

**Thurston
County
Washington**

**Comprehensive Annual
Financial Report**

For year ending December 31, 2002

Published by the Thurston County Auditor

**Report Prepared by:
Thurston County Auditor
Thurston County Treasurer**

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Additional assistance provided by all county fiscal personnel.

THURSTON COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**KIM WYMAN
AUDITOR**

TO THE CITIZENS OF THURSTON COUNTY:

July 22, 2003

I am pleased to present the 2002 Comprehensive Annual Financial Report (CAFR) of the Thurston County government for your review. The CAFR is prepared in accordance with generally accepted accounting principles and provides detailed financial information on the revenues, expenditures, assets, and liabilities of Thurston County government for the fiscal year ending December 31, 2002. The major objective of the CAFR is to describe the County's financial condition and the financial results of its operations. As such, it is designed to provide information to our county commission, legislative bodies, creditors, investors, bond counsels, students of public finance, political scientists, and the public we serve on the financial status of the County.

This is the first year Thurston County is preparing their annual report in compliance with the new Governmental Accounting Standards Board Statement 34. I am proud to be able to present our financial information in a format that gives our readers an objective and easily readable analysis of our county's financial performance for the year. The CAFR is available upon request in hard copy, or via the Internet at the following address: <http://www.co.thurston.wa.us/auditor>.

REPORT SECTIONS

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes a transmittal letter, the County's organization chart, and a list of principal elected officials. The transmittal letter will present an overview of the report, the County's economic conditions and outlook, and identifies current issues that affect the government's financial circumstances. The financial section contains the general-purpose financial statements, including the management discussion and analysis (MD&A) notes, and the entity wide/individual fund/account groups' financial schedules. The statistical section presents a history of selected financial and demographic information over the past ten years.

THE COUNTY

Thurston County, Washington, is located at the southern end of Puget Sound in the beautiful Pacific Northwest. Majestic Mount Rainier and the rugged Cascade Mountains are nearby to the east, while Washington's Pacific Ocean coast is just an hour's drive to the west. Thurston County is 60 miles south of Seattle, Washington and is 100 miles north of Portland, Oregon. Thurston County is home to more than 200,000 residents. Nearly 100,000 residents live in the more urban north county areas in and around the cities of Lacey, Olympia, and Tumwater. The rest live in and around the smaller towns of Bucoda, Tenino, Rainier, and Yelm and in the more rural areas of Thurston County. Thurston County is the eighth most populated county among Washington State's 39 counties and is among the fastest growing counties in the Pacific Northwest.

Thurston County was created on January 12, 1852, by the Oregon Territorial Legislature and operates under the laws of the State of Washington applicable to county governments. The County is managed by a three member Board of Commissioners and provides a full range of municipal services, including: public safety (sheriff, judicial, and emergency services), construction and maintenance of roads and bridges, water and waste management, health and social services, cultural and recreational facilities and activities, planning and zoning services, job training, and general administrative services. The financial statements present Thurston County as the primary government as required by generally accepted accounting principles.

Thurston County is a statute county, which means the organization of the County is prescribed by state statute. Locally elected officials include the County Assessor, Auditor, Clerk, Prosecuting Attorney, Sheriff, Treasurer, seven Superior Court Judges, two District Court Judges and the three member Board of County Commissioners. These elected officials govern the County and establish policies on the basis of the local community's needs and preferences. The Board of County Commissioners acts as the County's legislative body and appoints a County Administrator who acts as the chief administrative officer of the County and oversees twelve major departments. By virtue of the County's authority over their operations, this CAFR includes financial data for all the funds and account groups of the County, including activities considered to meet the entity definition criteria established in Governmental Accounting Standards Board Statement No. 14 and No.34.

ECONOMIC CONDITIONS

Economic conditions play a significant role in the financial stability of Thurston County. The economy is dependent on many factors. In part, these are a product of (a) population and demographic trends; (b) employment and housing factors; (c) per capita income and inflation; and (d) retail sales. From 1990 to 2000, the Thurston County economy continued to increase steadily, but not at the same rate as the prior two decades. In 2001, the economy became stagnant as growth in both public and private employment was impacted first by the Boeing cutbacks and State budget, and secondly by the tragic events of September 11, 2001. This recession was further extended by a recent decision to close the local Miller Brewing Company and continued efforts to hold down government spending. The economic downturn in Thurston County in 2002 was somewhat mitigated by the opening of two large retail stores and two large warehouse distribution centers. The statistics and information that follows highlight the changes in the County's economic conditions for 2001 and 2002.

Population and Demographic Trends:

The population of Thurston County has grown from 174,300 in 1992 to 210,200 in 2001. This is an increase of 35,900 residents and an average growth rate of 2.3 percent per year. The majority of the population increase has been due to the continued in-migration of people into the County. Thurston County continues to be a desirable place to live, and has been one of the fastest growing of our State's 39 counties over the past decade. In 2002 the County's population increased slightly to 212,300. This reflected a much slower growth rate of approximately 1 percent. This is the result of a relatively stable economy, less job opportunities, and less in-migration.

Seniors continue to be one of the fastest growing segments of Thurston County's population. From 1980 to 2000, the population aged 65 and older increased from 12,230 to 23,629, basically doubling in number. Today our senior citizens constitute 11 percent of our total population. Projections show that by the year 2010, the population of people aged 65 or over will have increased to 13 percent of our total population and by the year 2020 to 17 percent. This is a trend that will place increased pressures on our public health care services and retirement facilities.

Thurston County, Washington 2002

Over the past twenty years, population growth has been fairly evenly distributed between the incorporated and unincorporated areas of the county. This is in stark contrast to the two previous decades of the 60's and 70's, when major shifts in population occurred in both directions. In calendar year 2001, approximately 55 percent of our population lived in unincorporated areas and 45 percent in incorporated jurisdictions.

The growth within our municipal cities has not been constant however. During the past decade, the cities of Lacey, Rainier and Yelm were all growing at an annual rate of 3.8 percent or better. Growth in Tumwater and Olympia, on the other hand, was slightly below the statewide average at 2.4 and 2.3 percent respectively. For 2001, growth rates slowed down in all jurisdictions, with only Yelm exceeding the statewide average at 4 percent. Much of the growth in Yelm took place through annexation.

Employment and Housing:

Between 1990 and 2000 (the most recent statistical year), the number of jobs available in the County has increased by 32 percent. By far, the largest percentage of increase over this 10-year span occurred in the Service industry, showing an increase of over 50 percent. For the most recent statistical period 1999 to 2000, the Service sector showed a growth rate in covered employment of 4.6 percent from 18,732 jobs in 1999 to 19,603 jobs in 2000. It was closely followed by the Transportation and Public Utilities Sector, which grew 3.3 percent from 2,152 jobs to 2,216 jobs in the same time period. The greatest overall increase in the actual number of jobs was in the Service sector, accounting for 871 new jobs, a 2.5 percent increase over 1999. The second largest number of new jobs was provided by the Government sector with 820 new jobs, a 2.5 percent increase. Local government increased by 211 jobs, or 2.2 percent. Employment in Thurston County was very stable, increasing by only 10 positions.

Despite an increase in total jobs in the County, the Manufacturing sector continues to lose overall market share in Thurston County. Manufacturing pays the third highest average wage but only accounts for about 5 percent of County jobs. In 2000, there was a very slight decrease in manufacturing employment of 184 jobs with 10 less companies. This trend will continue with the closure of Miller Brewing Company in 2003, and a possible reduction of another 400 jobs.

Over the past decade, new housing starts in Thurston County have proven to be quite steady. There were 2,789 residential housing permits in 1990, 2,029 in 1995, and 1,537 in 2000. Fifty percent of these permits were located within the urban growth boundaries. The average sales price for a home in 1990 was \$91,568. In 2001, the average sales price was \$163,989.

Per Capita Income and Inflation:

In 2000, the median household income for Thurston County was \$46,975, up from \$43,475 in 1999. In comparison with adjacent counties, Thurston County continues to experience a higher median household income than Lewis, Mason, Pierce and Grays Harbor counties, and is slightly higher than the Washington State average based on the last census. Real personal income for Thurston County, which is measured by dividing total personal income by population and adjusted for inflation, has increased slightly from \$23,299 in 1990 to \$26,460 in 2000 (the latest statistical year). This is a real per capita increase of \$3,161.

Taxable Retail Sales:

Another indication of economic conditions, especially as it applies to local government, is "taxable retail sales". This indicator measures purchasing and consumption activity in the County. In the last reported year, 2001, the County experienced a 5 percent increase in taxable retail sales. The "taxable retail sales" for the County has increased by an average of 6.3 percent annually from 1990 to 2000. In 2001, the rate of growth in taxable retail sales slowed slightly to 5.2 percent, and communities such as Rainier and Tenino actually experienced decreases in sales growth. The largest retail sales growth areas in 2001 occurred in Lacey and Tumwater, both increased over 11 percent. Preliminary figures for 2002 also show a very positive growth in local retail sales, possibly due to low interest rate loans on large consumer items such as cars and trucks.

FUTURE ECONOMIC OUTLOOK

Thurston Regional Planning predicts that the population in the year 2025 will be over 334,000, an increase of 58 percent over this twenty-five-year period. The Thurston Regional Planning Council also has projected an increase in employment for Thurston County from 112,000 persons to 161,000 by the year 2025. This is an increase of 44 percent over the twenty-five year period. The number of local jobs available is expected to increase at about the same rate as the labor force, with government and the service industry continuing to be the dominant employment base.

Thurston County's economic vitality has traditionally come from being the state capital. State government, with its substantial employment base, has significant ripple effects in the consumer business trade and services sectors. However, recent downturns in the economy and shortfalls in revenues are expected to continue to reduce government employment in the Thurston County area in the immediate future.

Most recently, Thurston County is working to solidify its role as a regional retail and services center as it attempts to draw customers from nearby counties. Recent construction of large warehouses for Target and Home Depot will help to establish this niche. Currently more people commute out of the County to work every day than those who commute into the County. The trend is expected to continue over the next 25 years. One of the keys to Thurston County's economy will be the success of efforts to have Thurston County residents purchase goods and services locally. Another is continued diversification in the work force, with a growth in business-to-business services.

Health care services, in particular, present the county with significant growth opportunities and challenges. Thurston County health care services are among the most comprehensive in southwest Washington, and Providence St. Peter Hospital just completed a major expansion project of their emergency rooms. On the other hand, rising health care costs and reduced government reimbursement rates are driving private health care providers out of the county and state.

Local governments in Thurston County are also experiencing a slow down in employment growth. Passage of new Initiatives has placed tight limits on revenue increases from traditional sources such as property taxes. Coupled with reductions in state grant funds from the limit on Motor Vehicle Excise Taxes, many local cities and the county are facing potential employment reductions beginning in 2002. Thurston County governments' strong reserve base will be a significant factor in recovering from the economic downturn in 2001 and in offsetting future reductions in state and federal support.

MAJOR ACCOMPLISHMENTS AND SERVICE EFFORTS

Like the previous year, 2002 brought with it many challenges. The combination of the February 2001 earthquake and the September 2001 terrorist attack led many counties, including Thurston, to put a high emphasis on security, preservation, and fiscal conservatism. Even while resources were limited and caution was an undertone to most decisions, Thurston experienced several significant accomplishments and ventures worthy of note.

Jail overcrowding continues to be a major challenge for Thurston County. Pressures on jail costs and security became so severe that the County Sheriff was forced to turn away new custody referrals from the local cities. To address this rising issue, local governments formed a committee in 2002 to look into a regional jail. The committee recommended a regional justice center be located near the Family and Juvenile Court facility in Tumwater. The justice center could include correctional, court, and associated law and justice facilities. Discussions are ongoing, but it is likely the inter-governmental committee will be advocating for a local property tax levy to be approved by the voters in the fall of 2003 or spring of 2004 to help construct and operate the new facility.

Thurston County, Washington 2002

Given the continued pressure on the State and local economy, County offices succeeded in holding down expenditures below budgets by almost \$1 million in 2002. One example was in printing of the budget. In an effort to reduce printing expenses, the County's adopted budget for 2002 was made available on the Internet.

One of the most significant accomplishments in 2002 was the review process leading to the successful selection of a new vendor, MUNIS Corporation, for Thurston County's financial system. A very detailed screening process was undertaken to review proposals from the three finalists. This was a true team effort, involving many hours of coordinating, planning and implementation from Central Services, Human Resources, the County Treasurer, the County Auditor, and department accountants. The contract was negotiated within budget and signed in early 2003. Implementation is scheduled for completion by the end of December 2003.

This partnership was also evident in other projects undertaken by the County. An interdepartmental Compliance team was formed with representatives from Development Services, Public Health, and Water and Waste Management. The objective is to have a coordinated approach to address any potential solid waste violations in the future without the consequences of costly litigation.

In 2002, Thurston County became one of the first counties in the nation to receive a grant entitled "Weed and Seed". The grant is a partnership with local law enforcement entities, local community volunteer groups and the Rochester School District. The central purpose of the grant focuses on cleaning up drug operations in and around the Rochester community and educating children about the dangers of drugs and alcohol. The County Prosecuting Attorney's Office was a major lead in procuring the grant funds.

In the spring of 2002, Thurston County opened a new Fair Exhibition and Meeting building at the County fairgrounds on Carpenter Road. This was just in time to help address the critical need for increased space when the fair started in August, and in helping to make the fair become more self-sufficient. The new facility is available for rental use on a year-round basis.

The County's Internal Audit program undertook one of its first performance audits in 2002 with a review of sales tax collections in incorporated vs. non-incorporated areas. The review was directed at ensuring that businesses located and doing business in the county vs. city were remitting their sales tax to Thurston County and not to the nearest city. The audit was successful in identifying a number of firms that were reported incorrectly and resulted in an increase of \$10,000 in annual collections.

Thurston County qualified for a national Certificate of Achievement for Excellence in Financial Reporting for the 2001 CAFR. The certificate of achievement is the highest form of recognition in government accounting and financial reporting. This is the third year in a row that Thurston County has been recognized. Unfortunately, due to budget cutbacks, the County will not be submitting the 2002 financial statements for national recognition. Possibly, this activity can be renewed in future years if resources are made available.

INTERNAL CONTROLS

In developing and evaluating the County's accounting systems, the County Auditor's Office has continued to give special consideration to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance to citizens regarding: (1) accountability for assets, and safeguards against their loss through unauthorized use or disposition; and (2) the reliability of financial records as the basis for preparation of financial statements. The concept of "reasonable assurance" recognizes that: (a) the costs of control should not exceed the derived benefits; and (b) management is required to make estimates and use its judgement in evaluating all of the costs and benefits.

Thurston County management recognizes the importance of adequate internal controls and has an Internal Audit Committee. The Internal Audit Committee is comprised of the County Auditor, County Treasurer, and the Chief Administrative Officer. The County Internal Auditor reports to the committee, and works with county departments and offices to improve the effectiveness and efficiency of administrative and financial internal controls. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording and presentation of financial transactions.

BUDGETARY CONTROLS

The 2002 Thurston County budget, including approved modifications, is \$324.8 million in all funds and \$52.1 million in General Funds (excluding the fund balance and residual equity transfers). This is only \$12.7 million more than the 2001 budget in all funds, and \$6.8 million more in General Funds. A combination of higher than expected revenues from sales taxes and fines, and tight budget controls, has resulted in an increase of \$2.5 million in available reserves. These additional reserves will be useful in meeting future budget challenges, as revenues continue to lag expenditure needs. For management purposes, budgets are maintained by establishing detailed line items. The Chief Administrative Officer is the only position authorized to transfer appropriation units between offices and departments within a fund.

Reports are prepared monthly for all department managers, comparing current budget appropriation levels to actual expenditures by detailed line items. The financial system also provides managers with on-line access to current expenditure and revenue balances, activities, and budgets. At year-end, the County utilizes a "13th month" accounting period to post all financial transactions attributable to the appropriate fiscal year.

The County Budget Team reviews the budget status of offices and departments at the mid-point of the fiscal year. If there is a need for budget modifications, requests are submitted to the County Auditor's Office, Chief Administrative Officer, and/or Board of County Commission (BoCC). Only the BoCC can approve budget extensions.

FINANCIAL INFORMATION

The financial information section provides detailed data on revenues, expenditures, assets and liabilities. Various schedules and notes show comparisons and trends between budgets and actuals. Financial summary information is grouped into categories entitled: General Government Functions, Proprietary Operations and Fiduciary Operations. Entity wide statements are shown for the first time in compliance with GASB 34, including the capitalization of assets such as roads, bridges, and parks.

CASH MANAGEMENT

In order to obtain maximum return on secure investments, the County Treasurer invests cash in certificates of deposit with qualified Washington State public depositories, U.S. Treasury and Agency securities, bankers acceptances, commercial paper and investments in the Washington State Treasurer's Local Government Investment Pool. Over 80% of invested cash held by the County are in US Agency and Instrumentality Securities. All investments at year-end 2002 were insured, registered, and/or held by the County or its agent in the County's name. All of these investments are classified in the lowest-risk category, as defined by the Governmental Accounting Standards Board (GASB).

RISK MANAGEMENT

Thurston County acquires insurance for general risk liability through the Washington Counties Risk Pool. Thurston County's insurance, loss expenditures, and accounting activities are centrally tracked within the County's Insurance Risk Internal Service Fund. The County presently purchases insurance for workers' compensation liabilities.

INDEPENDENT AUDIT

Washington State laws require an annual audit by the Washington State Auditor's Office (SAO) of the financial records and transactions of the County. SAO consistently performs this audit annually and I am pleased to report that Thurston County has continued to receive an unqualified opinion.

FINANCIAL MANAGEMENT COMMITTEE

The Financial Management Committee (FMC), formerly called the Financial Policy Committee, was established in 1989 to oversee the development of financial/accounting policies and procedures for the overall county, and to serve as an internal audit committee to ensure that proper financial controls are being used in county departments and offices. FMC members are Thurston County Auditor (chair), Thurston County Treasurer, and Thurston County Chief Administrative Officer.

MANAGEMENT RESPONSIBILITY

The County Auditor is responsible to accurately, completely, and fairly present financial data contained in this CAFR. It is presented in a manner that fairly states the financial position and results of operations of the County, as measured by the financial activity of its various funds in accordance with generally accepted accounting principles. The CAFR also includes all disclosures necessary to enable the reader to gain an understanding of the County's financial affairs. To the best of my knowledge and belief, the enclosed statements are accurate in all material respects.

ACKNOWLEDGMENTS

Thurston County Auditor's Division of Financial Services prepared the CAFR, with assistance from the staff of the Thurston County Treasurer's Office. I appreciate the efforts of accounting staff members in all County departments, who contributed information necessary for compilation of this report. And I express our thanks to the Thurston County Board of Commissioners and the Financial Management Committee for their responsible interest in, and progressive support of, the conduct of financial operations and systems of Thurston County government.

Respectfully Submitted,



KIM WYMAN
THURSTON COUNTY AUDITOR

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Thurston County,
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

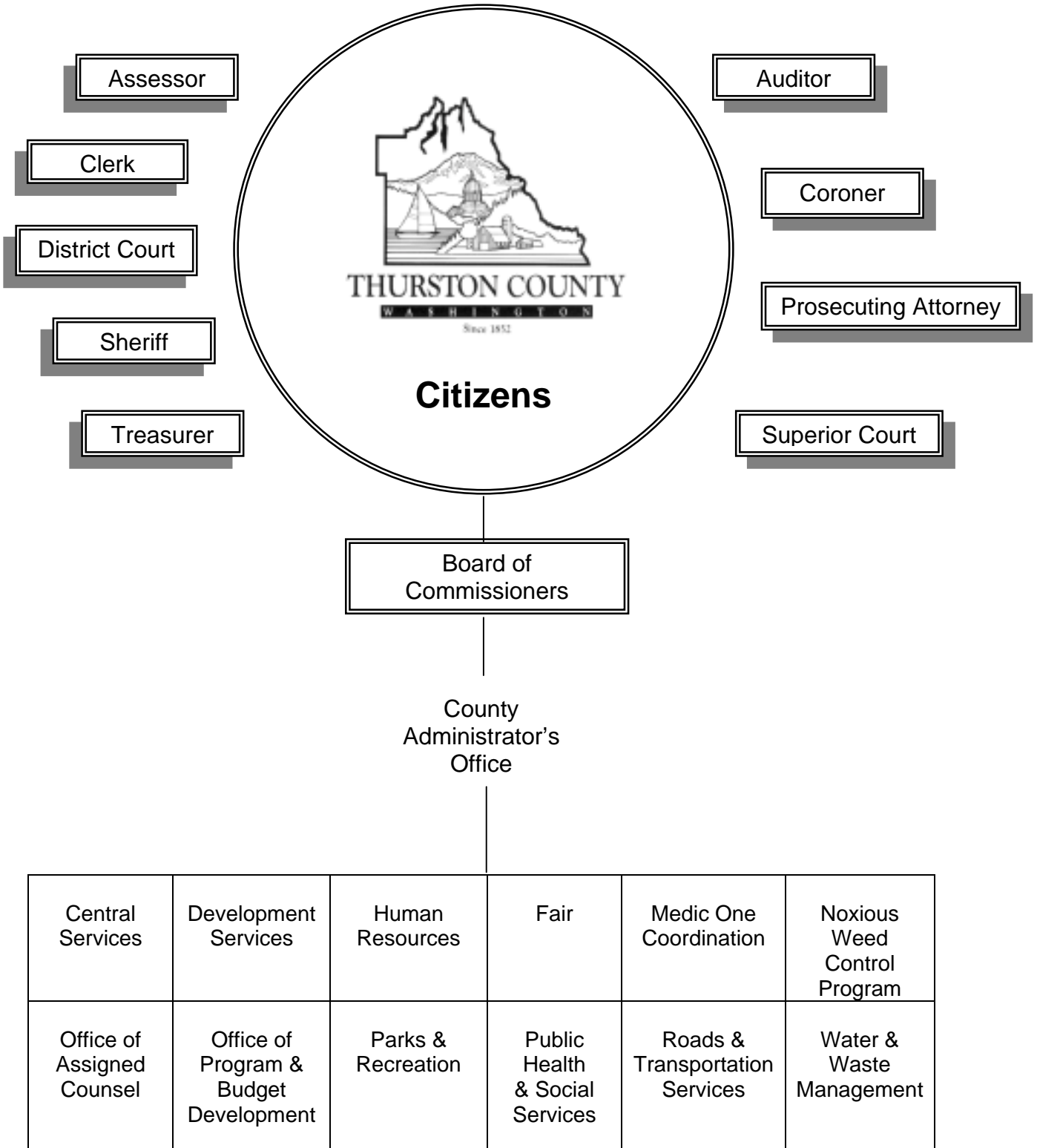
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

THURSTON COUNTY ORGANIZATION CHART



Elected Officials

December 31, 2002

Thurston County Board of Commissioners

Honorable Cathy Wolfe, **District One**
Honorable Diane Oberquell, **District Two**
Honorable Kevin J. O'Sullivan, **District Three**

Honorable Patricia Costello, **Assessor**

Honorable Kim Wyman, **Auditor**

Honorable Betty J. Gould, **Clerk**

Honorable Judy Arnold, **Coroner**

Honorable Edward G. Holm, **Prosecuting Attorney**

Honorable Gary Edwards, **Sheriff**

Honorable Robin Hunt, **Treasurer**

District Court Judges

Honorable Susan A. Dubuisson
Honorable Clifford L. Stiliz, Jr.

Superior Court Judges

Honorable Daniel J. Berschauer
Honorable Paula Casey
Honorable Richard A. Strophy
Honorable Wm. Thomas McPhee
Honorable Richard D. Hicks
Honorable Christine A. Pomeroy
Honorable Gary R. Tabor



**Washington State Auditor
Brian Sonntag**

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INDEPENDENT AUDITOR'S REPORT

August 8, 2003

The Board of County Commissioners
Thurston County
Olympia, Washington

We have audited the accompanying basic financial statements of Thurston County, Washington, as of and for the year ended December 31, 2002 as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Our audit was performed pursuant to the *Revised Code of Washington* 43.09.260, under which a full report on the results of this audit will be issued. This report may include findings and recommendations on compliance matters, internal control procedures, and questionable costs or contingencies that would not be material in relation to the County's basic financial statements taken as a whole.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Thurston County, Washington, as of December 31, 2002, and the changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 14, during the year ended December 31, 2002, the County implemented Governmental Accounting Standard's Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*.

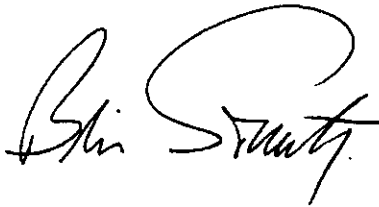
In accordance with *Government Auditing Standards* in the United States of America, we will also issue our report on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The management's discussion and analysis and budgetary comparison information on pages 13 through 29 and 77 through 92 are not a required part of the basic audited financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying introductory section, pages 1 through 10; and statistical tables, pages 93 through 106; are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive style with a large, prominent initial "B".

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT DISCUSSION AND ANALYSIS

Thurston County's discussion and analysis offers the readers of the annual financial report a narrative overview of the County's financial activities for the fiscal year ending December 31, 2002. We encourage readers of our financial report to use this information in conjunction with our letter of transmittal, financial statements and notes to the financial statements to analyze our financial activities and health.

This financial report is prepared under the new Governmental Accounting Standards Board (GASB) Statement #34, "Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments". The structure of the information presented in this report is significantly different than previous years. New features include this Management Discussion and Analysis, the Government-Wide Statement of Net Assets and Statement of Activities, the concept of major fund reporting and the reporting of infrastructure capital assets and long-term liabilities in the governmental funds. These new statements and concepts are described in detail throughout this Management Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- A combination of higher than expected revenues from sales taxes and fines, tight budget controls and fund transfers increased general fund cash and fund balance reserves by \$2.5 million. This reserve is 13% of revenues (excluding other financing sources) and significantly exceeds the County's goal of maintaining at least a 5% reserve.
- Governmental net assets in the statement of net assets exceeded total governmental fund balance in the governmental balance sheet by \$355 million. The increase was due to the following three factors: \$366 million increase for governmental capital assets and \$27 million increase for internal service fund net assets and other revenues. These increases were then offset by 38 million in long-term debt. 2/3rd of the increase in governmental capital assets is for roads right of way.
- \$341 million of \$423 million total governmental net assets were invested in capital assets net of related debt. The remaining \$82 million liquid or spendable net assets was approximately equal to the \$84 million in governmental cash assets. \$18 million in net assets was unrestricted with the remaining \$64 million restricted to programs, capital projects or outstanding debt obligations.
- Governmental net assets increased \$8 million in 2002. This exceeded the total governmental net change in fund balance by \$7 million. This was due to the following three factors: recognition of accrued (earned but not received) revenues, recognition of depreciation expenses and exclusion of capital outlay costs.
- The solid waste utility is the County's dominant business activity since it comprises ¾ of business type revenues and expenses and 87% of business type cash assets. The only utility operating at a significant continuing net loss is Grand Mound. The County expects future utility hook-ups and new customer service revenues to eventually reduce and then eliminate operating losses in the Grand Mound utility.
- The County sold \$10.635 million in general obligation bonds in 2002 at a true interest cost of 4% to 5.13%. The tax-exempt bonds, which will mature incrementally over the next 20 years, will be used to finance the acquisition of, and improvements to, various County facilities.
- Thurston County's general obligation bond liability at December 31, 2002 was \$47 million. This liability provides an additional \$167 million of future debt capacity for non-voted debt.

COUNTY GOVERNMENT OVERVIEW

Governmental activities provided by Thurston County include:

General Government Services:

Commissioners, Human Resources, Auditor, Assessor, and the Treasurer

Culture and Recreation:

Fair, Parks, and Cooperative Extension

Economic Environment:

Planning and Development Services, Office of Program and Budget Development, Pacific Mountain Job Training Consortium and Veterans Services

Health & Human Services:

Public Health and Social Services

Physical Environment:

Lakes Management Districts for Long, Lawrence and South Pattison Lakes

Public Safety:

Law Enforcement, Corrections, Juvenile Services, Medical Aid (Medic One), Emergency Services and Communications, Civil Services, Clerk, District Court, Superior Court, Assigned Council and the Coroner's Office

Transportation:

This section includes Road Construction and Maintenance and Road Improvement Districts

Business type activities:

Utilities Administration, Water and Wastewater Utilities (for unincorporated parts of the County including Tamoshan, Grand Mound, Boston Harbor, and Olympic View), Solid Waste, and Storm Drainage

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management Discussion and Analysis, Basic Financial Statements, and Required Supplementary Information. We have provided additional Statistical and Supplemental Information that is often utilized by readers of our financial statements.

Government-wide Financial Statements

The first two statements are government-wide financial statements that give the reader a broad overview of Thurston County finances. These statements include both long-term and short-term assets and liabilities for all Thurston County funds combined and they tend to resemble the type of financial report that you would see for a private-sector business. Both of these statements segregate Governmental activities from business type activities. Governmental activities are principally supported by taxes and intergovernmental revenues. Business-type activities are functions of government that are intended to recover all or a significant portion of their costs through user fees and charges.

The statement of net assets includes all of Thurston County's assets and liabilities using similar accounting methods as those used in private industry. Over time increases and decreases in net assets may serve as one way to measure the County's financial health. To assess the overall health of the County you need to take into consideration some non-financial factors such as the condition of the County's infrastructure

(roads, bridges, drainage systems, etc.), property tax base and general economic conditions within the County.

The statement of activities presents the specific services of our government and how they affect the change in net assets. This statement separates program revenues like charges for services, grants and contributions from general revenue such as taxes and other revenue not tied to a specific program. It shows to what extent the services rely on taxes for funding. This statement is prepared using the full accrual basis of accounting, which recognizes revenue and expenditures when they are incurred as opposed to when the cash is received or transferred. Items such as outstanding property taxes receivable and vacation leave that is earned but unused is reported as a revenue and expense respectively regardless of when the cash is received or distributed.

Thurston County has no separately identified component units included in the government-wide financial statements.

Fund Financial Statements

Fund financial statements present more detailed information about the County's most significant funds. Funds are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Thurston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Thurston County's operations are segregated into three types of funds in this financial report: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental funds are used to account for most of the general government services that are primarily supported by tax dollars. These funds provide the reader with a short-term (within 1 year) overview of the fund financial health. The information presented in these fund statements excludes long-term assets and obligations. The statements report resources available to spend in the near future on a fund's programs and services.

Proprietary funds are used to account for business type activities where all or part of the cost is paid for by fees and charges paid directly by those who benefit from the activities. These funds provide both long-term and short-term financial information.

Fiduciary funds are used to account for resources that are held by the County Treasurer as a trustee or agent for parties outside of the County government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances present separate columns of financial data for the General Fund, Real Estate Excise Tax, Public Health and Social Services, Road and Medic One Funds, all of which are considered to be major funds based on the criteria established by GASB Statement #34. In order to be a major fund, the assets, liabilities, revenue or expenditures must 1) comprise at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate, and 2) At least 5% of the total dollar amount of all governmental and enterprise funds combined into the same category. However, the General Fund is always a major fund. The governmental fund financial statements immediately follow the government-wide financial statements.

Governmental Funds are reported in the Governmental Activities section of the government-wide financial statements. However, the Statement of Revenues, Expenditures and Changes in Fund Balances uses a slightly different classification method for expenditures than used in the Government-wide statements. The classification method used in this the former statement is in accordance with the State prescribed chart of

accounts defined by the Washington State Auditor in the Budgeting Accounting and Reporting manual. These differences related primarily to reported expenditure roll-ups for Security of Persons and Property and General Government. A footnote disclosure on the face of the statement further defines these differences.

It is frequently useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's short-term financing decisions. This comparison is reported in a reconciliation statement that reconciles the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to the governmental activities column in the government-wide statements.

The County maintains budgetary control for all governmental and proprietary funds. The budget was adopted in 2002 at appropriation unit level, except for a few elected official offices that operate under one appropriation unit. Appropriation units segregate expenditures into four groups including "O" operations, "P" personnel, "T" travel and "R" reserves. In accordance with state law the annual budget is adopted at the fund level. Personnel dollars are projected using full time equivalents (FTE). Capital Projects are approved on a project, group of projects or item basis.

Thurston County has attempted to control expenditure growth by adopting a base budget strategy. The Board of County Commissioners allow for normal increases in personnel costs and other fixed costs like indirect costs, insurance, records, communications, space use and data processing. Offices and departments are then asked to hold their remaining discretionary expenditures to a base level. A budgetary comparison is provided for the General Fund, which is discussed in detail later in this analysis.

Proprietary Funds

There are two types of proprietary funds, Enterprise and Internal Service. Enterprise Funds are used to account for functions presented as business-type activities in the government-wide financial statements. Thurston County uses enterprise funds to account for services provided by the solid waste, storm water, clean water, wastewater, utilities planning and development and septic assistance community loan programs. Internal Service funds accumulate and allocate costs for services provided to County programs and to other intergovernmental jurisdictions. Risk management, benefits administration, central services (facilities, maintenance and information technology support), equipment rental and replacement and emergency communications services are provided by these County funds. Revenues and expenditures of the internal service funds are duplicated in other funds, but are eliminated in the government-wide statements with any remaining balances included in the governmental activities column.

The proprietary funds presented in this report follow the governmental fund statements. They provide the same type of information as the government-wide statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Assets to the business-type column on the Government-Wide Statement of Net Assets, you will notice that total net assets agree, except for inter-fund transaction eliminations, and therefore these funds require no additional reconciliation within this financial report.

The proprietary fund financial statements provide separate data for the Solid Waste and Grand Mound programs. All other non-major proprietary and internal service funds are aggregated into separate single presentations in the proprietary fund statements.

Fiduciary Funds

Fiduciary Funds account for resources held for the benefit of parties other than the Thurston County government. Fiduciary funds are not included in the government-wide financial statements since resources

Thurston County, Washington 2002

of those funds are not available to support the County's programs. The accounting used to account for fiduciary funds is similar to that used for proprietary funds.

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

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

Thurston County's net assets as of December 31, 2002 are \$453,334,542. The following table reflects the condensed Government-Wide Statement of Net Assets. Prior year's audited data is not provided since this is the first year this report has been prepared in compliance with GASB statement 34. Comparable data will be provided in next year's financial report.

Thurston County Net Assets

	Governmental Activities 2002	Business-Type Activities 2002	Total Activities 2002
Assets	\$ 96,429,569	\$ 38,850,603	\$ 135,280,172
Capital Assets Net of Related Debt	376,486,824	29,709,110	406,195,934
Total Assets	<u>472,916,393</u>	<u>68,559,713</u>	<u>541,476,106</u>
Current Liabilities	6,377,753	1,263,543	7,641,296
Long Term Liabilities	43,075,883	37,424,385	80,500,268
Total Liabilities	<u>49,453,636</u>	<u>38,687,928</u>	<u>88,141,564</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	341,688,727	11,319,538	353,008,265
Restricted	64,048,027	(1,447,653)	62,600,374
Unrestricted	17,726,003	19,999,900	37,725,903
Total Net Assets	<u>\$ 423,462,757</u>	<u>\$ 29,871,785</u>	<u>\$ 453,334,542</u>

Thurston County, Washington 2002

Thurston County's total assets stand at over \$541 million as of December 31, 2002. Of this amount \$406 million is accounted for by capital assets, including infrastructure and construction in progress.

Of the remaining assets, approximately \$116.2 million or 21% are in cash and pooled investments, \$12.4 million in current receivables and \$5.7 in long-term receivables.

As of December 31, 2002 the County had outstanding liabilities of \$88 million. Of that amount only \$7.6 million was due within the next fiscal year. The majority of the long-term liabilities are outstanding General Obligation Bonds accounting for 52% of total liabilities and 25% are related to the Accumulated Landfill Closure Costs. The notes to the financial statements have additional details on these liabilities.

Of the total net assets, 78% or \$353 million is investments in capital assets net of related debt used to acquire those assets. The County's capital assets are used to provide services to the citizens of the County, so these assets are not available for future spending. Although the amount is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources since capital assets cannot be liquidated to cover these liabilities.

Seventy six percent of the remaining net assets (excluding capital) are subject to external restrictions on how they may be used. External restrictions include those provided in State Law or by contractual agreements with parties outside the primary government like Federal agencies.

The negative restricted net asset for business-type activities is a result of 4.5 million in excess post closure care liabilities. As required by state and federal regulations Thurston County estimated it's post closure care liability to be \$22.8 million at the end of this reporting period and the utility currently has \$18.3 million in reserves to cover these costs. It is anticipated that future inflationary cost adjustments will be financed in part from earnings on the restricted reserves.

Eighty percent (\$51 million) of the total restricted net assets in governmental activities are accounted for in Capital Projects, Health & Human Services, Internal Service and Public Safety. Net assets restricted for capital projects include capital project funds used to account for the construction of roads and buildings. Some of the recent buildings are Health, Coroner, Fair and the Evaluation Triage and Treatment facility. The majority of funding for these assets originated from restricted sources. Health and Human services restricted net assets are funds predominately originating from state and federal grants or intergovernmental services that are required to be spent on a specific program or service. Internal service restricted net assets are almost all in our Equipment Rental and Replacement (ER&R) Funds. Equity within these accounts must be used for ER&R purposes per State Law.. Public Safety restricted assets originate from specific revenues received from criminal justice backfill monies designated by the legislature, criminal justice sales tax, detention facilities sales tax and property taxes specific to the operation of Medic One operations.

The remaining balance of \$37.7 million is "Unrestricted Net Assets" that can be used to meet the County's ongoing financial obligations. Of that total 47% is in governmental activities and the remaining 53% is in business-type activities. The majority (67%) of the governmental activities unrestricted net asset total is split between the General Fund and Real Estate Excise Tax fund (see Governmental Funds Balance Sheet Analysis section).

Statement of Activities

The County's net assets increased by \$6.1 million in 2002. Governmental activities increased 8 million while business-type activities had a reduction of \$1.9 million.

The following chart presents key elements in the Statement of Activities. Total Revenues for Thurston County were \$151 million in 2002. Governmental activities provided \$134 million (89%), while business type activities added \$17 million (11%).

Thurston County, Washington 2002

Thurston County's Statement of Activities

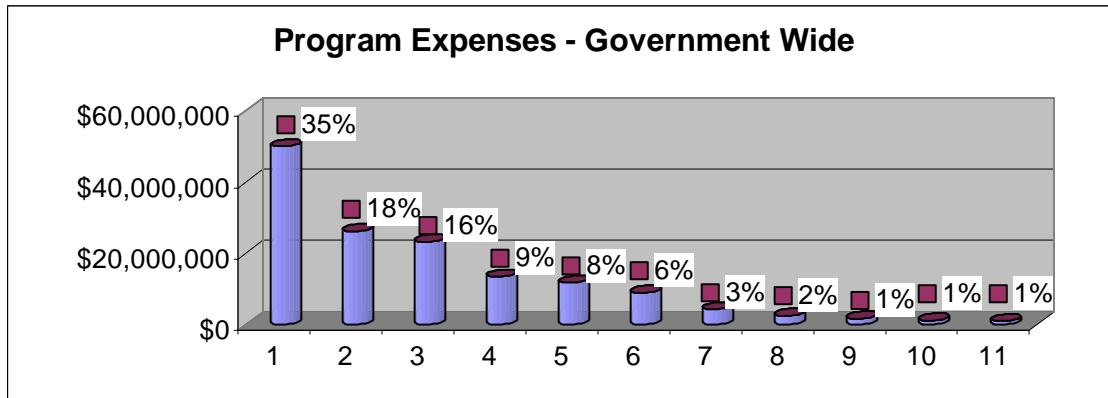
	Governmental Activities 2002	Business-Type Activities 2002	Total Primary Government 2002
Revenues			
Program Revenues:			
Charges for Services	\$ 15,917,361	\$ 14,090,816	\$ 30,008,177
Operating Grants & Contrib.	34,167,007	323,438	34,490,445
Capital Grants & Contrib.	2,614,344	199,428	2,813,772
General Revenues:			
Taxes	77,286,257	-	77,286,257
Interest and Invest. Earnings	3,891,717	1,733,499	5,625,216
Other General Revenues	285,653	31,092	316,745
Total Revenues	<u>134,162,339</u>	<u>16,378,273</u>	<u>150,540,612</u>
Program Expenses:			
General Government	8,872,772	-	8,872,772
Culture and Recreation	2,444,790	-	2,444,790
Economic Environment	13,161,330	-	13,161,330
Health & Human Services	26,205,973	-	26,205,973
Physical Environment	1,388,082	-	1,388,082
Public Safety	50,057,524	-	50,057,524
Transportation	23,163,128	-	23,163,128
Interest	1,607,743	-	1,607,743
Solid Waste	-	13,307,547	13,307,547
Grand Mound	-	1,169,620	1,169,620
Other Business-Type Exp.	-	2,003,277	2,003,277
Total Expenses	<u>126,901,342</u>	<u>16,480,444</u>	<u>143,381,786</u>
Excess (deficiency) of Revenues over (under) Expenses			
	7,260,997	(102,171)	7,158,826
Transfers	200,576	(274,571)	(73,995)
Special Items	526,134	(1,505,230)	(979,096)
Change in Net Assets	7,987,707	(1,881,972)	6,105,735
Beginning Net Assets	<u>\$ 415,475,050</u>	<u>\$ 31,753,757</u>	<u>\$ 447,228,807</u>
Ending Net Assets	<u>\$ 423,462,757</u>	<u>\$ 29,871,785</u>	<u>\$ 453,334,542</u>

The largest source of revenue within the governmental activities section is taxes accounting for \$77 million or 57%, with Grants and Contributions making up 27% of total governmental activities revenues. The remaining 16% of the revenues are related to charges for services, interest earnings and other general revenues. The special items in the governmental activities column are related to the sale of capital assets. The County sold the old Juvenile Detention building in 2002.

Business-type activities main source of revenue is charges for services accounting for 86% of total business-type revenues. The majority of the remaining revenues are in Interest (10%) and Grants (3%) respectively. Special items in the Business-type column are related to the settlement of a lawsuit. In 2002 the County settled a class action lawsuit alleging property damage and nuisance regarding the past operation of the solid waste landfill. Litigation expenses amounted to \$2.2 million. The \$1.5 million loss is presented net of insurance recoveries, litigation costs and settlements.

Thurston County, Washington 2002

Expenses for the year totaled \$143 million. The distribution of expenses over Governmental and Business-type activities seem to closely resemble revenues with Governmental activities accounting for \$127 million (88%) and Business-type activities with \$16 million (12%). Public Safety, Health and Human Services, Transportation, and Economic Environment programs account for 89% of the total governmental activity expenses. Of the \$17 million in business-type expenses, 75% are associated with Solid Waste and Grand Mound utilities. The following graph illustrates the distribution of expenses by program.



Legend:

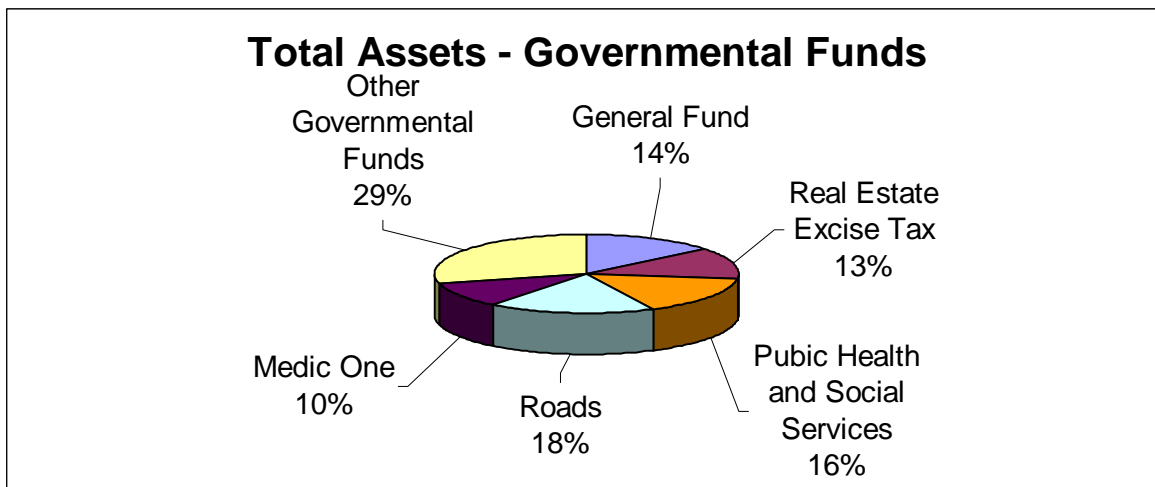
- | | | | |
|-------------------------|-------------------|-------------------------|-------------------|
| 1. Public Safety | 4. Economic Env. | 7. Other Business Type | 10. Physical Env. |
| 2. Health & Human Serv. | 5. Solid Waste | 8. Culture & Recreation | 11. Grand Mound |
| 3. Transportation | 6. Gen Government | 9. Interest | |

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Thurston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is an analysis of the County's governmental and proprietary funds.

Governmental Funds Balance Sheet Analysis

The General Fund, Real Estate Excise Tax, Public Health and Social Services, Roads fund and Medic One are the County's major governmental funds. Together these major funds account for 71% of total governmental fund assets and 70% of total governmental fund balance.



Thurston County, Washington 2002

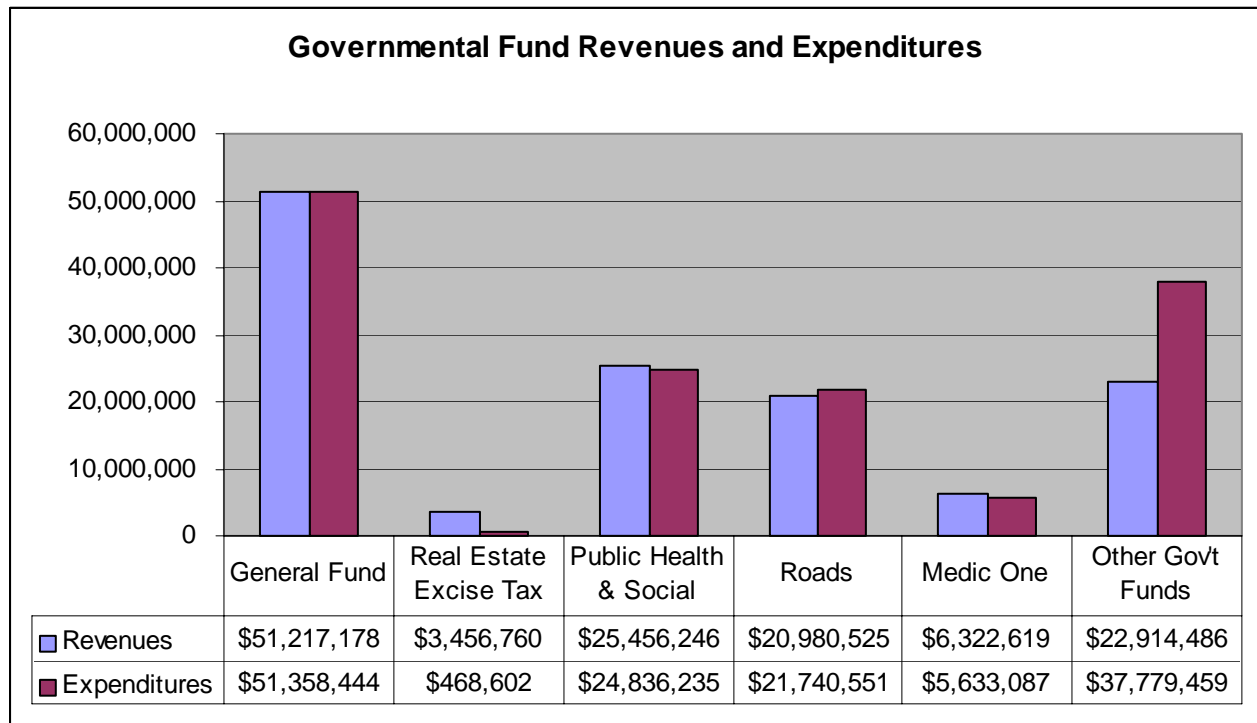
Thurston County's governmental funds provide information on the short-term inflows, outflows and balances of spendable resources. Unreserved fund balance is often a useful measurement of a fund's net resources available for spending at the end of the fiscal year. Of the total \$68.4 million in fund balance, 94% or \$64.5 million is unreserved. The remaining \$3.8 million is reserved for specific programs and debt service requirements.

The General Fund is the chief operating fund of Thurston County. At year-end the unreserved fund balance remaining in the general fund was \$6.7 million, amounting to 10% of total governmental funds unreserved fund balance. Likewise the general funds total assets of \$11 million are 13% of the total governmental funds.

The Real Estate Excise Tax fund is a dual-purpose fund. This fund accounts for restricted money associated with the collection of excise taxes on real estate transactions and is also used by the Board of County Commissioners as a holding account for excess general fund dollars that are designated for capital expenditures. About 50% of the fund balance or \$5 million dollars are unreserved general fund dollars. There are no outside restrictions on how this portion of the unreserved fund balance is spent. Adding this amount to the General Fund unreserved fund balance amounts to approximately \$12 million of the total \$17.7 million in unrestricted net assets in Governmental activities column on the Statement of Net Assets.

Governmental Funds Revenue/Expenditure Analysis

The following chart shows the revenue and expenditure amounts for the five major governmental funds and for all other governmental funds.



The revenues and expenditures listed above do not include other financing sources (uses) or residual equity transfers in or out. The General Fund and the Public Health and Social Services Fund account for close to 60% of the total Revenues and 54% of the expenditures. The Real Estate Excise Tax Fund and Medic One Fund fall into the category of major funds by the merits of their total assets.

Thurston County, Washington 2002

The net change in fund balance for the General Fund in 2002 was a positive \$2.5 million. This increase in fund balance is largely attributable to the transfer in of approximately \$4 million dollars from an abolished Criminal Justice Fund. During 2002 the county abolished the fund and transferred the revenues, expenditures and equity into the General Fund. Currently operations that were accounted for in the Criminal Justice Fund are now in the General Fund. Governmental Funds had an overall \$1.1 million increase in fund balance.

Real Estate Excise Tax's (REET) revenues increase was 15%. During 2002 the County sold the Juvenile Detention building for \$697,788. The Board of County Commissioners has made a decision to deposit proceeds from the sale of buildings into the REET, since the majority of debt is financed from REET. REET revenues increased 20% over 2001 revenues. Low interest rates coupled with an active real estate market is the driving force behind the increases in these revenues. The high volume of property related transactions has continued into 2003. General economic activity associated with property transactions increased in 2002. Interest revenue (\$200 thousand) was the only revenue added to the general fund dollars and we spent approximately \$280 thousand on upgrading general computer programs and assisting in the design costs associated with building the Tamoshan Wastewater Treatment plant.

The Roads fund as presented in these statements includes the County Road fund and the Roads Construction in Progress fund. There was a less than 1% increase in revenues for roads and a \$75 thousand dollar decrease in the total expenditures between 2001 and 2002. Actual expenditures were 30% under budgeted expenditures for 2002. The majority of this difference is due to under spending in capital projects. Total capital projects budgeted for 2002 was \$5.9 million and actual construction expenditures amounted to \$2.6 million. Some of the larger projects that were not even started include bridge reserves (\$1.8million) and Reservation Rd project (\$700 thousand). Grant revenues make up 40% of the total revenues received in the Roads Fund. Once these projects are approved for funding the time lines to complete the work is fairly defined, and priorities of the projects tend to follow the funding. Roads uses reserve categories to lump projects into specific types, but not separating out specific projects targeted for completion within the year. Starting in 2003 the engineers are attempting to define specific projects that will be completed as opposed to combining them into a reserve group. This will provide administration with a better perspective on the specific jobs slated for construction within the current year. We also expect to see the budgeted dollars more closely resemble the total amount expended.

Public Health and Social services fund accounts for the health and social services programs administered by the County. Both revenues and expenditures in this major fund increased over 10% from 2001 levels. The major increase in revenues was mainly attributable to intergovernmental sources increasing by \$2.5 million. Intergovernmental revenues are federal and state grants for specific services or functions provided through the health department. Federal grants for Bioterrorism, Medical Assistance and Chemical Therapy Assistance saw major increases in 2002. Although funding from the state decreased overall, some programs for Coordinated Prevention, Drug Task Force and Chemical Dependency actually increased their funding. Expenditures within Public Health and Social Services tend to follow the ebbs and flows of revenues due to their connection with grants.

Medic One fund accounts for the programs involved in with the overall coordination of basic and advanced life support services in conjunction with police and fire services. Most of the programs are funded through voter-approved property taxes. Increases in expenditures outpaced revenues by almost 10% in the medic one fund. The increase in expenditures is due to improvements in the Advanced Life Support services administered through Medic One. They upgraded their single paramedic units (SPRINT 10) to Medic 10's, which are a dual staffed paramedic units capable of transport.

Thurston County, Washington 2002

Enterprise Funds Net Assets Analysis

The Solid Waste and Grand Mound utilities are the only major enterprise funds, but they account for 81% of the total assets and 92% of the total liabilities. The Solid Waste fund contains the financial activities for the ongoing operations of the Solid Waste and Recovery Center built in 1999. This fund also accounts for the post closure of the Landfill located in the Hawks Prairie area within the City of Lacey. The following table reflects the Proprietary Funds Statement of Net Assets for the year ending December 31, 2002.

Thurston County Proprietary Net Assets				
Assets	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds
Cash & Pooled Investments	\$ 7,987,583	\$ 230,242	\$ 4,039,043	\$ 12,256,868
Other Current Assets	3,441,344	334,138	701,084	4,476,566
Restricted Assets:				
Cash and Pooled Investments	18,282,895	874,283	209,286	19,366,464
Total Current Assets	<u>29,711,822</u>	<u>1,438,663</u>	<u>4,949,413</u>	<u>36,099,898</u>
Long-Term Assets:				
Receivables and Deff Chrgs.	-	4,821,695	541,109	5,362,804
Fixed Assets	29,956,816	10,474,222	11,162,604	51,593,642
Less Accumulated Depreciation	(18,022,482)	(743,864)	(3,118,186)	(21,884,532)
Total Long Term Assets	<u>11,934,334</u>	<u>14,552,053</u>	<u>8,585,527</u>	<u>35,071,914</u>
Total Assets	<u>41,646,156</u>	<u>15,990,716</u>	<u>13,534,940</u>	<u>71,171,812</u>
Liabilities				
Current Liabilities:				
Accounts Payable/ Due To's	3,500,936	23,308	261,398	3,785,642
Lim.Tax G.O.Bond-Current	-	-	90,000	90,000
Total Current Liabilities	<u>3,500,936</u>	<u>23,308</u>	<u>351,398</u>	<u>3,875,642</u>
Long-Term Liabilities:				
Limited G.O. Bonds Payable	-	11,720,000	840,000	12,560,000
Compensated Absences Payable	-	-	228,840	228,840
Intergov. Loans & Contracts Payable	-	-	1,762,437	1,762,437
Accumulated Landfill Closure Costs	22,873,108	-	-	22,873,108
Total Long Term Liabilities	<u>22,873,108</u>	<u>11,720,000</u>	<u>2,831,277</u>	<u>37,424,385</u>
Total Liabilities	<u>26,374,044</u>	<u>11,743,308</u>	<u>3,182,675</u>	<u>41,300,027</u>
Net Assets				
Invested in Capital Assets, net rel. debt	11,934,334	(1,989,642)	5,351,981	15,296,673
Restricted For:				
Postclosure, Net Of Related Liability	(4,590,213)	-	-	(4,590,213)
Debt Service	-	1,191,738	1,950,822	3,142,560
Unrestricted	<u>7,927,991</u>	<u>5,045,312</u>	<u>3,049,462</u>	<u>16,022,765</u>
Total Net Assets	<u>\$ 15,272,112</u>	<u>\$ 4,247,408</u>	<u>\$ 10,352,265</u>	<u>\$ 29,871,785</u>

As of December 31, 2002 the County's enterprise funds reported combined net assets of approximately \$30 million, of which 65% are being contributed by the major funds. Of the 30 million in net assets 51% or \$15.3 million are accounted for in capital assets net of related debt. Grand Mound Water and Wastewater utility has a negative \$2 million in capital assets net of related debt. The utility was built in 1998. The County specifically structured the debt issuance to exceed the County's portion of the cost for this utility in order to use bond proceeds to meet the initial debt service requirements while the Equivalent Residential Units (ERU) serviced by the utility grew. The number of ERU's currently utilizing the utility is far below initial projections. The remaining net assets not restricted for a specific purpose are \$16 million for all proprietary funds.

Enterprise Funds Revenue/Expense Analysis

Revenues from the Solid Waste fund contributed 72% of the total enterprise funds in 2002. The following table provides a condensed look at revenues, expenses, and net change in retained earnings for the enterprise funds.

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

	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds
Revenues:				
Charges for Services	\$ 12,200,170	\$ 166,749	\$ 3,318,662	\$ 15,685,581
Assessments	-	-	1,350,283	1,350,283
Miscellaneous	5,229	6,992	18,871	31,092
Interest Revenue	1,060,425	407,043	266,031	1,733,499
Other Nonoperating Revenue	2,487,654		367,892	2,855,546
Total Revenues	15,753,478	580,784	5,321,739	21,656,001
Expenses:				
General Operations	11,320,696	-	192,118	11,512,814
Maintenance of Equipment	-	247,065	332,993	580,058
Customer Service	319,876	-	113,128	433,004
General Administration	4,234,980	-	3,336,714	7,571,694
Other Administration (Plan & Conserv.)	26,936	-	503,632	530,568
Depreciation/Amortization	768,011	254,671	429,858	1,452,540
Misc. Nonoperating Expenses	-	636,457	134,431	770,888
Total Expenses	16,670,499	1,138,193	5,042,874	22,851,566
Income (Loss) before contrib. and trans.	(917,021)	(557,409)	278,865	(1,195,565)
Capital Contributions	-	132,500	-	132,500
Transfers In (Out)	(480,557)	-	205,986	(274,571)
Change in Net Assets	(1,397,578)	(424,909)	484,851	(1,337,636)
Net Assets as of January 1	16,669,690	4,672,317	9,867,414	31,209,421
Net Assets as of December 31	\$ 15,272,112	\$ 4,247,408	\$ 10,352,265	\$ 29,871,785

Total operating revenues for enterprise funds equated to 17 million, covering approximately 77% of the operating expenses. In 2002 the Solid Waste utility settled lawsuits surrounding the closure of the landfill. The net cost to the County was 1.5 million. The majority of the non-operating revenues are attributable to insurance recoveries. The solid waste utility earned 61% of the total interest earnings for all enterprise funds. This is mainly due to the large amount of required cash reserves for post closure costs.

Grand Mound was a major fund based on assets and liabilities. Interest Revenues were 70% of their total revenues. Operating expenditures exceeded operating income by 76%; excluding annual depreciation charges these expenditures were only 30% above operating income. The \$132,500 of Capital Contributions is attributable to new connection charges.

Thurston County, Washington 2002

General Fund Budgetary Highlights

The following table shows the changes between the original annual budget and the General Fund budget as of December 31, 2002.

**Thurston County
General Fund Changes in Budget
as of December 31, 2002**

	Original 2002 Budget	Final 2002 Budget	Variance Positive (Negative)
Revenues:			
Taxes	\$ 34,567,415	\$ 34,756,501	\$ 189,086
Licenses & Permits	35,705	48,158	12,453
Intergovernmental	6,257,322	7,112,447	855,125
Charges for Services	4,679,556	4,973,445	293,889
Fines & Forfeitures	1,205,300	1,380,300	175,000
Miscellaneous	1,815,345	1,256,845	(558,500)
Total Revenues	48,560,643	49,527,696	967,053
Expenditures:			
General Government	24,498,266	24,310,805	187,461
Security of Persons & Property	23,899,363	25,825,958	(1,926,595)
Physical Environment	460,001	460,001	-
Transportation	994	5,624	(4,630)
Economic Environment	483,447	400,484	82,963
Mental & Physical Health	411,009	433,104	(22,095)
Culture & Recreation	377,362	390,739	(13,377)
Capital Outlay	23,580	106,313	(82,733)
Debt Service-Principal	153,949	150,192	3,757
Debt Service-Interest	15,672	17,009	(1,337)
Total Expenditures	50,323,643	52,100,229	(1,776,586)
Excess (Deficiency) of Revenues			
Over Expenditures	(1,763,000)	(2,572,533)	(809,533)
Sale of Fixed Assets	774,218	774,218	-
Transfers In	1,025,635	1,025,635	-
Transfer Out	(2,759,957)	(2,756,776)	3,181
Excess (Deficiency) of Revenues & Other Sources over Expenditures	(2,723,104)	(3,529,456)	(806,352)
Fund Balance as of January 1	7,922,052	8,198,426	276,374
Fund Balance as of December 31	\$ 5,198,948	\$ 4,668,970	\$ (529,978)

Overall differences from the original general fund budget to the final adopted budget for 2002 were minimal with a 2% increase in total revenues and a 4% increase in budgeted expenditures.

The largest change in the revenue budget was intergovernmental revenues that increased by 14% or \$855 thousand dollars. This change was due to an increase in federal grants including the following: Prosecuting Attorney's office received an increase of \$176,630 in the Community Prosecution & Project Safe Neighborhood and \$173,539 for Residential Substance Abuse Treatment; Corrections received an \$114,302 grant for the State Criminal Alien Assistance Program; Sheriff's office received a new \$87,000 grant for the National Incident Based Reporting System.

Thurston County, Washington 2002

Another significant increase in budgeted revenues was in charges for services. The main cause of this change was the increase in Auditor filing and records fees along with election services. This increase of \$233,000 amounted to 79% of the total increase. The decline in "Miscellaneous revenues" was due to a decrease in the forecasted investment service fees and investment interest revenues. These decreases were a direct result of lower cash balances and an overall decrease in investment earnings due to the poor market conditions.

The majority of the increases in expenditure budget forecasts were in Security of Person's and Property line item. Human Resources did a market analysis on our Sheriff's office that resulted in an overall 9% increase in salaries and benefits.

Budgeted capital outlay expenditures increase was mainly due to the increase in the Sheriff's budget for the new Records Management Information system for law enforcement personnel.

**Thurston County
General Fund Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
as of December 31, 2002**

	Final 2002 Budget	2002 Actuals	Variance Positive (Negative)
Revenues:			
Taxes	\$ 34,756,501	\$ 35,487,434	\$ 730,933
Licenses & Permits	48,158	54,226	6,068
Intergovernmental	7,112,447	6,895,398	(217,049)
Charges for Services	4,973,445	5,403,038	429,593
Fines & Forfeitures	1,380,300	1,797,064	416,764
Miscellaneous	1,256,845	1,580,018	323,173
Total Revenues	49,527,696	51,217,178	1,689,482
Expenditures:			
General Government	24,310,805	24,082,326	228,479
Security of Persons & Property	25,825,958	25,172,243	653,715
Physical Environment	460,001	460,001	-
Transportation	5,624	5,620	4
Economic Environment	400,484	377,006	23,478
Mental & Physical Health	433,104	431,930	1,174
Culture & Recreation	390,739	388,393	2,346
Capital Outlay	106,313	154,404	(48,091)
Debt Service-Principal	150,192	162,873	(12,681)
Debt Service-Interest	17,009	20,357	(3,348)
Total Expenditures	52,100,229	51,255,153	845,076
Excess (Deficiency) of Revenues			
Over Expenditures	(2,572,533)	(37,975)	2,534,558
Sale of Fixed Assets	774,218	334,224	(439,994)
Transfers In	1,025,635	977,388	(48,247)
Transfer Out	(2,756,776)	(2,756,775)	1
Excess (Deficiency) of Revenues & Other Sources over Expenditures	(3,529,456)	(1,483,138)	2,046,318
Fund Balance as of January 1	8,198,426	4,253,791	(3,944,635)
Residual Equity Transfer-In	-	3,967,258	3,967,258
Residual Equity Transfer-Out	-	(3,447)	(3,447)
Fund Balance as of December 31	\$ 4,668,970	\$ 6,734,464	\$ 2,065,494

Thurston County, Washington 2002

Thurston County adopts an annual budget. The final results for 2002 showed revenues coming in 3% higher than budgeted and expenditures 2% less than budgeted. The combined effect resulted in a \$2 million dollar increase to the General Fund ending fund balance.

Revenues increased by 12% over 2001, but expenditures grew by 15%. Although this would normally have a negative effect on fund balance, in 2002 "Other Revenue Sources increased close to 200% over the previous year. This is predominantly due to residual equity transfer from the abolished Criminal Justice Fund. The amount of the transfer was approximately 4 million dollars. The money was originally generated from criminal justice sales tax and the motor vehicle excise tax "backfill" money designated for criminal justice through the legislature. Originally the funds were accounted for in a special revenue fund, but in 2002 the County merged this fund with the General Fund (a common practice in other County's within Washington State).

Another reason for the increase in fund balance is a result of bringing in \$1.6 million more than we had budgeted in revenues. The largest increase in taxes was related to retail sales tax. Over a two-year period this revenue line has increased by 31% from our original adopted budget in 2001 to actual revenue received in 2002. The rise in sales tax revenues was predominately due to local increases in construction, auto sales and increased retail sales from new outlets stores like Walmart within the county. An average year of growth through the 1990's was around 5-7%. Administration constantly monitors sales tax revenues and although we often use conservative estimates for growth we do revise our budget estimates if actual revenues are exceeding our initial projections.

Overall expenditures for the General Fund increased by \$6.8 million over 2001 actuals. The largest increase is attributable to personnel costs. In 2002 the average cost of living increase for county employees was 3.9 percent. We also had major union contract revisions for 2002 including the Sheriff's office, which is the largest office in the general fund. Human Resources performed a market rate study on the Sheriff's pay that resulted in a 9% pay increase for all Sheriff's deputies and administration. Increases in the Sheriff's office amounted to 80% of the total increases in general fund expenditures. Overall health care benefits increased by approximately 20%, so the County increased their contributions rates by \$60 per employee (a 36% increase). These personnel costs increases were the largest factor in the expenditure increases.

Thurston County changed the way it distributed internal service charges in 2002. In the past a general non-departmental agency paid these costs for all offices and departments within the General fund. In an attempt to show the actual cost by agency the County started to allocate these costs to the respective departments and offices. From 2001 to 2002 expenditures within non-departmental decreased by 5.5 million dollars, with this difference being distributed out to the individual offices and departments. The total expenditures for general fund are not affected by this change, but the expenditures at the office and department level increased.

Prosecuting Attorney's costs increased by \$1.4 million from 2001 to 2002. A portion of the increase is attributable to the new grants being administered in 2002 including \$176 thousand dollars of new Community Prosecution and Project Safe Neighborhood grants. Personnel Costs and the new allocation of internal service charges accounted for the remaining increase in the Prosecuting Attorney's budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Thurston County's total investment in capital assets amounts to \$406 million net of related depreciation. This represents all of the capital assets in both governmental and business-type activities. Capital assets include Land, Construction in progress, Buildings, Improvements, Machinery & Equipment and Infrastructure. Historically infrastructure assets like roads, bridges, drainage systems, sidewalks, trails and paths have not been included in the capital assets for governmental activities. Thurston County valued all

Thurston County, Washington 2002

infrastructure assets acquired after July 1, 1980 using historical costs from the County Road Administration Board (CRAB) and Washington Department of Transportation (DOT) annual reports as well as a devaluation process applied against the estimated replacement cost of the assets. A further breakdown of this information is included in Notes to the Financial Statements (Note VI – Capital Assets). Capital assets amount to 75% of total assets. Of the \$406 million in net capital assets 15% or \$60 million was related to newly reported infrastructure assets and 57% or \$232 million was related to newly reported right-of-way land. Major capital asset events during the current year include the following:

During 2002 we started construction on a new Expo building located at the County fairgrounds. We spent approximately \$1,000,000 on construction costs. This exhibition/meeting facility will be used for off-site county functions and rented to other organizations for events and fundraisers. It will also provide additional space for exhibitors during the Fair, held the first week of August. County administration is hopeful the additional revenues generated from rental of the expo center will help eliminate the need for continued general fund support for the fair. The General fund has continually decreased the annual transfer to the fair from \$141,000 in 2000 to \$119,000 in 2002.

A new Coroner building was constructed in 2002 at a total cost of \$1.7 million (actual expenses in 2002 \$1.4 million). The coroner went from an 800 square foot space located in the basement of the County Courthouse to a 7,000 square foot facility located in Tumwater next to the Family and Juvenile Court facility. The County has researched ways to alleviate the Coroners crowding problems since 1991. In the old office, the ventilation system was poor, employees had to share desks, and the sitting place and viewing room for grieving family members was inadequate. The new building has the room and the tools to do the necessary investigation work associated with the Coroners office responsibilities. The new office has a comfortable sitting room for family members and they are able to view the autopsy room from a television as opposed to a glass window in the old coroners office.

The Roads department spent approximately \$4 million on construction projects during 2002. Some of the larger projects include: Marvin Road expansion (\$263K); Old 99 and 88th avenue (\$290K); Reservation Road (\$221K); Martin Way projects (\$827K); Chehalis Western Trail (\$230K); 188th avenue bridges (\$470K).

Thurston County is in the process of developing an inter-local agreement with the surrounding cities to create a “Thurston Justice Center”. This facility would house a regional jail and court facilities that would be utilized by Thurston County and the cities of Lacey, Olympia, Tumwater, Yelm, Tenino/Bucoda, and Rainier. The County would budget and account for the operations of the facility. In 2002 the County spent approximately \$2 million on related development costs. Property for the proposed facility was purchased for \$1.6 million.

Long-Term Debt

As of December 31, 2002, Thurston County had total bonded debt outstanding of \$46.4 million (\$33.8 million in governmental activities and \$12.6 million in Business-type activities). Loans, contracts and leases make up the remaining debt obligations totaling \$2.6 million. New issues in 2002 amounting to \$625 thousand were for the new utility improvement district for the Tamoshan/Beverly Beach wastewater plant improvements.

The County's current credit rating is A1 for general obligation debt. On our most recent debt issue in 2002 we purchased insurance increasing the rating to Aaa status. We issued \$10,635,000 in limited GO bonds during 2002. Proceeds from this issuance were used to payoff the 2000 GO bonds along with funding acquisitions and improvements to county facilities.

The County is far from its limitation of indebtedness having the legal ability to issue debt without a vote in the amount of \$214 million. Currently the excess of debt liabilities over assets is only \$47 million leaving \$167 million of additional indebtedness available.

Economic Factors

The average growth rate of the Thurston County's population was 2.3% per year. Thurston County, once one of the fastest growing Counties' within the state of Washington, has begun to see a slowing of that fast growth. In 2002 the County's population only increased by 1%. We expect this slowed rate of in-migration to continue. During 2002 Miller Brewing Company announced that they were closing their doors. This company employed over 400 people with an average payroll and benefits of \$74,200 per person. In the past state and local government jobs have helped insulate our community from the unemployment rates experienced in other County's. Within 2002 the state has experienced a decline in State general fund revenues for the first time in 30 years. Factors causing the decline include the decrease in Boeing sales and resulting layoffs as well as a cumulative effect of tax limitation initiatives 747, 695 and 601. The results of these factors will include employment reductions in state and local government jobs.

On the positive side, Thurston County had two large distribution centers (Target and Home Depot) constructed in 2002. These facilities will employ hundreds of people. Our retail sales tax revenues have continued to increase at a fairly significant pace partly due to the low interest rate loans on large-scale consumer items like cars and trucks. New housing starts have continued at their steady growth rate over the past decade.

County administration recognizes some of the unpredictable times ahead and continually plans for financial stability. Both elected officials and department heads are working together to maintain fiscal sustainability.

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Government Wide Financial Statements

Statement Of Net Assets
December 31, 2002
Page 1 of 2

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash & Pooled Investments	\$ 84,610,949	\$ 10,878,612	\$ 95,489,561
Investments at Cost		1,378,256	1,378,256
Receivables:			
Taxes Receivable	2,287,018	-	2,287,018
Special Assessment Receivables	63,905	431,513	495,418
Accrued Interest & Penalties	2,496,248	84,990	2,581,238
Customer Account Receivables	398,470	1,149,178	1,547,648
Internal Balances	418,982	(461,331)	(42,349)
Due from Other Government Units	4,852,839	660,117	5,512,956
Inventory	639,446	-	639,446
Prepayments	129,029	-	129,029
Restricted Assets:			
Cash & Pooled Investments	-	19,366,464	19,366,464
Long-Term Assets:			
Deferred Charges	-	181,773	181,773
Community Loans Receivable	-	153,533	153,533
Special Assessment Receivables	532,683	5,027,498	5,560,181
Capital Assets:			
Non-Depreciable	255,102,602	3,519,550	258,622,152
Depreciable, Net	121,384,222	26,189,560	147,573,782
Total Assets	472,916,393	68,559,713	541,476,106

See accompanying notes to the financial statements

Statement Of Net Assets
December 31, 2002
Page 2 of 2

LIABILITIES	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Accounts Payable	4,415,241	1,098,253	5,513,494
Notes Payable	75,321		75,321
Due to Other Government Units	638,118	75,290	713,408
Limited G.O. Bonds Payable	157,798	90,000	247,798
Deferred Revenues	1,091,275	-	1,091,275
Long-Term Liabilities:			
Limited G.O. Bonds Payable	33,826,054	12,560,000	46,386,054
Compensated Absences Payable	4,463,854	228,840	4,692,694
Claims & Judgements Payable	3,971,730	-	3,971,730
Intergovernmental Loans & Contracts Payable	814,245	1,762,437	2,576,682
Accumulated Landfill Closure Costs	-	22,873,108	22,873,108
Total Liabilities	49,453,636	38,687,928	88,141,564
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	341,688,727	11,319,538	353,008,265
Restricted For:			
Debt Service	70,623	3,142,560	3,213,183
Capital Projects	15,168,100		15,168,100
Culture & Recreation	1,187,000		1,187,000
Economic Environment	1,814,600		1,814,600
General Government	950,700		950,700
Health and Human Services	10,458,100		10,458,100
Internal Service	12,758,804		12,758,804
Landfill Postclosure, Net Of Related Liability		(4,590,213)	(4,590,213)
Public Safety	12,978,900		12,978,900
Physical Environment	2,087,700		2,087,700
Transportation	6,573,500		6,573,500
Unrestricted	17,726,003	19,999,900	37,725,903
Total Net Assets	\$ 423,462,757	\$ 29,871,785	\$ 453,334,542

See accompanying notes to the financial statements

Statement Of Activities
December 31, 2002
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Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants And Contributions	Capital Grants & Contributions
Primary Government					
Governmental Activities:					
General Government	\$ 13,773,594	\$ (4,900,822)	\$ 2,286,978	\$ 5,214	\$ 20,540
Culture & Recreation	2,307,791	136,999	773,151	65,274	500,282
Economic Environment	12,480,884	680,446	5,585,660	7,477,375	-
Health & Human Services	25,639,385	566,588	1,100,244	23,535,553	-
Physical Environment	1,371,267	16,815	627,697	22,164	-
Public Safety	47,601,870	2,455,654	4,972,102	3,055,878	168,431
Transportation	22,477,332	685,796	571,529	5,549	1,925,091
Interest and Fiscal Charges	1,607,743	-	-	-	-
Total Governmental Activities	127,259,866	(358,524)	15,917,361	34,167,007	2,614,344
Business-Type Activities:					
Solid Waste	13,005,132	302,415	12,183,445	205,033	23,178
Grand Mound	1,158,228	11,392	166,749	-	132,500
Other	1,958,560	44,717	1,740,622	118,405	43,750
Total Business-Type Activities	16,121,920	358,524	14,090,816	323,438	199,428
Total Primary Government	\$ 143,381,786	\$ -	\$ 30,008,177	\$ 34,490,445	\$ 2,813,772

See accompanying notes to the financial statements

Statement Of Activities

December 31, 2002

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Functions/Programs	Net (Expense) Revenue and Changes In Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government			
Governmental Activities:			
General Government	\$ (6,560,040)	\$ -	\$ (6,560,040)
Culture & Recreation	(1,106,083)	-	(1,106,083)
Economic Environment	(98,295)	-	(98,295)
Health & Human Services	(1,570,176)	-	(1,570,176)
Physical Environment	(738,221)	-	(738,221)
Public Safety	(41,861,113)	-	(41,861,113)
Transportation	(20,660,959)	-	(20,660,959)
Interest and Fiscal Charges	(1,607,743)	-	(1,607,743)
Total Governmental Activities	(74,202,630)	-	(74,202,630)
Business-Type Activities:			
Solid Waste	-	(895,891)	(895,891)
Grand Mound	-	(870,371)	(870,371)
Other	-	(100,500)	(100,500)
Total Business-Type Activities	-	(1,866,762)	(1,866,762)
Total Primary Government	\$ (74,202,630)	\$ (1,866,762)	\$ (76,069,392)
General Revenues:			
Taxes:			
Property Taxes, Levied for Specific Purposes	21,995,068	-	21,995,068
Franchise/Public Serv. Taxes, Assessed for Specific Purposes	15,551,459	-	15,551,459
Property Taxes, Levied for General Purposes	27,326,338	-	27,326,338
Franchise/Public Serv. Taxes, Assessed for General Purposes	12,413,392	-	12,413,392
Other General Revenues:			
Interest & Investment Earnings	3,891,717	1,733,499	5,625,216
Miscellaneous	285,653	31,092	316,745
Special Items:			
Gain/(Loss) on Sale of Capital Assets	526,134	(22,058)	504,076
Net Insurance Recoveries/(Losses)	-	(1,483,172)	(1,483,172)
Net Transfers In/(Out)	200,576	(274,571)	(73,995)
Total General Revenues, Special Items and Transfers	82,190,337	(15,210)	82,175,127
Change in Net Assets	7,987,707	(1,881,972)	6,105,735
Net Assets - Beginning (Restated)	415,475,050	31,753,757	447,228,807
Net Assets - Ending	\$ 423,462,757	\$ 29,871,785	\$ 453,334,542

Note: Clerk, District Court, Superior Court, Assigned Council and Prosecuting Attorney general government expenditures have been reclassified as Public Safety expenses in the Statement of Activities

See accompanying notes to the financial statements

Thurston County, Washington 2002

**Balance Sheet
Governmental Funds
December 31, 2002**

ASSETS	General Fund	Real Estate Excise Tax	Roads	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
Current Assets:							
Cash & Pooled Investments	\$ 6,523,959	\$ 10,271,212	\$ 12,155,855	\$ 7,880,698	\$ 10,013,340	\$ 20,854,199	\$ 67,699,263
Receivables:							
Taxes Receivable	1,158,833	-	759,775	304,243	15,969	48,198	2,287,018
Special Assessment Receivables	-	-	-	-	-	63,905	63,905
Accrued Interest & Penalties	2,278,910	28,940	18,029	23,258	31,971	79,984	2,461,092
Customer Account Receivables	200,159	-	-	-	32,433	158,269	390,861
Due from Other Funds	125,983	6,061	108,491	-	161,178	324,936	726,649
Due from Other Government Units	899,534	-	626,875	800	2,199,738	1,124,369	4,851,316
Inventory	-	-	494,384	-	-	1,309	495,693
Prepayments	4,475	-	-	-	-	287	4,762
Long-Term Assets:							
Special Assessment Receivables						532,683	532,683
Total Assets	11,191,853	10,306,213	14,163,409	8,208,999	12,454,629	23,188,139	79,513,242
LIABILITIES AND FUND BALANCES							
Current Liabilities:							
Accounts Payable	703,422	108,022	486,127	274,275	868,470	1,424,624	3,864,940
Due to Other Funds	228,269	8,327	57,062	5,443	62,052	538,056	899,209
Due to Other Government Units	6,300	-	519	102,916	516,933	11,450	638,118
Deferred Revenues	3,519,398	-	989,212	304,243	30,959	880,334	5,724,146
Total Liabilities	4,457,389	116,349	1,532,920	686,877	1,478,414	2,854,464	11,126,413
Fund Balances:							
Reserved For:							
Debt Service	-	-	-	-	-	70,623	70,623
Emergency Programs	-	-	-	3,753,057	-	-	3,753,057
Unreserved - Designated, Reported In:							
Petty Cash	23,920	-	300	100	2,850	21,445	48,615
Inventories	-	-	494,384	-	-	1,309	495,693
Unreserved - Undesignated, Reported In:							
General Fund	6,710,544	-	-	-	-	-	6,710,544
Special Revenue Funds		10,189,864	12,135,805	3,768,965	10,973,365	11,909,458	48,977,457
Debt Service Funds	-	-	-	-	-	70,623	70,623
Capital Projects Funds	-	-	-	-	-	8,260,217	8,260,217
Total Fund Balance	6,734,464	10,189,864	12,630,489	7,522,122	10,976,215	20,333,675	68,386,829
Total Liabilities & Fund Balances	\$ 11,191,853	\$ 10,306,213	\$ 14,163,409	\$ 8,208,999	\$ 12,454,629	\$ 23,188,139	\$ 79,513,242

See accompanying notes to the financial statements

**Reconciliation Of The Balance Sheet Of Governmental Funds
To The Statement Of Net Assets
December 31, 2002**

Total fund balances as shown on the governmental funds balance sheet		\$ 68,386,829
<p>Capital assets used in governmental activities are not financial resources and therefore are not capitalized and reported in governmental funds</p>		
Capital assets	\$ 453,744,829	
Depreciation	<u>(87,367,422)</u>	
Capital assets net of depreciation		366,377,407
<p>Long term debt and compensated absences have not been included in governmental fund activity</p>		
Bonds payable	(33,865,678)	
Compensated absences	<u>(4,009,347)</u>	
Long term debt		(37,875,025)
<p>Some receivables are not available to pay for current period expenditures and are therefore deferred in governmental funds</p>		
		4,637,744
<p>Internal service funds are used by management to charge the costs of individual activities to certain funds (the assets and liabilities of these funds must be added to the statement of net assets)</p>		
Assets	27,971,432	
Liabilities	<u>(6,035,630)</u>	
Internal service funds net assets		<u>21,935,802</u>
Change in net assets, as reflected in statement of net assets		<u>\$ 423,462,757</u>

See accompanying notes to the financial statements

Thurston County, Washington 2002

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2002**

	General Fund	Real Estate Excise Tax	Roads	Medic One	Public Health & Social Services	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 35,487,434	\$ 3,074,696	\$ 13,570,425	\$5,951,516	\$ 405,748	\$ 5,386,571	\$ 63,876,390
Licenses & Permits	54,226	-	-	-	176,607	2,959,058	3,189,891
Intergovernmental	6,895,398	-	6,707,722	74,362	23,304,062	8,847,208	45,828,752
Charges for Services	5,403,038	15,725	384,632	55	1,126,039	3,963,573	10,893,062
Fines & Forfeits	1,797,063	-	-	-	-	-	1,797,063
Miscellaneous Revenue	1,580,019	366,339	317,746	296,686	443,790	1,758,076	4,762,656
Total Revenues	51,217,178	3,456,760	20,980,525	6,322,619	25,456,246	22,914,486	130,347,814
Expenditures:							
General Government	24,078,879	143,591	149,257	-	-	3,011,767	27,383,494
Security of Persons & Property	25,172,243	44,331	306,758	5,494,552	120,891	458,090	31,596,865
Physical Environment	460,001	80,880	-	-	-	822,015	1,362,896
Transportation	5,620	-	17,040,061	-	-	1,400,901	18,446,582
Economic Environment	377,006	-	-	-	-	12,063,672	12,440,678
Mental & Physical Health	431,930	5,741	-	-	24,715,344	-	25,153,015
Culture & Recreation	388,393	84,161	-	-	-	1,722,295	2,194,849
Capital Outlay	261,142	109,898	4,244,475	138,535	-	6,373,043	11,127,093
Debt Service:							
Principal	162,873	-	-	-	-	10,340,290	10,503,163
Interest & Fiscal Charges	20,357	-	-	-	-	1,587,386	1,607,743
Total Expenditures	51,358,444	468,602	21,740,551	5,633,087	24,836,235	37,779,459	141,816,378
Excess (Deficiency) of Revenues Over Expenditures	(141,266)	2,988,158	(760,026)	689,532	620,011	(14,864,973)	(11,468,564)
Other Financing Sources (Uses)							
Capital Lease Financing	103,291	-	-	-	-	-	103,291
Sale of Capital Assets	334,224	697,788	602,542	90,125	4,730	52,828	1,782,237
Other Fin. Sources - Bond Proceeds	-	-	-	-	-	10,535,820	10,535,820
Transfers In	4,944,646	-	-	130,099	2,558,707	15,921,899	23,555,351
Transfers Out	(2,760,222)	(2,998,438)	(799,932)	(130,099)	(1,559,709)	(15,106,375)	(23,354,775)
Total Other Financing Sources (Uses)	2,621,939	(2,300,650)	(197,390)	90,125	1,003,728	11,404,172	12,621,924
Net Changes In Fund Balances	2,480,673	687,508	(957,416)	779,657	1,623,739	(3,460,801)	1,153,360
Fund Balances as of January 1	4,253,791	9,502,356	13,587,905	6,742,465	9,352,476	23,794,476	67,233,469
Fund Balances as of December 31	\$ 6,734,464	\$10,189,864	\$ 12,630,489	\$7,522,122	\$ 10,976,215	\$ 20,333,675	\$ 68,386,829

See accompanying notes to the financial statements

**Reconciliation Of The Statements Of
Revenues, Expenditures/Expenses And Changes In Fund
Balances/Net Assets Of Governmental And Proprietary Funds
To The Statement Of Activities
For The Year Ended December 31, 2002**

	Governmental Funds	Business-Type Funds
Net changes in fund balances	\$ 1,153,360	\$ (1,337,636)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, this cost is deferred (capitalized) and then depreciated over their estimated lives.	11,127,093	-
Governmental funds report the repayment of bond principal as an expenditure. However, this expenditure reduces the liability in the statement of net assets and is therefore excluded in the statement of activities.	10,503,163	-
Governmental funds report the receipt of funds from bond proceeds, intergovernmental loans and lease financing as revenues. However, this receipt increases the liability in the statement of net assets and is therefore excluded in the statement of activities.	(10,639,111)	-
Internal services provided to other funds are provided primarily by internal service funds but may occur to some extent between most other funds in the County. However, there is no billing for other internal services which are computed within the County's indirect cost plan. Profit or loss from internal service billings, interfund charges between other funds and service costs allocated within the County's cost plan are listed below:		
Profit or loss from internal service operations	(509,362)	(322,167)
Other interfund transactions	(37,419)	37,419
Allocated direct and indirect costs from the County's cost plan	259,588	(259,588)
Some revenues, which are deferred (not recognized) in governmental funds, are recognized as revenue in the statement of activities	4,637,744	-
Governmental funds report the proceeds on sales of capital assets as a revenue source. However, only proceeds in excess of net book value is recognized as a revenue source in statement of activities.	(380,549)	-
Governmental funds do not report usage (depreciation) of capital assets. However, in the statement of activities, the cost of these assets are depreciated over their estimated lives.	(8,126,800)	-
Change in net assets	\$ 7,987,707	\$ (1,881,972)

See accompanying notes to the financial statements

**Statement Of Net Assets
Proprietary Funds
December 31, 2002**

	Enterprise Funds				Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current Assets:					
Cash & Pooled Investments	\$ 7,987,583	\$ 230,242	\$ 2,660,787	\$ 10,878,612	\$16,911,686
Investments at Cost	-	-	1,378,256	1,378,256	-
Receivables:					
Special Assessment Receivables	-	315,000	116,513	431,513	-
Accrued Interest & Penalties	73,441	3,164	8,385	84,990	35,156
Customer Account Receivables	1,107,954	9,562	31,662	1,149,178	7,609
Due From Other Funds	1,749,989	-	400,779	2,150,768	638,021
Due From Other Government Units	509,960	6,412	143,745	660,117	1,523
Inventory	-	-	-	-	143,753
Prepayments	-	-	-	-	124,267
Restricted Assets:					
Cash and Pooled Investments	18,282,895	874,283	209,286	19,366,464	-
Long-Term Assets:					
Deferred Charges	-	175,800	5,973	181,773	-
Community Loans Receivable	-	-	153,533	153,533	-
Special Assessment Receivables	-	4,645,895	381,603	5,027,498	-
Capital Assets	29,956,816	10,474,222	11,162,604	51,593,642	26,048,013
Accumulated Depreciation	(18,022,482)	(743,864)	(3,118,186)	(21,884,532)	(15,938,596)
Total Assets	41,646,156	15,990,716	13,534,940	71,171,812	27,971,432
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,031,711	4,497	62,045	1,098,253	550,301
Notes Payable	-	-	-	-	75,321
Due To Other Funds	2,465,147	18,811	128,141	2,612,099	46,479
Due To Other Government Units	4,078	-	71,212	75,290	-
Lim. Tax G.O. Bond-Current Portion	-	-	90,000	90,000	157,798
Deferred Revenue	-	-	-	-	4,873
Long-Term Liabilities:					
Limited G.O. Bonds Payable	-	11,720,000	840,000	12,560,000	691,770
Compensated Absences Payable	-	-	228,840	228,840	454,507
Claims and Judgements Payable	-	-	-	-	3,971,730
Intergovernmental Loans & Contracts Payable	-	-	1,762,437	1,762,437	82,851
Accumulated Landfill Closure Costs	22,873,108	-	-	22,873,108	-
Total Liabilities	26,374,044	11,743,308	3,182,675	41,300,027	6,035,630
NET ASSETS					
Invested in Capital Assets, Net Of Related Debt	11,934,334	(1,989,642)	5,351,981	15,296,673	9,176,998
Restricted For:					
Postclosure, Net Of Related Liability	(4,590,213)	-	-	(4,590,213)	-
Debt Service	-	1,191,738	1,950,822	3,142,560	-
Unrestricted	7,927,991	5,045,312	3,049,462	16,022,765	12,758,804
Total Net Assets	\$ 15,272,112	\$ 4,247,408	\$ 10,352,265	\$ 29,871,785	\$21,935,802

See accompanying notes to the financial statements

**Statement Of Revenues, Expenses And Changes In Fund Net Assets
Proprietary Funds
For The Year Ended December 31, 2002**

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds		
Operating Revenues:					
Charges for Services	\$ 12,200,170	\$ 166,749	\$ 3,318,662	\$ 15,685,581	\$ 14,149,073
Equipment Rental	-	-	-	-	5,045,866
Assessments	-	-	1,350,283	1,350,283	1,004,723
Interfund Contributions	-	-	-	-	547,852
Miscellaneous	5,229	6,992	18,871	31,092	50,883
Total Operating Revenues	12,205,399	173,741	4,687,816	17,066,956	20,798,397
Operating Expenses:					
General Operations	11,320,696	247,065	518,466	12,086,227	13,416,234
Contracted Procedures & Operations	-	-	-	-	-
Maintenance of Equipment	-	-	6,645	6,645	2,646,385
Customer Service	319,876	-	113,128	433,004	-
General Administration	4,234,980	-	3,336,714	7,571,694	2,596,442
Other Administration (Planning & Conservation)	26,936	-	503,632	530,568	-
Depreciation/Amortization	768,011	254,671	429,858	1,452,540	2,462,374
Risk Transfer Payments	-	-	-	-	213,144
Claims Payments	-	-	-	-	621,099
Total Operating Expenses	16,670,499	501,736	4,908,443	22,080,678	21,955,678
Operating Income	(4,465,100)	(327,995)	(220,627)	(5,013,722)	(1,157,281)
Nonoperating Revenue (Expenses):					
Interest Revenue	1,060,425	407,043	266,031	1,733,499	422,506
Other Nonoperating Revenue (Expense)	2,487,654	(2,906)	367,892	2,852,640	(59,341)
Interest Expense & Fiscal Charges	-	(633,551)	(134,431)	(767,982)	(46,414)
Total Nonoperating Revenue (Expense)	3,548,079	(229,414)	499,492	3,818,157	316,751
Income Before Contributions and Transfers:	(917,021)	(557,409)	278,865	(1,195,565)	(840,530)
Capital Contributions	-	132,500	-	132,500	294,185
Transfers In (Out)	(480,557)	-	205,986	(274,571)	69,010
Change in Net Assets	(1,397,578)	(424,909)	484,851	(1,337,636)	(477,335)
Net Assets as of January 1	16,669,690	4,672,317	9,867,414	31,209,421	22,413,137
Net Assets as of December 31	\$ 15,272,112	\$ 4,247,408	\$ 10,352,265	\$ 29,871,785	\$ 21,935,802

See accompanying notes to the financial statements

**Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2002
Page 1 of 2**

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Solid Waste	Grand Mound	Other Enterprise Funds		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 10,355,558	\$ 169,016	\$ 4,618,603	\$ 15,143,177	\$ 21,954,215
Cash Paid for Goods & Services	(15,547,381)	(386,397)	(1,728,801)	(17,662,579)	(10,210,639)
Cash Paid to Employees	(16)	-	(2,686,983)	(2,686,999)	(7,143,886)
Net Cash Provided (Used) by Operating Activities	<u>(5,191,839)</u>	<u>(217,381)</u>	<u>202,819</u>	<u>(5,206,401)</u>	<u>4,599,690</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers In	246,412	39,000	785,547	1,070,959	99,786
Operating Transfers Out	(726,969)	(39,000)	(579,561)	(1,345,530)	(30,776)
Residual Equity Transfers In	-	132,500	-	132,500	-
Residual Equity Transfers Out	-	-	-	-	-
Grant Proceeds	205,033	-	118,405	323,438	-
Payments On Community Loans	-	-	26,089	26,089	-
Insurance Recoveries	2,265,517	-	218,516	2,484,033	81,874
Net Cash Provided (Used) by Noncapital Financing Act.	<u>1,989,993</u>	<u>132,500</u>	<u>568,996</u>	<u>2,691,489</u>	<u>150,884</u>
Cash Flows from Capital & Related Financing Activities:					
Sales/Dispositions Of Capital Assets	(26,432)	9,177	23,362	6,107	107,769
Capital Asset Acquisitions	(203,541)	(4,752)	(1,136,477)	(1,344,770)	(3,231,437)
Bond/Loan Payments	-	-	(215,021)	(215,021)	(320,865)
Bond/Loan Proceeds	-	-	625,163	625,163	-
Grant Proceeds	23,178	-	43,750	66,928	-
Assessment Receipts	-	446,500	210,000	656,500	-
Interest Payments	-	(633,551)	(134,431)	(767,982)	(46,414)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(206,795)</u>	<u>(182,626)</u>	<u>(583,654)</u>	<u>(973,075)</u>	<u>(3,490,947)</u>
Cash Flows from Investing Activities:					
Interest Receipts	1,086,856	407,264	210,669	1,704,789	436,241
Net Cash Provided (Used) by Investing Activities	<u>1,086,856</u>	<u>407,264</u>	<u>210,669</u>	<u>1,704,789</u>	<u>436,241</u>
Net Increase in Cash & Cash Equivalents	<u>(2,321,785)</u>	<u>139,757</u>	<u>398,830</u>	<u>(1,783,198)</u>	<u>1,695,868</u>
Cash & Cash Equivalentents 1-1-02	<u>28,592,263</u>	<u>964,768</u>	<u>3,849,499</u>	<u>33,406,530</u>	<u>15,215,818</u>
Cash & Cash Equivalentents 12-31-02	<u>26,270,478</u>	<u>1,104,525</u>	<u>4,248,329</u>	<u>31,623,332</u>	<u>16,911,686</u>

See accompanying notes to the financial statements

**Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2002**

Page 2 of 2

	Enterprise Funds				Internal Service Funds
	Solid	Grand	Other	Total	
	Waste	Mound	Enterprise Funds	Enterprise Funds	
Reconciliation of Operating Income To Net Cash Provided (Used) by Operating Income:					
Operating Income	(4,465,100)	(327,995)	(220,627)	(5,013,722)	(1,157,281)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	768,011	254,671	429,858	1,452,540	2,462,374
(Increase) Decrease in:					
Special Assessment Receivables	-	(160,000)	28,069	(131,931)	
Other Current Receivables	(29,972)	(4,504)	(54,092)	(88,568)	24,924
Due from Other Funds	(1,516,490)	-	(53,274)	(1,569,764)	1,146,093
Due from Other Government Units	(276,948)	-	(17,209)	(294,157)	3,409
Inventories			-	-	(3,825)
Prepaid Expense			-	-	64,800
Deferred Charges	-	10,548	854	11,402	
Increase (Decrease) in:					
Accounts Payable	(503,893)	104	(38,291)	(542,080)	(195,193)
Notes Payable	-	-	-	-	75,321
Due to Other Funds	1,470,616	9,795	22,415	1,502,826	(39,809)
Due to Other Government Units	189	-	71,212	71,401	-
Claims and Judgements			-	-	2,145,547
Compensated Absences Payable	-	-	33,904	33,904	73,330
Accumulated Landfill Closure	(638,252)	-	-	(638,252)	
Total Adjustments	(726,739)	110,614	423,446	(192,679)	5,756,971
Net Cash Provided by Operating Activities	<u>\$ (5,191,839)</u>	<u>\$ (217,381)</u>	<u>\$ 202,819</u>	<u>\$ (5,206,401)</u>	<u>\$ 4,599,690</u>

See accompanying notes to the financial statements

**Statement Of Fiduciary Net Assets
Fiduciary Funds
For The Year Ended December 31, 2002**

ASSETS	Investment Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets:			
Cash & Pooled Investments	\$ 133,294,848	\$ 1,557,775	\$ 24,996,156
Cash and Deposits in Trust	-	-	227,118
Cash and Deposits with Fiscal Agent	-	-	123,848
Receivables:			
Taxes Receivable	-	-	7,523,486
Special Assessment Receivables	-	-	83,564
Accrued Interest Receivables	-	-	2,295,841
Customer Account Receivables	-	-	29
Due from Other Funds	-	-	44,285
Due from Other Governments	-	16,469	-
Investments at Fair Value:			
US Treasury State and Local Government	3,219,558	-	-
Municipal Bonds	-	-	102,895
Total Assets	136,514,406	1,574,244	35,397,222
LIABILITIES			
Liabilities:			
Warrants Payables	-	-	17,008,226
Accounts Payable	-	-	3,700,668
Due to Other Funds	-	-	1,936
Due to Fiscal Agent	-	-	1,770,720
Due to Other Governments	-	-	3,750,848
Deferred Revenue	-	-	9,164,824
Total Liabilities	-	-	35,397,222
NET ASSETS			
Investments Held in Trust for Pool Participants	136,514,406	-	-
Investments Held in Trust for Other Purposes	-	1,574,244	-
Total Net Assets	\$ 136,514,406	\$ 1,574,244	\$ -

See accompanying notes to the financial statements

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2002**

	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Additions By Participants	\$ 776,453,197	\$ 5,895,952
Total Contributions	<u>776,453,197</u>	<u>5,895,952</u>
Investment Income:		
Net Increase In Fair Value Of Investments	3,219,558	-
Interest, Dividends and Other	-	25,517
Total Investment Income	<u>3,219,558</u>	<u>25,517</u>
Total Additions	<u>779,672,755</u>	<u>5,921,469</u>
Deductions:		
Distributions to Participants	774,197,620	5,531,740
Total Deductions	<u>774,197,620</u>	<u>5,531,740</u>
Change in Net Assets Held for Individuals, Organizations and Other Governments	5,475,135	389,729
Net Assets as of January 1	<u>131,039,271</u>	<u>1,184,515</u>
Net Assets as of December 31	<u><u>\$ 136,514,406</u></u>	<u><u>\$ 1,574,244</u></u>

See accompanying notes to the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

Guide to Notes

Year ended December 31, 2002

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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2002

Note I - Summary Of Significant Accounting Policies

The financial statements of Thurston County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. REPORTING ENTITY

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

Component Unit

The Comprehensive Annual Financial Report of Thurston County does not include any component units for which the County is financially accountable.

B. GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Government wide financial statements comprise the statement of net assets and the statement of activities. These statements report information on non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separate from business type activities. Business type activities rely to a significant extent on fees and charges for support. Internal service balances are summarized with governmental balances in the statement of net assets since most internal services are provided to governmental functions. However, the doubling effect of internal service activities has been removed from the statement of activities.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Fund financial statements are used to report additional and more detailed information about the primary government. Separate 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, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. These statements are reported on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on all balance sheets. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenues, expenses, gains, losses, assets and liabilities are recognized when the exchange takes place. All revenues and service costs are reported each year regardless whether they were received or paid in the current year or soon thereafter.

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

1. Government-Wide Financial Statements

Capital assets are capitalized in the statement of net assets instead of being expensed in the statement of activities. Capital assets include governmental infrastructure (primarily road) assets (See Note VI). The use of these assets over time is then recognized as a depreciation expense in the statement of activities (See Note VI for depreciation expenses reported in the statement of activities).

Proceeds of long-term debt are recorded as a liability in the statement of net assets instead of being reported as general revenues in the statement of activities. Amounts paid to reduce long-term indebtedness are reported as a reduction in the related liability in the statement of net assets instead of being reported as expenditures in the statement of activities.

Program revenues include:

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

Taxes, unrestricted grants, entitlements, interest and other special and extraordinary items not properly included among program revenues are reported as general revenues. Non-exchange general revenue transactions occur when the County gives (or receives) value without directly receiving (or giving) equal value in exchange. These transactions are either unrestricted or restricted for specific purposes or uses and are segregated into either property taxes or franchise and public service taxes. Franchise and public service taxes in the statement of activities include the following general tax revenue and service fees: government land lease, forest board, timber sales, liquor excise, harvest, real estate, leasehold excise, motor vehicle license and excise, punch board and pull tabs, retail sales, motel/hotel, cable TV and document preservation fees. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other internal charges for services provided by the government's operating utilities and programs. Additionally, the county's cost allocation plan allocates indirect and direct service costs to individual functions. The full allocation of these costs has been included, and separately reported, as program expenses in each reported function or segment.

2. Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or "financial flow" measurement focus. These funds are reported in the governmental fund financial statements using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included in their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources."

Governmental fund operating statements focus on measuring changes in financial position rather than net income. They present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the County considers all revenues (including property, sales and franchise taxes, licenses and interest) to be available if they are collected within sixty days after year-end.

Expenditures are generally recorded when the related fund liability is incurred using the modified accrual basis of accounting. The modified accrual basis differs from the accrual basis in the following ways:

- Purchases of capital assets are considered expenditures.
- Redemptions of long-term debt are considered expenditures when due.
- Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Revenues that are measurable but not available are recorded as a receivable and offset by deferred revenues.
- Interest on long-term debt is not accrued but is recorded as an expenditure when due.
- Accumulated unpaid vacation and sick leave are considered expenditures when paid.

Thurston County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- The County Road Fund accounts for the design, construction, and maintenance of County roads.
- The Public Health and Social Services Fund accounts for the following services: mental health, developmental disabilities, substance abuse treatment, prevention, children and family, environmental, and personal health.
- The Medic One Fund accounts for countywide delivery of advanced life support response and transport services.
- The Real Estate Tax Fund accounts for proceeds dedicated to capital projects from the permanent one-half percent tax on real property sales in unincorporated Thurston County.

3. Proprietary Fund Financial Statements

Proprietary funds disclose cash flows in a separate statement that reports their investing and financing activities. Proprietary funds also distinguish operating revenues and expenses from non-operating items in their operating statements. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of personnel and contractual services, other supplies and expenses and depreciation on capital assets. All revenues and expenses not meeting this definition, including capital and non-capital financing and investing activities and non-exchange and exchange like transactions, are reported as non-operating revenues and expenses.

The County reports the following major proprietary funds:

- The Solid Waste Fund accounts for all solid waste activity including the maintenance and operation of the County's waste and recovery center.
- The Grand Mound Water and Wastewater Fund accounts for maintenance and operations of the Grand Mound water & wastewater systems.

Additionally, the County reports internal service funds which account for the following types of internal County services: equipment repair and rental, data processing, facilities upkeep and maintenance, unemployment compensation and benefits administration payments, insurance risk and county-wide emergency communication services.

4. Fiduciary Fund Financial Statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Thurston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Thurston County has three types of fiduciary funds:

- Investment Trust funds report pooled investments held on behalf of internal and external pool participants in the County's investment program.
- Private Purpose Trust funds report trust arrangements where the principal and interest benefit those outside of the primary government.
- Agency Funds account for assets and liabilities the County holds for others in an agency capacity. These funds are custodial in nature and do not present results of operations or have a measurement focus. These funds primarily comprise clearing accounts for assets and liabilities held by the County in its role as custodian until the funds are allocated to private parties, organizations, or government agencies to which they belong.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer except when otherwise requested in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. A segment or function's portion of total cash and pooled investments is summarized in the entity wide and fund financial statements under the classification of cash and pooled investments. Balances in cash and pooled investments are available on a demand basis to each of the funds. Earnings on the cash and pooled investments are allocated to participating funds on an average daily balance basis. For purposes of the statement of cash flows, unrestricted and restricted cash and pooled investments are treated as cash and cash equivalents since balances are available as demand deposits.

The amounts reported as cash and pooled investments also include compensatory balances maintained with certain banks. These balances are in addition to payments made for banking services rendered. The average compensatory balances maintained during 2002 were approximately \$2,367,000.

2. Receivables From and Payables To External Sources

Taxes receivable consist of current and delinquent property taxes and are offset by deferred revenue in the governmental funds balance sheet. Accrued interest receivable consists of related interest and penalties on property taxes (See Note V), interest on investments and on special assessments at the end of the year.

Special Assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited and related interest and penalties.

Customer and other accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Receivables have been recorded net of estimated uncollectible amounts. Because property taxes, special assessments and utility billings are considered liens on property, no estimates of uncollectible amounts are established. Fines and forfeitures for court receivables are not reported in the financial statements.

3. Receivables From and Payables To Internal Sources or Other Governmental Units

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loans receivable/payable" or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds" in the governmental funds balance sheet and proprietary funds statement of net assets. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide statement of net assets as "internal balances". A separate schedule of interfund transactions by fund is furnished in Note VIII - Interfund Transactions. These amounts include amounts due to/from the County's fiduciary funds. Due to/from other funds was reported as a cash flow change impacting operating activities in 2002. However, due to/from other governmental units was reported as a cash flow change impacting non-operating activities in 2002.

4. Inventories and Prepaid Items

Inventories are defined as assets that may be held for internal consumption or for resale. Any material inventory remaining at year-end is included in the balance sheet of the appropriate fund. In the governmental funds, except for the Roads Special Revenue Fund, the purchase method is used in which the cost is recorded as an expenditure when individual items are purchased. In the Roads Special Revenue Fund and the proprietary funds, a perpetual inventory is maintained, in which the cost is capitalized when inventory items are purchased and recorded as an expenditure (expense in proprietary funds) when the item is consumed. Inventories recorded in the Roads Special Revenue Fund and the Proprietary Funds are stated at cost. Inventories are valued on a moving weighted average basis.

Prepayments are payments in advance of the receipt of goods and services in an exchange transaction. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements. These items primarily include prepaid rents for computer software. Prepaid expenditures (expenses) are recorded as expenditures (expenses) when consumed. They are recorded on the balance sheet at year-end.

5. Long-Term Liabilities

Revenue and general obligation bonds and intergovernmental loans and contracts directly related to and financed from enterprise funds are accounted for in the respective enterprise funds. All other long-term debt is reported in the governmental column of the government-wide statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, is reported as debt service expenditures.

Amounts reserved, as stipulated in bond covenants or agreements, for the current portion of long-term liabilities is shown as a reservation of fund balance in the fund financial statements and a restriction of fund balance in the statement of net assets. Specific debt service requirements are described in Note VII – Long-Term and Other Significant Debt.

6. Capital Assets and Depreciation

Capital assets include land, improvements to land, easements, buildings, building improvements, machinery and equipment, construction in progress, infrastructure, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Thurston County defines capital assets as assets (including capital leases) valued at \$5,000 or more (including ancillary costs) with an estimated useful life in excess of one year.

Infrastructure assets are long-lived assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, sidewalks, trails and paths, and water and sewer systems. Infrastructure assets acquired after July 1, 1980 are reported. Some infrastructure assets are reported at historical costs using County Road Administration Board and Washington State Department of Transportation annual reports. Other infrastructure assets are reported at estimated historical costs on a discounted current replacement value basis. Infrastructure acquired prior to June 30, 1980, except for Right of Ways and easements, are not reported.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair market value, if estimable, or donor's net book value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. The cost of normal maintenance and repairs that do not significantly add to the value of the asset or materially extend the assets' life is expensed in the year incurred.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Machinery & Equipment	3-20 years
Improvements	10-40 years
Buildings	10-40 years
Infrastructure	20-40 years

Interest on borrowed funds to finance construction projects is capitalized and added to the cost of the constructed capital asset. Because interest costs were offset by interest earnings on the investments of funds for these projects, no interest expense was capitalized during asset construction.

7. Rebtable Arbitrage

Thurston County has chosen to treat any rebatable arbitrage as a reduction of revenue.

8. Net Assets or Equity

Net assets in the statement of net assets is either (a) an investment in capital assets, net of related debt, (b) restricted or (c) unrestricted. Fees and charges for services (except for the general fund) are usually considered to be restricted since they have been charged or levied for a specific purpose or use. When both restricted and unrestricted resources are available for use, it is the County's policy to use these resources proportionately based on their overall contribution to the total resources of that fund, function or program.

Net assets in the proprietary funds statement of net assets are restricted and fund equity in the governmental funds balance sheet is reserved if there are "outside" restrictions placed on the use of these

funds. Debt service reservations and restrictions from bond covenants and resolutions are reported for governmental and proprietary debt service funds. Medic One's property taxes are reserved for emergency programs by statute. Solid waste restricted cash and investments is also restricted within the net assets section of the statement of net assets to fund a 30 year landfill postclosure care period. This restricted net asset was offset by the accumulated long-term liability for postclosure care.

Note II - Reconciliation of Government Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation that reconciles the total fund balance for governmental funds to the total net assets for governmental activities reported in the government-wide statement of net assets. The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation that reconciles total net changes in fund balances to total changes in net assets for governmental activities in the statement of activities. This latter reconciliation also reconciles total changes in net assets in the proprietary funds statement of revenues, expenses and changes in fund net assets to total changes in net assets for business-type activities in the statement of activities.

Note III - Stewardship, Compliance And Accountability

A. BUDGETS AND BUDGETARY ACCOUNTING

The County prepares its budgets in accordance with state law. In November 2001, the County Administrator submitted to the Board of County Commissioners a proposed operating budget for 2002. The operating budget includes proposed expenditures and the means of financing them. Public hearings were conducted at the County Courthouse to obtain taxpayer comments. On December 17, 2001 the budget was legally enacted through passage of a resolution.

For 2002, appropriations were authorized at the appropriation unit level. An appropriation unit is a fund-agency combination of certain objects (personnel, travel/training, ER&R, contingency, ending fund balance, and other) of expenditures. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of detailed line-item budgets at the sub-function level. The Chief Administrative Officer is authorized to transfer budgeted amounts between appropriation units for any fund, except in cases dealing with ending fund balance or contingency reserves. The Board of County Commissioners must approve any revisions that increase the total appropriation of any fund/agency or that affect the number of authorized employee positions, salary range, hours, or other conditions of employment. Changes in the total appropriated in any fund/agency, or uses of ending fund balance, must be approved by resolution by a majority of the Board of County Commissioners after holding a public hearing.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds. Budgets for all County funds are adopted on a modified accrual basis, as required by statute. Agency Fund budgets are recorded in the financial system for management use. However, the Board of County Commissioners does not adopt agency budgets and there are no legal limits on agency expenditures. The Governmental Accounting Standards Board does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

Budgeted amounts reflect the budget adopted on December 17, 2001 and various amendments made throughout the year. All appropriations lapse each year.

Thurston County's expenditures did not exceed budgeted appropriations. There were no material violations of finance-related legal or contractual provisions.

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The following governmental funds had deficit fund balances at December 31, 2002: Roads Development Review (\$28,962) and Pacific Mountain Job Development and Training (\$389,644). The timing of revenues and expenditures in 2003 should produce positive fund balances for these two funds.

The following proprietary funds had deficit net assets at December 31, 2002: Solid Waste Reserve for Post Closure (\$4,146,615), Olympic View Debt Service (\$3,443), Grand Mound Debt Service (\$5,706,567), and Insurance Risk Management (\$1,049,925). These funds have contributed capital and generally utilize multiple funds within the same functional group. They have been segregated to more clearly account for interest revenues and bond covenants. These groups, when combined, have a positive fund equity. Additionally, the timing of revenues and expenditures should produce a positive fund balance for the Insurance Risk Management fund in 2003.

Note IV - Deposits And Investments

A. AUTHORIZED DEPOSIT AND INVESTMENT INSTRUMENTS

Deposits and investments are governed by State statute. Such authorized investments include: U.S. Treasury and agency securities, repurchase agreements and reverse repurchase agreements for securities otherwise authorized as an investment, municipal bonds of this state or local bonds of this state with one of the three highest ratings of a national rating agency, certificates of deposit issued by Washington State depositories that participate in a state insurance pool managed by the Washington Public Deposit Protection Commission (PDPC), bankers' acceptances, commercial paper, the State Local Government Investment Pool, and deposits with Washington State banks and savings and loan institutions. During 2002 we did not buy or own any securities earning interest at a rate which varied depending on an underlying reference rate or index.

B. DEPOSITS

The County's deposits, including money markets and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington PDPC. The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington. PDPC coverage is of the nature of insurance pursuant to the Governmental Accounting Standards Board Statement No. 31. All deposits held at December 31, 2002, and throughout the year were classified as category 1, insured or collateralized with securities held by the County or by its agent in the County's name.

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**Thurston County, Washington
Reconciliation of Deposits and Investments
Per Combined Balance Sheet
December 31, 2002**

	<u>Total</u>	<u>Cash & Pooled Investments</u>	<u>Investments</u>
Pool Investments:			
State Treasurer's Local Govt. Investment Pool (LGIP)	\$ 44,050,000	\$ 44,050,000	\$ -
U.S. Agency & Instrumentality Securities	212,834,961	212,834,961	-
Money Market (US Bank)	15,000,000	15,000,000	-
Investments:			
Municipal Bonds	1,378,256	-	1,378,256
Total Investments	<u>273,263,217</u>	<u>271,884,961</u>	<u>1,378,256</u>
Cash:			
Cash with Fiscal Agent and Deposits With Financial Institutions	1,613,034	1,613,034	-
Petty Cash, Change, Revolving, and Advance Travel Funds	95,269	95,269	-
Clerk's Trust Funds	1,557,775	1,557,775	-
Total Cash Investments	<u>276,529,295</u>	<u>275,151,039</u>	<u>1,378,256</u>
Net Increase (Decrease) in the Fair Value of Investments	<u>3,322,453</u>	<u>3,219,558</u>	<u>102,895</u>
Total Reported Cash & Investments	<u><u>\$ 279,851,748</u></u>	<u><u>\$ 278,370,597</u></u>	<u><u>\$ 1,481,151</u></u>

These amounts agree to the Combined Balance Sheet for All Fund Types and Account Groups after including market value increases.

Current and Restricted Assets

	<u>Total</u>	<u>Current Assets</u>	<u>Restricted Assets</u>
Pooled Investments	\$273,263,217	\$253,110,480	\$20,152,737
Investments	-	-	-
Total	<u><u>\$273,263,217</u></u>	<u><u>\$253,110,480</u></u>	<u><u>\$20,152,737</u></u>

Refer to Note XIII - Closure and Post Closure Care Costs for details on the restricted assets shown above.

Thurston County, Washington 2002

**Thurston County, Washington
Reconciliation of Deposits and Investments
Footnote Disclosure per GASB 31
December 31, 2002**

	<u>Total</u>	<u>Deposits</u>	<u>Investments</u>
<u>Pool Investments:</u>			
State Treasurer's Local Govt. Invest. Pool (LGIP)	\$ 44,050,000	\$ -	\$ 44,050,000
U.S. Agency & Instrumentality Securities	212,834,961	-	212,834,961
Money Market (US Bank)	15,000,000	15,000,000	-
 <u>Investments:</u>			
U.S. Agency & Instrumentality Securities	-	-	-
Municipal Bonds	1,378,256	-	1,378,256
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 273,263,217</u>	<u>\$ 15,000,000</u>	<u>\$ 258,263,217</u>

C. INVESTMENTS

1. General

The Thurston County Investment Pool (TCIP) operates on an amortized cost-book value basis rather than a net asset value (NAV) basis. The County Auditor, the Chair of the Board of Commissioners and the County Treasurer, as the statutory County Financial Committee, perform oversight functions for the pool. The State Treasurer's Local Government Investment Pool (LGIP) operates in a manner consistent with SEC Rule 2a7. As a 2a7-like pool, investments in LGIP are reported at amortized cost.

All funds deposited in the pool are returned to the participant at full face value without regard to current market values of the investment pool. Earnings distributions, including any realized transactions in the pool, are distributed monthly, calculated on the average daily balance of the participant's cash in the pool. Investments are stated at amortized cost.

In 2002, the difference between amortized cost and market value was \$3,322,453. These recognized gains will not be realized in the various funds since each participant will receive the full face value of their investment when held to maturity. The fair value of the State Treasurer's Local Government Investment Pool (LGIP) is the same as the value of the pool shares (refer to State LGIP Consolidated Annual Financial Report dated June 30, 2002).

2. Risk Categorization

The County's investments are categorized to give an indication of the risk assumed at year-end. The following summary shows the County's investments at year-end categorized by risk. All investments held at December 31, 2002, and throughout the year were classified as category 1.

Category 1 - Insured, registered, or held by the County or its agent in the County's name.

Category 2 - Uninsured and unregistered, which are held by the counter party's trust department or agent in the County's name.

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Category 3 - Uninsured and unregistered, which are held by the counter party, or by its trust department or agent, but not in the County's name.

**Schedule of Classification of Investments per GASB 31
December 31, 2002**

Investment Type	GASB Category			Carrying Amount	Fair Value
	1	2	3		
Municipal Bonds	\$ 1,378,256	\$ -	\$ -	\$ 1,378,256	\$ 1,481,152
U.S. Agency & Instrumentality Securities	212,834,961	-	-	212,834,961	216,054,518
Total	<u>\$ 214,213,217</u>	<u>\$ -</u>	<u>\$ -</u>	214,213,217	217,535,670
Investments not subject to categorization:					
Investment in State Treasurer's Local Government Investment Pool (LGIP)				44,050,000	44,050,000
Total Investments				<u>\$ 258,263,217</u>	<u>\$ 261,585,670</u>

This schedule classifies investments only; deposits have been classified above in the schedule under the column "deposits".

Note V – Property Taxes

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

Property Tax Calendar

- January 1 Taxes are levied and become an enforceable lien against the properties.
- February 15 First day tax payments can be made.
- April 30 First of two equal installment payments is due.
- October 31 Second installment is due.

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

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

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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 for any of the following reasons:

The Washington State Constitution limits the total regular property taxes to 1 percent of true and fair market valuation. This would equate to a regular levy rate of \$10 per \$1,000 of value if the property were assessed at its true and fair value. If the taxes of regular districts (excluding the Port & PUD) exceed this amount, the junior taxing districts taxes are reduced first and then the other entities are proportionately reduced until the total is at the 1 percent limit. This does not apply to special levies approved by voters.

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.

RCW 84.55.010 limits all regular taxing districts to a limit factor not to exceed 106 percent of the highest lawful levy since 1985, plus additional levy capacity generated through new construction and state assessed utility increases. However, in 2002 voters passed Initiative 747, which now limits a taxing district's combined total annual increase to no more than 1%. The initiative applies to regular levies only.

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 2001 for collection in 2002:

	Levy In Dollars Per Thousand	Assessed Value	Total Levy
County	\$ 1.7234	\$ 13,037,972,080	\$ 22,468,986
Roads	1.9893	\$ 6,874,924,782	13,676,308
	<u>\$ 3.7127</u>		<u>\$ 36,145,294</u>

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Note VI - Capital Assets

Capital assets activity for the year ended December 31, 2002 was as follows:

GOVERNMENTAL TYPE ACTIVITIES	Beginning Balance 01/01/02	Increases	Decreases	Ending Balance 12/31/02
Capital Assets, not being depreciated:				
Land	\$ 15,605,436	\$ 234,520,139	\$ 22,878	\$ 250,102,697
Construction in Progress	422,878	4,678,533	101,506	4,999,905
Total Capital Assets, not being depreciated	<u>16,028,314</u>	<u>239,198,672</u>	<u>124,384</u>	<u>255,102,602</u>
Capital Assets being depreciated:				
Buildings	53,153,904	2,753,330	911,256	54,995,978
Improvements other than buildings	5,617,065	112,124,272	113,401,058	4,340,279
Machinery & Equipment	35,409,114	6,223,635	5,539,706	36,093,043
Infrastructure	-	113,322,343	-	113,322,343
Total Capital Assets, being depreciated	<u>94,180,083</u>	<u>234,423,580</u>	<u>119,852,020</u>	<u>208,751,643</u>
Less Accumulated Depreciation for:				
Buildings	10,123,289	1,422,127	556,707	10,988,709
Improvements other than buildings	1,129,966	206,887	62,376	1,274,477
Machinery & Equipment	23,155,544	3,994,360	4,674,718	22,475,186
Infrastructure	47,579,702	5,049,347	-	52,629,049
Total Accumulated Depreciation	<u>81,988,501</u>	<u>10,672,721</u>	<u>5,293,801</u>	<u>87,367,421</u>
Total Capital Assets being depreciated, net	<u>12,191,582</u>	<u>223,750,859</u>	<u>114,558,219</u>	<u>121,384,222</u>
Governmental Type Activities Capital Assets, net	<u>\$ 28,219,896</u>	<u>\$ 462,949,531</u>	<u>\$ 114,682,603</u>	<u>\$ 376,486,824</u>

Depreciation Expense was charged to functions as follows:

General Government Services	\$ 957,247
Judicial/Security of Persons and Property	984,237
Utilities and Environment	64,595
Transportation	5,522,188
Economic Environment	168,176
Health and Human Services	226,260
Culture and Recreation	204,097
	<u>8,126,800</u>

In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based upon their usage of the assets.

2,545,921

Total Governmental Activities Depreciation Expense

\$ 10,672,721

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Business Type Activities for the year ended December 31, 2002 was as follows:

BUSINESS TYPE ACTIVITIES	Beginning Balance 01/01/02	Increases	Decreases	Ending Balance 12/31/02
Capital Assets, not being depreciated:				
Land	\$ 1,382,450	\$ 4,752	\$ -	\$ 1,387,202
Construction In Progress	2,043,748	1,251,701	1,163,101	2,132,348
Total Capital Assets, not being depreciated	<u>3,426,198</u>	<u>1,256,453</u>	<u>1,163,101</u>	<u>3,519,550</u>
Capital Assets, being depreciated:				
Buildings	16,870,452	-	-	16,870,452
Improvements other than buildings	26,100,678	1,163,101	-	27,263,779
Machinery & Equipment	4,064,240	88,319	212,698	3,939,861
Infrastructure	-	-	-	-
Total Capital Assets, being depreciated	<u>47,035,370</u>	<u>1,251,420</u>	<u>212,698</u>	<u>48,074,092</u>
Less Accumulated Depreciation For:				
Buildings	1,317,142	546,069	-	1,863,211
Improvements other than buildings	17,910,436	640,664	-	18,551,100
Machinery & Equipment	1,395,054	277,906	202,739	1,470,221
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>20,622,632</u>	<u>1,464,639</u>	<u>202,739</u>	<u>21,884,532</u>
Total Capital Assets being depreciated, net	<u>26,412,738</u>	<u>(213,219)</u>	<u>9,959</u>	<u>26,189,560</u>
Business Type Activities Capital Assets, net	<u>\$ 29,838,936</u>	<u>\$ 1,043,234</u>	<u>\$ 1,173,060</u>	<u>\$ 29,709,110</u>

Depreciation expense was charged to functions as follows:

Solid Waste	\$ 768,011
Grand Mound	254,671
Other Enterprise Funds	<u>429,858</u>
Total	<u>\$ 1,452,540</u>

**Note VII - Long-Term And Other
Significant Debt**

A. DISCLOSURES ABOUT EACH SIGNIFICANT DEBT INCURRED

1. General Obligation Bonded Indebtedness

The County issues general obligation bonds to provide funds for the acquisition, construction, and improvement of capital facilities, and major equipment purchases. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

1995 General Obligation Bonds of \$1,550,000 were issued in annual principal installments of \$185,000 to \$260,000. The proceeds were used for various purposes including: parks, maintenance, repair and improvements to County facilities, and technology improvements. Final payoff of this obligation occurred in 2002.

1997 General Obligation Bonds of \$26,415,000 and Refunding Bonds of \$4,660,000 were issued in annual principal installments of \$1,020,000 to \$2,260,000. The G. O. Bond portion of the issue was used to currently refund the 1995 G.O. Bonds (\$8,200,000) and the 1996 G. O. Bonds (\$9,900,000). The use of funds involves financing various capital projects including: a juvenile detention center and family court facility, an emergency service center, an information technology system for tax appraisal, assessment and collection, jail facilities and improvements, other capital equipment and Road Improvement District #2 construction. The refunding bond proceeds were used for a partial advance refunding of \$1,075,000 of outstanding 1990 bonds and an advance refunding of \$3,470,000 of outstanding 1991 bonds. The bonds bear an interest rate of 4.75% to 5.0%. The G. O. Bond portion is serviced by the 1997 General Obligation Bond Redemption Fund (Debt Service Fund) and has \$21,810,000 in bonds outstanding at December 31, 2002. The Refunding bond portion is serviced by the Boston Harbor Water/Sewer Debt Redemption Fund (Enterprise Fund) and has \$930,000 in bonds outstanding at December 31, 2002, less a deferred amount on refunding of \$53,660 for a net liability of \$876,340. The deferred amount on refunding has been netted against the bond payable liability on the balance sheet.

1998 General Obligation Bonds of \$3,170,000 were issued. A portion of the issue, \$1,700,000, was issued in annual principal installments of \$242,858. The proceeds were used for the acquisition of farmland development rights. The bonds bear an interest rate of 50% of a bank reference rate. The issue is serviced by the 1998 General Obligation Bond Redemption Fund (Debt Service Fund) and has \$1,214,284 in bonds outstanding at December 31, 2002. The other portion of the issue, \$1,470,000, was issued in annual principal installments of \$67,145 to \$98,015. The proceeds were used for constructing and equipping a regional emergency dispatch center. The bonds bear an interest rate of 50% of a bank reference rate. The issue is serviced by the Communications Fund (Internal Service Fund) and has \$849,568 in bonds outstanding at December 31, 2002.

1998a General Obligation Bonds of \$3,515,350 were issued in annual principal installments of \$502,193. The proceeds were used for the acquisition of real property for the development of athletic facilities and real property for the development of jail facilities. The county paid off this obligation during 2002 with cash.

1999 Grand Mound General Obligation Bonds of \$11,720,000 were issued in annual principal installments of \$250,000 to \$1,300,000 beginning in 2004 and running through 2019. The issue is serviced by the Grand Mound Debt Service Redemption Fund. Proceeds will be used in the construction of Grand Mound water and wastewater facilities. The bonds bear an interest rate of 5.0% to 5.6% with \$11,720,000 in bonds outstanding as of December 31, 2002.

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2000 General Obligation Bonds of \$6,019,648 were issued in estimated annual principal installments of \$1,003,275 beginning in 2003 and running through 2008. The county paid off this obligation during 2002 by using proceeds from the new 2002 General Obligation Bond issued.

2002 Limited General Obligation Bonds of \$10,635,000 were issued in annual principal installments of \$320,000 to \$790,000 beginning in 2002 and running through 2022. Proceeds of this issue were used to payoff the 2000 General Obligation Bonds, along with continuing to finance the acquisition of improvements to various county facilities. The bonds bear an interest rate of 4.0% to 5.13% with \$10,110,000 outstanding as of December 31, 2002.

2. Loans and Contracts Payable

The County has entered into an agreement with the Department of Community Development, State of Washington, for five loans from the State of Washington, Public Works Trust Fund. The loans are to finance in part the construction of the Boston Harbor water and sewer infrastructure, the Tamoshan water system upgrade, the Olympic View drain field, and the Sunrise Beach Landslide Mitigation Project (also known as Road Improvement District #2). The County has agreed to repay the Public Works Trust Fund loans from the water and sewer utility revenues, homeowner assessments in the improvement district, and other available County monies.

The Boston Harbor Water/Sewer Debt Redemption Fund (Enterprise Fund) has two Public Works Trust Fund loans which total \$552,852 at December 31, 2002. The first loan is to not exceed \$808,000 with an interest rate of 1.0% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the loan's principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years due in 2008 with a balance at December 31, 2002 of \$258,702. The second loan is not to exceed \$798,407 with an interest rate of 1% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the loan balance plus interest on the unpaid balance of the loan. The term of the loan is for 20 years due in 2009, and the balance at December 31, 2002 is \$294,150.

Tamoshan Debt Redemption Fund (Enterprise Fund) has the third Public Works Trust Fund loan, which is not to exceed \$173,166 with an interest rate of 1.0% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the loan's principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years. The loan is due in 2009 and has a balance at December 31, 2002 of \$66,788.

Olympic View Debt Redemption Fund (Enterprise Fund) has the fourth Public Works Trust Fund loan, which is not to exceed \$110,000 with an interest rate of 5% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years. The loan is due in 2016 and has a balance at December 31, 2002 of \$81,503.

Road Improvement District #2 Fund (Debt Service Fund) has the fifth and newest Public Works Trust Fund loan that is not to exceed \$500,000 with an interest rate of 4% per annum. Yearly loan payments are due on July 1 and are equal to 1/19th of the principal balance plus interest on the unpaid balance of the loan. The term of the loan is for twenty years. The loan is due in 2020 and has a balance at December 31, 2002 of \$473,684.

The Community Loan Repayment Funds (Enterprise Funds) entered into five state revolving fund (SRF) loan agreements with the State of Washington Department of Ecology to create a community loan program to provide low interest loans for the repair of failing on-site septic systems. The loan programs are 80% federal from the Environmental Protection Agency, and 20% State from the Department of Ecology. The first loan is not to exceed \$300,000 with an interest rate of 5% per annum. Repayment began in 1996. The term of the loan is for twenty years. The balance at December 31, 2002 is \$176,921. The second loan is not

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to exceed \$200,000 with an interest rate of 0%. The term of the loan is for twenty years. The balance at December 31, 2002 is \$84,457. The third loan is not to exceed \$200,000 with an interest rate of 4.3%. Repayment began in 2002. The term of the loan is for twenty years. The balance at December 31, 2002 is \$152,062. A fourth loan began in 2000 and is not to exceed \$100,000 with an interest rate of 0%. Repayments are estimated to begin June 15, 2003. The balance at December 31, 2002 is \$22,690. During 2002 a fifth loan began with a not to exceed value of \$150,000 and an interest rate of 1.5%. Repayment will begin not later than one year after project completion, which is estimated to be December 31, 2005. The balance as of December 31, 2002 in this new loan was \$21,454.

Water and Waste Management entered into a state revolving fund (SRF) loan agreement with the State of Washington Department of Ecology to create a new Utility Local Improvement District for Tamoshan/Beverly Beach Wastewater Plant Improvements late in 2002. Repayments will begin in 2004 and the estimated total loan amount will be \$1,526,507. A total of \$603,709 was received from the State during 2002. The interest rate of the loan is 0% with a 20-year repayment term.

Communications Fund (Internal Service) entered into a contract with AT & T for Cerulean Software, support and services and began making principal payments on the note during 2000. The note requires five annual payments with principal installments ranging in value from \$91,139 to \$62,249. The note, which is due to be complete in 2004, contains an interest rate of 10%. The amount outstanding at December 31, 2002 is \$158,172.

3. Leases Payable

The County has many agreements for the lease and eventual ownership of equipment. Where the lease incorporates some or all of the benefits and risks of ownership, the transaction is recorded as a capital lease purchase on a long-term contract. Leases payable totaled \$257,710 at December 31, 2002.

4. Long-term Compensated Absences

Thurston County currently has two leave plans, traditional and alternative leave. Thurston County employees who chose the traditional leave plan earn 12 days of sick leave and 12-22 days of vacation leave per year depending upon the employee's length of service. A maximum of 140 days of sick leave may be accrued and a maximum of 45 days of vacation may be accrued. Thurston County employees who were hired after May 31, 1996, or who chose the alternative leave plan, earn 18-28 days of personal leave (a combination of sick leave and vacation leave) per year depending upon the employee's length of service. A maximum of 185 days of personal leave may be accrued. Accumulated unpaid vacation/annual leave is recorded as earned by employees. Terminating employees are entitled to be paid for unused vacation up to a maximum of 240 hours and, if retiring, half of unused sick leave to a maximum of 360 hours.

The County has reported a long-term liability for that portion of unpaid accumulated vacation payable in governmental fund types, which will not reasonably expect to be paid from expendable available financial resources. Amounts to be paid from expendable available financial resources are deemed to be immaterial. The balance in the governmental fund types at December 31, 2002 was \$4,009,347. In the proprietary funds, the liability for compensated absences is also recorded as a long-term liability. The balance in the enterprise funds at December 31, 2002 was \$228,840. The compensated absences payable balance for internal service funds totals \$454,507. Vested sick leave is not considered material and is not accrued.

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B. CHANGES IN LONG-TERM AND OTHER SIGNIFICANT DEBT

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

**Schedule Of Changes In Long-term And Other Significant Debt
For The Period Ended December 31, 2002**

	General Obligation Bonded Debt	Leases Payable	Loans & Contracts Payable	Compensated Absences	Totals
Balance at Jan 1, 2002	\$ 32,826,140	\$ 335,706	\$ 500,000	\$ 3,659,484	\$ 37,321,330
New Issues	10,635,000	103,291	-	349,863	11,088,154
Reductions & Adj.	(10,326,856)	(181,287)	(26,316)	-	(10,534,459)
Balance at Dec 31, 2002	<u>33,134,284</u>	<u>257,710</u>	<u>473,684</u>	<u>4,009,347</u>	<u>37,875,025</u>
Proprietary Funds					
Balance at Jan 1, 2002	13,766,637	-	1,488,942	576,113	15,831,692
New Issues	-	-	625,163	107,234	732,397
Reductions	(267,069)	-	(193,496)	-	(460,565)
Balance at Dec 31, 2002	<u>13,499,568</u>	<u>-</u>	<u>1,920,609</u>	<u>683,347</u>	<u>16,103,524</u>
Total Long-term Debt	<u>\$ 46,633,852</u>	<u>\$ 257,710</u>	<u>\$ 2,394,293</u>	<u>\$ 4,692,694</u>	<u>\$ 53,978,549</u>

The \$13,499,568 in outstanding bonds for proprietary funds is combined with deferred amount of refunding of (\$53,660) and the unamortized premium of \$5,363 for a net amount of \$13,451,271. \$13,203,473 is classified as long-term, with \$247,798 classified as current portion/G.O. bonds. Proprietary segment information is not disclosed since revenue streams are not pledged to support proprietary long-term debt.

C. DEBT SERVICE REQUIREMENTS

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

**Schedule Of Annual Requirements
For Debt Payments
As Of December 31, 2002**

	General Obligation Bonded Debt		Leases Payable		Loans/Contracts/Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$ 1,840,654	\$ 2,295,505	\$ 162,266	\$ 16,791	\$ 223,740	\$ 60,239	\$ 4,599,195
2004	2,153,644	2,215,775	28,496	9,730	316,296	49,676	4,773,617
2005	2,227,037	2,118,327	29,765	6,594	229,341	38,636	4,649,700
2006	2,365,854	2,015,866	26,557	3,261	230,175	35,511	4,677,224
2007	2,576,663	1,905,996	10,627	1,225	231,049	32,347	4,757,907
2012	13,065,000	7,713,275	-	-	741,894	116,872	21,637,041
2017	16,385,000	4,147,978	-	-	289,514	53,694	20,876,186
2022	6,020,000	766,163	-	-	132,284	9,893	6,928,340
Total	<u>\$ 46,633,852</u>	<u>\$ 23,178,885</u>	<u>\$ 257,711</u>	<u>\$ 37,601</u>	<u>\$ 2,394,293</u>	<u>\$ 396,868</u>	<u>\$ 72,899,210</u>

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D. ASSETS AVAILABLE FOR DEBT SERVICE

The County is meeting debt service requirements. At December 31, 2002, the County had \$70,331 available in the Debt Service Funds to service the general obligation debt. The County did not engage in any short-term debt financing activities in 2002.

E. LEGAL DEBT MARGIN

State law sets Thurston County's limitation on external long-term debt as follows:

Purpose of Indebtedness	Total Capacity	Remaining Capacity
General Government (No vote required)	\$ 212,197,894	\$ 166,673,734
General Government (With 3/5-majority vote)	\$ 353,663,157	\$ 308,138,997

F. CONTINGENT LIABILITY FOR REFUNDED AND DEFEASED DEBT

In prior years, the County issued general obligation refunding (new) bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded (old) debt. As a result, the refunded bonds are considered to be defeased and the liability for the defeased bonds is not included in the County's financial statements. Currently the County has two outstanding refunded issues.

Schedule Of Refunded And Defeased Bonds, Assets, And Liabilities
As of December 31, 2002

Assets	
Cash & Investments With Treasurer	\$ 1,770,719
Cash With Fiscal Agent	13,634
Cash With Trustee	-
Investments With Trustee	360,868
Total Assets	<u>\$ 2,145,221</u>
Total Liabilities	<u>\$ 1,800,000</u>

Refunded & Defeased Bonds Outstanding	<u>01/01/02</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/02</u>
	\$ 2,485,000	\$ -	\$ 685,000	\$ 1,800,000

Note VIII - Interfund Transactions

A. INDIVIDUAL INTERFUND RECEIVABLES AND PAYABLES

Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations are similarly treated when they involve other funds of the County.

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Interfund receivables and payables at December 31, 2002, are as follows:

**Schedule Of Interfund Receivables And Payable
As Of December 31, 2002**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
GENERAL FUND	\$ 125,983	\$ 228,269
SPECIAL REVENUE FUNDS		
General Government	13,082	233,665
Culture & Recreation	15,976	99,400
Economic Environment	14,803	12,366
Physical Environment	50,233	65,873
Real Estate Excise Tax	6,061	8,327
Roads	108,491	55,120
PMJT	-	114,195
Medic One	-	5,443
Public Health & Social Services	161,178	62,052
Criminal Justice	-	-
CAPITAL PROJECTS		
Road Construction	-	1,942
Health Building Capital	6,289	-
Fair Building Capital	-	6,289
Coroner Building Capital	107,213	5,359
Jail Detention Capital	116,897	486
Juvenile Detention Capital	443	213
Triage Building Capital	-	210
INTERNAL SERVICE FUNDS		
Benefits Administration	-	41
Central Services	391,536	54
Communications	-	4,193
Equipment Rental & Revolving	76,222	1,030
Risk Management	170,263	41,161
TOTAL GOVERNMENTAL & INTERNAL SERVICE FUNDS	<u>1,364,670</u>	<u>945,688</u>
ENTERPRISE		
Solid Waste	1,749,989	2,465,147
Grand Mound	-	18,811
Other Enterprise Funds	400,779	128,141
TOTAL ENTERPRISE FUNDS	<u>2,150,768</u>	<u>2,612,099</u>
TOTAL COUNTY FUNDS	3,515,438	3,557,787
AGENCY & FIDUCIARY FUNDS		
Clearing & Trust Funds	44,285	1,936
TOTAL	<u>\$ 3,559,723</u>	<u>\$ 3,559,723</u>

B. TRANSFERS

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. Transfers also involve the transfer of residual fund balances or retained earnings to an active fund, usually preparatory to closure of the transferring fund.

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Transfers occurring between funds during the period are as follows:

**Schedule Of Transfers
As Of December 31, 2002**

	In	Out
GENERAL FUND	\$ 4,944,646	\$ 2,760,222
SPECIAL REVENUE FUNDS		
General Government	1,804,408	7,859,368
Culture & Recreation	935,732	9,242
Economic Environment	1,356,162	3,041,536
Physical Environment	183,574	229,647
Real Estate Excise Tax	-	2,998,438
Roads	-	799,932
Medic One	130,099	130,099
Public Health & Social Services	2,558,707	1,559,709
Criminal Justice	-	3,966,583
DEBT SERVICE		
1995 Detention Facilities Bond	266,630	-
1997 General Obligation Bonds	2,061,657	-
1998 General Obligation Bonds	277,517	-
1998a General Obligation Bonds	2,331,576	-
2000 General Obligation Bonds	71,123	-
2002 General Obligation Bonds	755,472	-
CAPITAL PROJECTS		
Juvenile Detention Capital Project	8,670	-
Jail Detention Capital Project	2,059,635	-
Health Building	-	-
Fair Building Capital	1,096,900	-
Coroner Building Capital	1,212,843	-
Triage Building Capital	1,500,000	-
ENTERPRISE		
Enterprise Administration	-	-
Solid Waste	246,412	726,968
Water/Sewer Utilities	274,547	68,561
Storm & Surface Water	550,000	550,000
INTERNAL SERVICE		
Benefits Administration	-	25,200
Central Services	89,204	6,250
Insurance Risk	25,200	-
Equipment Rental & Revolving	19,998	28,957
TOTAL	<u>\$ 24,760,712</u>	<u>\$ 24,760,712</u>

C. INTERFUND LOANS

There were no outstanding interfund loans as of December 31, 2002.

Note IX - Pension Plans

Substantially all county full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Department of Retirement Systems, under cost-sharing multiple-employer defined benefit public employee retirement systems.

Historical trend and other information regarding each plan are presented in the State Department of Retirement Systems 2002 annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Administrative Services Division
PO Box 48380
Olympia, WA 98504-8380

Public Employees' Retirement System (PERS)

PERS is a cost-sharing multiple-employer defined benefit pension plan. Membership in the plan includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; colleges and university employees not in national higher education retirement programs; judges of district and municipal courts; non-certified employees of school districts; and employees of local government.

The PERS system includes 3 plans. Participants who joined the system by September 30, 1977 are Plan I members. Those joining thereafter are enrolled in Plan II. As of September 1, 2002 employees have an option of switching from PERS II to a new retirement plan, PERS III. The window for the switch closes May 31, 2003. PERS Plan III has a dual benefit structure. Member contributions finance a defined contribution component, and employer contributions finance a defined benefit component. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan I and Plan II are vested after completion of 5 years of eligible service.

Plan I members are eligible for retirement at any age after 30 years of service, or at age 60 with 5 years of service, or at the age of 55 with 25 years of service. The monthly pension is 2 percent of the final average compensation per year of service, capped at 60 percent. If qualified, after reaching age 66 a cost-of-living allowance is granted based on years of service credit and is capped at three percent annually.

Plan II members may retire at age 65 with 5 years of service, or at 55 with 20 years of service actuarially reduced for each year under age 65, or age 55 with 30 years of service, benefit reduced 3% for each year under age 65. The monthly benefit is 2% of average final compensation per year of service. There is no cap on years of service and a cost of living allowance is granted to a maximum of 3% per year.

Plan III members may retire at age 65 with at least 10 service credit years; or 5 service credit years, including 12 service credit months that were earned after age 54; or 5 service credit years earned in PERS Plan II prior to June 1, 2003. Plan III members may retire at age 55 with at least 10 years of service actuarially reduced for each year under age 65, or with 30 years of service, benefit reduced by 3% for each year under age 65. The monthly benefit for the defined portion is 1% of average final compensation per year of service. There is no cap on years of service and cost of living allowance is granted to a maximum of 3% per year.

Each biennium the state Pension Funding Council adopts Plan I employer contribution rates needed to fully amortize the total costs of the plan. Employee contribution rates for Plan I are established by statute at 6 percent and do not vary from year to year. The Pension Funding Council establishes the employer and employee contribution rates for Plan II. All employers are required to contribute at the level established by

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state law. The methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.40 and 41.45 RCW. The Pension Funding Council sets the employer contribution for Plan III. The employee contribution rates are chosen by the employee upon switching to the plan and cannot change unless you terminate from employment, or change employers and re-enter PERS covered employment.

Thurston County's contribution rates expressed as a percentage of covered payroll, for the year ending December 31, 2002, were:

<u>PERS Plan I</u>	<u>Jan 01-Mar 31</u>	<u>April 01-30</u>	<u>May 01-Dec 31</u>
Employer	1.77%	1.33%	1.32%
Employee	6.00%	6.00%	6.00%
<u>PERS Plan II</u>	<u>Jan 01-Mar 31</u>	<u>April 01-31</u>	<u>May 01- Dec 31</u>
Employer	1.77%	1.33%	1.32%
Employee	0.88%	0.65%	0.65%
<u>PERS Plan III</u>	<u>Sept 01-Dec 31</u>		
Employer	1.32%		
Employee	5%-15%		

Both Thurston County and the employees made the required contributions. The county's required contribution for the years ended December 31, were:

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
2002	\$ 97,022	\$ 580,743	\$ 1,398
2001	\$ 220,975	\$ 1,189,315	\$ -
2000	\$ 301,617	\$ 1,491,696	\$ -
1999	\$ 431,765	\$ 1,972,432	\$ -

Law Enforcement Officers and Fire Fighters (LEOFF)

LEOFF is a cost-sharing multiple-employer defined benefit pension plan. Membership includes all full time, fully compensated, local law enforcement officers and fire fighters. Retirement benefits are financed from employee and employer contributions, investment earnings and state contribution. LEOFF is comprised solely of non-state employees.

LEOFF system includes 2 plans. Participants who joined the system by September 30, 1977 are Plan I members. Those joining thereafter are enrolled in Plan II. Retirement benefits in both Plan I and II are vested after completion of 5 years of eligible service.

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Plan I members are eligible to retire with 5 years of service at age 50. The benefit per year of service is as follows, with a cost-of-living allowance granted, capped at three percent annually:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20+	2.0%
10-19	1.5%
5-9	1.0%

Plan II participants are eligible to retire at age 50 with 20 years of service, or at 55 with 5 years of service. Retirement benefits prior to age 55 are actuarially reduced. The benefit is two percent of average salary per year of service. The average salary is based on the highest 5-year period. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at three percent annually.

Plan I employer and employee contribution rates are established by statute at six percent. State contribution rates for Plan I are set by the Pension Funding Council to fully amortize the total costs of the plan. The Pension Funding Council also sets employer, employee, and state contribution rates for Plan II. All employers are required to contribute at the level required by state law. The methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of covered payroll, as of December 31, 2002 were:

LEOFF Plan I	<u>Jan 01-April 30</u>		<u>May 01-Dec 31</u>	
	Required			
Employer	0.23%		0.22%	
Employee	0.00%		0.00%	

LEOFF Plan II	<u>Jan 01-March 31</u>		<u>April 01-30</u>		<u>May 01-Dec 31</u>	
	Required		Required		Required	
Employer	2.93%		2.87%		2.86%	
Employee	4.50%		4.39%		4.39%	

Both County and the employees made the required contributions. The County's required contributions for the years ended December 31, 2002 were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2002	\$ 1,150	\$ 152,983
2001	\$ 1,098	\$ 171,291
2000	\$ 14,640	\$ 166,825
1999	\$ 31,470	\$ 218,591

Note X - Risk Management

The County is a member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the extent that they may individually purchase insurance, self insure, or hire or contract for risk management or contract for risk management services. An agreement to form a

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pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The WCRP was formed on August 18, 1988 when counties in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Twenty-five counties have joined the WCRP.

The pool allows members to establish a plan of self-insurance, jointly purchase excess or reinsurance and provide related services. All pool joint self-insurance liability coverages, including public officials' errors and omissions, are on an "occurrence" basis. The pool also provides property and special events/concessionaires optional group purchase insurance coverage for its members.

Members make an annual contribution to fund the pool. The pool acquires reinsurance from unrelated underwriters that are subject to a pool per-occurrence self-insured retention of \$100,000. Members may elect deductible amounts ranging from \$10,000 per occurrence to \$ 500,000. Members are responsible for the first deductible amounts of each claim while the pool is responsible for the remaining difference up to the pool's \$100,000 to the maximum limits of each policy.

Since the pool is a cooperative program, there is joint liability among the participating members. A retroactive assessment was approved in 1999 for \$6.5 million with payments starting in 1999 and spread over ten years. The county's proportional share of the assessment is approximately 2.9%.

Members contract to remain in the pool for a minimum of five years, and must give notice one year before terminating participation. Thurston County's five-year obligation to remain a member began on October 1, 2000, after a one-year absence. The interlocal agreement is renewed automatically each year until terminated. Even after termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period that it was a signatory to the interlocal agreement.

The pool is fully funded by its member participants. Claims are filed by members in the pool. The pool is governed by a board of directors comprised of one designated representative from each participating member. An executive committee is elected at the annual meeting, and is responsible for conducting the business affairs of the pool.

The County has recorded in its financial statements all material liabilities. This includes estimates for expense, defense and/or payment of pending claims and claims incurred but not reported. In the opinion of management, the County's insurance policies, including its participation in the Washington Counties Risk Pool, in conjunction with our funded retention are adequate to pay all known or pending claims as they come due. The amount of any and all settlements has not exceeded the County's insurance coverage in each of the past three years except for landfill litigation costs which is disclosed below.

The County paid claims costs of \$880,366 during 2002, plus an additional \$2,233,239 in litigation expenses related to the now decommissioned Hawks Prairie Landfill. A class action lawsuit against Thurston County alleging property damage and nuisance regarding past operation of the landfill was settled mid year 2002. [Thurston County Superior Court case no. 00-2-00665-6]. Costs incurred by the County due to landfill litigation were funded from the County's policy deductibles, insurance, excess-insurance and the decommissioning funds.

The County's potential liability for claims costs not covered by the Risk Pool estimated at December 31, 2002 is \$ 3,971,730. The estimated additional liability incurred includes reserves for open claims plus an estimate of incurred but not reported (IBNR) claims. It should be recognized that portions of the estimated additional liability incurred are projections. As estimates, these values are subject to inherent variability and may or may not become payable over the course of several years.

Schedule of Claim and Judgements Payable

	2002	2001
Claims and Judgements Payable, Jan. 1	1,826,183	1,969,629
Claims costs paid during the year	(880,366)	(536,810)
Landfill litigation expense	(2,233,239)	(896,636)
Estimated additional liability incurred	5,259,152	1,290,000
Claims and Judgements Payable, Dec 31	3,971,730	1,826,183

As discussed in Note VII. the County also has a contingent financial liability for the payment of refunded debt.

Note XI - Postretirement Health Care Benefits

In addition to the pension benefits described in Note IX, and in accordance with the Washington Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Act (RCW 41.26), the County pays for health insurance and medical costs not covered by insurance for retired full time, fully compensated, law enforcement officers who established membership in the LEOFF I retirement system on or before September 30, 1977. Substantially all of the County's law enforcement officers who established membership in the LEOFF I retirement system may become eligible for those benefits when they reach normal retirement age. Thurston County reimburses retired LEOFF I police officers for reasonable medical charges as described in the LEOFF act. In 2002, 23 retirees received benefits under this act. As of December 31, 2002, there were 6 active officers who may become eligible for those benefits when they reach normal retirement age.

The cost of retiree health care benefits is recognized as an expenditure in the General Fund as claims are paid. For 2002, these costs total \$175,646 with an average cost per retiree of \$7,637.

In 2002 Thurston County continued to use the Long Term Care Special Revenue Fund, to purchase additional long-term care insurance for LEOFF 1. The premium costs for this insurance was \$6,987.

Note XII - Joint Ventures/Jointly Governed Organizations

Thurston County is currently participating in several interlocal agreements as noted below.

Animal Control Services is a joint venture governed by a six-member board of which Thurston County is a member. Thurston County had an equity interest of \$ 706,610 in Animal Control Services as of December 31, 2002. This interest has been recognized in the general fixed asset account group. The County contributed \$ 417,205 as its share of operations in 2002. Each member's contribution is based on a formula factoring population and basic service components. The 2002 contribution was 57% of Animal Control Services' total budget. 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.

The Interlocal Drug Control Unit is a joint venture governed by a five member executive committee of which Thurston County is a member. Thurston County did not have a computable equity interest in the Interlocal Drug Control Unit in 2002. The Interlocal Drug Control Unit is funded by grants and seizures of drug funds. Financial information on the Interlocal Drug Control Unit can be obtained from its administrative office at the City of Lacey, Post Office Box 3400, Lacey, Washington 98509-3400.

Olympic Region Clean Air Agency (ORCAA) is a jointly governed organization governed by a nine-member board of which Thurston County is a member. Thurston County contributed \$ 42,796 as its share of operations in 2002. The assessment was based on population and violation fees collected. Thurston County did not have an equity interest in ORCAA in 2002. 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 (TRPC) is a jointly governed organization governed by a fifteen-member council of which Thurston County is a member. Thurston County contributed \$ 169,795 as its share of operations in 2002. The assessment was based on population and contractual commitments. Thurston County did not have an equity interest in TRPC in 2002. Complete financial statements for TRPC can be obtained from its administrative office at 2404-B Heritage Court SE, Olympia, Washington 98502.

Note XIII - Closure And Post Closure Care Costs

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

Cell No. 1, the last landfill cell used for waste disposal at the Hawke's Prairie landfill site, was closed on April 30, 2000. The County's long haul of waste to a regional landfill in Klickitat County was initiated on May 1, 2000. The post closure care period was deferred for one year and initiated on January 1, 2002. The estimated liability for post closure care costs was \$22,873,108 on December 31, 2002. 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.

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, 2002, cash and pooled investments of \$18,282,895 are held for these purposes. These are reported as restricted assets on the balance sheet. It is anticipated that future inflation costs will be financed in part from earnings on the cash and investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that may arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

Note XIV - Other Disclosures

A. PRIOR PERIOD ADJUSTMENTS

There were no prior period adjustments recorded in 2002.

B. ACCOUNTING AND REPORTING CHANGES

During 2002, the County fully implemented GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The County implemented the retroactive infrastructure requirements in its 2002 financial report. As a result, propriety funds beginning retained earnings were restated to include contributed capital and renamed net assets.

Thurston County, Washington 2002

	Solid Waste	Grand Mound	Non Major Enterprise Funds	Internal Service Funds
Contributed Capital	\$ 2,445,008	\$ 8,591,636	\$ 8,704,252	\$ 4,398,288
Retained Earnings	14,224,682	(3,919,311)	1,163,162	18,014,849
Net Assets as of January 1	<u>\$ 16,669,690</u>	<u>\$ 4,672,325</u>	<u>\$ 9,867,414</u>	<u>\$ 22,413,137</u>

C. SUBSEQUENT EVENTS

There were no subsequent events in 2002.

D. FUND CHANGES

During 2002, the following fund was added: Evaluation and Treatment Triage Facility

During 2002, the following funds were abolished: Criminal Justice and Tourist Facility

E. CONTINGENCIES

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

F. LEGAL OR CONTRACTUAL PROVISIONS

The County was not in violation of any finance related legal or contractual provisions as of December 31, 2002.

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General Fund
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$34,567,415	\$34,756,501	\$35,487,434	\$730,933
Licenses & Permits	35,705	48,158	54,226	6,068
Intergovernmental	6,257,322	7,112,447	6,895,398	(217,049)
Charges for Services	4,679,556	4,973,445	5,403,038	429,593
Fines & Forfeitures	1,205,300	1,380,300	1,797,064	416,764
Miscellaneous	1,815,345	1,256,845	1,580,018	323,173
Total Revenues	48,560,643	49,527,696	51,217,178	1,689,482
Expenditures:				
General Government	24,498,266	24,310,805	24,082,326	228,479
Security of Persons & Property	23,899,363	25,825,958	25,172,243	653,715
Physical Environment	460,001	460,001	460,001	-
Transportation	994	5,624	5,620	4
Economic Environment	483,447	400,484	377,006	23,478
Mental & Physical Health	411,009	433,104	431,930	1,174
Culture & Recreation	377,362	390,739	388,393	2,346
Capital Outlay	23,580	106,313	154,404	(48,091)
Debt Service-Principal	153,949	150,192	162,873	(12,681)
Debt Service-Interest	15,672	17,009	20,357	(3,348)
Total Expenditures	50,323,643	52,100,229	51,255,153	845,076
Excess (Deficiency) of Revenues Over Expenditures	(1,763,000)	(2,572,533)	(37,975)	2,534,558
Other Financing Sources (Uses):				
Sale of Fixed Assets	774,218	774,218	334,224	(439,994)
Transfers In	1,025,635	1,025,635	977,388	(48,247)
Transfer Out	(2,759,957)	(2,756,776)	(2,756,775)	1
Total Other Financing Sources (Uses)	(960,104)	(956,923)	(1,445,163)	(488,240)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(2,723,104)	(3,529,456)	(1,483,138)	2,046,318
Fund Balance as of January 1	7,922,052	8,198,426	4,253,791	(3,944,635)
Residual Equity Transfer-In	-	-	3,967,258	3,967,258
Residual Equity Transfer-Out	-	-	(3,447)	(3,447)
Fund Balance as of December 31	\$5,198,948	\$4,668,970	\$6,734,464	\$2,065,494

Note: Excludes non-budgetary capital lease financing expenditures

General Fund
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

Revenues	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Taxes				
Real & Personal Property	\$22,361,314	\$22,361,314	\$22,193,556	(\$167,758)
Timber Harvest Taxes	233,183	233,183	204,019	(29,164)
Retail Sales Taxes	9,660,924	9,910,010	10,657,810	747,800
Excise Taxes	291,643	291,643	340,819	49,176
Penalties & Interest on Delinquent Taxes	2,020,351	1,960,351	2,091,230	130,879
Total Taxes	34,567,415	34,756,501	35,487,434	730,933
Licenses & Permits				
Business Licenses & Permits	1,500	1,500	2,095	595
Non-Business Licenses & Permits	34,205	46,658	52,131	5,473
Total Licenses & Permits	35,705	48,158	54,226	6,068
Intergovernmental				
Federal Entitlements	18,000	18,000	26,623	8,623
Federal Grants - Direct	145,119	537,502	517,133	(20,369)
Federal Grants - Indirect	1,149,192	1,480,907	1,349,490	(131,417)
State Grants	1,361,669	1,439,662	1,436,583	(3,079)
State Shared Revenues	499,065	499,065	206,368	(292,697)
State Entitlements	2,170,766	2,170,766	2,294,647	123,881
Intergovernmental Services	913,511	966,545	1,064,554	98,009
Total Intergovernmental	6,257,322	7,112,447	6,895,398	(217,049)
Charges for Services				
General Government	2,455,938	2,701,793	3,015,616	313,823
Security of Persons & Property	888,288	936,322	999,720	63,398
Economic Environment	400	400	100	(300)
Other	1,334,930	1,334,930	1,387,602	52,672
Total Charges for Services	4,679,556	4,973,445	5,403,038	429,593
Fines & Forfeits				
Felony Penalties	124,800	124,800	170,421	45,621
Civil Penalties	-	-	427	427
Non-Parking Infraction Penalties	779,000	954,000	1,259,483	305,483
Parking Infraction Penalties	3,500	3,500	5,612	2,112
Criminal Traffic Misdemeanor Penalties	174,000	174,000	202,441	28,441
Non-Traffic Misdemeanor Penalties	64,000	64,000	72,501	8,501
Criminal Costs	60,000	60,000	86,179	26,179
Total Fines & Forfeits	1,205,300	1,380,300	1,797,064	416,764
Miscellaneous				
Interest Earnings	1,788,451	1,212,451	1,497,266	284,815
Rents & Royalties	12,994	12,994	38,968	25,974
Donations from Private Sources	-	7,500	-	(7,500)
Other Miscellaneous Revenue	13,900	23,900	43,784	19,884
Total Miscellaneous Revenue	1,815,345	1,256,845	1,580,018	323,173
Total Revenues	\$48,560,643	\$49,527,696	\$51,217,178	\$1,689,482

General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
(Page 1 Of 2)

<u>Expenditures By</u>		Original	Final	Actual	Variance with
Department	Appropriation	2002	2002	2002	Final Budget
		Budget	Budget		Positive or
				2002	(Negative)
Assessor's Office	Other Services*	\$2,684,242	\$2,778,320	\$2,759,427	\$18,893
Department Total		2,684,242	2,778,320	2,759,427	18,893
Auditor	Other Services	210,629	225,680	205,472	20,208
	Personnel	717,837	754,033	753,949	84
	Travel	8,507	8,507	6,097	2,410
Department Total		936,973	988,220	965,518	22,702
Auditor - Elections	Other Services	691,196	686,829	686,829	-
	Personnel	472,029	514,299	514,298	1
	Travel	6,417	5,969	5,151	818
	Equip. Rental	12,513	12,513	12,513	-
Department Total		1,182,155	1,219,610	1,218,791	819
Auditor - Fin. Svcs.	Other Services	424,086	422,686	417,327	5,359
	Personnel	804,586	883,863	883,597	266
	Travel	6,837	6,837	6,132	705
Department Total		1,235,509	1,313,386	1,307,056	6,330
Assigned Counsel	Other Services	104,970	108,620	108,496	124
	Personnel	559,981	637,231	636,269	962
	Travel	-	700	657	43
	Prof. Svcs.	1,067,379	1,063,029	1,062,889	140
Department Total		1,732,330	1,809,580	1,808,311	1,269
Budget Office	Other Services	6,512	6,512	5,886	626
	Personnel	80,532	86,570	86,367	203
	Travel	528	340	-	340
Department Total		87,572	93,422	92,253	1,169
Civil Service	Other Services	12,991	19,591	19,577	14
	Personnel	60,960	63,500	63,118	382
	Travel	349	249	-	249
Department Total		74,300	83,340	82,695	645
Cooperative Ext.	Other Services	155,497	161,031	159,078	1,953
	Personnel	142,071	149,914	149,852	62
	Travel	2,610	2,610	2,609	1
	Equip. Rental	2,123	2,123	2,123	-
Department Total		302,301	315,678	313,662	2,016
Clerk's Office	Other Services	443,407	468,634	464,332	4,302
	Personnel	1,585,841	1,844,056	1,844,054	2
	Travel	4,900	3,200	3,173	27
Department Total		2,034,148	2,315,890	2,311,559	4,331
Commissioner's Off.	Other Services	100,746	112,866	110,230	2,636
	Personnel	738,978	722,855	711,542	11,313
	Travel	6,397	10,400	9,995	405
	Equip. Rental	6,000	6,000	6,000	-
Department Total		852,121	852,121	837,767	14,354

General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
(Page 2 Of 2)

Department	Expenditures By Appropriation	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Coroner's Office	Other Services	58,572	58,172	57,739	433
	Personnel	290,883	313,378	313,337	41
	Travel	1,668	1,668	1,318	350
	Equip. Rental	9,536	9,536	9,536	-
	Autopsies	50,350	50,350	50,000	350
Department Total		411,009	433,104	431,930	1,174
District Court	Other Services	288,531	313,195	290,296	22,899
	Personnel	1,631,559	1,647,873	1,647,323	550
	Travel	1,723	1,723	725	998
	Jury Fees	27,000	27,000	19,262	7,738
Department Total		1,948,813	1,989,791	1,957,606	32,185
Human Resources	Other Services	156,592	156,592	124,205	32,387
	Personnel	656,149	706,583	705,282	1,301
	Travel	7,170	7,170	3,277	3,893
	County Training	14,745	14,745	1,672	13,073
Department Total		834,656	885,090	834,436	50,654
Juvenile Probation	Other Services	1,075,688	1,093,367	942,181	151,186
	Personnel	3,435,273	3,616,949	3,614,643	2,306
	Travel	7,383	7,383	3,708	3,675
	Equip. Rental	50,906	50,906	38,476	12,430
Department Total		4,569,250	4,768,605	4,599,008	169,597
Nondepartment	Other Services	1,305,825	1,192,451	1,154,659	37,792
	Personnel	1,810,281	162,116	130,571	31,545
Department Total		3,116,106	1,354,567	1,285,230	69,337
Prosecuting Attorney	Other Services*	4,672,861	5,256,138	5,219,689	36,449
Department Total		4,672,861	5,256,138	5,219,689	36,449
State Audit	Other Services	114,439	117,459	115,382	2,077
Department Total		114,439	117,459	115,382	2,077
Superior Court	Other Services	828,933	904,166	898,459	5,707
	Personnel	2,101,586	2,201,476	2,199,922	1,554
	Travel	12,972	14,672	14,610	62
	Jury Fees	139,573	103,073	101,500	1,573
Department Total		3,083,064	3,223,387	3,214,491	8,896
Sheriff	Other Services	4,178,145	4,997,660	4,709,707	287,953
	Personnel	13,876,297	14,871,991	14,784,900	87,091
	Travel	67,693	56,693	51,646	5,047
	Equip. Rental	1,468,641	1,476,741	1,476,319	422
Department Total		19,590,776	21,403,085	21,022,572	380,513
Treasurer's Office	Other Services*	861,018	899,436	877,770	21,666
Department Total		861,018	899,436	877,770	21,666
Total Expenditures		\$50,323,643	\$52,100,229	\$51,255,153	\$845,076

Note: Other Services* contains one appropriation for all services

Public Health & Social Services
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$391,543	\$391,543	\$405,748	\$14,205
Licenses & Permits	156,690	156,690	176,607	19,917
Intergovernmental	21,911,630	23,049,960	23,304,062	254,102
Charges for Services	923,807	952,307	1,126,039	173,732
Miscellaneous	124,100	184,100	443,790	259,690
Total Revenues	23,507,770	24,734,600	25,456,246	721,646
Expenditures:				
Security of Persons & Property	125,000	125,000	120,892	4,108
Mental & Physical Health	26,318,468	27,421,024	24,717,272	2,703,752
Capital Outlay	-	-	(1,929)	1,929
Total Expenditures	26,443,468	27,546,024	24,836,235	2,709,789
Excess (Deficiency) of Revenues Over Expenditures	(2,935,698)	(2,811,424)	620,011	3,431,435
Other Financing Sources (Uses):				
Sale of Fixed Assets	8,000	8,000	4,730	(3,270)
Transfers In	2,721,933	2,665,077	2,558,707	(106,370)
Transfer Out	(1,557,780)	(1,557,780)	(1,557,781)	1
Total Other Financing Sources (Uses)	1,172,153	1,115,297	1,005,656	(109,639)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(1,763,545)	(1,696,127)	1,625,667	3,321,796
Fund Balance as of January 1	7,614,602	9,228,042	9,352,477	124,435
Fund Balance as of January 1	-	-	(1,929)	(1,929)
Fund Balance as of December 31	\$5,851,057	\$7,531,915	\$10,976,215	\$3,444,302

Public Health & Social Services
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

Revenues	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Taxes				
Real & Personal Property	\$391,543	\$391,543	\$402,236	\$10,693
Timber Harvest Taxes	-	-	2,888	2,888
Excise Taxes	-	-	568	568
Penalties & Interest on Delinquent Taxes	-	-	56	56
Total Taxes	391,543	391,543	405,748	14,205
Licenses & Permits				
Business Licenses & Permits	113,445	113,445	133,082	19,637
Non-Business Licenses & Permits	43,245	43,245	43,525	280
Total Licenses & Permits	156,690	156,690	176,607	19,917
Intergovernmental				
Federal Grants - Indirect	2,267,157	2,830,013	3,351,650	521,637
State Grants	3,080,239	3,218,927	2,923,821	(295,106)
State Shared Revenues	10,000	10,000	2,916	(7,084)
State Entitlements	623,358	633,807	637,388	3,581
Intergovernmental Services	15,930,876	16,357,213	16,388,287	31,074
Total Intergovernmental	21,911,630	23,049,960	23,304,062	254,102
Charges for Services				
Other	923,807	952,307	1,126,039	173,732
Total Charges for Services	923,807	952,307	1,126,039	173,732
Miscellaneous				
Interest Earnings	122,500	182,500	411,707	229,207
Rents & Royalties	-	-	441	441
Donations from Private Sources	500	500	3,983	3,483
Other Miscellaneous Revenue	1,100	1,100	27,659	26,559
Total Miscellaneous Revenue	124,100	184,100	443,790	259,690
Total Revenues	\$23,507,770	\$24,734,600	\$25,456,246	\$721,646

**Public Health and Social Services
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

<u>Expenditures By</u>		Original	Final		Variance with
Department	Appropriation	2002	2002	Actual	Final Budget
		Budget	Budget	2002	Positive or
					(Negative)
Public Health	Other Services	\$1,465,928	\$1,500,352	\$2,356,265	(\$855,913)
	Personnel	5,912,599	6,311,940	5,822,633	489,307
	Travel	40,832	80,854	53,120	27,734
	Equip. Rental	116,471	117,971	116,603	1,368
Total Public Health		7,535,830	8,011,117	8,348,621	(337,504)
Social Services	Other Services	17,845,489	18,443,427	15,438,018	3,005,409
	Personnel	1,028,327	1,056,428	1,028,865	27,563
	Travel	30,195	31,425	17,104	14,321
	Equip. Rental	3,627	3,627	3,627	-
Total Social Services		18,907,638	19,534,907	16,487,614	3,047,293
Total Expenditures		\$26,443,468	\$27,546,024	\$24,836,235	\$2,709,789

**Real Estate Excise Tax
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$2,242,049	\$2,242,049	\$3,074,696	\$832,647
Charges for Services	15,900	15,900	15,725	(175)
Miscellaneous	424,314	424,314	366,339	(57,975)
Total Revenues	2,682,263	2,682,263	3,456,760	774,497
Expenditures:				
General Government	354,852	354,852	143,591	211,261
Security of Persons & Property	82,173	82,173	44,331	37,842
Mental & Physical Health	4,782	4,782	5,741	(959)
Physical Environment	80,880	80,880	80,880	-
Culture and Recreation	23,574	23,574	84,161	(60,587)
Capital Outlay	4,995,853	4,925,054	109,898	4,815,156
Total Expenditures	5,542,114	5,471,315	468,602	5,002,713
Excess (Deficiency) of Revenues Over Expenditures	(2,859,851)	(2,789,052)	2,988,158	5,777,210
Other Financing Sources (Uses):				
Sale of Fixed Assets	-	-	697,788	697,788
Transfer Out	(2,674,974)	(2,745,773)	(2,998,438)	(252,665)
Total Other Financing Sources (Uses)	(2,674,974)	(2,745,773)	(2,300,650)	445,123
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(5,534,825)	(5,534,825)	687,508	6,222,333
Fund Balance as of January 1	9,075,814	9,075,814	9,502,356	426,542
Fund Balance as of December 31	\$3,540,989	\$3,540,989	\$10,189,864	\$6,648,875

**Real Estate Excise Tax
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

Revenues	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Taxes				
Excise Taxes	\$2,242,049	\$2,242,049	\$3,073,311	\$831,262
Penalties & Interest on Delinquent Taxes	-	-	1,385	1,385
Total Taxes	2,242,049	2,242,049	3,074,696	832,647
Charges for Services				
Other	15,900	15,900	15,725	(175)
Total Charges for Services	15,900	15,900	15,725	(175)
Miscellaneous				
Interest Earnings	424,314	424,314	366,339	(57,975)
Total Miscellaneous Revenue	424,314	424,314	366,339	(57,975)
Total Revenues	\$2,682,263	\$2,682,263	\$3,456,760	\$774,497

**Real Estate Excise Tax
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

<u>Expenditures By</u>		Original	Final		Variance with
<u>Department</u>	<u>Appropriation</u>	2002	2002	Actual	Final Budget
		Budget	Budget	2002	Positive or (Negative)
Real Estate Excise Tax	Other Services	\$5,542,114	\$5,449,315	\$459,337	\$4,989,978
	Travel	-	22,000	9,265	12,735
Department Total		5,542,114	5,471,315	468,602	5,002,713
Total Expenditures		\$5,542,114	\$5,471,315	\$468,602	\$5,002,713

Medic One
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$6,018,599	\$6,018,599	\$5,951,516	(\$67,083)
Intergovernmental	144,100	144,100	74,362	(69,738)
Charges for Services	220	220	55	(165)
Miscellaneous	312,800	312,800	296,686	(16,114)
Total Revenues	6,475,719	6,475,719	6,322,619	(153,100)
Expenditures:				
Security of Persons & Property	5,999,999	5,999,999	5,494,552	505,447
Capital Outlay	527,931	527,931	138,535	389,396
Total Expenditures	6,527,930	6,527,930	5,633,087	894,843
Excess (Deficiency) of Revenues Over Expenditures	(52,211)	(52,211)	689,532	741,743
Other Financing Sources (Uses):				
Sale of Fixed Assets	122,000	122,000	90,125	(31,875)
Transfers In	2,000	130,099	130,099	-
Transfer Out	(2,000)	(130,099)	(130,099)	-
Total Other Financing Sources (Uses)	122,000	122,000	90,125	(31,875)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	69,789	69,789	779,657	709,868
Fund Balance as of January 1	5,091,926	6,742,464	6,742,465	1
Fund Balance as of December 31	\$5,161,715	\$6,812,253	\$7,522,122	\$709,869

Medic One
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

Revenues	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Taxes				
Real & Personal Property	\$5,938,599	\$5,938,599	\$5,884,613	(\$53,986)
Timber Harvest Taxes	80,000	80,000	55,029	(24,971)
Excise Taxes	-	-	10,814	10,814
Penalties & Interest on Delinquent Taxes	-	-	1,060	1,060
Total Taxes	6,018,599	6,018,599	5,951,516	(67,083)
Intergovernmental				
State Grants	12,000	12,000	11,600	(400)
State Shared Revenues	120,000	120,000	55,562	(64,438)
Intergovernmental Services	12,100	12,100	7,200	(4,900)
Total Intergovernmental	144,100	144,100	74,362	(69,738)
Charges for Services				
General Government	220	220	55	(165)
Total Charges for Services	220	220	55	(165)
Miscellaneous				
Interest Earnings	311,500	311,500	287,778	(23,722)
Rents & Royalties	1,300	1,300	8,408	7,108
Donations from Private Sources	-	-	500	500
Other Miscellaneous Revenue	-	-	-	-
Total Miscellaneous Revenue	312,800	312,800	296,686	(16,114)
Total Revenues	\$6,475,719	\$6,475,719	\$6,322,619	(\$153,100)

Medic One
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

<u>Department</u>	<u>Expenditures By</u> Appropriation	Original	Final	Actual	Variance with
		2002	2002		Final Budget
		Budget	Budget	2002	Positive or (Negative)
Medic One	Other Services	\$6,231,600	\$6,216,060	\$5,332,885	\$883,175
	Personnel	287,982	303,522	298,274	5,248
	Travel	7,348	7,348	1,864	5,484
	Equip. Rental	1,000	1,000	64	936
Department Total		6,527,930	6,527,930	5,633,087	894,843
Total Expenditures		\$6,527,930	\$6,527,930	\$5,633,087	\$894,843

**Roads and Transportation
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Revenues:				
Taxes	\$13,703,473	\$13,703,473	\$13,570,425	(\$133,048)
Intergovernmental	9,485,982	9,485,982	6,707,722	(2,778,260)
Charges for Services	163,213	163,213	384,632	221,419
Miscellaneous	12,500	12,500	317,746	305,246
Total Revenues	23,365,168	23,365,168	20,980,525	(2,384,643)
Expenditures:				
General Government	149,257	149,257	149,257	-
Security of Persons & Property	354,782	428,434	306,758	121,676
Transportation	17,018,611	18,086,915	17,040,061	1,046,854
Capital Outlay	12,143,077	12,143,077	4,244,475	7,898,602
Total Expenditures	29,665,727	30,807,683	21,740,551	9,067,132
Excess (Deficiency) of Revenues Over Expenditures	(6,300,559)	(7,442,515)	(760,026)	6,682,489
Other Financing Sources (Uses):				
Sale of Fixed Assets	809,000	809,000	602,542	(206,458)
Transfers In				-
Transfer Out	(1,024,932)	(1,024,932)	(799,932)	225,000
Total Other Financing Sources (Uses)	(215,932)	(215,932)	(197,390)	18,542
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(6,516,491)	(7,658,447)	(957,416)	6,701,031
Fund Balance as of January 1	12,305,387	13,647,906	13,587,905	(60,001)
Fund Balance as of December 31	\$5,788,896	\$5,989,459	\$12,630,489	\$6,641,030

Roads and Transportation
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

Revenues	Original 2002 Budget	Final 2002 Budget	Actual 2002	Variance with Final Budget Positive or (Negative)
Taxes				
Real & Personal Property	\$13,338,473	\$13,338,473	\$13,314,425	(\$24,048)
Timber Harvest Taxes	350,000	350,000	239,795	(110,205)
Excise Taxes	15,000	15,000	14,838	(162)
Penalties & Interest on Delinquent Taxes	-	-	1,367	1,367
Total Taxes	13,703,473	13,703,473	13,570,425	(133,048)
Intergovernmental				
Federal Grants - Indirect	3,837,282	3,837,282	1,246,565	(2,590,717)
State Grants	574,300	574,300	748,332	174,032
State Shared Revenues	400,000	400,000	242,661	(157,339)
State Entitlements	4,369,400	4,369,400	4,328,339	(41,061)
Intergovernmental Services	305,000	305,000	141,825	(163,175)
Total Intergovernmental	9,485,982	9,485,982	6,707,722	(2,778,260)
Charges for Services				
General Government	3,000	3,000	3,598	598
Economic Environment	2,500	2,500	1,140	(1,360)
Other	157,713	157,713	379,894	222,181
Total Charges for Services	163,213	163,213	384,632	221,419
Miscellaneous				
Interest Earnings	1,500	1,500	270,880	269,380
Rents & Royalties	9,000	9,000	36,712	27,712
Other Miscellaneous Revenue	2,000	2,000	10,154	8,154
Total Miscellaneous Revenue	12,500	12,500	317,746	305,246
Total Revenues	\$23,365,168	\$23,365,168	\$20,980,525	(\$2,384,643)

Roads and Transportation
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

<u>Expenditures By</u>		Original	Final		Variance with
Department	Appropriation	2002	2002	Actual	Final Budget
		Budget	Budget	2002	Positive or
					(Negative)
Roads & Transportation	Other Services	\$20,202,983	\$19,886,876	\$12,100,775	\$7,786,101
	Personnel	6,187,231	7,643,294	6,399,783	1,243,511
	Travel	74,289	76,289	67,637	8,652
	Equip. Rental	3,201,224	3,201,224	3,172,356	28,868
Department Total		29,665,727	30,807,683	21,740,551	9,067,132
Total Expenditures		\$29,665,727	\$30,807,683	\$21,740,551	\$9,067,132

**General Government Expenditures By Function
Last Ten Years
Table 1**

Fiscal Year	General Gov't Service	Security Of		Physical Environ- ment	Transpor- tation	Economic Environ- ment	Mental & Physical Health	Culture & Recreation	Capital Outlay	Debt Service	Totals
		Persons & Property	Physical Environ- ment								
1993	\$17,105,772	\$14,382,793	\$2,361,595	\$10,269,150	\$10,250,245	\$12,198,982	\$1,337,431	\$6,667,194	\$837,418	\$75,410,580	
1994	\$18,288,352	\$15,578,467	\$2,248,570	\$10,371,673	\$10,880,866	\$14,680,870	\$1,701,390	\$5,318,772	\$937,082	\$80,006,042	
1995	\$19,508,439	\$17,223,730	\$2,174,582	\$11,359,160	\$10,888,237	\$16,509,088	\$1,864,107	\$8,676,491	\$2,237,928	\$90,441,762	
1996	\$22,886,910	\$18,561,501	\$1,621,157	\$12,784,103	\$14,244,221	\$16,636,953	\$1,999,038	\$9,395,903	\$1,641,554	\$99,771,340	
1997	\$22,210,746	\$19,512,006	\$1,501,555	\$12,689,005	\$13,982,912	\$18,536,029	\$1,997,344	\$20,522,812	\$20,493,289	\$131,445,698	
1998	\$23,606,536	\$21,517,114	\$1,433,255	\$14,672,312	\$13,666,157	\$21,182,768	\$1,981,529	\$27,002,611	\$3,343,621	\$128,405,903	
1999	\$24,966,070	\$24,263,566	\$1,324,438	\$15,399,447	\$16,222,204	\$20,654,998	\$4,645,622	\$6,425,751	\$4,683,971	\$118,586,067	
2000	\$23,305,103	\$27,295,351	\$1,308,728	\$15,236,454	\$13,282,357	\$20,675,383	\$2,001,181	\$10,087,016	\$2,634,262	\$115,825,835	
2001	\$24,243,352	\$29,979,500	\$1,289,608	\$17,367,425	\$12,491,181	\$22,799,944	\$2,211,708	\$11,098,175	\$3,167,563	\$124,648,456	
2002	\$27,383,494	\$31,596,865	\$1,362,896	\$18,446,582	\$12,440,678	\$25,153,015	\$2,194,849	\$11,127,093	\$12,110,906	\$141,816,378	

Source: Thurston County Auditor

* Includes all governmental funds

**General Government Revenues By Source
Last Ten Years
Table 2**

Fiscal Year	Taxes	Licenses & Permits	Inter-Governmental	Charges For Services	Fines & Forfeits	Misc.	Totals
1993	\$34,777,481	\$1,824,906	\$29,721,637	\$7,770,750	\$894,657	\$3,105,220	\$78,094,651
1994	\$37,395,445	\$1,855,368	\$33,878,197	\$8,441,086	\$892,101	\$2,991,744	\$85,453,941
1995	\$40,560,944	\$1,714,524	\$33,163,150	\$8,314,736	\$796,473	\$5,634,240	\$90,184,067
1996	\$45,329,192	\$2,329,139	\$42,682,696	\$8,679,531	\$932,683	\$5,193,065	\$105,146,306
1997	\$48,669,974	\$2,079,617	\$42,523,814	\$9,186,405	\$1,021,120	\$5,195,497	\$108,676,427
1998	\$51,549,984	\$2,276,162	\$34,407,184	\$20,344,565	\$1,263,194	\$5,511,669	\$115,352,758
1999	\$53,072,233	\$2,406,412	\$47,671,797	\$9,627,041	\$1,346,374	\$5,063,888	\$119,187,745
2000	\$57,073,237	\$2,273,569	\$43,562,639	\$9,002,140	\$1,323,871	\$6,331,244	\$119,566,700
2001	\$60,813,878	\$2,655,338	\$43,494,212	\$9,948,628	\$1,308,925	\$6,110,827	\$124,331,808
2002	\$63,876,390	\$3,189,891	\$45,828,752	\$10,893,062	\$1,797,063	\$4,762,656	\$130,347,814

Source: Thurston County Auditor

* Includes all governmental funds

**Taxable & Estimated Actual Value of Real & Personal Property
Last Ten Years
Table 3**

Fiscal Year	Real Property		Personal Property		Total		Ratio Of Total Assessed Value To Estimated Actual Value
	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
1993	\$7,603,255,425	\$8,327,771,550	\$504,514,195	\$603,485,879	\$8,107,769,620	\$8,931,257,429	90.78%
1994	\$8,489,785,038	\$9,308,974,822	\$603,773,289	\$753,774,393	\$9,093,558,327	\$10,062,749,215	90.37%
1995	\$9,034,099,223	\$10,480,393,530	\$670,819,640	\$706,125,937	\$9,704,918,863	\$11,186,519,467	86.76%
1996	\$9,557,891,392	\$10,775,525,808	\$742,974,877	\$777,984,102	\$10,300,866,209	\$11,553,509,910	89.16%
1997	\$10,218,595,177	\$11,023,295,768	\$719,448,133	\$822,226,438	\$10,938,043,310	\$11,845,522,206	92.34%
1998	\$10,425,713,541	\$11,584,126,279	\$707,594,913	\$718,370,470	\$11,133,308,564	\$12,302,496,749	90.50%
1999	\$10,729,656,008	\$12,347,130,044	\$724,315,797	\$759,240,877	\$11,453,971,805	\$13,106,370,921	87.39%
2000	\$11,371,528,943	\$12,635,032,159	\$836,254,772	\$869,287,705	\$12,207,783,715	\$13,504,319,864	90.40%
2001	\$12,153,163,988	\$13,685,995,482	\$884,808,092	\$930,397,573	\$13,037,972,080	\$14,616,393,055	89.20%
2002	\$13,230,130,646	\$14,443,374,068	\$916,395,627	\$971,787,515	\$14,146,526,273	\$15,415,161,583	91.77%

Source: Thurston County Assessor

**Property Tax Levy Rates (Per \$1000 Of Assessed Value)
Direct And Overlapping Governments - Weighted Average (4)
Last Ten Years
Table 4**

Fiscal Year	County Funds (1)	County Funds (2)	Total County Funds	Local School District	State School	Fire District	Cemetery District	Port Of Olympia	Cities & Towns	Timber-Land Library	Public Utility District	(3) Totals
1993	1.73	2.30	4.03	5.08	3.35	1.71	0.10	0.25	3.12	0.49	0.00	18.13
1994	1.72	2.26	3.98	5.13	3.46	1.55	0.10	0.22	3.37	0.49	0.00	18.30
1995	1.69	2.30	3.99	4.74	3.56	1.70	0.09	0.21	3.35	0.47	0.02	18.13
1996	1.73	2.35	4.08	4.78	3.55	1.70	0.08	0.19	3.37	0.46	0.00	18.21
1997	1.78	2.38	4.16	4.98	3.63	1.76	0.09	0.18	3.51	0.47	0.00	18.78
1998	1.74	2.36	4.10	4.94	3.44	1.73	0.09	0.22	3.36	0.47	0.00	18.35
1999	1.77	2.40	4.17	5.27	3.38	1.75	0.09	0.22	3.64	0.49	0.00	19.01
2000	1.80	2.61	4.41	5.60	3.38	1.76	0.05	0.29	3.72	0.50	0.02	19.73
2001	1.77	2.57	4.34	5.27	3.13	1.72	0.08	0.28	3.68	0.50	0.00	19.00
2002	1.72	2.51	4.23	5.16	3.03	1.72	0.09	0.28	3.53	0.49	0.00	18.53

Source: Thurston County Assessor

(1) Includes County General fund, Mental Health, Developmental Disabilities, and Veterans levies.

(2) Includes County Road District, Medic One and Land Conservation Futures levies.

(3) Totals shown are greater than the levy possible on any one parcel (i.e. A city levy is not imposed on unincorporated Parcels and likewise, County Road, Fire District and Cemetery Districts are not levied on incorporated parcels.)

(4) The table is based on a weighted average calculation using assessed value, levy rates, and total tax levied. The levy rate is weighted proportionately by the relative tax levy of each district.

**Property Tax Levies And Collections
Last Ten Years
Table 5**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent Of Delinquent Taxes to Tax Levy
1993	\$22,840,300	\$21,986,736	96.3%	\$892,457	\$22,879,193	100.2%	\$1,421,903	6.2%
1994	\$25,436,416	\$24,594,278	96.7%	\$867,464	\$25,461,742	100.1%	\$1,371,337	5.4%
1995	\$28,151,146	\$27,153,443	96.5%	\$751,461	\$27,904,904	99.1%	\$1,644,286	5.8%
1996	\$30,670,605	\$29,536,263	96.3%	\$847,535	\$30,383,798	99.1%	\$1,794,877	5.9%
1997	\$33,255,890	\$32,046,213	96.4%	\$1,038,988	\$33,085,201	99.5%	\$1,875,255	5.6%
1998	\$34,851,641	\$33,604,797	96.4%	\$1,552,550	\$35,157,347	100.9%	\$1,966,773	5.6%
1999	\$36,102,918	\$34,735,607	96.2%	\$1,121,754	\$35,857,361	99.3%	\$2,000,251	5.5%
2000	\$39,729,591	\$38,417,951	96.7%	\$1,082,232	\$39,500,183	99.4%	\$2,122,825	5.3%
2001	\$41,441,550	\$40,123,022	96.8%	\$1,176,368	\$41,299,390	99.7%	\$2,169,926	5.2%
2002	\$42,910,569	\$41,365,902	96.4%	\$1,262,000	\$42,627,902	99.3%	\$2,287,368	5.3%

Source: Thurston County Assessor

(1) Includes County General Fund, Roads, Veteran's, Medic One, Conservation Futures, Tax Refund, and Mental Health Tax Levies

**Special Assessment Billings And Collections
Last Ten Years
Table 6**

Fiscal Year	Assessments Receivable January 1	Billings	Collections (2)	Assessments Receivable December 31 (1)
1993	\$2,499,755	\$1,239,226	\$1,673,712	\$2,065,269
1994	\$2,065,269	\$1,611,217	\$1,657,497	\$2,018,989
1995	\$2,018,989	\$1,030,959	\$1,298,529	\$1,751,419
1996	\$1,751,419	\$1,107,512	\$1,317,104	\$1,541,827
1997	\$1,541,827	\$1,133,202	\$1,359,225	\$1,315,804
1998	\$1,315,804	\$1,267,546	\$1,382,590	\$1,200,760
1999	\$1,200,760	\$6,956,838	\$1,540,431	\$6,617,167
2000	\$6,617,167	\$1,790,585	\$2,137,231	\$6,270,521
2001	\$6,270,521	\$2,403,407	\$1,948,214	\$6,834,242
2002	\$6,834,242	\$1,564,566	\$2,343,209	\$6,055,599

Source: Thurston County Treasurer

(1) Special assessments include: Noxious Weed, Long Lake, Lawrence Lake, Stormwater, Tamoshan, Boston Harbor, Olympic View, Grand Mound, and RID #2.

(2) Includes cancellations, supplements, and adjustments.

Reconciliation to Combined Statements

Per Combined Statements

Special Assessment Receivables:

Current	\$ 495,418
Long-Term	5,560,181
Total Special Assessments	<u>\$6,055,599</u>

**Ratio Of Net General Obligation Bonded Debt To Assessed Value
Last Ten Years
Table 7**

Fiscal Year	(1) Popu- lation	(2) Assessed Value	(3) Gross G.O. Bonded Debt	(4) Less Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1993	180,500	\$8,107,769,620	\$2,865,000	\$12,267	\$2,852,733	0.035%	16
1994	185,900	\$9,093,558,327	\$4,675,000	\$14,403	\$4,660,597	0.051%	25
1995	189,200	\$9,704,918,862	\$13,430,000	\$16,517	\$13,413,483	0.138%	71
1996	193,100	\$10,300,866,207	\$22,290,000	\$10,837	\$22,279,163	0.216%	115
1997	197,600	\$10,938,043,310	\$29,510,000	\$109,285	\$29,400,715	0.269%	149
1998	199,700	\$11,133,308,564	\$32,500,350	\$13,237	\$32,487,113	0.292%	163
1999	202,700	\$11,453,971,805	\$29,364,350	\$14,288	\$29,350,062	0.256%	145
2000	204,300	\$12,207,783,715	\$34,248,998	\$18,672	\$34,230,326	0.280%	168
2001	210,200	\$13,037,972,080	\$32,826,140	\$23,485	\$32,802,655	0.252%	156
2002	212,300	\$14,146,526,273	\$33,134,284	\$70,331	\$33,063,953	0.234%	156

(1) Source: Regional Planning.

(2) Source: County Assessor.

(3) Excludes proprietary debt.

(4) Amount available for repayment of general obligation bonds.

**Ratio Of Annual Debt Service Expenditures For General
Bonded Debt To Total General Expenditures For A Ten Year Period**
Table 8

Fiscal Year	Principal	Interest	(1) Total Debt Service	(2) Total General Expenditures	Ratio Of Debt Service To General Expenditures (Percent)
1993	\$510,000	\$173,179	\$683,179	\$64,305,232	1.06%
1994	\$601,702	\$145,597	\$747,299	\$79,258,743	0.94%
1995	\$1,695,548	\$286,896	\$1,982,444	\$88,459,318	2.24%
1996	\$1,040,000	\$556,669	\$1,596,669	\$98,174,671	1.63%
1997	\$19,195,000	\$995,193	\$20,190,193	\$111,255,143	18.15%
1998	\$2,225,000	\$1,079,770	\$3,304,770	\$128,405,903	2.57%
1999	\$3,136,000	\$1,498,930	\$4,634,930	\$133,950,717	3.46%
2000	\$1,135,000	\$1,417,492	\$2,552,492	\$112,868,465	2.26%
2001	\$1,422,858	\$1,546,086	\$2,968,944	\$121,679,512	2.44%
2002	\$10,503,163	\$1,607,743	\$12,110,906	\$129,705,472	9.34%

Source: Thurston County Auditor

(1) Total debt service is the interest and principal expenditures from the Debt Service Funds.

(2) Total general expenditures do not include the interest and principal expenditures from the Debt Service Funds:

Total Governmental Fund Expenditures	\$141,816,378
Less Total Debt Service	<u>(12,110,906)</u>
Total General Expenditures	<u><u>\$129,705,472</u></u>

**Computation Of Legal Debt Margin
December 31, 2002
Table 9**

Total Property Value	<u>\$14,146,526,273</u>	
I. Indebtedness For General Purposes Without A Vote		
Legal Limit Is 1.5% Of Taxable Property Value		<u>\$212,197,894</u>
1. G.O. Bond Liabilities	<u>\$46,633,852</u>	
Less Redemption Fund Assets Available to Pay Principal		
Cash on Hand Plus Investments	\$1,109,692	
Uncollected Taxes	-	
Total Applicable Assets	<u>\$1,109,692</u>	
Excess of Liabilities over Assets		\$45,524,160
2. General Fund Liabilities including Warrants, Contracts And others; but not loan agreements with the state or Federal government dated April 3, 1987, or later	<u>\$5,205,049</u>	
Less General Fund Assets:		
Cash on Hand Plus Investments	\$6,499,989	
Uncollected Taxes	<u>\$746,537</u>	
Total Applicable Assets	<u>\$7,246,526</u>	
Excess of Liabilities over Assets		-
3. Road Fund Liabilities including Warrants, Contracts And others; but not loan agreements with the state or Federal government dated April 3, 1987, or later	<u>\$218,009</u>	
Less Road Fund Assets:		
Cash on Hand Plus Investments	\$6,007,611	
Uncollected Taxes	<u>\$491,146</u>	
Total Applicable Assets	<u>\$6,498,757</u>	
Excess of Liabilities over Assets		-
Total Section I Indebtedness Incurred		<u>\$45,524,160</u>
Indebtedness Margin Before Excess		<u>\$166,673,734</u>
Indebtedness Incurred From Section II in Excess of 1% of Taxable Property Value		-
Margin Of Indebtedness Available Without A Vote		<u>\$166,673,734</u>
II. Indebtedness For General Purposes With 3/5 Vote		
Legal Limit 2.5% Of Taxable Property Value		\$353,663,157
Indebtedness (Liabilities):		
G.O. Bond Liabilities	-	
Other Liabilities	-	
Total Applicable Liabilities	-	
Less Assets Available:		
Cash on Hand	-	
Uncollected Taxes	-	
Total Applicable Assets	-	
Total Section II Indebtedness Incurred		-
Margin of Indebtedness Available with 3/5 Vote		<u>\$353,663,157</u>
Total Indebtedness Allowable (Legal Limit 2.5%)		\$353,663,157
Less: Indebtedness Incurred - Section I		\$45,524,160
Less: Indebtedness Incurred - Section II		-
Margin Of Indebtedness Still Available		<u>\$308,138,997</u>

Source: Thurston County Treasurer and Auditor

General Obligation Bonds
December 31, 2002
Table 10

Jurisdiction	G.O. Bonded Debt Outstanding
Direct:	
Thurston County (1)	\$33,134,284
Overlapping:	
Fire Districts	\$15,361,818
Library	-
Port of Olympia	\$29,005,000
School Districts	\$260,017,846
Cities and Towns	\$16,932,093
Total Overlapping	\$321,316,757
Total	\$354,451,041

Source: Thurston County Treasurer

(1) Excluding general obligation bonds reported in the proprietary funds.

**Demographic Statistics
Last Ten Years
Table 11**

Fiscal Year	Population			Per Capita Income	Median Age	School Enrollment	Unemployment Rate
	Unincorporated	Incorporated	Total				
1993	105,555	74,945	180,500	\$20,899	33.6	34,748	7.00%
1994	108,382	77,518	185,900	\$21,425	33.6	35,812	6.20%
1995	109,860	79,340	189,200	\$21,837	33.6	36,343	6.20%
1996	111,245	81,855	193,100	\$22,565	33.6	37,159	6.60%
1997	113,130	84,470	197,600	\$23,778	33.6	37,181	5.10%
1998	113,815	85,885	199,700	\$24,883	33.6	37,752	4.90%
1999	114,375	88,325	202,700	\$25,760	33.6	38,031	4.60%
2000	115,350	88,950	204,300	N/A	36.5	37,786	5.00%
2001	116,300	93,900	210,200	N/A	36.5	35,760	5.70%
2002	117,935	94,365	212,300	N/A	36.5	37,945	5.70%

1) Thurston County Regional Planning Council, The Profile, date October 2002.

(www.trpc.org/statistics_atagance.html)

*Year 1995 population adjusted.

*Median Age adjusted. Reported every 10 years.

2) Access Washington State Government Information & Services

(access.wa.gov)

3) Unemployment Rate reflects 2001 statistics. 2002 unavailable.

*1998-2001 adjusted.

**Construction Activity
Last Ten Years
Table 12**

Fiscal Year	New Construction	Nontaxable Property (1)	Property Value		Total
			Commercial (2)	Residential	
1993	\$238,964,346	\$1,355,608,820	\$1,885,438,992	\$6,222,330,628	\$8,107,769,620
1994	\$356,353,915	\$1,654,507,327	\$2,127,385,853	\$6,966,172,474	\$9,093,558,327
1995	\$306,334,038	\$1,693,133,443	\$2,298,372,574	\$7,406,546,289	\$9,704,918,863
1996	\$269,603,755	\$1,844,107,852	\$2,415,099,196	\$7,885,767,013	\$10,300,866,209 (1)
1997	\$248,984,582	\$2,016,279,965	\$2,470,979,299	\$8,467,064,011	\$10,938,043,310
1998	\$256,069,825	\$2,111,866,878	\$2,485,628,123	\$8,647,680,441	\$11,133,308,564
1999	\$317,639,763	\$2,148,209,883	\$2,630,789,495	\$8,823,182,310	\$11,453,971,805
2000	\$335,760,178	\$2,254,228,239	\$3,797,759,938	\$8,410,023,777	\$12,207,783,715 (3)
2001	\$313,835,627	\$2,309,771,757	\$4,139,967,270	\$8,898,004,810	\$13,037,972,080 (3)
2002	\$354,691,502	\$2,403,266,094	\$4,387,424,609	\$9,759,101,664	\$14,146,526,273

Source: Thurston County Assessor

(1) Excludes exemptions for real and personal, head-of-household and senior Citizen exempt properties prior to 1997

(2) Commercial property value includes agriculture and forest

(3) 2000 and 2001 commercial and residential property values are adjusted

**Thurston County
Principal Taxpayers
Table 13**

Name	Nature Of Business	Assessed Valuation	% Of Total
Puget Sound Energy/Elec/Gas	Utility	\$177,480,239	1.25%
U. S. West Communications	Telecommunications	\$90,776,830	0.64%
Target Corporation	Retail Sales	\$60,593,750	0.43%
Vine Street Investors LLC	Property Management	\$52,465,050	0.37%
Capital Development Co.	Real Estate/Developer	\$51,183,665	0.36%
Rainier General Inc.	Real Estate/Developer	\$44,013,550	0.31%
Panorama City Inc.	Retirement Center-Health Care	\$43,947,531	0.31%
Amcor Pet Packaging NA	Manufacturer	\$42,442,415	0.30%
Miller Brewing Company	Manufacturer	\$42,272,178	0.30%
Olympia Mall Co.	Retail shopping mall	\$32,155,200	0.23%
Kaufman Development LP	Real Estate/Developer	\$31,780,050	0.22%
Vine Street Associates LLC	Property Management	\$30,886,000	0.22%
Columbia Beverage Company	Manufacturer	\$29,532,967	0.21%
Weyerhaeuser Timber Co.	Timber Products	\$27,513,290	0.19%
Walter W. Cox	Real Estate/Developer	\$27,011,870	0.19%
TCI Cablevision of WA Inc.	Cable TV Company	\$25,186,512	0.18%
Illuminet Inc.	Telecommunications	\$22,767,076	0.16%
Home Depot	Retail Sales	\$22,657,729	0.16%
Fred Meyer Inc.	Retail Sales	\$20,741,879	0.15%
Weyerhaeuser Vicwood Partnership	Timber Products	\$20,560,550	0.15%
Campbell Family Partnership	Real Estate/Developer	\$17,884,450	0.13%
Group Health Cooperative of Puget Sound	Health Care	\$17,414,000	0.12%
Vine Street Investors	Property Management	\$17,402,350	0.12%
YCOM Networks	Telecommunications	\$17,318,521	0.12%
Burlington Northern/BNSF	Railroad/Utility	\$16,856,176	0.12%
Columbia Capital Medical Center LMTD	Health Care-Hospital	\$16,776,750	0.12%
Property Development Assoc.	Real Estate/Developer	\$16,295,800	0.12%
Ocean Front-Cambridge LLC	Real Estate/Developer	\$15,417,300	0.11%
E. De Tray	Real Estate/Developer	\$15,384,546	0.11%
API/Pichon VIII LLC	Real Estate/Developer	\$14,953,650	0.11%
Total Principal Taxpayers		\$1,061,671,874	7.50%
Other County Taxpayers		\$13,084,854,399	92.50%
Total County Assessed Value		\$14,146,526,273	100.00%

Source: Thurston County Assessor - 2002 Assessed Valuation for 2003 taxes

Miscellaneous Statistical Information
Last Ten Years
Table 14

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
(A) Miles of Road (1)										
Paved	924	926	930	947	967	968	972	979	982	991
Unpaved	74	69	69	53	46	48	45	42	41	40
(B) Building Permits										
Permits Issued	6,354	5,340	3,880	3,382	2,974	3,189	2,904	2,896	3,233	3,347
Value of Building (000'S Omitted)	\$134,651	\$128,450	\$115,396	\$125,820	\$130,302	\$142,791	\$154,471	\$150,790	\$196,827	\$261,162
(C) Fire Protection										
Districts	16	16	16	16	16	16	16	16	15	15
Paid Firefighters	43	49	61	84	100	104	95	102	81	89
Volunteer Firefighters	494	518	504	576	515	520	489	487	436	473
(D) Police Protection										
Number of Employees:										
Commissioned	77	77	81	80	80	86	87	87	92	91
Civilian	82	85.5	86	95	102	110	111	122	122	123.70
Average Monthly Jail Pop. (All Programs)	248	278	318	359	391	447	469	428	463	446
Police Patrol Units:										
- Vehicles	78	78	93	92	90	95	94	95	95	96
- Boats	4	3	4	4	4	4	4	4	4	4
- Special Purpose Vehicles	N/A	N/A	N/A	N/A	5	5	5	6	6	6
(E) Recreation Facilities:										
Parks	21	21	21	25	25	24	26	25	25	25
Parks Acres	2,595	2,595	2,595	3,003	3,026	2,706	2,773	2,773	2,773	2,773
(F) General Elections:										
Registered Voters	101,614	106,412	111,470	122,297	116,514	119,604	119,016	126,680	132,072	133,582
Votes Cast	63,123	67,323	63,173	88,566	70,708	79,202	74,204	98,610	58,131	73,859
% Of Registered Voters Voting	62.1%	63.3%	56.7%	72.4%	60.69%	66.22%	62.35%	77.84%	44.01%	55.29%
(G) Public Education										
Special	3	3	4	5	0	0	0	0	0	0
Elementary	37	41	41	51	42	41	41	41	41	40
Middle	11	12	12	12	12	13	13	13	13	13
Junior High	0	0	0	0	0	0	0	0	0	0
High	12	13	12	13	13	11	11	11	11	11
Complete (K-12)	0	0	0	2	0	0	0	0	0	0
Community College	1	1	1	1	1	1	1	1	1	1
State College	1	1	1	1	1	2	2	2	1	1
Alternative	0	0	0	0	0	4	5	5	6	5

(1) Miles of paved and unpaved roads for years 1998-2000 have been revised

Source:

- (A) Thurston County Roads and Transportation Department
- (B) Thurston County Building and Fire Safety Department
- (C) Thurston County Fire Districts
- (D) Thurston County Sheriff's Office
- (E) Thurston County Parks and Recreation
- (F) Thurston County Auditor's Office
- (G) www.K12.wa.us

**Schedule of Expenditures of State Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
ADMINISTRATOR FOR THE COURTS							
001	160	Witness Reimbursement	334.01.20	3412	N/A	\$2,904	Note 6
102	180	CASA	334.01.20	3412	ICA-2002-041	\$11,724	
102	180	CASA	334.01.20	3412	ICA-2000-124	\$18,222	
TOTAL FOR ADMINISTRATOR FOR THE COURTS						\$32,849	
COUNTY ROAD ADMIN BOARD							
119	019	County Arterial Preservation Program	334.03.72	3437	N/A	\$381,462	Note 6
301	019	Hawks Prairie Road	334.03.70	3437	3499.01	\$137,615	
301	019	Reservation Road South	334.03.70	3437	3497-02	\$60,261	
TOTAL FOR COUNTY ROAD ADMIN BOARD						\$579,339	
CTED							
124	034	Growth Management Update	334.02.00	3442	S02-63000-17	\$70,438	
TOTAL FOR CTED						\$70,438	
IAC							
132	026	Kenneydell Phase II	334.02.73	3427	98-1201C	\$42,946	
132	026	Griffin Athletic Fields	334.02.73	3427	99-1511D	\$15,387	
132	026	Chehalis Western Trail Phase II	334.02.73	3427	98-113C	\$245,954	
132	024	ORV Sports Park M & O	334.02.73	3427	01-116M	\$114,914	
132	024	ORV Sports Park Drainage Imprv	334.02.73	3427	01-1167D	\$112,130	
TOTAL FOR IAC						\$531,332	
WA STATE DEPT OF ECOLOGY							
121	015	Voluntary Cleanup Action Agreement	334.03.10	3431	G0200304	\$2,250	
150	018	Nisqually Reach Pollution ID	334.03.10	3431	G0200281	\$14,224	
150	018	Coordinated Prevention Grant-SW	334.03.10	3431	G0200254	\$87,491	
150	018	Weil Delegation	334.03.10	3431	C9500175	\$26,020	
150	018	Henderson Shellfish Response	334.03.10	3431	FP03111	\$1,945	
150	018	Coordinated Prevention-Clopyralid	334.03.10	3431	G0200346	\$16,769	
150	018	Coordinated Prevention-Mercury	334.03.10	3431	G0200344	\$11,377	
150	018	Site Hazard Assessment	334.03.10	3431	G0200027	\$139,972	
150	018	Coordinated Prevention Grant-HW	334.03.10	3431	G0200198	\$124,947	
178	032	Deschutes Watershed Mgmt Plan	334.03.11	3431	G9800019	\$68,975	
178	032	Woodland Crk/Deschutes River	334.03.11	3431	G02000338	\$22,164	
403	032	Local Toxic Controls	334.03.10	3431	G0200197	\$172,438	
403	032	Local Toxic Control Account	334.03.10	3431	G0200343	\$4,086	
403	032	WWR/MLCF Litter	334.03.10	3431	C0200024	\$24,070	
406	032	FCAAP-Salmon Cr Basin Phase II	334.03.10	3431	G0200089	\$75,327	

The Accompanying Notes To The Schedule Of Expenditures Of State And Local Awards Are An Integral Part Of This Schedule.

**Schedule of Expenditures of State Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
TOTAL FOR WA STATE DEPT OF ECOLOGY						\$792,055	
WA STATE DEPT OF HEALTH							
129	021	EMS&T	334.04.90	3449	FY02-03	\$6,250	
129	021	EMS&T	334.04.90	3449	FY03	\$5,850	
150	018	Safe Drinking Water	334.04.90	3449	C08662	\$54,700	
150	018	Family Planning	334.04.92	3449	C08662	\$84,100	
150	018	Oral Health	334.04.93	3449	C08662	\$43,234	
150	018	Recreational Shellfish	334.04.97	3449	C08662	\$4,331	
150	018	Women, Infant, Children (WIC)	334.04.97	3449	C08662	\$2,683	
150	018	Vaccine In Lieu of Cash	334.04.97	3449	C08662	\$157,021	Note 5
150	018	PHIP-Local Capacity Fund	334.04.97	3449	C08662	\$272,677	
150	018	Youth Tobacco	334.04.97	3449	C08662	\$17,945	
150	018	Breast & Cervical Health	334.04.97	3449	N10260	\$74,197	
TOTAL FOR WA STATE DEPT OF HEALTH						\$722,988	
WA STATE DEPT OF SOCIAL & HEALTH SERVICES							
001	185	JRA-At Risk Programs	334.04.60	3446	N/A	\$258,978	Note 6
001	185	JRA-ESHB3900	334.04.60	3446	0163-03004-2	\$90,180	
001	185	JRA-CJAA	334.04.60	3446	0163-03582	\$10,986	
001	185	JRA-CDDA	334.04.60	3446	0163-03582	\$8,739	
001	185	JRA-Becca Bill	334.04.60	3446	0163-01651	\$287,687	
001	185	JRA-Juv Accountability Incentive Block Grant	334.04.66	3446	0163-03682	\$79,016	
001	185	JRA-Juv Accountability Incentive Block Grant	334.04.66	3446	0263-15090	\$29,869	
001	185	JRA-Community Juvenile Accountability Act	334.04.65	3446	N/A	\$113,496	Note 6
001	185	JRA-Diagnostic Beds	334.04.60	3446	N/A	\$19,352	Note 6
001	185	JRA-Special Sex Offender Disposition	334.04.60	3446	N/A	\$152,785	Note 6
001	190	IVD Child Support Enforcement	334.04.60	3446	2110-80383	\$205,278	
001	160	IVD Child Support	334.04.60	3446	2110-80383	\$93,674	
102	160	Assess & Visitation Grant	334.04.60	3446	0163-04141	\$21,848	
150	018	Alternate Response	334.04.60	3446	89990701200	\$16,430	
150	018	Passport	334.04.60	3446	21348	\$24,759	
150	018	CPS Public Health Nurse	334.04.63	3446	81040701200	\$45,747	
150	017	Crisis Stabilization	334.04.60	3446	0169-0157	\$77,814	
150	017	DASA-Chemical Dependency	334.04.60	3446	7544	\$1,479,250	
150	017	Family Policy Council Network	334.04.60	3446	0174-01410	\$87,746	
150	018	Child Death Review	334.04.60	3446	C08662	\$4,976	
150	018	Drug Task Force	334.04.60	3446	0163-45019	\$53,465	
TOTAL FOR WA STATE DEPT OF SOCIAL & HEALTH SERVICES						\$3,162,076	
WA STATE DOT							
301	019	Martin Way Sidewalk	334.03.80	3438	8-5-034-P11-1	\$49,460	
301	019	Martin/Meridian/Dutarrow	334.03.80	3438	8-5-034-010-1	\$40,648	

The Accompanying Notes To The Schedule Of Expenditures Of State And Local Awards Are An Integral Part Of This Schedule.

**Schedule of Expenditures of State Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Program Title	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
301	019	Pacific/Kinwood	334.03.80	3438	8-5-034-012-1	\$2,058	
TOTAL FOR WA STATE DOT						\$92,165	
WA STATE EMPLOYMENT SECURITY							
126	027	SKIES Training Contract	334.04.70	3447	02-298	\$49,916	
126	027	Corrections Clearinghouse	334.04.70	3447	03-336-Z	\$3,920	
TOTAL FOR WA STATE EMPLOYMENT SECURITY						\$53,836	
WA STATE HECB							
001	330	Work Study Program	334.05.30	3453	91-600-1375B	\$5,214	
TOTAL FOR WA STATE HECB						\$5,214	
WA STATE LIQUOR CONTROL BOARD							
001	190	Reducing Under Age Drinking-RUAD	334.06.90	3469	RUAD00-03	\$46,406	
TOTAL FOR WA STATE LIQUOR CONTROL BOARD						\$46,406	
WA STATE MILITARY DEPT							
119	019	Disaster Assistance	334.01.80	3418	EM01048106	\$23,215	
119	019	Disaster Assistance	334.01.80	3418	EM01048106	\$5,549	
124	033	Disaster Assistance	334.01.80	3418	DR-1100WA	(\$2,193)	Note 7
403	032	Disaster Assistance	334.01.80	3418	EM01048106	\$3,311	
424	032	Disaster Assistance	334.01.80	3418	EM01048106	\$6,250	
TOTAL FOR WA STATE MILITARY DEPT						\$36,132	
WA STATE TREASURER							
001	210	Death Investigation	334.00.12	3401	RCW 68.50.1	\$32,635	
001	190	Reimburse 1/2 PA Salary	334.00.10	3401	RCW 36.17.0	\$48,300	
TOTAL FOR WA STATE TREASURER						\$80,935	
WA STATE DEPT OF SOCIAL & HEALTH SERVICES							
126	027	Workfirst	334.04.70	3447	0063-80836	\$11,585	
TOTAL FOR WA STATE DEPT OF SOCIAL & HEALTH SERVICES						\$11,585	
TOTAL STATE ASSISTANCE						\$6,217,350	

The Accompanying Notes To The Schedule Of Expenditures Of State And Local Awards Are An Integral Part Of This Schedule.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
DEPT OF AGRICULTURE								
<u>PASSED THRU Wa State Superintendent of Public Instruction</u>								
001	205	Juvenile Donable Food Program	10.550	333.10.51	3310	34904	\$7,305	
<u>PASSED THRU Wa State DSHS</u>								
001	190	Food Stamp Act of 1977	10.551	333.10.51	3310	9763-14115	\$4,610	
<u>PASSED THRU Wa State Superintendent of Public Instruction</u>								
001	185	National School Breakfast Program	10.553	333.10.53	3310	34-111-9757	\$23,761	
<u>PASSED THRU Wa State Superintendent of Public Instruction</u>								
001	185	National School Lunch Program	10.555	333.10.55	3310	34-111-9757	\$34,565	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	WIC	10.557	333.10.57	3310	C08662	\$299,124	
<u>PASSED THRU Wa State Treasurer</u>								
301	019	Cooperative Forestry Assistance	10.664	333.10.60	3310	N/A	\$1,946	Note 6
TOTAL FOR DEPT OF AGRICULTURE							\$371,311	
DEPT OF HOUSING & URBAN DEVELOPMENT								
<u>PASSED THRU CTED</u>								
140	028	Community Dev Block Grant-Lead Base Paint	14.228	333.14.20	3314	01-64021-034	\$7,720	
140	028	Community Dev Block Grant-Rehabilitation	14.228	333.14.20	3314	00-64020-048	\$100,151	
140	028	Community Dev Block Grant-Rehabilitation	14.228	333.14.20	3314	00-64020-002	\$254,096	
140	028	Community Dev Block Grant-Public Service	14.228	333.14.20	3314	02-64002.012	\$102,675	
140	028	Community Dev Block Grant-Nisqually Buyout	14.228	333.14.20	3314	97-74197-007	\$824	
TOTAL CFDA NUMBER							\$465,466	
TOTAL FOR DEPT OF HOUSING & URBAN DEVELOPMENT							\$465,466	
DEPT OF JUSTICE								
<u>PASSED THRU CTED</u>								
001	190	VOCA-Crime Victim Assistance	16.575	333.16.50	3316	9963-40848	\$43,130	
<u>PASSED THRU CTED</u>								
001	180	Byrne Formula Grant	16.579	333.16.50	3316	8041-0	\$110,000	
001	200	Byrne Formula Grant	16.579	333.16.50	3316	C020767GSC	\$72,945	
TOTAL CFDA NUMBER							\$182,945	

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

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
		<u>PASSED THRU CTED</u>						
001	180	Drug Court Discretionary Grant	16.585	333.16.52	3316	98-DC-VX-0101	\$42,000	
		<u>PASSED THRU CTED</u>						
001	190	Violence Against Women Formula Grant	16.588	333.16.51	3316	F01-30301-020	\$13,197	
		<u>PASSED THRU</u>						
144	200	2002 Local Law Enforcement Block Grant	16.592	331.16.50	3116	N/A	\$49,579	Note 6
144	200	1999 Local Law Enforcement Block Grant	16.592	331.16.11	6111	Program Income	\$697	Note 3
144	200	2000 Local Law Enforcement Block Grant	16.592	331.16.11	6111	Program Income	\$2,737	Note 3
144	200	2001 Local Law Enforcement Block Grant	16.592	331.16.50	3116	N/A	\$46,659	Note 6
144	200	1999 Local Law Enforcement Block Grant	16.592	331.16.50	3116	N/A	\$24,124	Note 6
144	200	2001 Local Law Enforcement Block Grant	16.592	331.16.11	6111	Program Income	\$623	Note 3
144	200	2000 Local Law Enforcement Block Grant	16.592	331.16.50	3116	N/A	\$17,165	Note 6
		TOTAL CFDA NUMBER					\$141,585	
		<u>PASSED THRU Office of Justice Programs</u>						
001	205	Residential Substance Abuse Treatment	16.593	333.16.50	3316	F01-67701003	\$173,539	
		<u>PASSED THRU Office of Justice Programs</u>						
001	190	Weed & Seed Program	16.595	333.16.50	3316	N/A	\$12,863	Note 6
		<u>PASSED THRU</u>						
001	205	State Criminal Alien Assist Program	16.606	331.16.60	3116	F01-67701003	\$114,302	
		<u>PASSED THRU</u>						
001	200	Bulletproof Vest Partnership Program	16.607	331.16.65	3116	N/A	\$504	Note 6
		<u>PASSED THRU</u>						
001	190	Community Prosecution & Project Safe Neighborho	16.609	331.16.60	3116	2001-PP-CX-00	\$190,422	
001	190	Community Prosecution & Project Safe Neighborho	16.609	331.16.60	3116	2001-GP-CX-00	\$40,000	
		TOTAL CFDA NUMBER					\$230,422	
		<u>PASSED THRU</u>						
001	200	Public Safety Partnership & Comm Policing	16.710	331.16.00	3116	N/A	\$127,828	Note 6
		<u>PASSED THRU Wa Police Corp</u>						
001	200	Police Corp Program	16.712	333.16.59	3316	9198	\$20,000	
		<u>PASSED THRU OFM</u>						
001	200	Nat'l Incident Based Reporting System	16.733	333.16.70	3316	N/A	\$87,276	Note 6

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

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
001	200	<u>PASSED THRU Wa State Patrol</u> Marijuana Eradication	16.999	333.16.50	3316	C0207867GSC	\$16,000	
TOTAL FOR DEPT OF JUSTICE							\$1,205,591	
DEPT OF LABOR								
<u>PASSED THRU Wa State Employment Security</u>								
126	027	WTW-Pierce Co Non-Custodial Parent Program	17.253	333.17.20	3317	00-WTW-NCP	\$238,416	
126	027	WTW-IAM Cares Substance Dependency Program	17.253	333.17.20	3317	IAMCARES-01	\$20,497	
126	027	WTW-Formula Program	17.253	333.17.20	3317	20-99-5472	\$258,528	
TOTAL CFDA NUMBER							\$517,441	
<u>PASSED THRU Wa State Employment Security</u>								
126	027	WIA-Administrative Cost Pool	17.258	333.17.20	3317	20-02-7023	\$85,379	
126	027	WIA-Administrative Cost Pool	17.258	333.17.20	3317	20-02-1023	\$60,592	
126	027	WIA-One Stop Funds	17.258	333.17.20	3317	20-02-1026	\$18,323	
126	027	WIA-Industries of the Future	17.258	333.17.20	3317	20-01-7924/727	\$48,156	
126	027	WIA-One Stop Funds	17.258	333.17.20	3317	20-01-1026	\$30,502	
126	027	WIA-Adult Programs	17.258	333.61.11	6111	Program Income	\$610	Note 3
126	027	WIA-Adult Program	17.258	333.17.20	3317	01-NXF-06	\$14,311	
126	027	WIA-Adult Program	17.258	333.17.20	3317	020XK(011)	\$96,510	
126	027	WIA-Adult Formula Programs	17.258	333.17.20	3317	20-02-1021	\$782,545	
126	027	WIA-Adult Formula Programs	17.258	333.17.20	3317	20-02-7021	\$824,188	
TOTAL CFDA NUMBER							\$1,961,116	
<u>PASSED THRU Wa State Employment Security</u>								
126	027	WIA-Youth Programs	17.259	333.61.11	6111	Program Income	\$694	Note 3
126	027	WIA-Youth Formula Program	17.259	333.17.20	3317	20-01-7029	\$937,507	
126	027	WIA-Administrative Cost Pool	17.259	333.17.20	3317	20-02-1023	\$68,859	
126	027	WIA-One Stop Funds	17.259	333.17.20	3317	20-02-1026	\$20,823	
126	027	WIA-One Stop Funds	17.259	333.17.20	3317	20-01-1026	\$34,663	
126	027	WIA-Youth Healthcare Training	17.259	333.17.20	3317	20-02-7124/727	\$17,115	
126	027	WIA-Youth Formula Program	17.259	333.17.20	3317	20-02-7020	\$871,330	
126	027	WIA-Administrative Cost Pool	17.259	333.17.20	3317	20-02-7023	\$97,028	
TOTAL CFDA NUMBER							\$2,048,020	
<u>PASSED THRU Wa State Employment Security</u>								
126	027	WIA-Dislocated Worker Programs	17.260	333.61.11	6111	Program Income	\$862	Note 3
126	027	WIA-One Stop Funds	17.260	333.17.20	3317	20-02-1026	\$25,798	
126	027	WIA-9/11 Nat'l Emergency Grant	17.260	333.17.20	3317	20-00-5375	\$30,003	
126	027	WIA-Moduline Nat'l Emergency Grant	17.260	333.17.20	3317	20-00-5375	\$208,478	
126	027	WIA-Administrative Cost Pool	17.260	333.17.20	3317	20-02-1023	\$85,310	
126	027	WIA-One Stop Funds	17.260	333.17.20	3317	20-01-1026	\$42,945	

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

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
126	027	WIA-Dislocated Worker Formula Program	17.260	333.17.20	3317	20-02-7022	\$990,186	
126	027	WIA-Dislocated Worker Formula Program	17.260	333.17.20	3317	20-02-1022	\$1,059,561	
126	027	WIA-Boise Cascade	17.260	333.17.20	3317	20-02-1928	\$110,331	
126	027	WIA-Lamb Grays Harbor	17.260	333.17.20	3317	20-02-7025	\$36,939	
126	027	WIA-Lamb Grays Harbor	17.260	333.17.20	3317	20-00-1022	\$72,988	
126	027	WIA-Administrative Cost Pool	17.260	333.17.20	3317	20-02-7023	\$120,210	
TOTAL CFDA NUMBER							\$2,783,611	
TOTAL FOR DEPT OF LABOR							\$7,310,188	
DEPT OF THE INTERIOR								
<u>PASSED THRU IAC</u>								
132	023	Fish & Wildlife Management Assistance	15.608	333.15.60	3310	72-0546-9-35	\$9,923	
301	019	Fish & Wildlife Management Assistance	15.608	333.15.60	3315	00-1887D	\$9,646	
TOTAL CFDA NUMBER							\$19,569	
TOTAL FOR DEPT OF THE INTERIOR							\$19,569	
FEDERAL HIGHWAY ADMINISTRATION								
<u>PASSED THRU Wa State DOT</u>								
301	019	Old Hwy 99/88th	20.205	333.20.20	3320	LA-5035	\$50,542	
301	019	Martin Way Signal	20.205	333.20.20	3320	LA-04519	\$48,617	
301	019	Old Hwy 99 Bridge	20.205	333.20.20	3320	LA-05315	\$1,764	
301	019	188th Bridges	20.205	333.20.20	3320	LA-04648	\$32,296	
301	019	Thomsen Rd RR Crossing	20.205	333.20.20	3320	LA-4765	\$59,872	
301	019	Martin Way Sidewalk North	20.205	333.20.20	3320	LA-04937	\$479,263	
301	019	Old Hwy 99/Offut Lake	20.205	333.20.20	3320	LA-03829	\$152,550	
301	019	Joselyn Rd RR Crossing	20.205	333.20.20	3320	LA-1818	\$64,326	
301	019	Vail Rd/148th	20.205	333.20.20	3320	LA-05175	\$11,600	
301	019	Olympic View/Hensley/11th	20.205	333.20.20	3320	LA-04214	\$79,323	
301	019	North Thurston School District Crossing	20.205	333.20.20	3320	LA-5260	\$58,702	
301	019	Lydia Hawk Elementary	20.205	333.20.20	3320	LA-03857	\$12,000	
301	019	Yelm-Tenino Trail Phase II	20.205	333.20.20	3320	LA-05202	\$2,043	
TOTAL CFDA NUMBER							\$1,052,898	
<u>PASSED THRU Wa State DOT</u>								
119	019	Hazardous Materials Transportation Act	20.703	333.20.70	3383	EM030112	\$3,000	
TOTAL FOR FEDERAL HIGHWAY ADMINISTRATION							\$1,055,898	
NATL HIGHWAY TRAFFIC SAFETY ADMIN								
<u>PASSED THRU Wa State DOT</u>								
001	200	State & Community Hwy Safety	20.600	333.20.65	3320	N10056	\$225	

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

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
001	200	<u>PASSED THRU Wa State DOT</u> Drive Hammered Get Nailed	20.601	333.20.60	3320	N/A	\$4,572	Note 6
001	200	<u>PASSED THRU Wa State DOT</u> Click It or Ticket	20.604	333.20.60	3316	N/A	\$3,500	Note 6
TOTAL FOR NATL HIGHWAY TRAFFIC SAFETY ADMIN							\$8,297	
DEPT OF HEALTH & HUMAN SERVICES								
150	018	<u>PASSED THRU Wa State Dept of Health</u> Capitalization Grants for Drinking Water	66.468	333.06.60	3366	N10752	\$12,500	
TOTAL FOR DEPT OF HEALTH & HUMAN SERVICES							\$12,500	
ENVIRONMENTAL PROTECTION AGENCY								
451	018	<u>PASSED THRU Wa State Dept of Ecology</u> State Revolving Loan	66.458	382.80.00	8281	N/A	\$21,427	Note 4/6
406	032	<u>PASSED THRU Wa State Dept of Health</u> DWSRF-Source Water Assessment	66.468	333.66.40	3366	N10276	\$12,073	
TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY							\$33,500	
DEPT OF EDUCATION								
126	027	<u>PASSED THRU Wa State DSHS</u> Rehabilitation Services	84.126	333.81.10	3395	0261-08179	\$10,520	
TOTAL FOR DEPT OF EDUCATION							\$10,520	
FEDERAL EMERGENCY MANAGEMENT								
119	019	<u>PASSED THRU Wa State Emergency Management</u> Annual Emergency Mgmt Assist	83.516	333.83.00	3383	EM030143	\$31,194	
119	019	<u>PASSED THRU Wa State Emergency Management</u> Public Assistance Grants	83.544	333.83.00	3383	EM010481-069	\$172,581	
124	033	Public Assistance Grants	83.544	333.83.00	3383	DR-1100-WA	(\$6,579)	Note 7
403	032	Public Assistance Grants	83.544	333.83.00	3383	EM010491-069	\$19,867	
424	032	Public Assistance Grants	83.544	333.83.00	3383	EM010491-069	\$15,845	
TOTAL CFDA NUMBER							\$201,715	
119	019	<u>PASSED THRU Wa State Emergency Management</u> Emergency Management Performance Grants	83.552	333.83.50	3383	EM030080	\$2,650	

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**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
TOTAL FOR FEDERAL EMERGENCY MANAGEMENT							\$235,559	
DEPT OF HEALTH & HUMAN SERVICES								
<u>PASSED THRU Wa State DSHS</u>								
150	017	PATH	93.150	333.91.50	3391	0163-01088	\$28,678	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Family Planning Title X	93.217	333.92.17	3392	C08662	\$63,100	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Vaccine in Lieu of Cash	93.268	333.92.68	3392	C08662	\$750,163	Note 5
150	018	Infant Immunizations	93.268	333.92.68	3392	C08662	\$69,474	Note 5
TOTAL CFDA NUMBER							\$819,637	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Bioterrorism	93.283	333.92.00	3392	C08662	\$144,339	
<u>PASSED THRU Wa State DSHS</u>								
150	018	Promoting Safe & Stable Families	93.556	333.95.56	3395	916001375	\$35,374	
<u>PASSED THRU Wa State DSHS</u>								
001	160	IVD Child Support	93.563	333.95.63	3395	2110-80383	\$193,488	
001	190	Child Support Enforcement	93.563	333.95.63	3395	2110-80383	\$444,267	
001	180	Child Support Enforcement	93.563	333.95.63	3395	75-1501-0-1-609	\$40,000	
TOTAL CFDA NUMBER							\$677,754	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Child Care & Development Block Grant	93.575	333.95.75	3395	C08662	\$12,833	
150	018	Infant Toddler	93.575	333.95.75	3395	C08662	\$33,000	
TOTAL CFDA NUMBER							\$45,833	
<u>PASSED THRU Wa State Dept of Health</u>								
150	017	Medical Assistance	93.778	333.97.78	3397	0063-42359	\$23,619	
150	018	Medical Assistance	93.778	333.97.78	3397	21348	\$235,604	
TOTAL CFDA NUMBER							\$259,223	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	HIV Care Formula Grants	93.917	333.99.17	3399	N10098	\$133,610	
<u>PASSED THRU Wa State Dept of Health</u>								
150	018	Breast & Cervical Cancer Early Detection	93.919	333.99.19	3399	N10260	\$129,413	

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**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002**

Fund	Agency	Grantor Pass-Through Grantor Program Title	Federal CFDA #	BARS Number	Treasurer RSRC	Other Identification Number	Current Year Expenditures	Notes
150	018	<u>PASSED THRU Wa State Dept of Health</u> HIV/AIDS Prevention	93.940	333.99.40	3391	C08662	\$60,534	
150	017	<u>PASSED THRU Wa State DSHS</u> RSN Block Grant	93.958	333.99.58	3399	0169-00344	\$239,201	
150	017	RSN Block Grant-Expanded Comm Services	93.958	333.99.58	3399	0269-09161	\$15,263	
		TOTAL CFDA NUMBER					\$254,464	
150	017	<u>PASSED THRU Wa State DSHS</u> Chemical Dependency Prevention	93.959	333.99.59	3399	7544	\$911,253	
001	200	<u>PASSED THRU Wa State Dept of Health</u> Preventative Health Block Grant	93.991	333.99.91	3399	N10056	\$720	
150	018	Preventative Health Block Grant	93.991	333.99.91	3399	C08662	\$16,687	
		TOTAL CFDA NUMBER					\$17,407	
150	018	<u>PASSED THRU Wa State Dept of Health</u> Maternal & Child Health Block Grant	93.994	333.99.00	3399	C08662	\$137,882	
		TOTAL FOR DEPT OF HEALTH & HUMAN SERVICES					\$3,718,500	
		TOTAL FEDERAL ASSISTANCE					\$14,446,899	

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

THURSTON COUNTY
Notes to the Schedule of Expenditures of
Federal, State, and Local Awards
For the Year Ended December 31, 2002

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as Thurston County's financial statements. Thurston County uses the accrual basis of accounting for all funds except the government types and agency funds, which use the modified accrual basis of accounting.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal and state portion of the costs. Actual program costs, including Thurston County's portion may be more than shown.

NOTE 3 – PROGRAM INCOME

Pacific Mountain receives electronic funds transmittals in the exact dollar amount to correspond with the vouchers in process for disbursement. Monies are received and disbursed again, usually within 24 hours, but monies are never held more than three days. The WIA Laws and Regulations govern these EFT's. Thurston County Treasurer's Office invests these monies in accordance with their office policy. Per the WIA Laws and Regulations interest earned on these federal monies is accounted and reported for as program income.

NOTE 4 – FEDERAL LOANS

The County has been approved by the Environmental Protection Agency to receive three loans to establish low interest septic improvement loans to homeowners with failing septic systems that meet the low income requirements of the program. Two of the loans have a maximum amount available to borrow of \$200,000, and one loan has a maximum of \$300,000. The loans are 80% federally funded, and 20% state funded. The current year expenditures represent the amounts drawn down from the federal agency in the County's fiscal year 2002.

NOTE 5 – NONCASH AWARDS

The amount of vaccines reported on this schedule is the value of vaccines distributed by the County during the current year and priced as prescribed by the Washington State Department of Health.

The amount of food commodities reported on this schedule is the value of the commodities distributed by the County during the current year and priced as prescribed by the Washington State Superintendent of Public Instruction.

The amount of car seats reported on this schedule is the value of the commodities distributed by the County during the current year and priced as prescribed by the Washington State Traffic Safety Commission.

NOTE 6 – NOT AVAILABLE (N/A)

The County was unable to obtain other identification numbers.

NOTE 7 – ADJUSTMENT

Adjustment related to Federal Aid that was returned to FEMA. Fund 121 returned \$8,332.69 that was received in 2001 for projects related to the February 2001 earthquake that were not completed. Fund 124 returned \$8,772.17 for liens collected from the 1996 flood.

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