund Balances as of December 31	\$ 4,045,423	\$ 5,103,520	\$ 6,210,942	\$ 1,107,422

See accompanying notes to financial statements

Public Health & Social Services
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For The Year Ended December 31, 2020

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Revenues:				
Property Taxes	\$ 1,170,423	\$ 1,170,423	\$ 1,053,668	\$ (116,755)
Excise and Other Taxes	-	-	5,829	5,829
Licenses and Permits	27,000	27,000	25,470	(1,530)
Intergovernmental	8,521,735	19,595,887	12,860,072	(6,735,815)
Charges for Services	1,012,606	844,606	731,723	(112,883)
Interest and Other Earnings	1,000	1,000	121,430	120,430
Donations and Contributions	3,000	3,000	348,162	345,162
Other Revenues	-	-	4,323	4,323
Total Revenues	10,735,764	21,641,916	15,150,677	(6,491,239)
Expenditures:				
<i>Current:</i>				
Health & Human Services	13,522,104	22,972,052	16,215,842	6,756,210
Capital Outlay	-	-	13,963	(13,963)
<i>Debt Service:</i>				
Principal	6,436	6,436	6,499	(63)
Interest & Fiscal Charges	1,804	1,804	1,742	62
Total Expenditures	13,530,344	22,980,292	16,238,046	6,742,246
Excess (Deficiency) of Revenues Over Expenditures	(2,794,580)	(1,338,376)	(1,087,369)	251,007
Other Financing Sources (Uses)				
Sale of Capital Assets	3,750	3,750	15,079	11,329
Transfers In	1,229,735	1,229,735	1,314,160	84,425
Transfers Out	-	-	(488,630)	(488,630)
Total Other Financing Sources (Uses)	1,233,485	1,233,485	840,609	(392,876)
Net Changes In Fund Balances	(1,561,095)	(104,891)	(246,760)	(141,869)
Fund Balances as of January 1	6,693,243	8,220,377	8,236,665	16,288
Fund Balances as of December 31	\$ 5,132,148	\$ 8,115,486	\$ 7,989,905	\$ (125,581)

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, 2020

	Original 2020 Budget	Final 2020 Budget	Actual 2020	Variance with Final Budget Positive or (Negative)
Revenues:				
Property Taxes	\$ 21,190,000	\$ 21,190,000	\$ 19,072,857	\$ (2,117,143)
Excise and Other Taxes	294,000	294,000	201,122	(92,878)
Licenses and Permits	700,000	630,000	798,968	168,968
Intergovernmental	13,596,578	12,071,079	11,460,421	(610,658)
Charges for Services	3,410,837	3,378,837	2,998,713	(380,124)
Interest and Other Earnings	100	100	1,558	1,458
Other Revenues	17,500	23,000	129,545	106,545
Total Revenues	39,209,015	37,587,016	34,663,184	(2,923,832)
Expenditures:				
<i>Current:</i>				
Transportation	27,516,687	25,590,825	23,191,282	2,399,543
Capital Outlay	18,155,570	18,064,436	10,397,657	7,666,779
<i>Debt Service:</i>				
Principal	72,649	72,649	66,936	5,713
Interest & Fiscal Charges	33,035	33,035	30,891	2,144
Total Expenditures	45,777,941	43,760,945	33,686,766	10,074,179
Excess (Deficiency) of Revenues Over Expenditures	(6,568,926)	(6,173,929)	976,418	7,150,347
Other Financing Sources (Uses)				
Capital Lease Financing	-	12,211	12,211	-
Sale of Capital Assets	200,000	200,000	694,410	494,410
Transfers In	4,137,932	4,050,787	2,949,432	(1,101,355)
Transfers Out	(1,967,245)	(1,967,245)	(1,904,314)	62,931
Total Other Financing Sources (Uses)	2,370,687	2,295,753	1,751,739	(544,014)
Net Changes In Fund Balances	(4,198,239)	(3,878,176)	2,728,157	6,606,333
Fund Balances as of January 1	13,331,967	21,626,941	21,636,241	9,300
Fund Balances as of December 31	\$ 9,133,728	\$ 17,748,765	\$ 24,364,398	\$ 6,615,633

See accompanying notes to financial statements

Statement of Net Position
Proprietary Funds
December 31, 2020
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	Business-Type Activities - Enterprise Funds							Governmental
	Major					Non-Major	Total	Activities
	Solid	Grand	Storm	Environmental	Land Use	Enterprise	Enterprise	Internal
ASSETS	Waste	Mound	Water	Health	& Permitting	Funds	Funds	Service
								Funds
Current Assets:								
Cash & Pooled Investments	\$ 38,543,318	\$ 2,077,820	\$ 16,383,949	\$ 2,960,986	\$ 1,603,420	\$ 1,533,127	\$ 63,102,620	\$ 42,964,133
Receivables:								
Special Assessment Receivables	-	-	274,012	11,510	-	39,065	324,587	-
Accrued Interest & Penalties	-	2,864	-	4,473	2,276	2,627	12,240	20,034
Customer Account Receivables	1,395,515	222,632	-	2,240	180	84,661	1,705,228	106,890
Due From Other Funds	8,903	2,508	26,475	294,803	83,908	2,177	418,774	739,029
Due From Other Government Units	368,320	8,900	24,435	158,659	-	1,251	561,565	10,080
Inventory	-	-	-	-	-	-	-	283,922
Prepayments	3,631	825	50	-	748	308	5,562	257,902
Restricted Assets:								
Cash and Pooled Investments	-	-	-	-	-	21,773	21,773	-
Total Current Assets	40,319,687	2,315,549	16,708,921	3,432,671	1,690,532	1,684,989	66,152,349	44,381,990
Noncurrent Assets:								
Community Loans Receivable	-	-	-	-	-	50,654	50,654	-
Special Assessment Receivables	-	-	-	-	-	73,072	73,072	-
Capital Assets:								
Non-Depreciable	1,532,402	1,469,970	1,106,676	-	-	65,949	4,174,997	4,147,247
Depreciable, Net	5,532,037	11,935,150	6,551,579	-	20,673	2,700,152	26,739,591	34,331,531
Restricted Assets:								
Cash and Pooled Investments	12,425,370	-	-	-	-	-	12,425,370	-
Total Noncurrent Assets	19,489,809	13,405,120	7,658,255	-	20,673	2,889,827	43,463,684	38,478,778
Total Assets	59,809,496	15,720,669	24,367,176	3,432,671	1,711,205	4,574,816	109,616,033	82,860,768
Deferred Outflow of Resources:								
Other Post Employment Benefits Payable	319,084	50,100	223,953	335,240	324,239	34,291	1,286,907	922,447
Pensions	232,453	48,125	204,005	268,275	260,885	36,123	1,049,866	781,346
Total Deferred Outflow of Resources	551,537	98,225	427,958	603,515	585,124	70,414	2,336,773	1,703,793

See accompanying notes to financial statements

Statement of Net Position
Proprietary Funds
December 31, 2020
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	Business-Type Activities - Enterprise Funds							Governmental
	Major					Non-Major	Total	Activities
	Solid	Grand	Storm	Environmental	Land Use	Enterprise	Enterprise	Internal
LIABILITIES	Waste	Mound	Water	Health	& Permitting	Funds	Funds	Service
								Funds
Current Liabilities:								
Accounts Payable	2,544,986	62,614	309,909	241,557	268,055	112,871	3,539,992	1,600,096
Notes/Leases Payable	2,730	5,165	-	-	6,805	39,483	54,183	2,722
Due To Other Funds	309,865	1,653	198,287	105	968	1,885	512,763	519,735
Due To Other Government Units	-	-	25,637	-	-	-	25,637	-
Compensated Absences	9,175	3,299	10,306	16,057	14,409	1,657	54,903	43,093
Claims and Judgments Payable	-	-	-	-	-	-	-	367,898
Total Other Post Employment Benefits Liability	24,906	3,910	17,481	26,167	25,309	2,675	100,448	72,000
Unearned Revenue	3,678	55,817	-	-	-	16,557	76,052	-
Lim. Tax G. O. Bond - Current Portion	-	-	-	-	-	-	-	114,750
Spec Assessment Debt - Govern. Commitment	-	-	-	-	-	34,847	34,847	-
Total Current Liabilities	2,895,340	132,458	561,620	283,886	315,546	209,975	4,398,825	2,720,294
Noncurrent Liabilities:								
Limited G.O. Bonds Payable	-	-	-	-	-	-	-	1,410,600
Compensated Absences	161,520	58,073	181,447	282,696	253,681	29,162	966,579	758,662
Total Other Post Employment Benefits Liability	1,735,516	272,502	1,218,088	1,823,391	1,763,561	186,500	6,999,558	5,017,246
Claims and Judgments Payable	-	-	-	-	-	-	-	3,404,127
Notes/Leases Payable	6,181	25,825	-	-	-	316,744	348,750	3,239
Accumulated Landfill Closure Costs	12,788,199	-	-	-	-	-	12,788,199	-
Net Pension Liability	811,496	167,985	712,179	936,545	910,752	126,107	3,665,064	2,727,692
Total Noncurrent Liabilities	15,502,912	524,385	2,111,714	3,042,632	2,927,994	658,513	24,768,150	13,321,566
Total Liabilities	18,398,252	656,843	2,673,334	3,326,518	3,243,540	868,488	29,166,975	16,041,860
Deferred Inflow of Resources:								
Other Post Employment Benefits Payable	119,314	18,733	83,742	125,356	121,242	12,823	481,210	344,927
Pensions	221,078	45,762	194,022	255,146	248,119	34,357	998,484	743,111
Total Deferred Inflow of Resources	340,392	64,495	277,764	380,502	369,361	47,180	1,479,694	1,088,038
NET POSITION								
Net Investment in Capital Assets	7,055,528	13,374,130	7,658,255	-	13,868	2,731,254	30,833,035	36,947,467
Restricted For:								
Debt Service	-	4,058	-	-	-	134,146	138,204	-
Unrestricted (Deficit)	34,566,861	1,719,368	14,185,781	329,166	(1,330,440)	864,162	50,334,898	30,487,196
Total Net Position	\$ 41,622,389	\$ 15,097,556	\$ 21,844,036	\$ 329,166	\$ (1,316,572)	\$ 3,729,562	\$ 81,306,137	\$ 67,434,663

See accompanying notes to financial statements

**Reconciliation of The Statement of
Net Position of Proprietary Funds
To The Statement of Net Position
*December 31, 2020***

	Business Type Funds
Enterprise net position as shown in the Proprietary Funds Statement of Net Position	\$ 81,306,137
Internal balances for additional amounts owed between governmental and business units have not been included in governmental fund statements.	<u>1,798,103</u>
Net position for business-type funds as shown in Statement of Net Position	<u><u>\$ 83,104,240</u></u>

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes In Fund Net Position
Proprietary Funds
For The Year Ended December 31, 2020

	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	\$ 27,080,419	\$ 2,125,107	\$ 7,141,596	\$ 4,115,920	\$ 3,994,862	\$ 910,711	\$ 45,368,615	\$ 22,365,786
Equipment Rental	-	-	-	-	-	-	-	7,250,545
Miscellaneous	9,866	22,354	32,880	582,925	1,705	10,060	659,790	29,091
Total Operating Revenues	27,090,285	2,147,461	7,174,476	4,698,845	3,996,567	920,771	46,028,405	29,645,422
Operating Expenses:								
Salaries and Benefits	2,768,720	566,132	2,243,959	3,160,124	3,135,061	416,643	12,290,639	10,260,901
Other Supplies and Expenses	96,332	83,471	94,595	91,347	21,796	59,781	447,322	3,515,737
Contractual Services	4,041,733	333,384	618,692	137,604	73,603	250,012	5,455,028	8,328,442
Longhaul Contract	15,907,488	-	-	-	-	-	15,907,488	-
Interfund Services and Charges	1,878,830	427,225	1,625,399	878,211	1,651,859	152,123	6,613,647	2,336,098
Depreciation/Amortization	843,122	731,656	549,729	-	9,287	159,332	2,293,126	4,530,260
Claims Payments	-	-	-	-	-	-	-	1,652,536
Total Operating Expenses	25,536,225	2,141,868	5,132,374	4,267,286	4,891,606	1,037,891	43,007,250	30,623,974
Operating Income (Loss)	1,554,060	5,593	2,042,102	431,559	(895,039)	(117,120)	3,021,155	(978,552)
Nonoperating Revenue (Expenses):								
Interest Revenue	-	131,998	48,138	56,230	27,854	28,135	292,355	243,984
Operating Grants & Contributions	110,785	3,033	29,216	335,292	73,190	263	551,779	3,194,199
Gain/Loss on Disposition of Capital Assets	(30,965)	-	(6,881)	-	-	-	(37,846)	(138,087)
Insurance Recoveries	-	-	-	-	-	-	-	15,455
Interest Expense & Fiscal Charges	(1,348)	(542)	-	-	(329)	(9,492)	(11,711)	(80,595)
Total Nonoperating Revenue (Expense)	78,472	134,489	70,473	391,522	100,715	18,906	794,577	3,234,956
Income Before Contributions and Transfers	1,632,532	140,082	2,112,575	823,081	(794,324)	(98,214)	3,815,732	2,256,404
Capital Grants & Contributions	-	120,175	108,560	-	-	15,421	244,156	2,521
Interfund Capital Contributions	-	-	-	-	-	-	-	101,490
Transfers In	315	32,869	-	59,795	361,716	12,877	467,572	2,445,866
Transfers Out	(1,335)	-	(55,000)	-	-	-	(56,335)	(501,983)
Change in Net Position	1,631,512	293,126	2,166,135	882,876	(432,608)	(69,916)	4,471,125	4,304,298
Net Position as of January 1	39,990,877	14,804,430	19,677,901	(553,710)	(883,964)	3,799,478	76,835,012	63,130,365
Net Position as of December 31	\$ 41,622,389	\$ 15,097,556	\$ 21,844,036	\$ 329,166	\$ (1,316,572)	\$ 3,729,562	\$ 81,306,137	\$ 67,434,663

See accompanying notes to financial statements

**Reconciliation of The Statement of Revenues, Expenses and
Changes In Fund Net Position of Proprietary Funds
To The Statement of Activities
For The Year Ended December 31, 2020**

	<u>Business-Type Funds</u>
Change in enterprise net position as shown in the Statement of Revenues, Expenses and Changes in Fund Net Position	\$ 4,471,125
Internal services, provided primarily by internal service funds, also occurs between other County funds. The net effect of the elimination of these services is reflected in the statement of activities:	
Other interfund transactions	2,461,695
Allocated direct and indirect costs from the County's cost plan	<u>(2,275,107)</u>
Change in net position for business-type funds as shown in the Statement of Activities	<u>\$ 4,657,713</u>

See accompanying notes to financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2020
Page 1 of 2

	Business-Type Activities - Enterprise Funds							Governmental
	Major					Non-Major	Total	Activities
	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:								
Cash Received from Customers	\$ 26,773,636	\$ 2,044,712	\$ 6,964,307	\$ 4,317,930	\$ 3,859,567	878,280	44,838,432	\$ -
Cash Received from Interfund Services	-	-	-	-	-	-	-	28,701,414
Cash Paid for Goods & Services	(21,480,156)	(532,165)	(1,054,104)	(212,226)	(7,929)	(258,099)	(23,544,679)	(13,325,914)
Cash Paid for Interfund Services	(1,878,830)	(427,225)	(1,625,399)	(878,211)	(1,651,859)	(152,123)	(6,613,647)	(2,336,098)
Cash Paid to Employees	(2,557,154)	(548,147)	(2,241,529)	(3,155,652)	(3,019,339)	(386,609)	(11,908,430)	(9,402,499)
Net Cash Provided (Used) by Operating Activities	857,496	537,175	2,043,275	71,841	(819,560)	81,449	2,771,676	3,636,903
Cash Flows from Noncapital								
Financing Activities:								
Transfers In	315	32,869	-	59,795	361,716	12,877	467,572	2,445,866
Transfers Out	(1,335)	-	(55,000)	-	-	-	(56,335)	(501,983)
Grant Proceeds	110,785	3,033	29,216	280,951	73,190	263	497,438	3,194,199
Community Loans Issued to Homeowners	-	-	-	-	-	26,427	26,427	-
Community Loan Financing Payments	-	-	-	-	-	(44,366)	(44,366)	-
Insurance Recoveries	-	-	-	-	-	-	-	15,455
Interest Payments	-	-	-	-	-	(9,492)	(9,492)	-
Net Cash Provided (Used) by Noncapital								
Financing Activities	109,765	35,902	(25,784)	340,746	434,906	(14,291)	881,244	5,153,537
Cash Flows from Capital &								
Related Financing Activities:								
Cash Proceeds from Sale of Capital Assets	6,341	-	-	-	-	-	6,341	484,054
Capital Asset Purchases	(354,352)	(11,443)	(461,100)	-	-	(137,775)	(964,670)	(6,547,674)
Bond/Loan Payments	(4,868)	(104,397)	-	-	(7,949)	(78,282)	(195,496)	(117,754)
Grant Proceeds	-	-	1,190,292	-	-	-	1,190,292	-
Contributed Capital	-	120,175	-	-	-	15,421	135,596	101,490
Assessment Receipts	-	2,167	-	7,538	-	46,369	56,074	-
Interest Payments	(1,348)	(542)	-	-	(329)	-	(2,219)	(80,595)
Net Cash Provided (Used) by Capital &								
Related Financing Activities	(354,227)	5,960	729,192	7,538	(8,278)	(154,267)	225,918	(6,160,479)
Cash Flows from Investing Activities:								
Interest Receipts	-	135,854	48,138	57,605	32,272	30,649	304,518	259,120
Net Cash Provided (Used) by Investing Activities	-	135,854	48,138	57,605	32,272	30,649	304,518	259,120
Net Increase (Decrease) in Cash &								
Cash Equivalents	613,034	714,891	2,794,821	477,730	(360,660)	(56,460)	4,183,356	2,889,081
Cash & Cash Equivalents as of January 1	50,355,654	1,362,929	13,589,128	2,483,256	1,964,080	1,611,360	71,366,407	40,075,052
Cash & Cash Equivalents as of December 31	\$ 50,968,688	\$ 2,077,820	\$ 16,383,949	\$ 2,960,986	\$ 1,603,420	\$ 1,554,900	\$ 75,549,763	\$ 42,964,133

See accompanying notes to financial statements

Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2020
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	Business-Type Activities - Enterprise Funds							Governmental
	Major					Non-Major	Total	Internal
	Solid Waste	Grand Mound	Storm Water	Environmental Health	Land Use & Permitting	Enterprise Funds	Enterprise Funds	Service Funds
Reconciliation of Operating Income To Net Cash Provided (Used) by Operating Income:								
Operating Income	\$ 1,554,060	\$ 5,593	\$ 2,042,102	\$ 431,559	\$ (895,039)	\$ (117,120)	\$ 3,021,155	\$ (978,552)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation Expense	843,122	731,656	549,729	-	9,287	159,332	2,293,126	4,530,260
(Increase) Decrease in:								
Customer Account Receivables	327,557	(49,649)	-	1,427	2,422	(398)	281,359	16,213
Special Assessment Receivables	-	-	45,555	-	-	-	45,555	-
Due from Other Funds	(3,685)	1,120	18,773	(31,216)	208,509	103	193,604	61,898
Due from Other Government Units	(350,665)	(501)	-	-	-	(337)	(351,503)	5,829
Inventories	-	-	-	-	-	-	-	1,412
Prepaid Expense	-	-	-	-	(748)	-	(748)	190,308
Increase (Decrease) in:								
Accounts Payable	(439,365)	(111,446)	(186,231)	16,620	87,270	53,106	(580,046)	164,461
Due to Other Funds	66,801	(3,864)	(180,223)	105	948	(1,412)	(117,645)	159,781
Due to Other Government Units	-	-	25,637	-	-	-	25,637	-
Claims and Judgments	-	-	-	-	-	-	-	(345,161)
Unearned Revenue	691	9,595	-	-	-	2,588	12,874	-
Compensated Absences Payable	15,309	(326)	(1,759)	21,691	16,293	17,538	68,746	137,419
Other Post Employment Benefits	126,521	27,017	73,622	35,267	131,775	13,237	407,439	675,022
Net Pension Liability	(220,811)	(72,020)	(343,930)	(403,612)	(380,277)	(45,188)	(1,465,838)	(981,987)
Accumulated Landfill Closure	(1,062,039)	-	-	-	-	-	(1,062,039)	-
Total Adjustments	(696,564)	531,582	1,173	(359,718)	75,479	198,569	(249,479)	4,615,455
Net Cash Provided (Used) by Operating Activities	\$ 857,496	\$ 537,175	\$ 2,043,275	\$ 71,841	\$ (819,560)	\$ 81,449	\$ 2,771,676	\$ 3,636,903
Noncash Investing, Capital, and Financing Activities:								
Disposition of Capital Assets:								
Gain of Disposition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,451
Loss on Disposition	\$ (37,306)	\$ -	\$ (6,881)	\$ -	\$ -	\$ -	\$ (44,187)	\$ (868,592)
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,387
G.O. Bond Liability Amortization	\$ -	\$ 57,975	\$ -	\$ -	\$ -	\$ (57,975)	\$ -	\$ -

See accompanying notes to financial statements

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Custodial Funds			
	Custodial	External Investment Pools	Investment Trust Funds	Private Purpose Trust Funds
ASSETS				
<i>Cash & Pooled Investments:</i>				
Pooled Investments At Fair Value	\$ 2,204,612	\$ 1,434,093	\$ 805,255,473	\$ -
Trust Funds	-	-	-	2,865,388
<i>Receivables:</i>				
Taxes Receivable	1,809,535	708,264	4,009,583	-
Special Assessment Receivable	27,358	15,222	8,318	-
Accrued Interest Receivable	-	-	1,200,483	-
Due from Other Governments	-	-	1,064	-
Total Assets	4,041,505	2,157,579	810,474,921	2,865,388
LIABILITIES				
Taxes & Regulatory Fees Payable	-	-	10,447,510	-
Other Accrued Liabilities	1,754,761	1,422,621	639,912	-
Due to Other Governments	1,851,011	-	-	-
Total Liabilities	3,605,772	1,422,621	11,087,422	-
NET POSITION				
Restricted for:				
Individuals, Organizations and				
Other Governments	435,733	-	-	2,865,388
Pool Participants	-	734,958	799,387,499	-
Total Net Position	\$ 435,733	\$ 734,958	\$ 799,387,499	\$ 2,865,388

See accompanying notes to financial statements

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended December 31, 2020

	Custodial Funds			
	Custodial	External Investment Pools	Investment Trust Funds	Private Purpose Trust Funds
ADDITIONS:				
Contributions				
Taxes and Assessments Collected	\$ 148,851,275	\$ 54,584,353	\$ 238,974,822	\$ -
Administrative Revenues	762	495	278,161	-
Deposits from Inmates	241,302	-	-	-
Additions by Participants	17,508,471	996,831	1,067,691,960	26,347,259
Total Contributions	166,601,810	55,581,679	1,306,944,943	26,347,259
Investment Income	15,378	23,737	13,310,965	918
Total Additions	166,617,188	55,605,416	1,320,255,908	26,348,177
DEDUCTIONS:				
Distributions to Participants	165,964,090	54,498,400	-	27,929,389
Administrative Costs	762	495	278,161	-
Purchases of Merchandise	198,932	-	-	-
Distributions by Participants	-	-	1,144,836,760	-
Total Deductions	166,163,784	54,498,895	1,145,114,921	27,929,389
Change in Net Position	453,404	1,106,521	175,140,987	(1,581,212)
Net Position as of January 1, 2020	1,831,605	708,796	624,246,512	4,446,600
Prior Period Adjustment	(1,849,276)	(1,080,359)	-	-
Net Position as of January 1 - Restated	(17,671)	(371,563)	624,246,512	4,446,600
Net Position as of December 31, 2020	\$ 435,733	\$ 734,958	\$ 799,387,499	\$ 2,865,388

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

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 2020, the County had no component units currently in operation for which it was financially accountable. See next paragraph for a component unit not currently in operation. Thurston County is a statute county, which means the organization of the county is prescribed by state statute. The County has a commissioner form of government with a governing body consisting of three County commissioners.

Blended Component Unit:

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary Funds are not included in the government-wide statements.

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

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

The County reports the following major governmental funds:

- *General Fund* - is the County's primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- *Roads Special Revenue Fund* – accounts for the design, construction, and maintenance of county roads. Most of the revenues for this fund come from transportation related taxes and grants.
- *Medic One Special Revenue Fund* - accounts for countywide delivery of advanced life support response and transport services. The revenues for this fund come from a portion of the County's property tax levy.
- *Real Estate Excise Tax fund* – a fund established for holding excise tax proceeds dedicated to capital projects from the one-half percent tax on real property sales in unincorporated Thurston County. This fund is a newly added major fund for 2016. In prior years it was a Non-Major Capital Projects fund.
- *Public Health and Social Services Special Revenue Fund* - accounts for the following services: mental health, developmental disabilities, substance abuse prevention & treatment, children and family, environmental protection, and personal health. Most of the revenues in this fund come from health-related state and federal grants.

The County reports the following major proprietary funds:

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

Additionally, the County reports the following fund types:

- *Internal Service Funds* account for technology acquisition/improvement, building maintenance, equipment acquisition/maintenance, risk management and payroll/benefit administration provided to other departments or agencies of the County on a cost reimbursement basis.
- *Investment Trust Funds* account for external pooled and non-pooled investments held in trust (as defined by paragraph 11c(1) of GASB 84) by the County Treasurer on behalf of external participants in the County's investment program.
- *Private Purpose Trust Funds* report amounts not required to be reported in investment trust funds and are held in trust per paragraph 11c(1) of GASB 84. These represent amounts deposited with the County Clerk through Superior Court trust arrangements and agreements and the county's District Court.
- *Custodial Funds* are used to report fiduciary activities that are not required to be reported in investment trust funds or private-purpose trust funds. The external portion of the County's investment pool not held in a trust that meets the criteria in paragraph 11c(1) of GASB 84 are reported within these funds as well.

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

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes, interest earnings, sale of capital assets (if material), and transfers.

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

D. Budgetary Information

1. Scope of Budget

The County adopted a biennial budget during the 2019/2020 budget period. While the County is on a biennial budget, the budget authority does not carryforward into the second year. Budgets are adopted for all county funds in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by Budgeting, Accounting, and Reporting System (BARS) of the State of Washington and on a basis consistent with generally accepted accounting principles. Appropriations are authorized at the fund level for all funds, except the General Fund, where expenditures may not exceed appropriations at the department level. The budgets constitute the legal authority for expenditures at these levels. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

During the budget process, each County official submits detailed estimates of anticipated revenue and expenditure requests for the subsequent budget year. The data is compiled and made available for public comment beginning the third 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 2019.

The Investment Administration, Tax Refund and Treasurer's M & O Funds were excluded from the special revenue combining schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual because these funds are not statutorily required to have budget authority and County budget policies do not require budgets for these funds.

E. Assets, Liabilities, Fund Balance and Net Position

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

It is the County's policy to invest all temporary cash surpluses. At December 31, 2020, all cash and cash equivalents were cash on hand and demand deposits with average maturities as noted in Note 3. This amount is classified on the balance sheet as cash and pooled investments in various funds. The interest on these investments is allocated to the various funds on an average daily balance basis.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during the year was approximately \$19,932,500.

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, in order to facilitate the management of cash. Some securities are measured at fair value as required by GASB 72.

Cash applicable to a fund is readily identifiable. Earnings on cash and cash equivalents accrue to the individual fund owning the cash, with the exception of the following funds, which accrue to the County's General Fund: Law Library, Auditor's Maintenance & Operation, Detention Facility Sales Tax, Investment Administration, Treatment Sales Tax, Medic One, Roads, Conservation Futures, Real Estate Excise Tax, Solid Waste, Stormwater, Unemployment Compensation, Insurance Risk, Central Services, and Equipment Rental & Revolving. For the purposes of the statement of cash flows, the County considers all amounts invested in its cash pool to be cash and cash equivalents. All other investments, if applicable, are reported as investments at cost. For more information on the County's investments, see Note 3 – Deposits and Investments.

2. Receivables (See Note 7 – Receivable Balances)

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 owned for which billings have not yet been prepared. They primarily include receivables for sales tax, court fines and forfeitures, incarceration fees and fees for public health services. Receivable amounts exclude any amounts estimated to be material and uncollectible at year end.

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

Activity between funds that are representative of lending/borrowing arrangements and outstanding at year end are reported in the fund financial statements as interfund loans receivable and payable if due within one year or advances to and from other funds if due within more than one year. Advances to other funds are offset by a non-spendable fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. All other outstanding balances between funds, including interfund loans receivable and payable due within one year, are reported as "due to/from other funds".

The County reports accrued wages payable as accounts payable, whenever possible, for simplicity. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and are not included in the government-wide statement of net position.

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

4. Inventories and Prepaid Items

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

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

Prepayments are payments in advance of the receipt of goods and services in an exchange transaction and are recorded as an expenditure or expense only when consumed. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements.

5. Capital Assets and Depreciation (See Note 6 – 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. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more, including ancillary costs, with an estimated useful life in excess of one year.

Capital assets are valued at cost where historical records are available and at estimated historical cost where no records exist. Donated capital assets are valued at their acquisition value at the date of donation.

Government Accounting Standards Board (GASB) Statement #34 required the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with this Statement, the County has recorded the value of all infrastructure assets acquired after June 30, 1980 in its statement of net position. In certain instances, engineering estimates, as well as annual reports of the County Road Administration Board and Washington State Department of Transportation were used to value the estimated historical costs of assets. In other instances, historical costs were derived by estimated historical costs on a discounted and depreciated current replacement value basis. Infrastructure acquired prior to July 1, 1980, except for roads right of way/easements and certain storm water structures, is not reported.

Improvements to capital assets that replace depreciated assets, or materially add to the value or extend the life of the asset, are capitalized. Other repairs or normal maintenance are expensed. Outlays for capital assets and improvements are capitalized as projects when constructed. The net book values of infrastructure assets are removed from the system when fully depreciated. The net book values of all other fully and partially depreciated assets are retained within the system until replaced or sold.

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

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

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

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

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

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

Revenue bonds and other long-term liabilities (including general obligation bonds) that are directly related to and financed from enterprise funds are accounted for in the respective enterprise fund. All other county long-term debt is reported in the governmental column in the entity-wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method since it is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

When bonds are sold by a governmental fund, bond premiums and discounts are recognized in the fund financial statements in the current period. The face amount of debt is reported as other financing sources. Issuance costs are reported as debt service expenditures. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Amounts reserved for long-term debt are shown as restricted fund balance in the fund financial statements and restricted net position in the statement of net position.

8. Unearned Revenue

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

9. Deferred Outflows/Inflows of Resources

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

10. Pensions

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

11. Rebateable Arbitrage

Thurston County has not incurred any rebateable arbitrage as of December 31, 2020. Rebateable arbitrage, if incurred, will be treated as a reduction in revenue.

12. Net Position

Fund equity is recognized as net position in proprietary funds and entity wide statements. A portion of the County's net position are subject to external legal restrictions on how they may be used and therefore are not available for general spending at the discretion of the County. This is considered restricted net position. Examples include fees and charges for services levied for a specific purpose or use, operating/capital grants restricted by the grantor, and Solid Waste cash and investments restricted to fund a 30-year landfill post-closure care period (see Note 14 – Closure and Post Closure Care Costs). When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources, if available, before accessing and using unrestricted resources to finance the County's ongoing operations as reported in the Statements of Net Position and Activities.

13. Fund Balance Classification

Fund equity is recognized as fund balance in governmental funds. Beginning in 2011, the County has implemented GASB Statement No. 54 into its financial statements. Per this statement, there are five fund balance classifications as follows: Non-Spendable, Restricted, Committed, Assigned, and Unassigned.

In relation to this statement, the County has adopted policy/procedure #2200. Specifics of this are as follows:

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

14. Minimum Fund Balance

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

NOTE 2 – RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

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

Fund balance in the governmental funds balance sheet is reconciled to net position in the statement of net position. One element of that reconciliation, as detailed below, was for \$442,974,099 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	\$ 441,589,213
Gains (Losses) and Adjustments on Dispositions of Capital Assets	713,536
Prior Period Adjustment	231,362
Governmental Capital Outlays	11,606,907
Governmental Depreciation & Amortization Expense	<u>(11,166,919)</u>
Governmental Net Book Value - End of Current Year	<u>\$ 442,974,099</u>

Another element of the reconciliation, as detailed below, was for \$50,234,330 because long-term debt, which is not reported in governmental funds, is reported in the statement of net position:

Governmental Debt - End of Prior Year	\$ 55,002,173
Bond/Note Proceeds	60,314
Refunding, Amortization, Deferrals & Debt Issue Costs	(4,377,903)
Principal Payments	<u>(450,254)</u>
Computed Governmental Debt - End of Current Year	<u>\$ 50,234,330</u>

A third element of the reconciliation, as detailed below, was for \$67,434,663 because Internal Service Funds assets and liabilities transfers in/out, and Contributed Capital, which are separately reported in proprietary fund statements, are included and combined with governmental balances in the statement of net position:

Net Position - End of Prior Year	\$ 63,130,365
Net Transfers In/Out	1,943,883
Capital Distributions	101,490
Prior Period Adjustments	-
Net Profit and Adjustments	<u>2,258,925</u>
Net Position - End of Current Year	<u>\$ 67,434,663</u>

Cash	\$ 42,964,133
Capital Assets	38,478,778
Other Assets	1,417,857
Claims and Judgments Payable	(3,404,127)
Other Liabilities	(12,637,733)
Deferrals	<u>615,755</u>
Net Position - End of Current Year	<u>\$ 67,434,663</u>

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

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

NOTE 3 – 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 certificates of deposit 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 at December 31, 2020 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, 2020 was \$30,468,609.

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, bankers' acceptances, commercial paper, municipal bonds, money market account and the State Treasurer's Local Government Investment Pool (LGIP).

C. Investments in Local Government Investment Pool (LGIP)

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

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

D. Thurston County Investment Pool (TCIP)

Also see Note 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.

The TCIP experienced a net increase in the fair value of the investments during 2020. At 12/31/2020, the fair value of investments was \$8,409,402 higher than the amortized cost. Approximately 23% of this amount is applicable to County funds with the remainder applicable to outside entities participating in the pool. These unrealized gains 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 2020, TCIP did not sale any investments.

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

Participation in the TCIP is voluntary. Districts do have the option to participate in the TCIP or they can have the Treasurer manage their cash and investments outside of the TCIP by requesting specific investment amounts and maturity dates. This option is only available if they meet liquidity and volume requirements. Currently, there is only one district with investments outside the TCIP.

E. Investments Measured at Amortized Cost

As of December 31, 2020, 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
Pool Investments:			
State Investment Pool	\$ 74,678,383	\$ 250,321,617	\$ 325,000,000
Money Market Accounts	4,595,593	15,404,407	20,000,000
Total Investments at Amortized Cost	\$ 79,273,976	\$ 265,726,024	\$ 345,000,000

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

F. Investments Measured at Fair Value

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

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

At December 31, 2020, 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	7,567,763	-	7,567,763	2.43	1.783%-5.0%
US Treasurer Securities	10,089,063	10,089,063	-	0.42	2.125%
US Agency Securities	627,813,332	-	627,813,332	3.00	.125%-5.2%
Supranational	4,007,480	-	4,007,480	1.50	2.05%
Corporate Securities	27,198,907	-	27,198,907	1.50	1.7%-3.0%
Total Investments by Fair Value Level	\$ 676,676,545	\$ 10,089,063	\$ 666,587,483		

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 1.91 years as of December 31, 2020. During 2020 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, 2020 are:

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

Municipal Bonds	S&P Rating
Oregon St Taxable GO (MWC)	AA+
Washington ST Ref GO	AA+

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

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

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

G. Summary of Deposit and Investment Balances

Reconciliation of the county's deposits and investment balances as of December 31, 2020 is as follows:

Schedules of Deposits and Investments
Composition of Cash & Investments
December 31, 2020

	Total	Pooled Cash Investments	Non-Pooled Cash & Investments
State Investment Pool	\$ 325,000,000	\$ 325,000,000	\$ -
Municipal Bonds	7,135,000	7,135,000	-
US Treasury & Agency Securities	629,860,000	629,860,000	-
Money Market Accounts	20,000,000	20,000,000	-
Supernationals	4,000,000	4,000,000	-
Corporate Securities	26,656,000	26,656,000	-
Total Investment Pool Investments	1,012,651,000	1,012,651,000	-
Deposits With Financial Institutions	30,468,609	30,468,609	-
Net Increase (Decrease) in Fair Value of Investments	8,409,402	8,409,402	-
Pool Accruals	622,279	622,279	-
Total Investment Pool Cash & Investments	1,052,151,290	1,052,151,290	-
Fiscal and Petty Cash	52,823	-	52,823
Clerk's Trust Funds	2,865,388	-	2,865,388
Total Reported Cash & Investments	\$ 1,055,069,501	\$ 1,052,151,290	\$ 2,918,211

Reconciliation of Cash & Investments to Statements
December 31, 2020

	Total	Statements of	
		Fiduciary Net Position	Net Position
Cash & Pooled Investments - County Funds	\$ 243,257,112	\$ -	\$ 243,257,112
Cash & Pooled Investments - Investment Trust Fund	805,255,473	805,255,473	-
Cash & Pooled Investments - Investments Not In Trust	1,434,093	1,434,093	-
Cash & Pooled Investments - Custodial Funds	2,204,612	2,204,612	-
Total Investment Pool Cash & Investments	1,052,151,290	808,894,178	243,257,112
Fiscal and Petty Cash	52,823	-	52,823
Private Purpose Trust Funds	2,865,388	2,865,388	-
Total Reported Cash & Investments	\$ 1,055,069,501	\$ 811,759,566	\$ 243,309,935

A condensed statement of net position and statement of changes in net position for the external portion of the County's investment trust pool and the Clerk's and District Court's private purpose trust funds at December 31, 2020 is reported in the following schedule:

**Condensed Statement of Net Position
December 31, 2020**

	Investment Trust Fund	Private Purpose Trust Fund
Cash, Cash Equivalents, Investments and Pooled Investments	\$ 810,474,921	\$ -
Total Assets	810,474,921	-
Pool Liabilities	11,087,422	-
Total Liabilities	11,087,422	-
Net Position Held in Trust for Pool Participants	\$ 799,387,499	\$ -

**Condensed Statement of Changes in Net Position
December 31, 2020**

	Investment Trust Fund	Private Purpose Trust Fund
Changes in Net Position Resulting from Operations	\$ 13,310,965	\$ 918
Earnings Distributions to Participants	(13,310,965)	(918)
Changes in Net Position Resulting from Depositor Transactions	175,140,987	(1,581,212)
Net Position Available	175,140,987	(1,581,212)
Net Position Beginning of Year as Restated and Adjusted	624,246,512	4,446,600
Net Position End of Year	\$ 799,387,499	\$ 2,865,388

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, 2020, 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 \$248,972. 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.

87% of the County Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County Treasurer's Pool include Housing Authority, Olympic Region Clean Air Agency, Thurston Regional Planning Council, 911 Communications, Lewis-Mason-Thurston Area Agency on Aging, Thurston Mason Behavioral Health Organization, Transit Authorities, and LOTT Clean Water Alliance. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund.

NOTE 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 as a result of the increased county levy. These levies may be reduced subject to these limitations:

1. The district budget is one of the limitations on taxation.
2. The amount authorized by a district in their resolution or ordinance is another limitation on taxation. When district officials need to increase their budget over the spending of the previous year, they are required to pass one or more resolutions (or ordinances).
3. Statutory dollar rate limits are specified for regular property tax levy rates for most types of taxing districts in RCW 84.52.043.
4. Most taxing districts are authorized by state law to levy a certain rate each year without approval by the voters; these are commonly referred to as regular levies. The aggregate levies of junior taxing districts and senior taxing districts, other than the state, shall not exceed five dollars and ninety cents per thousand dollars of assessed valuations (RCW 84.52.043). At the county level this limitation does not apply to the Conservation Futures or Medic One levies.
5. The Washington State Constitution limits total regular property taxes to 1 percent of true and fair valuation. This limit would equate to a regular levy rate of \$10 per \$1,000 of assessed value if the property were assessed at its true and fair value. If taxes for regular districts (excluding the Port & PUD) exceed this amount, the proration order starts with junior taxing districts first, then senior taxing districts, if necessary, until the total is at the 1 percent limit.

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

The following identifies the tax rates levied in 2019 for collection in 2020:

	Levy In Dollars Per Thousand	Assessed Value	Total Levy
General Fund	\$ 1.1259	\$ 38,006,995,556	\$ 42,791,401
Medic One	\$ 0.2994	\$ 38,006,995,556	\$ 11,377,398
Roads	\$ 1.1516	\$ 17,871,223,597	\$ 20,579,900

NOTE 6 – CAPITAL ASSETS AND COMMITMENTS

A. Capital Assets

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance 01/01/2020	Prior Period Adjustment	Revised Beginning Balance 01/01/2020	Increases	Decreases & Adjustments	Ending Balance 12/31/2020
<u>GOVERNMENTAL TYPE ACTIVITIES</u>						
Capital Assets - Non-Depreciable:						
Land	\$ 264,539,956	\$ (116,851)	\$ 264,423,105	\$ 11,465,160	\$ (10,627,239)	\$ 265,261,026
Construction in Progress	5,686,337	(4,028)	5,682,309	9,761,176	(2,365,101)	13,078,384
Intangible Assets	2,977,817	-	2,977,817	731,257	(731,258)	2,977,816
Capital Assets - Non-Depreciable	273,204,110	(120,879)	273,083,231	21,957,593	(13,723,598)	281,317,226
Capital Assets - Depreciable:						
Buildings	139,351,631	(7,575)	139,344,056	1,263,856	(1,210,693)	139,397,219
Intangible Assets	2,314,962	(144,835)	2,170,127	101,487	(277,384)	1,994,230
Improvements Other Than Buildings	5,802,491	-	5,802,491	1,000,862	(145,994)	6,657,359
Machinery & Equipment	50,463,057	(16,897)	50,446,160	7,125,999	(3,653,151)	53,919,008
Infrastructure	163,870,639	42,200	163,912,839	6,904,390	(11,644,189)	159,173,040
Original Cost	361,802,780	(127,107)	361,675,673	16,396,594	(16,931,411)	361,140,856
Less Accumulated Depreciation:						
Buildings	(52,441,873)	-	(52,441,873)	(3,859,950)	-	(56,301,823)
Improvements Other Than Buildings	(5,089,196)	-	(5,089,196)	(173,516)	-	(5,262,712)
Machinery & Equipment	(31,769,922)	(10,092)	(31,780,014)	(4,070,482)	2,940,630	(32,909,866)
Intangible Assets	(2,075,033)	(6,213)	(2,081,246)	(31,824)	188,468	(1,924,602)
Infrastructure	(66,726,910)	98,687	(66,628,223)	(7,561,407)	7,893,434	(66,296,196)
Accumulated Depreciation	(158,102,934)	82,382	(158,020,552)	(15,697,179)	11,022,532	(162,695,199)
Capital Assets - Depr, Net	203,699,846	-	203,655,121	699,415	(5,908,879)	198,445,657
Total Original Cost	635,006,890	(247,986)	634,758,904	38,354,187	(30,655,009)	642,458,082
Total Accumulated Depreciation	(158,102,934)	82,382	(158,020,552)	(15,697,179)	11,022,532	(162,695,199)
Governmental Capital Assets, Net	\$ 476,903,956	\$ (165,604)	\$ 476,738,352	\$ 22,657,008	\$ (19,632,477)	\$ 479,762,883

Depreciation expense was charged to functions as follows:

Depreciation Expense was charged to functions as follows:	
General Government	\$ 284,328
Public Safety	2,446,317
Utilities and Environment	791
Transportation	8,070,892
Economic Environment	8,559
Health and Human Services	173,438
Culture and Recreation	182,594
Subtotal	11,166,919
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based upon their usage of the assets.	4,530,260
Total Governmental Activities Depreciation Expense	\$ 15,697,179

Business Type Activities for the year ended December 31, 2020 was as follows:

	Beginning Balance 01/01/2020	Increases	Decreases & Adjustments	Ending Balance 12/31/2020
<u>BUSINESS TYPE ACTIVITIES</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,503,649	\$ -	\$ -	\$ 1,503,649
Construction In Progress	635,577	722,991	(201,876)	1,156,692
Intangible	1,507,812	6,843	-	1,514,655
Total Capital Assets, not being depreciated	3,647,038	729,834	(201,876)	4,174,996
Capital Assets, being depreciated:				
Buildings	24,855,583	111,605	-	24,967,188
Intangible	1,874,553	-	-	1,874,553
Improvements other than buildings	24,278,471	17,607	(134,026)	24,162,052
Machinery & Equipment	4,305,421	109,255	(47,316)	4,367,360
Infrastructure	19,880,530	163,776	-	20,044,306
Total Capital Assets, being depreciated	75,194,558	402,243	(181,342)	75,415,459
Less Accumulated Depreciation For:				
Buildings	(13,405,421)	(691,985)	-	(14,097,406)
Improvements other than buildings	(20,938,168)	(264,425)	134,026	(21,068,567)
Machinery & Equipment	(3,002,064)	(147,494)	34,452	(3,115,106)
Intangible - M&E	(1,151,435)	(145,448)	-	(1,296,883)
Infrastructure	(8,054,128)	(1,043,785)	-	(9,097,913)
Total Accumulated Depreciation	(46,551,216)	(2,293,137)	168,478	(48,675,875)
Total Capital Assets being depreciated, net	28,643,342	(1,890,894)	(12,864)	26,739,584
Business Type Activities Capital Assets, net	\$ 32,290,380	\$ (1,161,060)	\$ (214,740)	\$ 30,914,580

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
Solid Waste	\$ 843,122
Water	529,292
Sewer	361,697
Stormwater	549,729
Land Use & Permitting	9,287
Total	\$ 2,293,127

B. Construction and Other Significant Commitments

Construction Commitments

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

Thurston County has the following active construction commitments as of December 31, 2020:

	Spent-to-Date	Remaining Commitment
Project:		
Mullen Road - Lacey City Limits to Carpenter Road	\$ 5,741,920	\$ 3,725,547
Tilley Sand/Storage Shed	102,129	878,560
Tilley South Parking Lot	103,466	169,393
Emergency Service Center HVAC Replacement	186,532	163,639
Family Justice Center Camera Controls	4,771	235,086
Total	\$ 6,138,818	\$ 5,172,225

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

NOTE 7 – RECEIVABLE BALANCES

Receivables as of December 31, 2020 for the County's individual major funds, non-major funds and internal service funds are shown in the following table:

	Taxes	Special Assessment	Interest and Penalties	Customer Accounts	Due from other Governments	Community Loans	Total
<u>Governmental Activities:</u>							
General Fund	\$ 2,587,749	\$ -	\$ 371,171	\$ 7,991,952	\$ 2,887,771	\$ -	\$ 13,838,643
Roads	412,935	-	-	819,357	2,874,846	-	4,107,138
Medic One	200,544	-	10,589	354	-	-	211,487
Real Estate Excise Tax	-	-	-	-	-	-	-
Public Health and Social Services	16,216	-	11,836	1,155	3,977,113	-	4,006,320
Other Governmental	32,660	25,755	120,599	6,532,462	5,625,787	-	12,337,263
Internal Service	-	-	20,034	106,890	10,080	-	137,004
Total Governmental Activities	\$ 3,250,104	\$ 25,755	\$ 534,229	\$ 15,452,170	\$ 15,375,597	\$ -	\$ 34,637,855
<u>Business-Type Activities:</u>							
Solid Waste	\$ -	\$ -	\$ -	\$ 1,395,515	\$ 368,320	\$ -	\$ 1,763,835
Grand Mound	-	-	2,864	222,632	8,900	-	234,396
Storm Water	-	274,012	-	-	24,435	-	298,447
Environmental Health	-	11,510	4,473	2,240	158,659	-	176,882
Land Use and Permitting	-	-	2,276	180	-	-	2,456
Other Enterprise Funds	-	112,137	2,627	84,661	1,251	50,654	251,330
Total Business-Type Activities	\$ -	\$ 397,659	\$ 12,240	\$ 1,705,228	\$ 561,565	\$ 50,654	\$ 2,727,346

NOTE 8 – LONG-TERM AND OTHER SIGNIFICANT DEBT

A. Disclosures About Each Significant Debt Incurred

1. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition, construction, and improvement of capital facilities, and major equipment purchases. General obligation bonds have been issued for both general government and proprietary activities. The proprietary portion of general obligation debt is reported in proprietary funds because repayments will eventually come from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Payments on these bonds are funded from various sources, dependent on the purpose of the debt. Those include real estate excise tax fees, detention facility sales tax, conservation futures, roads, County general fund and proprietary revenues.

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

\$8,775,000 was used for an advance refunding of \$1,800,000 of outstanding 1999 bonds and for a partial advance refunding of \$6,730,000 of outstanding 2002 bonds. The bonds bear an interest rate of 2% to 4% payable semi-annually with annual principal installments ranging from \$555,000 to \$1,505,000. The term of the bonds is 12 years with final payment due in 2022. The advanced refunding portion of the 1999 bonds is serviced by the Grand Mound Debt Service Fund (Enterprise Fund). The Grand Mound Debt Service Fund includes assessments from ULID No. 96-2. The remaining debt balance portion of the Grand Mound Utility was paid off in 2016. The final assessments owed to the county were paid off in 2020. The balance at December 31, 2020 was \$1,460,000.

\$18,850,000 of Taxable Build America Bonds were issued to finance construction of the Tilley Road project, communication system upgrades and other building improvements. The bonds bear an interest rate of .75% to 5.4% payable semi-annually with annual principal installments ranging from \$825,000 to \$1,285,000. The Build America Bonds also have an interest subsidy from the Internal Revenue Service to be received in semi-annual installments of 35% of the interest amount, of which a portion was reduced due to sequestration by the federal government beginning in 2013. The term of the bonds is 20 years with final payment due in 2030. The balance at December 31, 2020 was \$10,240,000.

\$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 at December 31, 2020 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 at December 31, 2020 was \$1,048,111.

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 at December 31, 2020 is \$3,365,000.

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 at December 31, 2020 is \$28,880,000.

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2021	\$ 4,610,000	\$ 1,894,200
2022	\$ 4,900,000	\$ 1,702,000
2023	\$ 4,435,000	\$ 1,497,950
2024	\$ 4,650,000	\$ 1,282,710
2024	\$ 4,100,000	\$ 1,056,895
2026 - 2030	\$ 23,290,000	\$ 2,513,413
Total	\$ 45,985,000	\$ 9,947,168

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 principle 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 balance at December 31, 2020 is \$5,874. The fourth loan is not to exceed \$100,000 with an interest rate of 0%. Repayments began in 2003. The balance at December 31, 2020 is \$1,745. The fifth loan is not to exceed \$150,000 with an interest rate of 1.5%. Repayment began in 2005. The balance as of December 31, 2020 is \$23,513. The sixth loan is not to exceed \$200,000 with an interest rate of 1.5%. Repayment began in 2009. The balance at December 31, 2020 was \$76,499. The seventh loan is not to exceed \$254,695 with an interest rate of 2.2%. Repayment began in 2012. The balance as of December 31, 2020 was \$158,499. The eighth loan is not to exceed \$250,000 with an interest rate of 2.6%. Repayment began in 2017. The balance as of December 31, 2020 was \$77,259. The ninth loan is not to exceed \$150,000 with an interest rate of 2.7%. Repayment began in 2017. The balance as of December 31, 2020 is \$12,846.

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 as of December 31, 2020 was \$30,990.

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 as of December 31, 2020 was \$978,253.

3. Special Assessment Notes Payable

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

In 2004, the County entered into a state revolving fund (SRF) loan agreement with the State of Washington Department of Ecology to create a new Utility Local Improvement District for Tamoshan/Beverly Beach wastewater plant Improvements in 2002. The original principal amount was \$1,526,507. Repayments began in 2004 and the loan balance as of December 31, 2020 was \$34,847. The interest rate of the loan is 0% with a 20-year repayment term. At December 31, 2020, the amount of delinquent assessment principal was \$1,639

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
2021	\$ 60,484	\$ 27,128	\$ 79,495	\$ 7,809
2022	62,200	25,413	38,827	6,970
2023	63,964	23,649	38,894	6,244
2024	65,778	21,835	39,555	5,505
2025	67,644	19,969	34,130	4,775
2026 - 2030	368,107	69,956	138,611	14,184
2031 - 2035	290,077	16,568	48,570	3,189
2036	-	-	3,983	59
Total	\$ 978,254	\$ 204,518	\$ 422,065	\$ 48,735

4. Leases

a. Operating Lease Liabilities

The County has lease commitments for leases of buildings and office space that are cancelable and non-cancelable. Currently, the County has eleven leases that will come to expire over the course of the next five years. Operating lease expenditures for the year ended December 31, 2020 were \$660,062. The future minimum lease payments for these leases are:

Year Ending December 31	Amount
2021	\$ 1,056,476
2022	863,216
2023	380,120
2024	219,066
2025	42,395
2026	-
Total	\$ 2,561,273

b. Capital Lease Liabilities

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

Asset	Governmental Activities	Business-Type Activities
Machinery & Equipment	\$ 485,793	\$ 71,391
Less: accumulated depreciation	(302,304)	(55,674)
Present Value of Minimum Lease Payments	183,489	15,717
Plus amount representing interest	20,673	1,694
Total Invested in Capital Leases	\$ 204,162	\$ 17,411

The future minimum lease obligations and net present value of minimum lease payments for assets acquired through capital leases as of December 31, 2020 were as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2021	\$ 94,178	\$ 10,502
2022	70,639	3,604
2023	25,119	3,304
2024	9,086	-
2025	5,141	-
Total Minimum Lease Payments	204,162	17,411
Less: Interest	(20,673)	(1,694)
Present Value of Minimum Lease Payments	\$ 183,489	\$ 15,717

c. Lease Receivables

The County currently leases some of its property to various tenants under long-term cancelable and non-cancelable contracts. The following is an analysis of the County's investment in property under long-term operating leases as of December 31, 2020:

Asset	Governmental Activities
Land	\$ 2,823,470
Buildings	11,072,723
Less: Accumulated Depreciation	(4,519,781)
Total Invested in Long Term Leases	\$ 9,376,412

The County received \$422,061 of operating lease revenues from these contracts in 2020. Amounts that will be received in future years under these lease agreements are noted below:

Year Ending December 31	Amount
2021	\$ 378,123
2022	378,123
2023	378,123
2024	177,621
2025	177,621
2026-2056	1,702,256
Total Lease Receivable	\$ 3,191,867

5. 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 150 days of sick leave may be accrued and a maximum of 50 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 212 days of personal leave may be accrued. Accumulated unpaid vacation/annual leave is recorded as earned by employees. In the traditional plan, terminating employees are entitled to be paid for unused vacation up to a maximum of 280 hours and, if retiring, half of unused sick leave, to a maximum of 360 hours. Alternative plan employees who terminate are entitled to be paid for unused leave up to 300 hours.

The County reported a liability of \$9,239,611 at December 31, 2020 for that portion of unpaid accumulated vacation and personal leave payable in the Statement of Net Position. This liability includes \$7,416,374 for governmental funds, \$801,755 for internal service funds and \$1,021,482 for enterprise funds. \$496,607 of this liability is expected to be incurred in 2020. Leave costs are paid from governmental funds that fund the personnel costs for those employees. Vested sick leave is not considered material and is not accrued.

B. Changes in Long-Term and Other Significant Debt

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

Schedule Of Changes Debt and Other Long-Term Liabilities For The Year Ended December 31, 2020

	Beginning Balance	New Issues And Adjustments	Retirements And Adjustments	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
<u>Bonds payable:</u>					
General Obligation Bonds	\$ 50,315,000	\$ -	\$ 4,329,999	\$ 45,985,001	\$ 4,610,001
For Issuance Premiums	4,259,811	1	450,255	3,809,557	450,255
Total Bonds Payable	54,574,811	1	4,780,254	49,794,558	5,060,256
<u>Notes Payable:</u>					
Loans Payable	1,037,069	-	58,817	978,252	60,484
Capital Leases Payable	230,113	60,410	107,034	183,489	82,783
Total Notes Payable	1,267,182	60,410	165,851	1,161,741	143,267
Claims and Judgments Payable	4,117,186	-	345,161	3,772,025	367,898
Compensated Absences	7,116,256	1,463,529	361,656	8,218,129	441,704
Other Post Employment Benefits (OPEB)	50,717,917	6,447,507	-	57,165,424	1,006,418
Other Non-Current Liabilities	809,247	-	-	809,247	-
Net Pension Liability	21,509,661	33,424	804,229	20,738,856	-
Total Governmental Activities	\$ 140,112,260	\$ 8,004,871	\$ 6,457,151	\$ 141,659,980	\$ 7,019,543
<u>Business-type Activities:</u>					
<u>Bonds Payable:</u>					
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
For Issuance Premiums	157,207	-	157,207	-	-
Total Bonds Payable	157,207	-	157,207	-	-
<u>Notes Payable:</u>					
Loans Payable	436,748	-	49,531	387,217	44,648
Capital Leases Payable	28,533	-	12,817	15,716	9,535
Total Notes Payable	465,281	-	62,348	402,933	54,183
Special Assessments Payable	113,129	-	78,282	34,847	34,847
Compensated Absences	952,736	117,165	48,419	1,021,482	54,903
Accumulated Landfill Closure Costs	13,850,238	-	1,062,039	12,788,199	-
Other Post Employment Benefits (OPEB)	6,451,429	648,577	-	7,100,006	100,448
Net Pension Liability	4,000,178	11,398	346,512	3,665,064	-
Total Business-type Activities	\$ 25,990,198	\$ 777,140	\$ 1,754,807	\$ 25,012,531	\$ 244,381

Internal Service funds predominately serve governmental funds. Accordingly, their long-term liabilities are included in totals for governmental activities. At year end, \$758,662 of internal service fund compensated absences are included in the amounts above. Internal service funds also include \$1,535,350 of general obligation bonds payable and \$5,089,246 of other post-employment benefits payable. Claims and judgments are generally liquidated by the Insurance Risk Management Internal Service Fund and compensated absences are liquidated by the funds incurring the liability. Enterprise segment information is not disclosed since revenue streams are not pledged to support proprietary long-term debt.

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

C. Assets Available for Debt Service

The County is meeting debt service requirements. The County has sufficient assets in a variety of different funds to meet current and future debt service payments. At December 31, 2020, the County had \$1,058,189 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, 2020 the County also had \$138,204 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 2020:

Purpose of Indebtedness	Total Capacity	Remaining Capacity
General Government (No vote required)	\$ 707,010,924	\$ 658,272,648
General Government (With 3/5-majority vote)	\$ 1,178,351,540	\$ 1,129,613,264

E. Refunded Debt

In 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. At December 31, 2020, \$39,678,838 of bonds outstanding are considered defeased.

NOTE 9 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

Interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship. These amounts, which are reported in the fund financial statements, were eliminated in the government-wide statements. The composition of interfund receivables and payables in the fund financial statements as of December 31, 2020 is shown in the following table:

Due From Other Funds													
Due to Other Funds	General Fund	Roads	Public Health	REET	Non-Major Gov	Internal Service	Solid Waste	Grand Mound	Storm Water	Land Use & Permitting	Environ-mental Health	Non-Major Enterprise	Total
General Fund		\$ 9,835	\$ -	\$ -	\$ 180,500	\$ 35,528	\$ 56	\$ -	\$ 12,897	\$ 67,141	\$ 173	\$ 465	\$ 306,595
Roads	51,309		-	-	-	43,289	1,371	-	11,925	122	-	-	\$ 108,016
Public Health	59,236	-		-	9,850	87,121	124	-	-	-	-	-	\$ 156,331
REET	44,188	128,300	-		-	46,203	-	2,508	-	-	-	1,065	\$ 222,264
Non-Major Governmental	140,492	51,757	179,693	-	9,064	15,881	677	-	1,653	4,474	10,000	-	\$ 413,691
Internal Service	61,563	322	-	2,230	924	449,868	4,673	-	-	-	155	-	\$ 519,735
Solid Waste	40,180	5,000	89,272	-	-	5,188		-	-	-	170,225	-	\$ 309,865
Grand Mound	61	1,128	-	-	-	-	-		-	-	464	-	\$ 1,653
Stormwater	12,999	3,012	-	-	-	55,001	1,929	-		12,139	113,207	-	\$ 198,287
Land Use & Permitting	193	-	-	-	-	775	-	-	-		-	-	\$ 968
Environmental Health	-	-	-	-	-	-	73	-	-	32		-	\$ 105
Non-Major Enterprise	-	484	-	-	-	175	-	-	-	-	579	647	\$ 1,885
Total Due to/Due from	\$ 410,221	\$ 199,838	\$ 268,965	\$ 2,230	\$ 200,338	\$ 739,029	\$ 8,903	\$ 2,508	\$ 26,475	\$ 83,908	\$ 294,803	\$ 2,177	\$ 2,239,395

B. Interfund Loans and Advances

Interfund loans are fund transfers for less than a year that are outstanding at year end and advances are fund transfers for more than one year. These amounts, which are reported in the fund financial statements, were eliminated in the government-wide statements. The county had no interfund loans or advances outstanding at the end of 2020.

C. Interfund Transfers

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

Interfund transfers occurring between major funds, non-major governmental funds, non-major enterprise funds and internal service funds of the County during the year ended December 31, 2020 are summarized below:

Transfer In														
Transfer Out	General Fund	Roads	Medic One	REET	Public Health	Non-Major Govt	Internal Service	Solid Waste	Grand Mound	Land Use and Permitting	StormWater	Environ-mental Health	Non-Major Enterprise	Total
General Fund		\$ -	\$ -	\$ -	\$ 1,083,734	\$ 526,226	\$ 134,181	\$ -	\$ -	\$ 355,929	\$ -	\$ 49,795	\$ -	\$ 2,149,865
Roads	-		-	-	-	789,314	1,115,000	-	-	-	-	-	-	\$ 1,904,314
Medic One	-	-		-	-	-	-	-	-	-	-	-	-	\$ -
REET	927,675	1,960,338	-		-	1,194,329	140,365	-	32,869	-	-	-	12,877	\$ 4,268,453
Public Health	-	-	-	-		-	488,630	-	-	-	-	-	-	\$ 488,630
Non-Major Govt	1,250,595	989,094	-	-	230,426	3,669,120	61,687	-	-	5,787	-	10,000	-	\$ 6,216,709
Internal Service	43,000	-	-	-	-	9,000	449,668	315	-	-	-	-	-	\$ 501,983
Solid Waste	-	-	-	-	-	-	1,335		-	-	-	-	-	\$ 1,335
Ground Mound	-	-	-	-	-	-	-	-		-	-	-	-	\$ -
Land Use and Permitting	-	-	-	-	-	-	-	-	-		-	-	-	\$ -
StormWater	-	-	-	-	-	-	55,000	-	-	-		-	-	\$ 55,000
Environmental Health	-	-	-	-	-	-	-	-	-	-	-		-	\$ -
Non-Major Enterprise	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Total Transfers	\$ 2,221,270	\$ 2,949,432	\$ -	\$ -	\$ 1,314,160	\$ 6,187,989	\$ 2,445,866	\$ 315	\$ 32,869	\$ 361,716	\$ -	\$ 59,795	\$ 12,877	\$ 15,586,289

NOTE 10 – PENSION PLANS

For purposes of measuring the net pension liability or asset, 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

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (24,403,917)
Pension assets	\$ 6,671,556
Deferred outflows of resources	\$ 9,063,097
Deferred inflows of resources	\$ (8,444,786)
Pension expense/expenditures	\$ 1,133,772

State Sponsored Pension Plans

Substantially all County full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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

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

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

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%.

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.41%
September – December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

* For employees participating in JBM, the contribution rate was 19.75%.

The County's actual PERS plan contributions were \$3,660,908 to PERS Plan 1 and \$5,025,081 to PERS Plan 2/3 for the year ended December 31, 2020.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in [RCW 10.93.020](#); or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

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

PSERS covered employers include:

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

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

Contributions

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

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2020 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – August 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.14%	7.20%
September – December 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.25%	7.20%

The County's actual plan contributions were \$893,381 to PSERS Plan 2 for the year ended December 31, 2020.

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

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

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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2020. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

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

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% in 2020.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

LEOFF Plan 2			
Actual	Contribution	Employer	Employee
Rates			
January – December 2020			
State and local governments		5.15%	8.59%
Administrative Fee		0.18%	
Total		5.33%	8.59%
Ports and Universities		8.59%	8.59%
Administrative Fee		0.18%	
Total		8.77%	8.59%

The County's actual contributions to the plan were \$516,126 for the year ended December 31, 2020.

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, 2020, the state contributed \$76,297,643 to LEOFF Plan 2. The amount recognized by the county as its proportionate share of this amount is \$330,917.

Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society 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 his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of the Net Pension Liability/(Asset)

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

	1% Decrease	Current Discount Rate	1% increase
	6.40%	7.40%	8.40%
PERS 1	\$ 21,965,453	\$ 17,536,492	\$ 13,673,983
PERS 2/3	\$ 42,730,959	\$ 6,867,425	\$ (22,666,214)
PSERS 2	\$ 2,979,557	\$ (273,695)	\$ (2,848,477)
LEOFF 1	\$ (815,028)	\$ (1,001,325)	\$ (1,162,504)
LEOFF 2	\$ (106,835)	\$ (5,396,536)	\$ (9,727,746)

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

Pension Plan Fiduciary Net Position

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

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

At June 30, 2020, the County reported a total pension liability of \$24,403,917 and a total net pension asset of \$6,671,556 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 17,536,492
PERS 2/3	\$ 6,867,425
PSERS 2	\$ (273,695)
LEOFF 1	\$ (1,001,325)
LEOFF 2	\$ (5,396,536)

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	\$ 1,001,325	\$ 5,396,536
Washington State's proportionate share of the net pension liability/(asset) associated with Thurston County	\$ 6,772,939	\$ 3,450,676
TOTAL	\$ 7,774,264	\$ 8,847,212

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion current year less prior year
PERS 1	0.5227%	0.4967%	-0.0259%
PERS 2/3	0.5572%	0.5370%	-0.0202%
PSERS 2	2.5756%	1.9891%	-0.5866%
LEOFF 1	0.0525%	0.0530%	0.0006%
LEOFF 2	0.2765%	0.2646%	-0.0119%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 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 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, 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 2020, 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.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the county recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (215,752)
PERS 2/3	570,568
PSERS	609,517
LEOFF 1	(61,579)
LEOFF 2	231,018
TOTAL	\$ 1,133,772

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, 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	\$ -	\$ (97,637)
Contributions subsequent to the measurement date	\$ 1,849,236	\$ -
TOTAL	\$ 1,849,236	\$ (97,637)

PERS 2-3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,458,439	\$ (860,652)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (348,766)
Changes of assumptions	\$ 97,811	\$ (4,691,046)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 78,574	\$ (650,324)
Contributions subsequent to the measurement date	\$ 2,506,439	\$ -
TOTAL	\$ 5,141,263	\$ (6,550,788)

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 376,044	\$ (20,469)
Net difference between projected and actual investment earnings on pension plan investments	\$ 14,633	\$ -
Changes of assumptions	\$ 1,396	\$ (517,380)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 19,517	\$ (104,843)
Contributions subsequent to the measurement date	\$ 461,100	\$ -
TOTAL	\$ 872,690	\$ (642,691)

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	\$ -	\$ (10,474)
TOTAL	\$ -	\$ (10,474)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 746,700	\$ (95,712)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (60,149)
Changes of assumptions	\$ 7,818	\$ (835,623)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 188,742	\$ (151,713)
Contributions subsequent to the measurement date	\$ 256,647	\$ -
TOTAL	\$ 1,199,907	\$ (1,143,197)

Deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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
2021	\$ (443,077)	\$ (2,945,619)	\$ (87,686)	\$ (37,388)	\$ (396,557)
2022	\$ (13,936)	\$ (777,195)	\$ (30,747)	\$ (1,949)	\$ (51,664)
2023	\$ 135,195	\$ 26,009	\$ 13,176	\$ 10,629	\$ 81,601
2024	\$ 224,180	\$ 508,330	\$ 54,683	\$ 18,235	\$ 182,290
2025	\$ -	\$ (329,217)	\$ (29,716)	\$ -	\$ (34,542)
Thereafter	\$ -	\$ (398,271)	\$ (150,811)	\$ -	\$ 18,935

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, 2020, 26 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 and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$20 million per occurrence and each member selects its occurrence deductible amount for the ensuing coverage year from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. For losses occurring in 2020, Thurston County selects 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 2019-20, the Pool's SIR was \$2,000,000. The reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30 million (lowest reinsured layer), and \$50 million (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. Sixteen of the Pool's 26 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

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

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

During 2019-20, Thurston County was also one of twenty-six (26) 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 \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. The Pool carries a \$100,000 per claim deductible, while each participating county is responsible for paying their selected deductible within the Pool's 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 in addition to purchasing an access policy with limits of \$2 million over the Pool's policy. The Pool carries a \$100,000 per claim SIR, while participating member counties do not have deductibles.

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 reviews the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$100,000, c) review all claims with incurred loss estimates exceeding \$100,000, and d) evaluate the Pool's operations, program deliverables, and the Executive Director's performance. Committee members are expected to participate in the Board's standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association's policies and its coverages for the Board to consider and act upon.

During 2019-20, the WCRP's assets increased to \$61 million while its liabilities decreased to \$36.3 million. The Pool's net position was \$24.7 million. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2020 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 \$386,532 during 2020. The County's suggested reserves which are (Thurston County's proportionate share of the Pool's expected losses) plus reserve funding for uninsured losses and a catastrophic property loss at least equal to the current minimum deductible of (\$1 million) for this exposure, equates to \$3,772,025. This suggested reserve includes reserves for open claims plus an estimate of incurred but not reported (IBNR) claims. It should be recognized that portions of the estimated additional liability incurred are projections from our claims experience. This loss estimate does not include (IBNR) liabilities for non-insured claims, some employment relations including past wages or benefits, some pollutants, property losses / takings, certain municipal activities, punitive damages, willful civil violations, and other loss exposures not currently insured. As estimates, these values fluctuate significantly and are subject to inherent variability and may or may not become payable over the course of several years. The county has had no settlements over the past three years that have exceeded its \$25 million policy limit.

Schedule of Claims and Judgments Payable		
	2020	2019
Beginning claims liability	\$ 4,117,186	\$ 4,453,721
Claims incurred during the year (including IBNRs)*	41,371	444,544
Claims payments	(386,532)	(781,079)
Ending claims liability	\$ 3,772,025	\$ 4,117,186

**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 GASB 75 for the year 2020:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 64,265,432
Deferred outflows of resources	\$ 10,185,255
Deferred inflows of resources	\$ 3,747,626
OPEB expense/expenditures	\$ 6,282,718

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 \$365 per month and pay half the premium when the premium is lower than \$365.

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, 2020, the following employees were covered by the benefit terms:

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

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

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

Contributions – Administrative costs as well as implicit and explicit subsidies are funded by required contributions, per RCW 41.05.050, from participating employers. The subsidies provide monetary assistance for medical benefits. The amount paid by the County for OPEB as benefits as of the measurement date of June 30, 2020, for the measurement period, was \$782,289.

Assumptions and Other Inputs

The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	7/1/2020
Actuarial measurement date	6/30/2020
Reporting date	12/31/2020
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 GASB 75 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 GASB 75 this calculation is based on a roll backward of the actuarial valuation results, with an adjustment made to the discount rate. There have been no significant changes between the valuation date and fiscal year end.

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

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

Inflation rate	2.75%
Projected salary/wage growth	3.50%, plus service-based salary increases for 6/30/2020 measurement date.
Healthcare cost trend rate	Initial rate is 6.1% and trends down to 4.3% by 2096
Post-retirement participation percentage	65%
Percentage with spouse coverage	45%

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

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

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

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

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

Discount Rate – The discount rate used to measure the total OPEB liability was 3.5% for the 6/30/2019 measurement date and was 2.21% for the 6/30/2020 measurement date. Since OPEB benefits are funded on a pay- as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the County calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate.

Sensitivity Analysis - Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total June 30, 2020 OPEB Liability	\$ 67,390,464	\$ 55,294,236	\$ 45,909,307

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

Sensitivity Analysis - Healthcare Trend			
	1% Decrease	Current Discount Rate	1% Increase
	5.10%	6.10%	7.10%
Total June 30, 2020 OPEB Liability	\$ 44,721,006	\$ 55,294,236	\$ 69,502,592

Total OPEB Liability – As of December 31, 2020, the County reported a total PEBB OPEB Liability of \$55,294,236.

Changes in the Total OPEB Liability – the following table presents the change in the total OPEB Liability as of the June 30, 2020, the measurement date:

Changes in Total OPEB Liability

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

OPEB Expense – As of the measurement date of June 30, 2020, the County recognized OPEB expense of \$5,050,389.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – On December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,366,800	\$ 2,240,131
Changes of assumptions	7,207,137	1,507,495
Payments subsequent to the measurement date	448,349	-
TOTAL	\$ 10,022,286	\$ 3,747,626

Deferred outflows of resources total \$10,022,286. Of that \$448,349 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, 2021. 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
2021	\$ 709,691
2022	\$ 709,691
2023	\$ 709,691
2024	\$ 709,691
2025	\$ 709,691
Thereafter	\$ 2,277,856

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, 2020, the following employers were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to, but not yet, receiving benefits	-
Active employees	-
Total	16

Contributions - The amount paid by the County for OPEB as benefits as of the measurement date of June 30, 2020, for the measurement period, was \$324,580.

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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Methodology	
Actuarial Valuation Date	6/30/2020
Actuarial Measurement Date	6/30/2020
Actuarial Cost method	Entry age
Assumptions	
Discount rate (1)	
Beginning of measurement year	3.50%
End of measurement year	2.21%
Health Care Trend Rates (2)	
Medical costs	Initial rate is approximately 6%, trends down to about 5% in the 2020's (assumes Excise Tax)
Long-Term Care	4.50%
Medicare Part B Premiums	Approximately 5%, varies by year.
Mortality rates (100% male population)	
Base Mortality Table	RP-2000 Mortality Table
Age Setback	+1 year Healthy / -2 years Disabled Blended 50%/50% Health/Disabled
Mortality Improvements	100% Scale BB
Projection period	Generational
Medicare Participation Rate	100%

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

(2) OSA's 2018 LEOFF 1 Medical Benefits Actuarial Valuation Report

The following presents the total OPEB liability of the County calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21 percent) or 1-percentage point higher (4.21 percent) than the current rate. A Discount Rate of 3.5% was used in the calculation of the Total OPEB Liability, beginning. The end of year Discount Rate is being used in this analysis.

Sensitivity Analysis - Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total June 30, 2020 OPEB Liability	\$ 10,172,939	\$ 8,971,196	\$ 7,966,067

The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 6 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5 percent) or 1-percentage point higher (7 percent) than the current rate.

Sensitivity Analysis - Healthcare Trend			
	1% Decrease	Current Discount Rate	1% Increase
	5.00%	6.00%	7.00%
Total June 30, 2020 OPEB Liability	\$ 8,013,239	\$ 8,971,196	\$ 10,087,132

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

	2020	2019	2018
Total OPEB Liability	\$ 8,063,447	\$ 8,479,158	\$ 8,763,230
Interest on total OPEB liability	276,589	322,822	308,731
Changes in experience data and assumptions	955,740	(460,896)	(311,425)
Estimated benefit payments	(324,580)	(277,637)	(281,378)
Total OPEB Liability at 6/30	\$ 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, 2020 was used in the calculation of Total OPEB Liability and the Actuarial Measurement Date used was June 30, 2020.

As of the June 30, 2020 measurement date, the County recognized OPEB expense of \$1,232,329.

As of December 31, 2020, 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	\$ 162,969	\$ -
TOTAL	\$ 162,969	\$ -

The \$162,969 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, 2021.

NOTE 13 – JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

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

Animal Control Services is a joint venture governed by a six-member board of which Thurston County is a member. Each member's contribution is based on a formula factoring population and basic service components. Thurston County's cost is based on their computed share of services in compliance with the interlocal agreement with Animal Control Services. City of Lacey reported a reduction of \$135,898 to Net Position – Ending 12/31/2020. The adjustment is included in the Animal Control table below. The County contributed \$555,590 as its share of operations in 2020, which is 51.27% of the total contributions from participating agencies. The County's equity interest at December 31, 2020 is therefore \$1,689,993. 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 2020 totaled \$3,296,259. Complete financial statements for Animal Control can be obtained from its administrative office at the City of Lacey, Post Office Box 3400, Lacey, Washington 98509-3400.

Animal Control	
Total Assets	\$ 3,697,215
Total Deferred Outflows of Resources	118,506
Total Liabilities:	(415,109)
Total Deferred Inflows of Resources	(104,354)
Net Position	\$ 3,296,258
Total Revenues	\$ 1,660,270
Total Expenses	1,796,167
Change in Net Position	(135,897)
Net Position - Beginning 01/31/2020	3,432,156
Net Position - Ending 12/31/2020	\$ 3,296,259

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

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

As the administrative jurisdiction, Thurston County provides accounting services for the operation of this joint venture. Thurston County Narcotics Task Force equity interest as of December 31, 2020 was \$501,415.

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 \$115,567 as its share of operations in 2020. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2020. Complete financial statements for ORCAA can be obtained from its administrative office at 2940 B Limited Lane NW, Olympia, Washington 98502.

Thurston Regional Planning Council is a jointly governed organization governed by a fifteen-member council of which Thurston County is a member. Thurston County contributed \$207,206 as its share of operations in 2020 for intergovernmental professional services. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2020. Complete financial statements for TRPC can be obtained from its administrative office at 2424 Heritage Court SE Suite A, Olympia, Washington 98502.

The Chehalis River Flood Control Authority is a jointly governed organization governed by an eleven-member body of which Thurston County is a member. This Authority was formed for the purpose of study, analysis, and implementation of flood control projects to protect the Chehalis River Basin. The assessment is based on 50% populations of communities prone to flooding and 50% on historic FEMA flood insurance payments. In 2020, Thurston County contributed \$9,811 for the Operating and Maintenance of the Early Warning System. We do not have an equity interest in this Authority. More information regarding this Authority can be obtained from the Lewis County Community Development Department, at 2025 NE Kresky Ave., Chehalis, Washington 98532.

Thurston County Regional Housing Council (RHC) replaces the Thurston County Health and Human Services Council (HHSC) during 2020 by interlocal agreement. Any remaining assets were transferred to the RHC. The Regional Housing Council is a jointly governed organization formed by an interlocal agreement between Thurston County and the cities of Lacey, Olympia, Tumwater, and Yelm. The council was formed for the primary purpose to leverage resources and partnerships through policies and projects that promote equitable access to safe and affordable housing by making recommendations to regional elected and appointed leaders. The required annual funding contribution from each jurisdiction comprising 5% or more of the County population shall allocate a minimum annual amount equal to not less than one half of one percent of the last full year general sales and use tax collected as of the time each jurisdiction is adopting its budget. Thurston County acts as the Fiscal Agent, Lead Agency and provides administrative staffing for the Council. During 2020, the County contributed \$86,053 as its share of annual operations.

Thurston Mason Behavioral Health Organization (TMBHO) is a jointly governed organization that was formed on April 1, 2016. It was formed when the Regional Support Network of the Thurston County Public Health Department (along with the Health Department of Mason County, a neighboring county to the northwest) split off from the County and formed its own Behavioral Health Organization. The name of the organization is the Thurston Mason Behavioral Health Organization. On September 15, 2016, the Thurston County Board of County Commissioners passed resolution #15183 that officially created this joint operating agreement pursuant to State Law, RCW Chapters 71.24 and 39.34. The TMBHO's governing body is comprised of three members, two of which are appointed by the Thurston County Commissioners and one by the Mason County Commissioners. After several discussions with the Washington State Auditor's Office, it was determined that this newly formed organization was considered a jointly governed organization and the results of which were not included within the County's general-purpose financial statements. The main source of revenue for the TMBHO is Medicare payments from the Washington State Department of Social and Health Services.

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

NOTE 14 – CLOSURE AND POST CLOSURE CARE COSTS

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

Cell No. 1, the last landfill cell used for waste disposal at the Hawke's Prairie landfill site, was closed on April 30, 2000. The County's long haul of waste to a regional landfill in Klickitat County was initiated on May 1, 2000. The post closure care period was therefore initiated on January 1, 2001. The estimated remaining liability for post closure care costs is \$12,788,199 on December 31, 2020.

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, 2020 cash and pooled investments of \$12,425,370 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, 2020.

Specific Purpose Fund Balance Classifications
Governmental Funds
December 31, 2020
Page 1 of 2

ASSETS	General Fund	Major Special Revenue				Other Funds
		Roads	Medic One	Real Estate Excise Tax	Public Health & Social Services	
Nonspendable:						
Inventory	\$ -	\$ 523,264	\$ 412,574	\$ -	\$ -	\$ -
Prepayments	68,936	10,418	19,528	-	5,233	11,521
Total Non-Spendable	68,936	533,682	432,102		5,233	11,521
Restricted for:						
Capital Projects	-	-	-	16,917,253	-	1,084,257
Conservation Futures	-	-	-	-	-	7,246,287
Economic Development	-	-	-	-	-	106,391
General Obligation Debt	-	-	-	-	-	3,955
Health and Social Services	-	-	-	-	-	1,823,847
Historic Preservation	-	-	-	-	-	913,176
Housing Services	-	-	-	-	-	3,271,154
Judicial	-	-	-	-	-	1,145,238
Law Enforcement	-	-	-	-	-	183,753
Legislative/Admin/Support Services	-	-	-	-	-	157,323
Mental Health	-	-	-	-	-	5,248,850
Noxious Weed Control	-	-	-	-	-	186,213
Parks and Recreation	-	-	-	-	-	2,381,366
Roads Construction	-	-	-	-	-	8,007,603
Special assessments	-	-	-	-	-	599,415
Veteran's Relief	-	-	-	-	-	688,146
Total Restricted	-	-	-	16,917,253	-	33,046,974

Specific Purpose Fund Balance Classifications
Governmental Funds
December 31, 2020
Page 2 of 2

ASSETS	Major Special Revenue					
				Real	Public Health	
	General		Medic	Estate	& Social	Other
	Fund	Roads	One	Excise Tax	Services	Funds
Committed for:						
Elections	-	-	-	-	-	575,563
Total Committed	-	-	-		-	575,563
Assigned to:						
Capital Projects	-	-	-	1,617,490	-	3,348,481
Conservation Futures	-	-	-	-	-	844,601
Economic Development	-	-	-	-	-	113,087
Elections	-	-	-	-	-	68,199
General Obligation Debt	-	-	-	-	-	1,054,343
Health and Social Services	-	-	-	-	7,984,672	1,470,046
Historic Preservation	-	-	-	-	-	653,949
Housing Services	-	-	-	-	-	3,747,347
Judicial	-	-	-	-	-	339,825
Law Enforcement	-	-	-	-	-	48,642
Legislative/Admin/Support Services	-	-	-	-	-	401,703
Life Support and Transport Services	-	-	5,778,840	-	-	-
Mental Health	-	-	-	-	-	994,893
Noxious Weed Control	-	-	-	-	-	198,451
Public Safety	-	-	-	-	-	695,076
Purchases on Order	177,818	953,696	-	-	-	-
Roads Operations	-	22,877,020	-	-	-	-
Special assessments	-	-	-	-	-	102,008
Veteran's Relief	-	-	-	-	-	182,628
Total Assigned	177,818	23,830,716	5,778,840	1,617,490	7,984,672	14,263,279
Unassigned	31,740,288	-	-	-	-	-
Total Fund Balance	\$ 31,987,042	\$ 24,364,398	\$ 6,210,942	\$ 18,534,743	\$ 7,989,905	\$ 47,897,337

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	\$ 479,762,883	\$ 30,914,588
Less: Total Reported Outstanding Debt	(50,956,394)	(437,780)
Net Investment in Capital Assets Before Adjustments	428,806,489	30,476,808
Adjustments: Non-County Agency Debt	88,038	-
Loss on Refunding	1,561,730	-
Gain on Refunding	(267,424)	-
Non-Capital Debt	-	356,227
Net Investment in Capital Assets	\$ 430,188,833	\$ 30,833,035

NOTE 17 – RESTRICTED NET POSITION

Thurston County's government-wide statement of net position reports a restricted net position of \$50.3 million, of which \$30.6 million is restricted by enabling legislation.

NOTE 18 – OTHER DISCLOSURES

A. Prior Period Adjustments

The County reported a \$527,796 prior period adjustment in Governmental Activities. A detail discussion of this balance is as follows:

- An adjustment of (\$152,194) was recorded in the General Fund and an adjustment of \$152,194 was reported in the Other Governmental funds that zeroed out in the Government Wide Statements. These offsetting adjustments were recorded due to an analysis performed on the county's Special Revenue fund for continued adherence to GASB 54. Several adjustments were made as follows:
 - The Tax Refunds Fund, Basin Planning and Enhancements Fund, and the Clerk's Collection Fund, reported as a separate Special Revenue funds in the Combining Statements up until the 2020 statements, were combined with the General Fund
 - The Historical Preservation Fund, previously combined with the General Fund, was separated out and is reported in the Combining Statements
- An adjustment of \$296,434 was reported in the Medic One Special Revenue fund due to the reporting of previously unreported supply inventory
- An adjustment of \$231,362 was reported to account for previously unreported adjustments, retirements, and additions related to several smaller capital assets that were identified during 2020.

The County reported an adjustment of (\$1,849,276) in the Other Custodial Fiduciary Funds and (\$1,080,359) in the Custodial External Investment Pool Fiduciary Funds. The County early implemented GASB 84 in 2019 and these adjustments were necessary to more correctly align a portion of the liability and equity balances from 2019 to 2020.

B. Fund Changes

The following fund changes happened during the 2020 reporting year:

- The County's Parks and Trails program was moved out of the Roads Fund and into the General Fund
- Due to an assessment of Restricted inflow levels as it relates to Special Revenue funds for GASB 54, the adjustments identified in Prior Period Adjustments section above were made. Specifically, the County's Tax Refunds Fund, Basin Planning and Enhancements Fund, and the Clerk's Collection Fund were combined with the General Fund and the Historical Preservation Fund was separated out of the General Fund

C. Contingencies

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

D. Accounting and Reporting Changes

During 2019, the County early implemented GASB 84, *Fiduciary Activities*. 2020 is the year this Statement becomes effective. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement will improve financial reporting by enhancing consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The original implementation date of this statement was for 2019 ACFR. However, because of the COVID-19 virus, the Governmental Accounting Standards Board (GASB) has moved the implementation date to 2020.

E. Tax Abatements

The County is subject to tax abatements granted by the City of Olympia through their Multifamily Tax Exemption Program. There are no receivables associated with these tax abatements. The City's program has the stated purpose of increasing residential opportunities, including affordable housing, in designated areas. This program is authorized by RCW 84.14. Agreements entered into by the City abate City, County, and other special purpose district property taxes. Under this program, the property taxes abated are shifted to other taxpayers. During 2020, \$50,466 was abated in the General Fund, \$1,644 was abated in the Conservation Futures Fund, and \$12,999 was abated in the Medic One Fund.

NOTE 19 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

Into 2021, many of these measures remain in place and the length of time they will be in effect, as well as the full extent of the financial impact on the county, is unknown at this time.

During 2020, the county was a recipient of both federal and state funding directly for the fight against COVID-19. The uses of these funds included housing assistance, purchase of various personal protection equipment, teleworking capabilities, and other direct expenditures for employees on the front lines of this effort. Over the next few years, the county is expecting to receive well over \$50 million more in funds to fight this pandemic.

NOTE 20 – SUBSEQUENT EVENTS

In May 2021, the county issued Limited Tax General Obligation and Refunding Bonds not to exceed \$19 million. The proceeds of the bonds will be used for the following purposes: (1) to refund the County's outstanding Limited Tax General Obligation Refunding Bonds, 2010A, which became callable on December 1, 2020 (outstanding par amount of \$1,460,000); (2) to refund the County's outstanding Limited Tax General Obligation Bonds, 2010B (Taxable Build America Bonds – Direct Payment), which became callable on December 1, 2020 (outstanding par amount of \$10,240,000); and (3) to finance costs related to the implementation of new enterprise resource planning (ERP) software and a permitting system software.

The county is scheduled to begin implementation of the ERP software, Oracle Cloud, in the summer of 2021. The implementation timeline is 16 months for the Financial and HR/Payroll modules with a go-live date of October 2022.

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, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.496711%	0.52265%	0.52712%	0.53694%	0.53414%	0.541111%
Employer's proportionate share of the net pension liability	\$ 17,536,492	\$ 20,097,902	\$23,541,403	\$ 25,478,222	\$ 28,685,834	\$ 28,305,295
Covered payroll	\$ 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	23.36%	27.57%	34.48%	38.09%	45.70%	46.79%
Plan fiduciary net position as a percentage of the total pension liability	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

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

Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.53696%	0.55716%	0.55650%	0.56401%	0.56076%	0.56903%
Employer's proportionate share of the net pension liability	\$ 6,867,425	\$ 5,411,937	\$ 9,501,674	\$ 19,596,756	\$ 28,233,771	\$ 20,331,695
Covered payroll	\$ 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 as a percentage of covered employee payroll	10.96%	8.93%	16.75%	35.34%	53.77%	40.23%
Plan fiduciary net position as a percentage of the total pension liability	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

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

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
PSERS
As of June 30, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	1.98906%	2.57562%	2.85940%	2.98852%	2.83819%	2.97578%
Employer's proportionate share of the net pension liability (asset)	\$ (273,695)	\$ (334,933)	\$ 35,428	\$ 585,541	\$ 1,206,174	\$ 543,139
Covered payroll	\$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	-2.24%	-2.82%	0.32%	5.51%	13.05%	6.22%
Plan fiduciary net position as a percentage of the total pension liability	101.68%	101.85%	99.79%	96.26%	90.41%	95.08%

Notes to Schedule:

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

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 1
As of June 30, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.05302%	0.05245%	0.05158%	0.05158%	0.05040%	0.04875%
Employer's proportionate share of the net pension (asset)	\$ (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	(6,772,939)	(7,012,566)	(6,333,784)	(5,292,853)	(3,512,011)	(3,973,734)
TOTAL	\$ (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	-1133.53%	-602.07%
Plan fiduciary net position as a percentage of the total pension liability	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

Notes to Schedule:

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

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

Thurston County
Schedule of Proportionate Share of the Net Pension Liability
LEOFF 2
As of June 30, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.26456%	0.27646%	0.26981%	0.26170%	0.26031%	0.25764%
Employer's proportionate share of the net pension (asset)	\$ (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	(3,450,676)	(4,194,179)	(3,546,688)	(2,355,690)	(987,060)	(1,750,899)
TOTAL	\$ (8,847,212)	\$ (10,598,816)	\$ (9,024,358)	\$ (5,987,197)	\$ (2,501,125)	\$ (4,398,913)
Covered payroll	\$ 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	-67.03%	-64.87%	-64.87%	-44.50%	-19.14%	-35.28%
Plan fiduciary net position as a percentage of the total pension liability	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

Notes to Schedule:

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS – BY PLAN

Thurston County Schedule of Employer Contributions PERS 1 As of December 31, 2020 Last 10 Fiscal Years*

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

Notes to Schedule:

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

Schedule of Employer Contributions
PERS 2/3
As of December 31, 2020
Last 10 Fiscal Years*

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

Notes to Schedule:

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

Thurston County
Schedule of Employer Contributions
PSERS
As of December 31, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 878,532	\$ 868,354	\$ 789,666	\$ 749,164	\$ 676,123	\$ 596,718
Contributions in relation to the contractually required contributions	893,381	868,354	789,666	749,164	676,123	596,718
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	7.20%	7.13%	6.85%	6.84%	6.77%	6.66%

Notes to Schedule:

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

Thurston County
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2020
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 516,126	\$ 512,382	\$ 480,660	\$ 458,853	\$ 422,633	\$ 401,274
Contributions in relation to the contractually required contributions	516,126	512,382	480,660	458,853	422,633	401,274
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	5.22%	5.31%	5.25%	5.37%	5.23%	5.23%

Notes to Schedule:

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

Thurston County
Changes in Total OPEB Liability - PEBB
As of the Measurement Date June 30, 2020
Last 10 Fiscal Years*

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

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

Thurston County
Changes in Total OPEB Liability - LEOFF 1
As of the Measurement Date June 30, 2020
Last 10 Fiscal Years*

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

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

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of the Superintendent of Public Instruction)	School Breakfast Program	10.553	N/A	6,691	-	6,691	-	3
	National School Lunch Program	10.555	N/A	10,566	-	10,566	-	3
Total Child Nutrition Cluster:				17,257	-	17,257	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Treasurer)	Schools and Roads - Grants to States	10.665	N/A	485	-	485	-	3
Total Forest Service Schools and Roads Cluster:				485	-	485	-	
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Recreation and Conservation)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	19-1349R	80,000	-	80,000	-	
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-53- 0007	-	20,960	20,960	20,960	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-53- 0007	-	56,214	56,214	56,214	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-53- 0007	-	193,445	193,445	96,905	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-53- 0007	-	324,255	324,255	277,506	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-53- 0007	-	27,164	27,164	6,673	5
Total CDBG - Entitlement Grants Cluster:				-	622,038	622,038	458,258	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	COVID 19 - Emergency Solutions Grant Program	14.231	20-4613C-126	169,854	-	169,854	164,541	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-17-DC-53- 0207	-	38,800	38,800	38,800	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

		Expenditures					Passed through to Subrecipients	Note
		Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-18-DC-53-0207	-	58,695	58,695	36,533	5, 6
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-19-DC-53-0207	-	80,293	80,293	80,293	6
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-20-DC-53-0207	-	52,119	52,119	52,119	5, 6
		Total CFDA 14.239:		-	229,907	229,907	207,745	
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Department of Fish and Wildlife)	Cooperative Endangered Species Conservation Fund	15.615	19-14875	61,349	-	-	-	5
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Department of Fish and Wildlife)	Cooperative Endangered Species Conservation Fund	15.615	132232	18,993	-	-	-	
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Department of Fish and Wildlife)	Cooperative Endangered Species Conservation Fund	15.615	14-02365	200,157	-	-	-	
		Total CFDA 15.615:		280,499	-	-	-	

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF	COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX- 0078	-	79,636	79,636	-	
	Crime Victim Assistance	16.575	20-31219-036	257,418	-	257,418	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	20-31101-530	31,382	-	31,382	-	
	Crime Victim Assistance	16.575	21-31101-530	42,181	-	42,181	-	
Total CFDA 16.575:				330,981	-	330,981	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F19-31103-115	73,575	-	73,575	-	
	State Criminal Alien Assistance Program	16.606	2020-AP-BX- 0805	-	65,123	65,123	-	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-014	58,868	-	58,868	-	
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF (via Washington State Patrol)	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2019-CD-BX- 0033	4,280	-	4,280	-	
WIOA Cluster								
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Pacific Mountain Workforce Development)	WIOA Adult Program	17.258	2020-01	14,260	-	14,260	-	
Total WIOA Cluster:				14,260	-	14,260	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	STPR-34CA (001)	500,000	-	500,000	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	BROS-2034 (081)	833,820	-	833,820	-	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	STPUS-2034 (070)3	1,901	-	1,901	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	SRTS-9934 (023)	27,864	-	27,864	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (506)	430,406	-	430,406	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	STPUS-HSIP- 5282(006)	17,541	-	17,541	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	STPUS-5292 (004)	1,926,075	-	1,926,075	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Thurston Regional Planning Council)	Highway Planning and Construction	20.205	N/A	1,532	-	1,532	-	3.5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note	
	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards			Total
Highway Safety Cluster	Total Highway Planning and Construction Cluster:				3,739,139	-	3,739,139	-
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs and Police Chiefs)	State and Community Highway Safety	20.600	N/A	10,826	-	10,826	-	3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2020-HVE-3947	3,963	-	3,963	-	
		Total Highway Safety Cluster:			14,789	-	14,789	-
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	104,378	-	104,378	-	3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	1,513	-	1,513	-	3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-034	21,442,500	-	21,442,500	9,729,550	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	21-4614C-127	2,899,178	-	2,899,178	2,874,178	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington Department of Health)	COVID 19 - Coronavirus Relief Fund	21.019	CLH18264	5,679,584	-	5,679,584	-	
		Total CFDA 21.019:			30,127,153	-	30,127,153	12,603,728
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington Department of Health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18264	137,889	-	137,889	-	5
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Pierce County Planning & Public Works)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	SC-105503	60,286	-	60,286	-	5
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Ecology)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	WQNEP-2017- ThCoWR-00037	131,104	-	131,104	-	5
Total CFDA 66.123:				329,279	-	329,279	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Puget Sound Partnership)	National Estuary Program	66.456	CE-01J65401	56,883	-	56,883	-	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Puget Sound Partnership)	National Estuary Program	66.456	2021-15	15,766	-	15,766	-	
			Total CFDA 66.456:	72,649	-	72,649	-	
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Washington Office of the Secretary of State)	COVID 19 - 2018 HAVA Election Security Grants	90.404	IG-6906	275,378	-	275,378	-	
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Washington Office of the Secretary of State)	COVID 19 - 2018 HAVA Election Security Grants	90.404	IG-6953	41,311	-	41,311	-	
			Total CFDA 90.404:	316,689	-	316,689	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	COVID 19 - Public Health Emergency Preparedness	93.069	CLH18264	193,291	-	193,291	-	5
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Center for Children and Youth Justice)	Maternal and Child Health Federal Consolidated Programs	93.110	2020090526	7,693	-	7,693	-	

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	CLH18264	22,378	-	22,378	-	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	COVID 19 - Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH18264	56,650	-	56,650	-	5
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	92,000	-	92,000	-	7
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH18264	16,523	-	16,523	-	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	PPHF 2018: Office of Smoking and Health- National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	CLH18264	10,341	-	10,341	-	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	National and State Tobacco Control Program	93.387	CLH18264	16,668	-	16,668	-	5
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Child Support Enforcement	93.563	2110-80383	1,061,259	-	1,061,259	-	5
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K308	309,891	-	309,891	-	4
Total Medicaid Cluster:				309,891	-	309,891	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Children, Youth and Families)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	20-1176	141,915	-	141,915	-	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	HIV Prevention Activities Health Department Based	93.940	CLH18264	109,902	-	109,902	-	5
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3944	149,099	-	149,099	-	5
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH18264	182,503	-	182,503	-	5
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G19NW0013A	-	21,906	21,906	-	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G20NW0013A	-	61,389	61,389	-	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Educational Service District 105)	High Intensity Drug Trafficking Areas Program	95.001	9001800036	13,940	-	13,940	-	
Total CFDA 95.001:				13,940	83,295	97,235	-	

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Hazard Mitigation Grant	97.039	D20-022	3,377	-	3,377	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Emergency Management Performance Grants	97.042	E20-257	37,364	-	37,364	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E20-129	54,162	-	54,162	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E21-130	74,315	-	74,315	-	5
Total CFDA 97.042:				165,841	-	165,841	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E18-170	41,855	-	41,855	14,996	5

The accompanying notes are an integral part of this schedule.

Thurston County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
					From Pass- Through Awards	From Direct Awards	Total		
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E19-074	126,112	-	126,112	17,333	5
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E20-073	1,666	-	1,666	-	
Total CFDA 97.067:					169,633	-	169,633	32,329	
Total Federal Awards Expended:					38,352,661	1,079,999	39,432,660	13,466,601	

THURSTON COUNTY
Notes to the Schedule of Expenditures of
Federal Awards
For the Year Ended December 31, 2020

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as Thurston County's financial statements. Thurston County uses the accrual basis of accounting for all funds except the government types, which use the modified accrual basis of accounting. There is one exception to this general rule. See Note 4 below for exceptions.

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

NOTE 2 – FEDERAL DE MINIMIS INDIRECT COST RATE

The County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – NOT AVAILABLE (N/A)

The County was unable to obtain other identification numbers.

NOTE 4 – MEDICAL ASSISTANCE PROGRAM

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

NOTE 5 – FEDERAL INDIRECT COST RATE

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

Table Below:

CFDA #	Contract #	Indirect Cost Rate	Amount
14.218	B-19-UC-53-0007	Variable rate	\$26,370.80
14.218	B-20-UC-53-0007	Variable rate	\$12,122.65
14.218	B-20-UW-53-0007	Variable rate	\$4,985.12
14.231	20-46143C-127	Variable rate	\$1,529.48

14.239	M-18-DC-53-0207	Variable rate	\$15,975.08
14.239	M-20-DC-53-0207	Variable rate	\$7,852.00
15.615	19-14875	10%	\$996.69
20.205	N/A	25%	\$306.47
66.123	WQNEP-2017-ThCoWR-0037	29%	\$22,037.48
66.123	SC-105503	35.99%	\$3,968.67
66.123	CLH18264	35.99%	\$27,998.32
66.456	CE-01J65401	10%	\$5.74
93.069	CLH18264	35.99%	\$52,335.65
93.116	CLH18264	35.99%	\$5,922.38
93.136	CLH18264	35.99%	\$12,013.12
93.268	CLH18264	35.99%	\$4,516.39
93.305	CLH18264	35.99%	\$3,100.98
93.387	CLH18264	35.99%	\$2,687.21
93.563	2110-803863	8.12% - 8.34%	\$86,826
93.870	20-1176	35.99%	\$36,578.89
93.940	CLH18264	35.99%	\$26,484.80
93.959	K3944	35.99%	\$1,454.50
93.994	CLH18264	35.99%	\$48,166.91
97.042	E21-130	3%	\$398.88
97.067	E19-074	3%	\$3,760.18
97.067	E18-170	3%	\$6,968.51

NOTE 6 – PROGRAM INCOME

In 2020, the following expenditures were reimbursed with program income from a prior year:
Table Below:

CFDA #	Contract #	Amount
14.239	M-18-DC-53-0207	\$36,532.62
14.239	M-19-DC-53-0207	\$80,292.90
14.239	M-20-DC-53-0207	\$44,267.40

NOTE 7 – NONCASH AWARDS

The amount reported on the schedule under CFDA 93.243 is the value of naloxone doses received by the County during 2020 and priced as prescribed by the University of Washington.

Thurston County received \$540,022.59 in donated personal protective equipment (PPE) in 2020. This amount is reported at fair market value and is unaudited.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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