



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Thurston 911 Communications

(TCOMM911)

For the period January 1, 2021 through December 31, 2022

Published February 5, 2024

Report No. 1034177



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

February 5, 2024

Board of Appointed Representatives
TCOMM911
Olympia, Washington

Report on Financial Statements

Please find attached our report on TCOMM911 financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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

TCOMM911

January 1, 2021 through December 31, 2022

Board of Appointed Representatives
TCOMM911
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of TCOMM911, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated January 29, 2024.

We issued an unmodified opinion on the fair presentation of the Agency's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Agency using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

January 29, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

TCOMM911

January 1, 2021 through December 31, 2022

Board of Appointed Representatives

TCOMM911

Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of TCOMM911, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Agency has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of TCOMM911, and its changes in cash and investments, for the years ended December 31, 2022 and 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of TCOMM911, as of December 31, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the Agency in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024 on our consideration of the Agency's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

January 29, 2024

TCOMM911

January 1, 2021 through December 31, 2022

FINANCIAL STATEMENTS

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Schedule of Liabilities – 2021

Thurston 911 Communications
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Beginning Cash and Investments

308	Beginning Cash and Investments	14,249,909
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	19,566,109
340	Charges for Goods and Services	332,062
350	Fines and Penalties	-
360	Miscellaneous Revenues	415,746
Total Revenues:		20,313,917

Expenditures

510	General Government	-
520	Public Safety	10,212,056
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		10,212,056
Excess (Deficiency) Revenues over Expenditures:		10,101,861

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	9,782
Total Other Increases in Fund Resources:		9,782

Other Decreases in Fund Resources

594-595	Capital Expenditures	3,458,516
591-593, 599	Debt Service	440,177
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		3,898,693

Increase (Decrease) in Cash and Investments: 6,212,950

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	20,462,859
Total Ending Cash and Investments		20,462,859

The accompanying notes are an integral part of this statement.

Thurston 911 Communications
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

Beginning Cash and Investments

308	Beginning Cash and Investments	9,370,904
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	18,710,126
340	Charges for Goods and Services	340,533
350	Fines and Penalties	-
360	Miscellaneous Revenues	310,346
Total Revenues:		19,361,005

Expenditures

510	General Government	-
520	Public Safety	9,643,785
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		9,643,785
Excess (Deficiency) Revenues over Expenditures:		9,717,220

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-

Other Decreases in Fund Resources

594-595	Capital Expenditures	4,838,216
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		4,838,216

Increase (Decrease) in Cash and Investments: 4,879,004

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	14,249,909
Total Ending Cash and Investments		14,249,909

The accompanying notes are an integral part of this statement.

Thurston 911 Communications

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Thurston 911 Communications was incorporated on January 1, 2011, and operates under the laws of the state of Washington applicable to a Not for Profit Special Purpose Governmental Agency. Thurston 911 Communications is a special purpose local government and serves as a county-wide Enhanced 911 Answering Point and Dispatch Center for Public Safety, Law Enforcement, Fire Service, and Medic One.

Thurston 911 Communications reports financial activity in accordance with the *Cash Basis Budgeting Accounting and Reporting System (BARS) Manual* prescribed by the Washington State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

a. Fund Accounting

Financial transactions of Thurston 911 Communications are reported in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprises its cash, investments, revenues and expenditures. Thurston 911 Communications' resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by Thurston 911 Communications:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the only operating fund of Thurston 911 Communications. It accounts for all financial resources of Thurston 911 Communications.

b. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. This basis of accounting represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid. Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

c. Cash & Investments

See Note 3, (Deposits and Investments).

d. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capital assets of Thurston 911 Communications are recorded as expenditures when purchased.

e. Compensated Absences

Maximum allowable leave accruals are set by the collective bargaining agreements for represented staff and the Thurston 911 Communications' Personnel Policies for non-represented staff.

Vacation leave may be accumulated up to 360 hours. Up to 240 hours is payable upon separation of employment, provided the employee has completed the first six months of their initial probationary period.

Sick leave may be accumulated up to 1,120 hours. Sick leave shall be cashed out to a regular employee upon termination of employment when the employee has completed five years of service and is either eligible to retire under the PERS system, retires due to disability, or in the event of the death of the employee. Eligible employees will be paid one-half of their accrued sick leave up to a maximum of 360 hours per the Thurston 911 Communications' Personnel Policies. Payments are recognized as expenditures when paid.

f. Long-Term Debt

See Note 5 (Long-Term Debt).

g. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Thurston 911 Communications Administration Board. When expenditures that meet restrictions are incurred, Thurston 911 Communications intends to use the most restricted resources first.

As of December 31, 2022, there were no restrictions or commitments on the General Fund.

NOTE 2 – BUDGET COMPLIANCE

An annual appropriated budget is adopted for the Thurston 911 Communications' general fund. The budget is adopted at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget were as follows:

<i>Fund</i>	<i>Final Appropriated Amounts</i>	<i>Actual Expenditures</i>	<i>Variance</i>
General Fund	\$ 17,207,360	\$ 14,110,751	\$ 3,096,609

Budgeted amounts are authorized to be transferred between departments (within any fund/object class); however, any revisions that alter the total expenditures of the fund, or that affect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by Thurston 911 Communications' Administration Board.

NOTE 3 – DEPOSITS & INVESTMENTS

It is Thurston 911 Communications’ policy to invest all temporary cash surpluses. The interest on these investments is posted to the General fund.

Thurston 911 Communications’ deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by Thurston County in Thurston 911 Communications’ name.

Investments are reported at original cost. The total invested in the Thurston County Investment Pool as of December 31, 2022 was \$20,475,816 (See Note 10 – Other Disclosures).

All Deposits & Investments
December 31, 2022

TCIP	20,475,816
Total Cash & Investments	\$20,475,816

Investments in Thurston County Investment Pool

Thurston 911 Communications is a participant in the Thurston County Investment Pool, an external investment pool. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from RCW 36.29, which authorizes the County Treasurer to invest the funds of participants. The County’s investment policy is established by the County Finance Committee consisting of the County Treasurer, the County Auditor, and the Chair of the Board of County Commissioners. The object of the policy is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. Investments in the TCIP are reported at fair value, which, as of December 31, 2022, is reporting at an unrealized loss from book value of 5.5204%. The TCIP does not impose any restrictions on participant withdrawals.

Thurston 911 Communications has entered into a formal agreement with Thurston County to have all its funds not required for immediate expenditure to be invested in the Thurston County Investment Pool (TCIP). Interest is reported in the General Fund.

The TCIP reports its investments as the fair value amount, which is the same as the value of the pool per share. The fair value of Thurston 911 Communications’ investments as of December 31, 2022 was \$19,345,469.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, Thurston 911 Communications would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. Thurston 911 Communications’ deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by Thurston County in Thurston 911 Communications’ name.

NOTE 4 – LEASES

During the year ended December 31, 2022, Thurston 911 Communications adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

Thurston 911 Communications leases the Emergency Services Center from Thurston County. The lease expires in December 2028, but the rates are scheduled to be renegotiated in 2023. Future liabilities were estimated using a ten percent increase.

The Training and Education Center is leased from Lacey Fire District 3. The initial lease term is for five years and will automatically renew for up to four additional five-year terms. Thurston 911 Communications will purchase and install an emergency electrical generator in exchange for use of the facility.

The Radio Systems Department leases warehouse and office space from Blue Mountain Development. The annual leases include renewal clauses from one to five years.

Thurston 911 Communications has lease agreements for multiple radio sites throughout Thurston County and the surrounding local area. The lease agreements cover multiple years at each site.

Based on the new guidance, the three copier leases were reclassified from capital leases to operating leases. During the reclassification, the five-year leases were revalued. Additional fees such as taxes and filing fees were reclassified under operating expenses. (See NOTE 10 – OTHER DISCLOSURES).

The total amount paid for leases in 2022 was \$440,177. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$719,732
2024	\$472,598
2025	\$478,135
2026	\$489,450
2027	\$517,764
2028 – 2032	\$1,196,305
2033 – 2037	\$526,042
2038 - 2042	\$182,144
2043 – 2047	\$211,154
2048 - 2052	\$192,893

NOTE 5 – LONG-TERM DEBT

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of Thurston 911 Communications and summarizes Thurston 911 Communications debt transactions for the year ended December 31, 2022. The debt service payments for future payment requirements, including interest, are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$1,928,792	\$811,608	\$2,740,400
2024	\$1,986,077	\$754,323	\$2,740,400
2025	\$2,045,063	\$695,337	\$2,740,400
2026	\$2,105,802	\$634,598	\$2,740,400
2027	\$2,168,344	\$572,056	\$2,740,400
2028-2032	\$11,846,834	\$1,855,166	\$13,702,000
2033-2037	\$5,245,953	\$234,847	\$5,480,800
Total	\$27,326,865	\$5,557,935	\$32,884,800

a. Assets Pledged as Collateral for Debt

The following debt is secured by assets that are pledged as collateral:

<i>Debt</i>	<i>Asset</i>
Lease Purchase Agreement 24721	TCERN P25 System Upgrade

b. Significant Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

<i>Debt</i>	<i>Clause</i>
Lease Purchase Agreement 24721	Under the occurrence of an Event of Default, the Lessor may exercise one or more of the following: (i) declare all amounts then due and all remaining Lease Payments to be immediately due and payable; (ii) request the return of the Equipment to the Lessor; (iii) sell or lease the equipment;(iv) direct the Thurston County Treasurer’s Office to remit to Lessor each month 1/12 of the amount of Lessee’s next annual Lease Payment; and (v) exercise any other right available under law.

NOTE 6 - PENSION PLANS

a. State Sponsored Pension Plan

Substantially all Thurston 911 Communications’ full-time and qualifying part-time employees participate in the Public Employees’ Retirement System (PERS), administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit retirement plans.

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for each plan.

The DRS annual comprehensive financial report may be downloaded from the DRS website at www.drs.wa.gov.

On June 30, 2022, (the measurement date of the retirement plans), Thurston 911 Communications’ proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities (09), was as follows:

PLAN	Employer Contributions	Allocation %	Liability
PLAN 1 UAAL	\$ 230,260	.037571%	1,046,115
PERS 2/3	\$ 393,756	.049013%	(1,817,785)

b. Defined Contribution Plans

In January and February 2022, Thurston 911 Communications employees had the option to participate in a 457 deferred compensation plan in the form of the ICMA Retirement Corporation Deferred Compensation Plan and Trust. The Plan Administrator, ICMA-RC, can be contacted at:

ICMA-RC
777 North Capitol Street, NE
Suite 600
Washington, DC 20002
202-962-4600

Starting with the February 25, 2022 payroll, Thurston 911 Communications employees had the option to participate in a 457 deferred compensation plan administered by Spectrum Consultants. The Plan Administrator, can be contacted at:

Spectrum Consultants
6402 19th Street West
Tacoma, WA 98466
253-565-2100

Thurston 911 Communication's 457 deferred compensation plan is a voluntary retirement savings plan and investment vehicle. Employee contributions are made on a pre-tax basis. The contributions and earnings are not subject to tax until withdrawn from the plan. Employees can choose the amount to contribute up to the IRS annual maximum contribution limit for a 457 deferred compensation plan.

For each member of the IAFF Local 468 Dispatch Supervisors who is enrolled in the plan, and contributes a minimum of two percent (2.0%) of their base salary per pay period, Thurston 911 Communications contributes one and one-half percent (1.5%) of the employee's base salary per pay period per the collective bargaining agreement. Thurston 911 Communications' contribution for the 2022 plan year was \$9,367.

Thurston 911 Communications did not contribute to the 457 deferred compensation plan for employees who are not members of the Local 468 Dispatch Supervisors in 2022.

NOTE 7 - HEALTH & WELFARE

Thurston 911 Communications is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2022, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 8 – RISK MANAGEMENT

Thurston 911 Communications is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and /or jointly contracting for risk management services. WCIA has a total of 166 members.

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All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sub-limits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by

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NOTE 9 – ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES

Thurston 911 Communications currently has twelve Radio Communication locations that require assets to be removed upon the decommissioning of each site. The Washington Department of Natural Resources site at Capitol Peak was decommissioned in 2022, for a total of \$43K.

At this time, no other sites with a retirement liability are scheduled for decommission, and there is insufficient information to reasonably estimate the liability related to potential removal of the assets at those locations.

NOTE 10 – OTHER DISCLOSURES

a. Bank Reconciliation

The ending unassigned cash balance as of December 31, 2022 was \$20,475,816, all of which was invested with the Thurston County Investment Pool. The December 31, 2022, unassigned fund balance was \$20,462,859. The difference of \$12,957 was due to employee payroll deductions for employee-paid benefits such as union dues and insurance. The employee deductions were submitted to the appropriate vendor in January 2023.

b. Copier Lease Agreements

In 2022, Thurston 911 Communications executed a new copier lease with Wells Fargo Financial Services. As part of the new Agreement, Wells Fargo cancelled the lease agreement for the MX6070N, which had a remaining balance of \$430.00.

The adoption of guidance for the presentation and disclosure of leases, as required by the BARS manual, resulted in the reclassification of all copier leases. The following ending capital lease balances were written off due to the reclassification.

ID. No.	Description	Total
263.51	Capital Lease MX3071	\$4,257
263.51	Capital Lease MX3071 BMRS	\$4,467
263.51	Capital Lease MX6070N	\$1,634

c. Thurston County Emergency Radio Network (TCERN)

As part of the Thurston County Emergency Radio Network (TCERN) project to replace the public safety radio network within Thurston County, Thurston 911 Communications executed Equipment Lease-Purchase Agreement #24721 with Motorola Solutions, Inc. on December 20, 2019 for a total of \$32,820,000 plus interest with a term of 180 months. See Note 5 (Long-Term Debt) for payment details.

The Lease-Purchase Agreement includes portable and mobile radios for use by the agencies that formed

Thurston 911 Communications through an Intergovernmental Agreement, known as Member Agencies. Upon successful assignment and installation of the mobile and portable radios, the equipment will be transferred to the respective Member Agency. Thurston 911 Communications will continue to pay for the lease, but each Member Agency will accept ownership responsibility for the transferred equipment. Transfers began in 2021.

In addition to the mobile and portable radios, the Lease-Purchase Agreement also includes equipment that will be located throughout Thurston County across several radio tower sites. The new equipment required the execution and modification of several radio tower leases, beginning in 2021.

In November 2020, the Thurston 911 Communications Administration Board authorized the execution of Change Order #1, for the purchase of Core/ISSI and Civil/Microwave Capital Equipment for a total amount of \$2,101,288, excluding taxes. This Change Order will be invoiced separately and will not be added to the original Lease Purchase Agreement.

Thurston 911 Communications authorized the execution of Change Order #2 in April 2021, for the purchase of additional Subscriber Equipment Infrastructure and Accessories, for a total of \$1,000,000, excluding taxes. This Change Order will also be invoiced separately and will not be added to the original Lease Purchase Agreement.

Ten (10) Year Maintenance and System Upgrade Agreements were purchased as part of the Motorola Agreement and corresponding Change Orders, but will be invoiced separately.

In June 2021, Thurston 911 Communications authorized the execution of Change Order #3 for the purchase of White Glove Service for both mobile and portable radios and to change the model of portable radios purchased for Member Agencies for a total of \$83,077 excluding taxes. This Change Order will also be invoiced separately and will not be added to the original Lease Purchase Agreement.

Change Order #4 was executed in November 2021, and did not increase the total cost of the project. This Change Order reduced the amount of spare equipment in exchange for additional civil work at various radio sites.

Another change order is expected to be negotiated in in the summer of 2023. Financial impact of the next change order is currently unknown.

Thurston 911 Communications

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Thurston 911 Communications was incorporated on January 1, 2011, and operates under the laws of the state of Washington applicable to a Not for Profit Special Purpose Governmental Agency. Thurston 911 Communications is a county-wide Enhanced 911 Answering Point and Dispatch Center for Public Safety, Law Enforcement, Fire Service, and Medic One.

Thurston 911 Communications reports financial activity in accordance with the *Cash Basis Budgeting Accounting and Reporting System (BARS) Manual* prescribed by the Washington State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

a. Fund Accounting

Financial transactions of Thurston 911 Communications are reported in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprises its cash, investments, revenues and expenditures. Thurston 911 Communications' resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by Thurston 911 Communications:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the only operating fund of Thurston 911 Communications. It accounts for all financial resources of Thurston 911 Communications.

b. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. This basis of accounting represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid. Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

c. Cash & Investments

See Note 4, (Deposits and Investments).

d. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capital assets of Thurston 911 Communications are recorded as expenditures when purchased.

e. Compensated Absences

Maximum allowable leave accruals are set by the collective bargaining agreements for represented staff and the Thurston 911 Communications' Personnel Policies for non-represented staff.

Vacation leave may be accumulated up to 360 hours. Up to 240 hours is payable upon separation of employment, provided the employee has completed the first six months of their initial probationary period.

Sick leave may be accumulated up to 1,120 hours. Sick leave shall be cashed out to a regular employee upon termination of employment when the employee has completed five years of service and is either eligible to retire under the PERS system, retires due to disability, or in the event of the death of the employee. Eligible employees will be paid one-half of their accrued sick leave up to a maximum of 360 hours per the Thurston 911 Communications' Personnel Policies. Payments are recognized as expenditures when paid.

f. Long-Term Debt

See Note 5 (Long-Term Debt).

g. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Thurston 911 Communications Administration Board. When expenditures that meet restrictions are incurred, Thurston 911 Communications intends to use the most restricted resources before using unassigned amounts.

As of December 31, 2021, there were no restrictions or commitments on the General Fund.

NOTE 2 – BUDGET COMPLIANCE

An annual appropriated budget is adopted for the Thurston 911 Communications' general fund. The budget is adopted at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget were as follows:

<i>Fund</i>	<i>Final Appropriated Amounts</i>	<i>Actual Expenditures</i>	<i>Variance</i>
General Fund	\$ 16,236,124	\$ 14,482,002	\$ 1,754,122

Budgeted amounts are authorized to be transferred between departments (within any fund/object class); however, any revisions that alter the total expenditures of the fund, or that affect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by Thurston 911 Communications' Administration Board.

2021 budget amendments for the TCERN Project Change Order 1 and Change Order 2 payments (see Note 10.b, Other Disclosures), totaled \$1,440,400. Additional 2021 budget amendments included \$58,278 for the final payment of the NG911 telephone system purchase, \$60,000 for permits related to the TCERN project, and \$98,013 for the purchase of an automated voice dispatch system.

NOTE 3 – COVID-19 PANDEMIC

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

Thurston 911 Communications proactively implemented safety measures, and operations have continued. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To date, Thurston 911 Communications has not experienced any significant financial impacts due to the pandemic and remains economically stable.

The full extent of the financial impact on Thurston 911 Communications is unknown at this time.

NOTE 4 – DEPOSITS & INVESTMENTS

It is Thurston 911 Communications’ policy to invest all temporary cash surpluses. The interest on these investments is posted to the General fund.

Thurston 911 Communications’ deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, register or held by Thurston County in Thurston 911 Communications’ name.

Investments are reported at original cost. The total invested in the Thurston County Investment Pool as of December 31, 2021 was \$14,258,798 (See Note 10 – Other Disclosures).

All Deposits & Investments
December 31, 2021

TCIP	14,258,798
Total Cash & Investments	\$ 14,258,798

Investments in Thurston County Investment Pool

Thurston 911 Communications is a participant in the Thurston County Investment Pool, an external investment pool. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from RCW 36.29, which authorizes the County Treasurer to invest the funds of participants. The County’s investment policy is established by the County Finance Committee consisting of the County Treasurer, the County Auditor, and the Chairman of the Board of County Commissioners. The object of the policy is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

The pool is not rated or registered with the SEC. All oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Thurston County Investment Pool does not have a credit rating and had a weighted average maturity of 2.13 years as of December 31, 2021.

Thurston 911 Communications has entered into a formal agreement with Thurston County to have all its funds not required for immediate expenditure to be invested in the Thurston County Investment Pool (TCIP). Interest is reported in the General Fund.

The TCIP reports its investments as the fair value amount, which is the same as the value of the pool per share. The

fair value of Thurston 911 Communications' investments as of December 31, 2021 was \$14,154,637.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the district would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. Thurston 911 Communications' deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by Thurston County in Thurston 911 Communications' name.

NOTE 5 – LONG-TERM DEBT

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of Thurston 911 Communications and summarizes Thurston 911 Communications debt transactions for the year ended December 31, 2021. The debt service payments for future payment requirements, including interest, are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$1,877,169	\$868,132	\$2,745,301
2023	\$1,931,585	\$ 812,220	\$ 2,743,805
2024	\$ 1,988,749	\$ 754,600	\$ 2,743,349
2025	\$ 2,045,945	\$ 695,377	\$ 2,741,322
2026	\$ 2,105,802	\$ 634,598	\$ 2,740,400
2027-2031	\$ 11,505,132	\$ 2,196,868	\$ 13,702,000
2032-2036	\$ 7,756,000	\$ 465,200	\$ 8,221,200
Total	\$ 29,210,382	\$ 6,426,995	\$ 35,637,377

a. Assets Pledged as Collateral for Debt

The following debt is secured by assets that are pledged as collateral:

<i>Debt</i>	<i>Asset</i>
Capital Lease MX3071	MX 3071
Capital Lease MX6070N	MX 6070N
Capital Lease MX3071 – BMRS	MX 3071 – BMRS
Lease Purchase Agreement 24721	TCERN P25 System Upgrade

b. Significant Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

<i>Debt</i>	<i>Clause</i>
Lease Purchase Agreement 24721	Under the occurrence of an Event of Default, the Lessor may exercise one or more of the following: (i) declare all amounts then due and all remaining Lease Payments to be immediately due and payable; (ii) request the return of the Equipment to the Lessor; (iii) sell or lease the equipment;(iv) direct the Thurston County Treasurer's Office to remit to Lessor each month 1/12 of the amount of Lessee's next annual Lease Payment; and (v) exercise any other right available under law.

NOTE 6 - PENSION PLANS

a. State Sponsored Pension Plan

Substantially all Thurston 911 Communications' full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit retirement plans.

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

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS comprehensive annual financial report may be downloaded from the DRS website at www.drs.wa.gov.

On June 30, 2021, (the measurement date of the retirement plans), Thurston 911 Communications' proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities (09), was as follows:

PLAN	Employer Contributions	Allocation %	Liability
PLAN 1 UAAL	\$ 268,915	0.036101%	\$ 440,878
PERS 2/3	\$ 429,234	0.046368%	(\$ 4,618,999)

b. Defined Contribution Plans

Thurston 911 Communications employees have the option to participate in a 457 deferred compensation plan in the form of the ICMA Retirement Corporation Deferred Compensation Plan and Trust. The Plan Administrator, ICMA-RC, can be contacted at:

ICMA-RC
777 North Capitol Street, NE
Suite 600
Washington, DC 20002
202-962-4600

Thurston 911 Communication's 457 deferred compensation plan is a voluntary retirement savings plan and investment vehicle. Employee contributions are made on a pre-tax basis. The contributions and earnings are not subject to tax until withdrawn from the plan. Employees can choose the amount to contribute up to the IRS annual maximum contribution limit for a 457 deferred compensation plan.

For each member of the IAFF Local 468 Dispatch Supervisors who is enrolled in the plan, and contributes a minimum of two percent (2.0%) of their base salary per pay period, Thurston 911 Communications contributes one and one-half percent (1.5%) of the employee's base salary per pay period per the collective bargaining agreement. Thurston 911 Communications' contribution for the 2021 plan year was \$10,234.

Thurston 911 Communications does not contribute to the 457 deferred compensation plan for employees who

are not members of the Local 468 Dispatch Supervisors.

NOTE 7 - HEALTH & WELFARE

Thurston 911 Communications is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

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Ten (10) Year Maintenance and System Upgrade Agreements were purchased as part of the Motorola Agreement and corresponding Change Orders, but will be invoiced separately.

In June 2021, Thurston 911 Communications authorized the execution of Change Order #3 for the purchase of White Glove Service for both mobile and portable radios and to change the model of portable radios purchased for Member Agencies for a total of \$83,077 excluding taxes. This Change Order will also be invoiced separately and will not be added to the original Lease Purchase Agreement.

Change Order #4 was executed in November 2021, and did not increase the total cost of the project. This Change Order reduced the amount of spare equipment in exchange for additional civil work at various radio sites.

Another change order is expected to be negotiated in the fall of 2022. Financial impact of the next change order is currently unknown.

**Thurston 911 Communications
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Capital Lease MX3071	9/15/2024	4,257	-	4,257	-
263.51	Capital Lease MX6070N	7/1/2022	1,634	-	1,634	-
263.51	Capital Lease MX3071 BMRS	7/15/2025	4,467	-	4,467	-
263.51	Lease Purchase Agreement 24721	12/1/2034	29,200,024	-	1,873,159	27,326,865
Total General Obligation Debt/Liabilities:			29,210,382	-	1,883,517	27,326,865
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		515,807	-	20,512	495,295
264.30	Pension Liability		440,878	605,237	-	1,046,115
263.93	Certain Asset Retirement Obligations		43,000	-	43,000	-
263.57	Lease Weyerhaeuser Bald Hills	12/31/2023	51,839	-	25,536	26,303
263.57	Lease Blue Mountain 9140	2/28/2030	271,200	-	36,000	235,200
263.57	Lease Blue Mountain 9214	4/30/2025	56,400	-	18,600	37,800
263.57	Lease Whisler Bush Mtn	4/30/2036	737,964	-	41,972	695,992
263.57	Lease WA DNR Crawford	12/31/2030	528,341	-	52,007	476,334
263.57	Lease Thurston County ESC	12/31/2028	1,244,730	-	121,846	1,122,884
263.57	Lease FS34 TEC	12/31/2023	244,848	-	-	244,848
263.57	Lease Green Diamond Maxwell Hill	4/14/2036	458,884	-	26,857	432,027
263.57	Lease American Tower Rochester	12/31/2028	565,689	-	69,478	496,211
263.57	Lease Jess Thomsen St Clair	12/31/2036	172,412	-	9,270	163,142
263.57	Lease Crown Castle St Clair	5/24/2051	1,015,382	-	19,629	995,753
263.57	Lease IWG Summit Lake	11/30/2050	56,064	-	13,401	42,663
263.57	Lease Wells Fargo MX3071 BMRS	7/15/2025	5,178	-	1,445	3,733
263.57	Lease Wells Fargo MX6070 ESC		1,506	-	1,506	-
263.57	Lease Wells Fargo MX6071 ESC	6/1/2027	-	11,940	1,393	10,547
263.57	Lease De Lage MX3071 ESC	9/15/2024	4,448	-	1,668	2,780
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,414,570	617,177	504,120	6,527,627
Total Liabilities:			35,624,952	617,177	2,387,637	33,854,492

**Thurston 911 Communications
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Capital Lease MX3071	9/15/2024	5,584	-	1,327	4,257
263.51	Capital Lease MX6070N	7/1/2022	4,381	-	2,747	1,634
263.51	Capital Lease MX3071 BMRS	7/15/2025	5,374	-	907	4,467
263.51	Lease Purchase Agreement 24721	12/1/2034	31,019,155	-	1,819,131	29,200,024
Total General Obligation Debt/Liabilities:			31,034,494	-	1,824,112	29,210,382
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		454,095	61,712	-	515,807
264.30	Pension Liability		1,709,748	-	1,268,870	440,878
263.93	Certain Asset Retirement Obligations		-	43,000	-	43,000
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,163,843	104,712	1,268,870	999,685
Total Liabilities:			33,198,337	104,712	3,092,982	30,210,067

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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