



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**
Cowlitz County

For the period January 1, 2019 through December 31, 2019

Published September 30, 2020

Report No. 1027050





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

September 30, 2020

Board of Commissioners
Cowlitz County
Kelso, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Cowlitz County January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



Carolyn Fundingsland AUDITOR

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Cowlitz County
January 1, 2019 through December 31, 2019

This schedule presents the status of federal findings reported in prior audit periods.

Audit Period: 2018	Report Ref. No.: 1024713	Finding Ref. No.: 2018-001
Finding Caption: The County's internal controls over financial statement preparation were not adequate to ensure accurate financial reporting.		
Background: The audit identified deficiencies in the County's internal controls over the preparation of its financial statements, which resulted in material errors. These errors were due to the County's reliance on information provided from decentralized departments and errors were not detected during the review process.		
Status of Corrective Action: (check one)		
<input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>In an effort to become less decentralized from County departments, the County has taken action by updating our processes for financial statement preparation in the deficient areas identified during the audit.</i>		

**INDEPENDENT AUDITOR'S 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**

**Cowlitz County
January 1, 2019 through December 31, 2019**

Board of Commissioners
Cowlitz County
Kelso, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cowlitz County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 28, 2020.

As discussed in Note 15 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the County.

As discussed in Note 15 to the financial statements, the County transferred its 911 communications and dispatch services to another entity.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy

State Auditor

Olympia, WA

September 28, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Cowlitz County
January 1, 2019 through December 31, 2019**

Board of Commissioners
Cowlitz County
Kelso, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of Cowlitz County, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

We noted certain matters that we have reported to the management of the County in a separate letter dated September 28, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We noted certain matters that we have reported to the management of the County in a separate letter dated September 28, 2020.

Purpose of this Report

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



Pat McCarthy
State Auditor
Olympia, WA

September 28, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Cowlitz County **January 1, 2019 through December 31, 2019**

Board of Commissioners
Cowlitz County
Kelso, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cowlitz County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 17.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cowlitz County, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and County Road funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 15 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the County. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the County transferred its 911 communications and dispatch services to another entity. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Pat McCarthy

State Auditor

Olympia, WA

September 28, 2020

FINANCIAL SECTION

Cowlitz County January 1, 2019 through December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2019

Statement of Activities – 2019

Balance Sheet – Governmental Funds – 2019

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – 2019

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2019

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – 2019

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – General Fund – 2019

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – County Road Fund – 2019

Statement of Net Position – Proprietary Funds – 2019

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2019

Statement of Cash Flows – Proprietary Funds – 2019

Statement of Fiduciary Net Position – Fiduciary Funds – 2019

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2019

Notes to Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios – Defined Benefit OPEB – LEOFF 1 – 2019

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, PSERS, LEOFF 1, LEOFF 2 – 2019

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS 2, LEOFF 2 – 2019
Notes to Required Supplementary Information – Pensions – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019
Notes to the Schedule of Expenditures of Federal Awards – 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cowlitz County's discussion and analysis are intended to serve as an introduction and overview of the County's basic financial statements for the fiscal year ended December 31, 2019. The discussion emphasizes results for calendar year 2019 with comparison to the prior year. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which immediately follow this discussion.

Cowlitz County provides a wide range of services including the safety and security of persons and property, criminal prosecution, adjudication, detention and rehabilitation, public parks and recreation facilities, road construction and maintenance, flood and drainage control, public health care, community planning and developing, zoning and code compliance, sanitary landfill, and water and sewer services. Other services include property assessment, tax collection, elections, issuance of permits and licenses, and other general administrative services.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of Cowlitz County exceeded its liabilities and deferred inflows by \$209.9 million as of December 31, 2019.
- Net investment in capital assets (net of depreciation and related debt) accounts for 63.4% of this amount with a value of \$132.9 million. Of the unrestricted net position, \$36.5 million of governmental activity and \$19.6 million of business-type activity is available to meet the County's ongoing obligations to citizens and creditors, without legal restriction.
- Cowlitz County's total net position increased \$8.4 million in 2019. The net position of business-type activities decreased by approximately \$1.1 million and total net position of governmental activities increased by \$9.6 million compared to 2018.
- At December 31, 2019, Cowlitz County's governmental funds reported a combined ending fund balance of \$60.3 million, an increase of \$5.6 million compared to the prior year.
- The General Fund unassigned fund balance at December 31, 2019 was \$14.9 million, a 2.0% increase compared to the December 31, 2018 total of \$14.6 million. The December 31, 2019 unassigned fund balance represents 43.2% of the General Fund total liabilities, deferred inflows and fund balance.
- The County Road Fund assigned fund balance at December 31, 2019 totaled \$13.4 million, an increase of 2.8% compared to the December 31, 2018 balance total of \$13.1 million. The December 31, 2019 assigned fund balance represents 79.7% of the Road Fund total liabilities, deferred inflows and fund balance.
- Cowlitz County's total noncurrent liabilities (without component units) as of December 31, 2019 totaled \$90.7 million, a net decrease of \$12.3 million from the previous year.
- At December 31, 2019 the County's remaining capacity for issuing non-voted debt is \$177.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

Cowlitz County's annual report consists of a series of basic financial statements including: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are intended to provide readers with a broad overview of Cowlitz County's finances, in a manner similar to private-sector business. These statements provide information about where resources were allocated and about the activities of the County as a whole.

The **statement of net position** presents information on all of the Cowlitz County's assets, deferred outflow of resources, liabilities and deferred inflows of resources, with the difference between these items reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, consideration should also be given to non-financial factors such as changes in the property tax base and the condition of roads and other assets to assess the overall health of the County.

The **statement of activities** presents information showing how the County's net position changed during the most recent fiscal year. It separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). It shows to what extent each program has to rely on taxes for funding. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and special assessments, and unused vacation leave, will be included in the statement of activities as revenues and expenses, even though the cash associated will not be received or paid in 2019).

Both of the government-wide financial statements (statement of net position and statement of activities) distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Cowlitz County include general government, public safety, judicial, physical environment, transportation, economic development, mental and physical health and culture and recreation. The business-type activities of Cowlitz County include water and sewer services to county residences, operation of a solid waste landfill site, maintaining law enforcement records, emergency services for the County, a public shooting range and the exposition center used to host the County fair and other community-wide events.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities—the Public Facilities District (PFD) and Cowlitz 911 for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. A description of these component units can be found in Note 1 of the *Notes to the Financial Statements*.

The government-wide financial statements can be found within the Basic Financial Statements section of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the County can be divided into three categories: governmental funds (general fund, special revenue funds, debt service funds and capital funds), proprietary funds (enterprise funds and internal service funds), and fiduciary funds (trust/agency funds). Fund financial statements explain how services are financed in the short-term as well as what remains available for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds rather than the County as a whole.

Some funds are required to be established by state law and by bond covenants. The Board of Commissioners has established many other funds to help it control and manage money for particular purposes or to show that the County is meeting legal responsibilities for using certain taxes, grants and other resources.

Fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The following funds: General Fund, Road Fund, Solid Waste Fund, and Water Sewer Fund are classified as major funds based on criteria established by GASB Statement No. 34 and based on management's discretion. (GASB Statement No. 34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise (1) 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 for the same category. The General Fund is always considered a major fund). Data from the other governmental and proprietary funds are combined into a single, aggregated presentation.

Cowlitz County adopts a biennial budget comprised of two annual budgets. A budgetary comparison to actual expenditures has been provided in the Basic Financial Statements, for the General Fund and the other major special revenue funds identified in the previous paragraph to demonstrate compliance with this budget.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the 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 near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found within the Basic Financial Statement section of this report.

Proprietary Funds account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges paid directly by those who benefit from the activities. Proprietary funds provide the same type of information as governmental funds, only in more detail, since they apply the accrual basis of accounting. Cowlitz County maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statement, but provide more detail. The proprietary fund financial statements provide separate information for the Solid Waste Landfill and Water Sewer. The Solid Waste and Water Sewer funds are identified as major funds. The Public Shooting Range, Law Enforcement Records, Emergency Management for coordinating disaster functions and the Exposition Center that hosts the County Fair and other community-wide events are non-major enterprise funds and are presented on a combined basis in the proprietary fund financial statements.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Cowlitz County uses internal service funds to account for its fleet of vehicles, management information technology systems, general liability and insurance services, workers' compensation and unemployment compensation costs. The County's internal service funds also account for the provision of telephone, postage, paper supplies, printing services, and elections. Because all of these services predominately benefit governmental rather than business-type functions, they have been included within predominantly governmental activities in the government-wide statements.

All Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found within the Basic Financial Statement section of this report.

Fiduciary Funds are used to provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the primary government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to finance County operations. Cowlitz County has two types of fiduciary funds agency funds and investment trust funds.

Agency Funds are used to account for monies held by Cowlitz County in a custodial capacity for other jurisdictions until they are allocated to the private parties, organizations, or government agencies to which they belong.

Investment Trust Funds report the portion of County investments that belong to other jurisdictions.

The basic fiduciary funds financial statements can be found within the Basic Financial Statement section of this report.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Statement of Net Position

As noted earlier, net position may serve, over time, as a useful indicator of a government’s financial position. Cowlitz County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$209.9 million at December 31, 2019 compared to \$201.4 million at December 31, 2018.

The majority of Cowlitz County’s net position is comprised of capital assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining net position is either restricted for culture and recreation, economic environment, transportation and health and human services activities or unrestricted.

At December 31, 2019 the County had positive balances in the net position of governmental and business-type activities and in total net position. The same situation existed for 2018. Cowlitz County’s total net position increased \$8.4 million in 2019 compared to December 31, 2018. The business type activities presents a \$1.1 million decrease. The governmental activities present an increase of \$9.6 million. See the discussion on the Governmental Activities under the Statement of Activities.

The condensed financial information that follows is derived from the government-wide Statement of Net Position and reflects the County’s net position in 2019 compared with 2018.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 101,324,537	\$ 95,496,806	\$ 45,134,820	\$ 45,773,970	\$ 146,459,357	\$ 141,270,776
Capital assets (net of depreciation.	136,391,670	139,847,112	24,752,577	27,090,156	161,144,247	166,937,268
Total assets	<u>237,716,207</u>	<u>235,343,918</u>	<u>69,887,397</u>	<u>72,864,126</u>	<u>307,603,604</u>	<u>308,208,044</u>
Total deferred outflows of resources	<u>10,069,708</u>	<u>9,980,194</u>	<u>192,424</u>	<u>273,577</u>	<u>10,262,132</u>	<u>10,253,771</u>
Noncurrent liabilities	66,170,716	76,950,269	24,479,580	25,960,031	90,650,296	102,910,300
Other liabilities	8,595,990	5,761,092	1,697,526	1,905,544	10,293,516	7,666,636
Total liabilities	<u>74,766,706</u>	<u>82,711,361</u>	<u>26,177,106</u>	<u>27,865,575</u>	<u>100,943,812</u>	<u>110,576,936</u>
Deferred inflows of resources	<u>6,612,999</u>	<u>5,798,024</u>	<u>450,285</u>	<u>673,780</u>	<u>7,063,284</u>	<u>6,471,804</u>
Net Position:						
Net investment in capital assets	109,072,014	111,005,555	23,808,949	25,988,604	132,880,963	136,994,159
Restricted	20,869,735	17,161,667	-	-	20,869,735	17,161,667
Unrestricted	36,464,461	28,647,505	19,643,481	18,609,744	56,107,942	47,257,249
Total net position	<u>\$ 166,406,210</u>	<u>\$ 156,814,727</u>	<u>\$ 43,452,430</u>	<u>\$ 44,598,348</u>	<u>\$ 209,858,640</u>	<u>\$ 201,413,075</u>

Overall, total liabilities decreased \$9.6 million in 2019. Non-current liabilities decreased \$12.3 million. Other liabilities increased \$2.6 million.

Total assets remained similar to 2018, however, current and other assets increased \$5.2 million and capital assets (net of depreciation) decreased \$5.8 million.

Governmental activities current and other assets increased \$5.8 million or 6.1% compared to 2018. The largest portion of this classification is made of \$67.5 million in cash, cash equivalents and pooled investments. This increased \$10.0 million (17.4%) over 2018. This is a result of realizing receivables and timing of accounts payable, as well as an increase in revenues.

Capital assets (net of depreciation) decreased \$3.5 million compared to 2018. This is due to capital assets depreciating at an amount greater than they are being replaced.

Noncurrent liabilities decreased by 14.0% or \$10.8 million. This decrease is due to normal expected payments on G.O. and Revenue bonds and a decrease in net pension liability which occurred across the state. Governmental activities other liabilities increased by 49.2% or \$2.8 million due to the timing of accounts payable and other accrued current liabilities.

Business type activities current and other assets remained similar to 2018. The largest portion of this classification is made of \$22.4 million in closure and post closure investments. Cash, cash equivalents and pooled investments is made up of \$19.8 million which increased by \$4.3 million (27.8%) from 2018. This is a result of selling investments, realizing receivables, timing of account payable and a decrease in operating expenses.

Capital assets (net of depreciation) decreased \$2.3 million compared to 2018. \$928,847 of this decrease was due to assets removed from Cowlitz County and provided to Cowlitz 911 (component unit). The remaining portion of this decrease is due to capital assets being depreciated at an amount greater than they are being replaced.

Noncurrent liabilities decreased by 5.7% or \$1.5 million. This decrease is mostly due to an \$843 thousand decrease in the net pension liability. Business type activities other liabilities remained similar to 2018 with a \$208 thousand decrease due to the timing of accounts payable and other liabilities.

Statement of Activities

The County's total change in net position was \$8.4 million in 2019. The condensed financial information is derived from the Government Wide Statement of Activities and reflects how the County's 2019 changes in net position compare to 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 29,350,818	\$ 25,232,772	\$ 25,929,000	\$ 28,085,172	\$ 55,279,818	\$ 53,317,944
Operating grants & contributions	6,145,918	5,492,610	272,943	251,626	6,418,861	5,744,236
Capital grants & contributions	4,134,243	1,259,572	50,450	69,475	4,184,693	1,329,047
<i>General Revenue</i>						
Taxes	53,760,979	51,402,362	-	3,110,352	53,760,979	54,512,714
Gain (loss) on sale of assets	37,500	306,684	-	-	37,500	306,684
Interest earned on investments	2,695,047	2,192,186	995,733	639,859	3,690,780	2,832,045
Total Revenues	96,124,505	85,886,186	27,248,126	32,156,484	123,372,631	118,042,670
Program Expenses						
General Government	15,952,049	16,433,292	-	-	15,952,049	16,433,292
Public Safety	29,759,029	25,903,359	1,622,761	5,155,809	31,381,790	31,059,168
Judicial	4,343,753	4,934,376	-	-	4,343,753	4,934,376
Utilities	811,422	744,259	-	-	811,422	744,259
Transportation	19,025,779	19,519,406	-	-	19,025,779	19,519,406
Economic Environment	5,372,556	4,016,392	-	-	5,372,556	4,016,392
Social Services	7,678,836	6,745,803	-	-	7,678,836	6,745,803
Culture & Recreation	803,896	839,350	2,012,881	1,991,204	2,816,777	2,830,554
Solid Waste	-	-	18,030,257	20,420,365	18,030,257	20,420,365
Water/Sewer	-	-	2,003,959	1,738,893	2,003,959	1,738,893
Interest on long-term debt	1,481,547	1,632,453	-	-	1,481,547	1,632,453
Total Expenses	85,228,867	80,768,690	23,669,858	29,306,271	108,898,725	110,074,961
Excess (deficiency) of revenues over (under) expenses	10,895,638	5,117,496	3,578,268	2,850,213	14,473,906	7,967,709
Special items	-	-	(5,183,513)	-	(5,183,513)	-
Transfers	(459,327)	(675,026)	459,327	675,026	-	-
Change in Net Position	10,436,311	4,442,470	(1,145,918)	3,525,239	9,290,393	7,967,709
Net position January 1	156,814,727	157,028,965	44,598,348	41,073,109	201,413,075	198,102,074
Change in accounting principle	-	(4,656,708)	-	-	-	(4,656,708)
Prior period adjustment	(844,828)	-	-	-	(844,828)	-
Net position December 31	\$166,406,210	\$156,814,727	\$ 43,452,430	\$ 44,598,348	\$209,858,640	\$201,413,075

Cowlitz County revenue totaled \$123.4 million in 2019. Governmental activities provided \$96.1 million, while business activities provided \$27.2 million. Taxes account for \$53.8 million, 43.6%, of the 2019 primary government revenues compared to \$54.5 million in 2018.

Cowlitz County expenses totaled \$108.9 million. Governmental activities expenses totaled \$85.2 million and business type activities totaled \$23.7 million. The County's expenses cover a range of services, the largest of which were for general government, public safety, transportation, and solid waste, accounting for 77.5% of the total expenses combined.

Governmental activities net position of Cowlitz County increased \$9.6 million in 2019. Operating and capital grants and contributions totaled \$10.3 million in 2019 and \$6.8 million in 2018. This increase was due to an increase in capital grants received in 2019. Charges for services revenue totaled \$29.4 million in 2019 compared to \$25.2 million in 2018. Tax revenues increased \$2.4 million from 2019 due to an increase in property, sales and other taxes.

County governmental activity expenses in 2019 totaled \$85.2 million, a \$4.5 million (5.5%) increase compared to 2018. This largest changes were caused by: Public Safety which had an increase of \$3.9 million (14.9%) due to an increase in personnel costs and 911 taxes collected and provided to Cowlitz 911

(component unit), Social Services which increased by \$933 thousand (13.8%), and Economic Environment which increased by \$1.4 million (33.8%).

Business type activities expenses for Cowlitz County in 2019 totaled \$23.7 million compared to \$29.3 million in 2018. Expenses included Public Safety programs consisting of law enforcement records and emergency management, \$1.6 million; the Solid Waste Landfill \$18.0 million; the Water Sewer Utility \$2.0 million, and Culture and Recreation \$2.0 million. Expenses decreased by \$5.6 million. Public Safety decreased by \$3.5 million, mostly due to the transfer of operations of the 911 center to the new Cowlitz 911 authority (component unit). Solid Waste also saw a \$2.4 million decrease due to closure and post closure care costs.

Likewise, revenues decreased \$4.9 million or 15.3%. Tax revenue decreased \$3.1 million and Charges for Services decreased \$2.2 million due to the transfer of operations of the 911 center to the new Cowlitz Authority (component unit). Charges for services revenues of \$25.9 million accounted for 95.2% of total business revenues.

FINANCIAL ANALYSIS OF COUNTY FUNDS

Cowlitz County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Cowlitz County’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County’s financing requirements, in particular, the unassigned fund balance may serve as a useful measure of the County’s net resources available for spending at the end of the fiscal year.

Governmental Funds Balance Sheet Analysis. The General Fund and the County Road Fund are the County’s major governmental funds. These funds account for 48.7% of the total governmental funds as of the December 31, 2019 ending fund balance.

	Fund Balance	Percent
General Fund	\$ 15,890,895	26.37%
Road Fund	13,448,011	22.32%
Other Governmental Funds	30,918,960	51.31%
Total Governmental Fund Balance	\$ 60,257,866	100.00%

Approximately \$14.9 million (24.7%) of the total governmental fund balance constitutes unassigned fund balance. The County does have a minimum fund balance policy discussed in Note 1 of the Notes to the Financial Statements. \$28.0 million (46.5%) constitutes assigned fund balance in the appropriate fund types as shown in Note 1 in the Notes to the Financial Statements. The remainder of fund balance is classified as nonspendable, restricted, or committed to indicate that it is not available for new spending as discussed in the notes.

Governmental Funds Revenue/Expenditure Analysis. The following exhibit and chart shows the revenue and expenditure amounts for the major governmental funds and all other governmental funds in 2019.

	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 57,897,334	\$ 50,093,996
Road Fund	18,042,568	17,675,064
Non-major Governmental Funds	22,737,917	24,585,505

Governmental fund revenues in 2019 totaled \$98.7 million, which is a \$9.4 million increase over 2018 governmental fund revenues of \$89.3 million. Tax revenue increased \$4.1 million due to collection of the 911 excise tax which was previously collected within an enterprise fund. Intergovernmental revenues increased \$2.8 million due to an increase in grant revenue in 2019. Rents and Leases increased \$1.7 million mostly from an increase in the landfill facility rent. Other categories of revenues remained similar between years.

The **General Fund** is the chief operating fund of Cowlitz County. At December 31, 2019 the unassigned fund balance of the General Fund was \$14.9 million; this represents 24.8% of the total fund balance for all governmental funds. The General Fund's total fund balance at December 31, 2019 was \$15.9 million compared to \$15.7 million at the end of 2018. This change is a result of revenues exceeding expenses. The General Fund had \$57.9 million in revenues in 2019 compared to \$55.6 million in 2018. The most significant increase was in Rents and Lease revenue which totaled \$6.4 million at the end of 2019 compared to \$4.8 million at the end of 2018. This increase was mostly due to an increase in the landfill facility rent. General Fund expenditures increased from \$46.4 million in 2018 to \$50.1 million in 2019. The largest increase is in the Public Safety category, and is related to personnel cost increases. Public Safety expenditures in the General Fund of \$25.1 million represent 50.2% of the General Fund expenditures.

The **County Road Fund** balance increased to \$13.4 million at December 31, 2019. Total revenues in 2019 were \$18.0 million compared to \$15.6 million in 2018. The largest revenue category to increase was intergovernmental, which increased \$2.2 million due to an increase in grants. The Road Fund total expenditures for 2019 totaled \$17.7 million compared to \$15.3 million in 2018. Construction expenditures in 2019 totaled \$3.9 million compared to \$2.4 million in 2018 due to an increase in infrastructure projects.

The **Non-major Governmental Funds** fund balance increased \$4.9 million in 2019. Total revenues in 2019 were \$22.7 million compared to \$18.1 million in 2018. Tax revenue saw the largest increase of \$3.8 million due to collection of the 911 excise tax that was collected, then provided to Cowlitz 911. The non-major governmental funds total expenditures for 2019 were \$24.6 million compared to \$22.5 million in 2018. This increase was mostly in the Public Safety category for tax revenue provided to Cowlitz 911.

Proprietary Funds

Cowlitz County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Cowlitz County has two major enterprise funds, the Solid Waste Fund and the Water Sewer Fund that account for 96.4% of the \$43.7 million total net position for enterprise funds at December 31, 2019.

The December 31, 2019 unrestricted net position and changes in unrestricted net position of the major enterprise funds were:

	Unrestricted Net Position 12/31/2019	Unrestricted Net Position 12/31/2018	Increase (Decrease) for year
Solid Waste	\$ 15,553,271	\$ 11,139,598	\$ 4,413,673
Water Sewer	3,663,026	3,257,951	\$ 405,075

The **Solid Waste** utility operating revenue of \$20.4 million accounted for 79.2% of the business-type revenues reported in 2019. Solid Waste revenue in 2019 remained similar to 2018. Net position of the Solid Waste Utility totaled \$33.0 million at December 31, 2019, an increase of approximately \$3.3 million from 2018 due to a decrease in closure and post closure care costs.

The **Water Sewer** utility operating revenue of \$2.0 million accounted for 8.0% of the business-type revenues reported in 2019. Water Sewer revenue in 2019 remained comparable to 2018. Net position of the Water Sewer Utility totaled \$9.1 million at December 31, 2019, an increase of approximately \$224 thousand from 2018.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

Cowlitz County's capital assets for its governmental and business-type activities as of December 31, 2019 total \$161.1 million (net of accumulated depreciation). The capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and bridges and construction in progress.

Comparative amounts for governmental and business type activities for 2019 and 2018 are as follows:

	Governmental Activities		Business Type Activites		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 15,435,273	\$ 15,462,860	\$ 1,148,600	\$ 1,148,600	\$ 16,583,873	\$ 16,611,460
Buildings	23,036,365	24,333,859	2,342,992	2,507,148	25,379,357	26,841,007
Improvements other than buildings	1,500,256	1,429,469	126,008	142,888	1,626,264	1,572,357
Machinery and equipment	9,772,095	8,790,633	5,544,693	5,232,450	15,316,788	14,023,083
Intangible	2,498,913	2,590,894	75,962	890,279	2,574,875	3,481,173
Infrastructure	80,182,304	84,612,373	15,514,322	17,168,791	95,696,626	101,781,164
Construction in Progress	3,966,464	1,773,702	-	-	3,966,464	1,773,702
Total	\$136,391,670	\$138,993,790	\$ 24,752,577	\$ 27,090,156	\$161,144,247	\$166,083,946

The total decrease in Cowlitz County's capital assets net of depreciation was \$5.8 million over 2019. This consisted of a \$3.5 million decrease in governmental activity capital assets and a \$2.4 million decrease in business-type activity capital assets. This decrease is mostly due to capital assets depreciating at an amount greater than they are being replaced. \$928,847 in capital assets, net of accumulated depreciation were transferred to Cowlitz 911 upon formation of the new entity.

For more information see Note 7, *Capital Assets*.

Debt Administration

At December 31, 2019 Cowlitz County has \$66.2 million in long-term debt owed from *governmental activities* and \$24.5 million in long-term debt for *business type activities*. The bonded debt balances are as follows:

	Governmental Activities	
	2019	2018
General Obligation Bonds	\$ 32,091,010	\$ 34,977,416
Revenue Bonds	5,355,000	8,945,000
Special Assessment Bonds	-	229,998
Total	\$ 37,446,010	\$ 44,152,414

For more information see Note 11, *Long-term Debt*.

ECONOMIC OUTLOOK AND BUDGETS

The net difference between the original General Fund budget total expenditures for 2019 and the final amended budget was a \$317,965 increase in appropriations.

The Board of Commissioners considers many factors when setting the budget, tax rates, and fees to charge for the business-type activities. One of those factors is the economy. Economic factors have a direct impact on County revenues and the demand for services. Unemployment rates in Cowlitz County continued to improve slightly compared to one year ago.

These and other factors are considered in preparing the Cowlitz County budget.

- Property taxes account for nearly 50% of unrestricted General Fund Revenues. Increases in taxes are limited to an increase of 1% of the prior year levy (plus taxes on the values of new construction). Expenses, largely outside the control of the Board of Commissioners, are increasing faster than 1% per year. The property tax limitations provide inadequate revenues to meet service demands. In accordance with the County's Financial Management Policy, fees are reviewed annually, generally during the budget review period. In appropriate circumstances, the Commissioners considered fees increases, moving toward a fee-for-service model, where the service provided by the County wholly or substantially benefits a specific constituent.
- Recognized that some of the increases in sales tax receipts are the result of several large local construction projects, rather than a substantially improved local economy, and that these revenues should not be considered on-going revenues increasing the base.
- State and federal mandates and legal requirements including but not limited to, court funding, mental health, state pension funding, risk reserves, etc.
- The need to ensure adequate cash flow (operating) reserves.
- Proper use of restricted funds: criminal justice tax, mental health tax, rural county public facilities tax.
- Labor costs: union contracts, wage freezes and/or reductions, health care costs, work hour adjustments.
- Bond obligations.
- Assessed value in Cowlitz County (county-wide) increased for the seventh year in a row (2013-2019) following four straight years of decline (2009-2012). The historic levels of property value in Cowlitz County in 2009 were assessed at \$9.39 billion, the 2019 assessed valuation is \$11.8 billion.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus, COVID-19. As a result of the outbreak the County is anticipating potential financial impacts that may decrease revenues. The full extent of the financial impact on the County is unknown at this time and it is too uncertain to predict.

Requests for Information

The financial report is designed to provide a general overview of Cowlitz County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's Office, Cowlitz County, 207 4th Avenue No., Kelso, Washington 98626.

Cowlitz County, Washington
Statement of Net Position
December 31, 2019

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Public	Cowlitz
	Activities	Activities		Facilities	
				District	County 911
ASSETS					
Cash, Cash Equivalents & Pooled Investments	\$ 67,474,200	\$ 19,815,764	\$ 87,289,964	\$ 863,765	\$ 5,754,805
Investments	3,999,034	-	3,999,034	-	-
Receivables (Net)	22,159,774	3,011,030	25,170,804	238,347	551,779
Internal Balances	417,433	(417,433)	-	-	-
Inventories	535,120	-	535,120	-	-
Prepaid Items	39,127	51,877	91,004	28,323	-
Due From Component Unit	3,050,000	130,362	3,180,362	-	-
Net Pension Asset	3,541,680	-	3,541,680	-	-
Restricted Cash, Cash Equivalents & Pooled Investments:					
Customer Deposits	108,169	106,574	214,743	-	-
Debt Service	-	-	-	1,629,443	-
Closure and Postclosure	-	22,436,646	22,436,646	-	-
<i>Capital Assets:</i>					
Nondepreciable Assets	19,401,737	1,148,600	20,550,337	10,478	-
Depreciable Assets (Net)	116,989,933	23,603,977	140,593,910	11,448,894	1,292,445
Total Assets	237,716,207	69,887,397	307,603,604	14,219,250	7,599,029
DEFERRED OUTFLOWS OF RESOURCES					
Amounts Related to Debt Refunding	152,819	-	152,819	177,294	-
Amounts Related to Pensions	2,828,924	192,424	3,021,348	-	162,827
Amounts Related to OPEB	91,849	-	91,849	-	-
Excess Consideration Provided For Acquisition	6,996,116	-	6,996,116	-	-
Total Deferred Outflows of Resources	10,069,708	192,424	10,262,132	177,294	162,827
LIABILITIES					
Accounts Payable & Accrued Expenses	5,678,252	1,471,674	7,149,926	12,227	75,774
Other Current Liabilities	2,809,569	119,278	2,928,847	44,828	-
Customer Deposits	108,169	106,574	214,743	-	-
<i>Noncurrent Liabilities:</i>					
Due Within One Year	4,865,932	390,629	5,256,561	99,161	-
Due to Primary Gov. Within One Year	-	-	-	355,890	-
Due In More Than One Year	51,852,064	23,260,270	75,112,334	5,752,320	255,362
Due to Primary Gov. More Than One Year	-	-	-	3,016,490	-
Net Pension Liability	9,452,720	828,681	10,281,401	-	551,794
Total Liabilities	74,766,706	26,177,106	100,943,812	9,280,916	882,930
DEFERRED INFLOWS OF RESOURCES					
Amounts Related to Debt Refunding	105,730	-	105,730	-	-
Amounts Related to Pensions	6,507,269	450,285	6,957,554	-	313,583
Total Deferred Inflows of Resources	6,612,999	450,285	7,063,284	-	313,583
NET POSITION					
Net Investment in Capital Assets	109,072,014	23,808,949	132,880,963	2,884,532	1,292,445
<i>Restricted for:</i>					
Economic Environment	2,242,189	-	2,242,189	-	-
General Government	381,055	-	381,055	-	-
Public Safety	352,498	-	352,498	-	-
Judicial	210,617	-	210,617	-	-
Social Services	6,237,266	-	6,237,266	-	-
Utilities	2,101,928	-	2,101,928	-	-
Transportation - Roads	522,670	-	522,670	-	-
Culture & Recreation	324,716	-	324,716	-	-
Debt purposes	1,530,000	-	1,530,000	1,288,078	-
REET Technology	3,425,116	-	3,425,116	-	-
Restricted for Pension	3,541,680	-	3,541,680	-	-
Unrestricted	36,464,461	19,643,481	56,107,942	943,018	5,272,898
Total Net Position	\$ 166,406,210	\$ 43,452,430	\$ 209,858,640	\$ 5,115,628	\$ 6,565,343

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Activities
For the Year Ended December 31, 2019

	Net (Expense) Revenue and Changes in Net Position					Component Units		
	Primary Government					Public Facilities District	Cowlitz County 911	
	Program Revenues		Capital Grants and Contributions		Business-type Activities		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities			
FUNCTIONS/PROGRAMS								
<i>Governmental Activities:</i>								
General Government	\$ 15,952,049	\$ 10,840,246	\$ 1,183,988	\$ 7,934	\$ (3,919,881)	\$ -	\$ (3,919,881)	
Public Safety	29,759,029	5,067,213	1,293,476	-	(23,398,340)	-	(23,398,340)	
Judicial	4,343,753	2,941,789	347,498	-	(1,054,466)	-	(1,054,466)	
Utilities	811,422	-	-	-	(811,422)	-	(811,422)	
Transportation	19,025,779	3,415,210	-	4,126,309	(11,484,260)	-	(11,484,260)	
Natural Economic Environment	5,372,556	3,520,975	67,092	-	(1,784,489)	-	(1,784,489)	
Social Services	7,678,836	3,135,803	3,253,864	-	(1,289,169)	-	(1,289,169)	
Culture & Recreation	803,896	2,910	-	(800,986)	-	-	(800,986)	
Interest on Long-Term Debt	1,481,547	426,672	-	(1,054,875)	-	-	(1,054,875)	
Total Governmental Activities	85,228,867	29,350,818	6,145,918	4,134,243	(45,597,888)	-	(45,597,888)	
<i>Business-Type Activities:</i>								
Water/Sewer	2,003,959	2,098,028	-	50,450	-	144,519	144,519	
Garbage & Solid Waste	18,030,257	20,403,549	59,907	-	2,433,199	-	2,433,199	
Public Safety	1,622,761	1,491,850	141,128	-	-	10,217	10,217	
Culture & Recreation	2,012,881	1,935,573	71,908	-	-	(5,400)	(5,400)	
Total Business-Type Activities	23,669,858	25,929,000	272,943	50,450	-	2,582,535	2,582,535	
Total Primary Government	\$ 108,898,725	\$ 55,279,818	\$ 6,418,861	\$ 4,184,693	\$ (45,597,888)	\$ 2,582,535	\$ (43,015,353)	
Component Unit								
Public Facilities District	1,300,502	35,205	-	-	-	-	-	(1,265,297)
Cowlitz County 911	3,943,115	2,253,254	-	-	-	-	-	(1,689,861)
Total Component Units	\$ 5,243,617	\$ 2,288,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,265,297)
GENERAL REVENUES:								
Property Taxes			30,528,275				30,528,275	
Sales Taxes			13,388,551				13,388,551	
911 Taxes			3,251,389				3,251,389	2,009,498
Other Taxes			6,592,764				6,592,764	930,414
Investment Earnings			2,695,047		995,733		3,690,780	93,762
Gain on Sale of Capital Assets			37,500		-		37,500	-
SPECIAL ITEM - Disposition of 911 Transfers			(459,327)		(5,183,513)		(5,183,513)	5,183,513
Total General Revenues, Special Items and Transfers			56,034,199		(3,728,453)		52,305,746	1,483,405
Change in Net Position			10,436,311		(1,145,918)		9,290,393	218,108
Net Position - January 1			156,814,727		44,598,348		201,413,075	4,897,520
Prior Period Adjustment			(844,828)		-		(844,828)	-
Net Position - December 31			\$ 166,406,210		\$ 43,452,430		\$ 209,858,640	\$ 5,115,628
								\$ 6,565,343

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	County Road		
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 12,859,678	\$ 14,153,274	\$ 28,789,166	\$ 55,802,118
Investments	3,999,034	-	-	3,999,034
Receivables (Net)	2,983,162	383,852	37,608	3,404,622
Due From Other Funds	171,534	-	127,160	298,694
Noncurrent Assets				
Due From Other Governments	11,408,658	2,344,434	4,458,325	18,211,417
Due From Component Unit	3,050,000	-	-	3,050,000
Customer Deposits and Seized Receivable	42,520	-	65,649	108,169
Total Assets	34,514,586	16,881,560	33,477,908	84,874,054
LIABILITIES				
Accounts Payable	1,984,590	1,281,108	643,840	3,909,538
Payable To Other Governments	73,238	12,820	909,489	995,547
Due To Other Funds	88,750	603,047	79,151	770,948
Interfund Loan Payable	-	-	115,130	115,130
Other Current Liabilities	1,622,797	319,220	732,622	2,674,639
Customer Deposits and Seized Payable	42,520	-	65,649	108,169
Total Liabilities	3,811,895	2,216,195	2,545,881	8,573,971
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	2,930,772	1,217,354	13,067	4,161,193
Unavailable Revenue - Other Governments and Component Unit	11,881,024	-	-	11,881,024
Total Deferred Inflows of Resources	14,811,796	1,217,354	13,067	16,042,217
FUND BALANCE				
Restricted	-	-	17,328,055	17,328,055
Assigned	985,912	13,448,011	13,590,905	28,024,828
Unassigned	14,904,983	-	-	14,904,983
Total Fund Balance	15,890,895	13,448,011	30,918,960	60,257,866
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 34,514,586	\$ 16,881,560	\$ 33,477,908	\$ 84,874,054

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2019

Total fund balances as shown on the Governmental Funds Balance Sheet	\$ 60,257,866
Capital assets (net) used in governmental activities are not financial resources and therefore are not reported in the funds (amounts for internal service fund capital assets are included in other reconciling items).	125,466,477
Internal Service Funds are used to charge the costs of services to individual funds. The assets and liabilities of internal service funds are included in governmental activities on the statement of net position.	20,867,953
Allocation to enterprise funds share of net (income) loss of internal service funds.	234,172
Other long-term items are not available to pay for current-period expenditures and, therefore are not recognized as payable/receivable in the funds.	47,089
Accrued interest receivable was more than interest receivable modified accrual.	102,664
Other long-term assets not available to pay for current-period expenditures and, therefore are deferred in the funds.	16,042,217
Inventories not recorded in governmental funds are recorded in governmental activities (amounts for internal service fund capital assets are included in other reconciling items).	221,445
Net Pension Assets and Liability, Total OPEB liability, and other items related to Pension or OPEB activity that are not financial resources or uses therefore, not reported in the funds.	(17,693,664)
Deferred outflows for excess consideration provided for acquisition of the landfill is long term in nature and not included in the governmental fund balance sheet.	6,996,116
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(46,136,125)</u>
Net position of governmental activities.	<u><u>\$ 166,406,210</u></u>

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	County Road		
REVENUES				
Taxes	\$ 28,892,505	\$ 11,297,073	\$ 10,860,239	\$ 51,049,817
Licenses and Permits	399,581	-	2,326,702	2,726,283
Intergovernmental	6,699,040	5,671,768	4,340,044	16,710,852
Charges for Services	6,768,061	742,689	3,605,531	11,116,281
Fines and Forfeitures	1,390,444	-	94,394	1,484,838
Investment Earnings	1,841,230	288,160	419,761	2,549,151
Rents and Leases	6,372,807	3,511	67,876	6,444,194
Special Assessments	-	-	429,023	429,023
Miscellaneous Revenues	5,533,666	39,367	594,347	6,167,380
Total Revenues	57,897,334	18,042,568	22,737,917	98,677,819
EXPENDITURES				
Current				
General Government	14,444,113	-	973,144	15,417,257
Public Safety	25,115,623	-	4,513,347	29,628,970
Judicial	4,923,166	-	35,791	4,958,957
Utilities	271,051	-	1,807	272,858
Natural Economic Environment	996,584	-	4,416,984	5,413,568
Transportation	120,989	13,680,869	4,728	13,806,586
Social Services	831,115	-	6,852,287	7,683,402
Culture & Recreation	753,465	-	27,180	780,645
Debt Service				
Principal	1,409,507	-	6,295,400	7,704,907
Interest	1,148,694	-	666,335	1,815,029
Capital Outlay	79,689	3,994,195	798,502	4,872,386
Total Expenditures	50,093,996	17,675,064	24,585,505	92,354,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,803,338	367,504	(1,847,588)	6,323,254
OTHER FINANCING SOURCES (USES)				
Transfers In	1,253,271	-	9,356,785	10,610,056
Transfers Out	(8,902,112)	(37,634)	(2,545,675)	(11,485,421)
Sale of Capital Assets	-	34,000	3,500	37,500
Debt Issuance	60,616	-	51,269	111,885
Total Other Financing Sources (Uses)	(7,588,225)	(3,634)	6,865,879	(725,980)
Net Change In Fund Balance	215,113	363,870	5,018,291	5,597,274
Fund Balances--Beginning	15,675,782	13,084,141	25,984,844	54,744,767
Prior Period Adjustment	-	-	(84,175)	(84,175)
Fund Balances--Ending	\$ 15,890,895	\$ 13,448,011	\$ 30,918,960	\$ 60,257,866

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balance as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:

Net change in fund balances-total governmental funds. \$ 5,597,274

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those capital outlays that benefit the county are posted as assets and are allocated over their estimated useful lives and reported as depreciation. Also, the disposition of capital assets (net book value) are deducted from the sale of fixed assets. The amount by which capital outlays exceeded depreciation and write off of net book value of assets disposed of in current period. (2,579,202)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayment of the principal of the long-term debt consumes the current financial resource of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 7,704,907

Change in accrual interest earnings versus on modified accrual basis. (40,926)

Governmental funds report revenue in current period for revenues deferred in prior periods since they were not available financing sources at the time. Government-wide statements record revenues at the time they are earned. (3,396,431)

Some expenses reported in the statement of activities do not require the use of current financial resources, and accordingly, are not reported as expenditures in governmental funds. This amount represents the change in accrued interest payable, net pension liability, OPEB, accrued compensation payable for year, change in inventory and deferred outflows of resources. 2,628,397

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (loss) of most of these activities is reported within governmental activities. (Business-type activities has a reconciling item of \$7,187 related to Internal Service Funds net revenue (loss)). 522,292

Change in net position-governmental activities- on the Statement of Activities. \$ 10,436,311

The notes to financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Revenue, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes	\$ 27,907,572	\$ 27,907,572	\$ 28,892,505	\$ 984,933
Licenses and Permits	394,050	394,050	399,581	5,531
Intergovernmental	6,154,823	6,174,149	6,699,040	524,891
Charges for Services	6,906,303	7,034,849	6,768,061	(266,788)
Fines and Forfeitures	1,208,150	1,208,150	1,390,444	182,294
Investment Earnings	1,190,365	1,190,365	1,841,230	650,865
Rents and Leases	6,241,390	6,370,226	6,372,807	2,581
Miscellaneous Revenues	5,738,412	5,738,412	5,533,666	(204,746)
Total Revenues	55,741,065	56,017,773	57,897,334	1,879,561
EXPENDITURES				
Current				
General Government	15,666,289	15,861,390	14,444,113	1,417,277
Public Safety	26,495,237	26,543,851	24,902,877	1,640,974
Judicial	5,239,908	5,268,313	4,923,166	345,147
Utilities	34,600	34,600	271,051	(236,451)
Natural Economic Environment	1,576,186	1,614,831	996,584	618,247
Transportation	100,300	104,200	120,989	(16,789)
Social Services	932,867	932,867	831,115	101,752
Culture & Recreation	828,798	832,098	753,465	78,633
Debt Service	2,566,394	2,566,394	2,558,201	8,193
Capital Outlay	225,000	225,000	79,689	145,311
Total Expenditures	53,665,579	53,983,544	49,881,250	4,102,294
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,075,486	2,034,229	8,016,084	(2,222,733)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,956,812	1,966,812	1,253,271	(713,541)
Transfers Out	(8,982,471)	(9,097,471)	(8,902,112)	195,359
Debt Issuance	-	-	60,616	60,616
Total Other Financing Sources (Uses)	(7,025,659)	(7,130,659)	(7,588,225)	(457,566)
Net Change In Fund Balance	(4,950,173)	(5,096,430)	427,859	(2,680,299)
Fund Balances--Beginning	12,135,797	12,135,797	15,675,782	3,539,985
Fund Balances--Ending	\$ 7,185,624	\$ 7,039,367	\$ 16,103,641	\$ 859,686
Adjustments to General Accepted Accounting Principles (GAAP) Basis				
Benefits Administration Fund			(212,746)	
Fund Balance - GAAP Basis			<u>\$ 15,890,895</u>	

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Revenue, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019

	County Road			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes	\$ 10,783,424	\$ 10,783,424	\$ 11,297,073	\$ 513,649
Intergovernmental	8,229,157	8,229,157	5,671,768	(2,557,389)
Charges for Services	650,050	650,050	742,689	92,639
Investment Earnings	40,080	40,080	288,160	248,080
Rents and Leases	1,000	1,000	3,511	2,511
Miscellaneous Revenues	470,000	470,000	39,367	(430,633)
Total Revenues	20,173,711	20,173,711	18,042,568	(2,131,143)
EXPENDITURES				
Current				
Transportation	21,629,721	21,664,978	13,680,869	7,984,109
Debt Service	72,000	72,000	-	72,000
Capital Outlay	6,506,181	6,536,011	3,994,195	2,541,816
Total Expenditures	28,207,902	28,272,989	17,675,064	10,597,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,034,191)	(8,099,278)	367,504	(12,729,068)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(37,634)	(37,634)
Sale of Capital Assets	-	-	34,000	34,000
Total Other Financing Sources (Uses)	-	-	(3,634)	(3,634)
Net Change In Fund Balance	(8,034,191)	(8,099,278)	363,870	(12,732,702)
Fund Balances--Beginning	11,216,907	11,216,907	13,084,141	1,867,234
Fund Balances--Ending	\$ 3,182,716	\$ 3,117,629	\$ 13,448,011	\$ (10,865,468)

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current Assets					
Cash, Cash Equivalents and Pooled Investments	\$ 14,576,528	\$ 3,824,544	\$ 1,414,692	\$ 19,815,764	\$ 11,672,082
Receivables (Net)	2,469,711	168,208	85,791	2,723,710	3,923
Due From Other Funds	836	259	-	1,095	928,321
Due From Other Governments	247,733	17,795	21,792	287,320	437,147
Interfund Loan Receivable	115,130	-	-	115,130	-
Inventories	-	-	-	-	313,675
Prepaid Items	18,070	7,612	26,195	51,877	39,127
Restricted Customer Deposits - Cash and Cash Equivalent	13,250	80,244	13,080	106,574	-
Total Current Assets	17,441,258	4,098,662	1,561,550	23,101,470	13,394,275
Capital Assets					
Nondepreciable Assets	389,392	122,635	636,573	1,148,600	60,167
Depreciable Assets (Net)	17,031,438	6,286,804	285,735	23,603,977	10,865,026
Total Capital Assets (Net of Accumulated Depreciation)	17,420,830	6,409,439	922,308	24,752,577	10,925,193
Noncurrent Assets					
Due From Component Unit	130,362	-	-	130,362	-
Restricted Cash and Cash Equivalent - Post Closure	22,436,646	-	-	22,436,646	-
Total Noncurrent Assets	22,567,008	-	-	22,567,008	-
Total Assets	57,429,096	10,508,101	2,483,858	70,421,055	24,319,468
DEFERRED OUTFLOWS OF RESOURCES					
Amounts Related to Pensions	65,176	31,036	96,212	192,424	151,362
Total Deferred Outflows of Resources	65,176	31,036	96,212	192,424	151,362
LIABILITIES					
Current Liabilities					
Accounts Payable (Includes Retainage)	1,124,741	61,609	98,159	1,284,509	634,491
Payable to Other Governments	74,004	21,776	23,498	119,278	17,754
Due to Other Funds	269,400	28,351	1,735	299,486	157,676
Accrued Interest Payable	-	2,109	-	2,109	-
Claims and Judgements	-	-	-	-	249,188
Notes Payable	-	155,562	2,961	158,523	-
Landfill Closure and Post Closure Costs	232,106	-	-	232,106	-
Other Accrued Liabilities	60,514	27,619	96,923	185,056	134,930
Customer Deposits - Payable From Restricted Assets	13,250	80,244	13,080	106,574	-
Total Current Liabilities	1,774,015	377,270	236,356	2,387,641	1,194,039
Noncurrent Liabilities					
Compensated Absences	108,418	38,679	123,528	270,625	248,474
Net Pension Liability	280,682	133,658	414,341	828,681	651,841
Landfill Closure and Post Closure Costs	22,204,540	-	-	22,204,540	-
Claims and Judgements	-	-	-	-	1,154,329
Notes Payable (Net of Discount)	-	777,872	7,233	785,105	-
Total Noncurrent Liabilities	22,593,640	950,209	545,102	24,088,951	2,054,644
Total Liabilities	24,367,655	1,327,479	781,458	26,476,592	3,248,683
DEFERRED INFLOWS OF RESOURCES					
Amounts Related to Pensions	152,516	72,627	225,142	450,285	354,194
Total Deferred Inflows of Resources	152,516	72,627	225,142	450,285	354,194
NET POSITION					
Net Investment in Capital Assets	17,420,830	5,476,005	912,114	23,808,949	10,925,193
Unrestricted	15,553,271	3,663,026	661,356	19,877,653	9,942,760
Total Net Position	\$ 32,974,101	\$ 9,139,031	\$ 1,573,470	\$ 43,686,602	\$ 20,867,953
Adjustments to reflect the consolidation of internal service fund activities to enterprise funds				(234,172)	
Net Position of Business-Type Activities				\$ 43,452,430	

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES					
<i>Charges for Services:</i>					
Water - Sewer	\$ -	\$ 2,043,287	\$ -	\$ 2,043,287	\$ -
Garbage & Solid Waste	20,374,990	-	-	20,374,990	-
Public Safety	-	-	1,489,319	1,489,319	-
Culture & Recreation	-	-	1,834,404	1,834,404	-
Other Services	-	-	-	-	10,533,805
Total Operating Revenues	<u>20,374,990</u>	<u>2,043,287</u>	<u>3,323,723</u>	<u>25,742,000</u>	<u>10,533,805</u>
OPERATING EXPENSES					
Maintenance & Operations	16,121,673	1,661,246	3,589,444	21,372,363	9,136,861
Closure & Postclosure Care	(207,275)	-	-	(207,275)	-
Depreciation and Amortization	2,114,146	336,413	39,541	2,490,100	1,645,463
Total Operating Expenses	<u>18,028,544</u>	<u>1,997,659</u>	<u>3,628,985</u>	<u>23,655,188</u>	<u>10,782,324</u>
Operating Income (Loss)	<u>2,346,446</u>	<u>45,628</u>	<u>(305,262)</u>	<u>2,086,812</u>	<u>(248,519)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	59,907	-	213,036	272,943	-
Investment Earnings	908,417	79,647	7,669	995,733	186,822
Interest Expense	-	(6,351)	(1,131)	(7,482)	(276)
Gain (Loss) on Disposition of Assets	-	-	-	-	136,902
Miscellaneous Nonoperating Revenues	28,559	54,741	103,700	187,000	16,204
Total Nonoperating Income (Expense)	<u>996,883</u>	<u>128,037</u>	<u>323,274</u>	<u>1,448,194</u>	<u>339,652</u>
Income (Loss) Before Contributions and Transfers	<u>3,343,329</u>	<u>173,665</u>	<u>18,012</u>	<u>3,535,006</u>	<u>91,133</u>
Capital Contributions	-	50,450	-	50,450	7,934
Special Item	-	-	(5,183,513)	(5,183,513)	-
Transfers In	-	-	459,327	459,327	416,038
Change in Net Position	<u>3,343,329</u>	<u>224,115</u>	<u>(4,706,174)</u>	<u>(1,138,730)</u>	<u>515,105</u>
Net Position - Beginning	29,630,772	8,914,916	6,279,644	44,825,332	20,260,179
Prior Period Adjustment	-	-	-	-	92,669
Net Position - Ending	<u>\$ 32,974,101</u>	<u>\$ 9,139,031</u>	<u>\$ 1,573,470</u>	<u>\$ 43,686,602</u>	<u>\$ 20,867,953</u>
Adjustments to reflect the consolidation of internal service fund activities to enterprise funds				(7,187)	
Change in Net Position of Business-Type Activities				<u>\$ (1,145,917)</u>	

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 19,833,119	\$ 2,071,457	\$ 3,868,212	\$ 25,772,788	\$ 10,147,440
Payments to suppliers	(14,930,304)	(1,013,525)	(2,063,244)	(18,007,073)	(7,354,539)
Payments to employees	(1,289,334)	(597,945)	(1,851,146)	(3,738,425)	(2,766,043)
Other receipts (payments)	(52,056)	41,266	133,481	122,691	1,223,931
Net cash provided (used) by operating activities	3,561,425	501,253	87,303	4,149,981	1,250,789
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfer in from other County fund	-	-	214,327	214,327	378,404
Loans received from component units	131,469	-	-	131,469	-
Cash received from operating grant	59,907	-	213,036	272,943	-
Cash paid to other governments in disposal - special item	-	-	(5,328,241)	(5,328,241)	-
Net cash provided (used) by noncapital financing activities	191,376	-	(4,900,878)	(4,709,502)	378,404
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(1,043,802)	-	(37,569)	(1,081,371)	(1,404,401)
Principal paid on capital debt	-	(155,451)	(2,471)	(157,922)	(9,440)
Interest paid on capital debt	-	(6,351)	(1,131)	(7,482)	(276)
Capital contributions	-	50,450	-	50,450	7,934
Proceeds from the sale of capital assets	-	-	-	-	184,800
Net cash provided (used) by capital and related financing activities	(1,043,802)	(111,352)	(41,171)	(1,196,325)	(1,221,383)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	4,799,020	-	-	4,799,020	-
Interest on investments	908,417	79,647	7,669	995,733	186,822
Net cash provided (used) by investing activities	5,707,437	79,647	7,669	5,794,753	186,822
Net increase (decrease) in cash and cash equivalents	8,416,436	469,548	(4,847,074)	4,038,910	594,632
Cash and cash equivalents, January 1	28,609,988	3,435,240	6,274,846	38,320,074	11,077,450
Cash and cash equivalents, December 31	\$ 37,026,424	\$ 3,904,788	\$ 1,427,772	\$ 42,358,984	\$ 11,672,082
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 2,346,446	\$ 45,628	\$ (305,262)	\$ 2,086,812	\$ (248,519)
<u>Adjustments to reconcile operating income to net cash provided (used) by operating income:</u>					
Depreciation	2,114,146	336,413	39,541	2,490,100	1,645,463
Decrease (increase) in account receivable	(533,001)	19,517	9,717	(503,767)	(19)
Decrease (increase) in due from other governments	(80,757)	(15,383)	562,906	466,766	(157,763)
Decrease (increase) in due from other funds	142	1,908	1,650	3,700	1,114,883
Decrease (increase) in inventory	-	-	-	-	16,174
Decrease (increase) in prepaid expense	(2,594)	(565)	2,832	(327)	(7,146)
Increase (decrease) in accounts payable	(113,216)	60,499	(108,556)	(161,273)	(594,438)
Increase (decrease) in due to other governments	14,045	13,389	(14,098)	13,336	(63,226)
Increase (decrease) in due to other funds	34,451	3,457	(18,897)	19,011	(110,814)
Increase (decrease) in accrued liabilities	(248,683)	8,328	(79,875)	(320,230)	46,284
Increase (decrease) in customer deposits	(4,500)	8,652	-	4,152	-
Increase (decrease) in estimated future claims	-	-	-	-	(135,992)
Increase (decrease) in pension items	6,387	(35,331)	(106,355)	(135,299)	(286,832)
Miscellaneous revenue	28,559	54,741	103,700	187,000	32,734
Total adjustments	1,214,979	455,625	392,565	2,063,169	1,499,308
Net Cash Provided by Operating Activities	\$ 3,561,425	\$ 501,253	\$ 87,303	\$ 4,149,981	\$ 1,250,789
Non-Cash Investing, Capital and Financing Activities					
Capital assets provided to other governments - special item	-	-	(928,847)	(928,847)	-

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Agency Funds	Investment Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ 16,466,385	\$ 246,936,363
Investments	-	794,770
Taxes Receivable	3,586,390	-
Accounts Receivable	244,624	-
Total Assets	20,297,399	247,731,133
 LIABILITIES		
Due to Other Governments	20,297,399	-
Total Liabilities	20,297,399	-
 NET POSITION		
Restricted for Other Governments	-	247,731,133
Total Net Position	\$ -	\$ 247,731,133

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Investment Trust Funds
ADDITIONS	
Contributions	\$ 118,942,600
Investment Interest	5,457,939
Total Additions	124,400,539
DEDUCTIONS	
Disbursements	131,725,616
Total Deductions	131,725,616
CHANGE IN NET POSITION	(7,325,077)
Net Position - Beginning of the Year	255,056,210
Net Position - End of the Year	\$ 247,731,133

The notes to the financial statements are an integral part of this statement

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

Cowlitz County was incorporated on April 21, 1854. It operates under the laws of the State of Washington applicable to second-class counties with a commissioner form of government.

As required by the generally accepted accounting principles the financial statements present Cowlitz County, the primary government, and its component units. The component units discussed below are included in the Cowlitz County reporting entity because of the significance of their operational and financial relationship with the County.

Discretely Presented Component Units

The *Public Facilities District* (PFD) has a five-member board appointed by the Cowlitz County Commissioners. The members are volunteers and serve four-year terms. The PFD was formed in 1999 to plan, construct and design a regional conference/special events center. Because the County has issued significant debt and appoints board members, the Public Facility District is presented as a discretely presented component unit of the County. Separate financial statements are available from the Cowlitz County Auditor's Office at 207 Fourth Avenue North, Kelso, Washington 98626.

Cowlitz 911 was formed in March 2018 when the County approved a new charter and bylaws establishing the Cowlitz 911 Public Authority (The Authority). The 911 center was reported as a non-major enterprise Fund within the County's financial statements, however, effective January 1, 2019, all assets, liabilities, and net fund position were transferred to the Authority. The Authority has their own governing board, separate from the County, however, because the County is a significant revenue source for Cowlitz 911, they are presented as a discretely presented component unit of the County. Separate financial statements are available from Cowlitz 911 at 312 1st Ave S, Kelso, Washington 98626.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are payments for water, sewer, garbage and law enforcement records. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions.

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

The County reports the following major governmental funds:

- The General Fund is the County's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund.
- The County Road Fund accounts for the restricted resources accumulated for the design, construction and maintenance of county roads and bridges.

The County reports the following major enterprise funds:

- The Solid Waste Fund accounts for operations of the solid waste landfill sites and the maintenance of the closed portions of landfills.
- The Water Sewer Fund accounts for operations of water and sewer operations and maintenance.

Additionally, the County reports the following fund types:

- *Special revenue funds* are governmental funds that account for and report specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- *Debt service funds* account for and report restricted, committed or assigned resources accumulated for principal and interest on long-term general obligation debt of governmental funds.
- *Capital project funds* account for and report resources that are restricted, committed, or assigned to be used for acquisition or construction of capital projects and other assets.
- *Non-major enterprise funds* which provide services to customers and other agencies in the form of law enforcement records, exposition center, emergency management and a public shooting range.
- *Internal service funds* account for data processing, fleet equipment of the county, elections, and self-insurance for liability, workers industrial accident compensation, and unemployment. Also, purchasing of telephone, postage and some printing services including the supplying of paper to the departments.
- *Agency funds* are used to account for monies held by Cowlitz County in a custodial capacity for independent districts that are required by state statute to deposit all monies with the county treasurer who serves as a public depository.
- *Investment trust funds* account for and report external pooled and non-pooled investments held by the County Treasurer on behalf of outside entities in the County for external participants that are generally government entities that do not have their own treasurer (such as fire and school districts).

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

1. Government-Wide and Governmental Funds

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. The County considers property and other taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax and interest earnings associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Intergovernmental revenues such as grants are recognized as revenues when grant expenditures are incurred and grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the County.

2. Proprietary Funds

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County are water-sewer, solid waste, law enforcement records, and emergency management are charges to customers for services. Operating expenses for the County include the cost of personal services, supplies, contractual services and other expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. BUDGETARY INFORMATION

1. Scope of the Budget

The annual budget for Cowlitz County is adopted in accordance with state statute, codified in Revised Code of Washington, Chapter 36.40, on a basis consistent with generally accepted accounting principles, with one exception. The County budgets the GIS Fund and Benefits Administration Fund activity as if they were special revenue funds. However, GAAP requires this activity to be reported with the General Fund, as it

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

does not have significant streams of restricted resources. From a budgetary perspective, the County budgets activity within the GIS Fund and Benefits Administration Fund separately from the General Fund. From a GAAP perspective, the General Fund column of the fund statements contains General Fund and GIS Fund and Benefits Administration Fund activity. The Board of County Commissioners adopts the annual budgets for the general, special revenue and capital project funds. Budgetary constraints for debt services funds are determined by the terms of the debt instruments or enabling legislation.

The steps in the budgetary process are as follows:

- a. Prior to the first Tuesday in September the County Auditor and Budget Director submit a proposed budget to the County Commission. This budget is based on priorities established by the Commission and estimates provided by county departments during the preceding months, and offset with revenue estimates provided by county departments during the preceding months, and offset with revenue estimates made by the County Auditor and Budget Director.
- b. The Commission conducts workshops and public hearings on the proposed budget in October, November, and December.
- c. The Commission makes its adjustments to the proposed budget and adopts by resolution a final balanced budget no later than December 31.
- d. Amendments to the budget require either supplemental appropriation or emergency resolutions approved by the Board of County Commissioners at a public meeting following appropriate public notice. Any revisions that alter total expenditures of a fund or that affect the number of permanent employee positions, or other conditions of employment must be approved by the Commission.

2. Amending the Budget

Budgets are amended during the year for increases or decreases to appropriations by resolutions, which are approved by a majority vote of the Commission after holding a public hearing. Budget amendments resulted in a net increase in the General Fund budgeted appropriations for expenditures by \$317,965. The amounts shown in the financial statements are the final authorized amounts as revised during the year. All annual appropriations lapse at fiscal year-end.

When County Commission determines that it is in the best interest of the County to increase or decrease the appropriation for a particular fund/department, it may do so by resolution approved by

3. Excess of Expenditures over Appropriations

The Board of County Commissioners at the fund level adopts annual appropriations, except in the General Fund where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. Also, total direct labor and benefits by department are controlled by the adopted budgetary amounts.

4. Deficit Fund Net Position

At December 31, 2019, the following funds reported deficits in the fund balances or fund net position:

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

FUND	DEFICIT
Risk Management – internal service fund	\$41,476
Industrial Accident Insurance Fund – internal service fund	\$342,154

The Risk Management fund had a deficit net position due to recognition of an estimate for projected future year’s pay out on the claims incurred of \$946,517. At December 31, 2019 the fund had \$965,981 in cash and investments to meet these liabilities.

The Industrial Accident Insurance fund had a deficit net position due to recognition of an estimate for projected future year’s pay out on the industrial accidents incurred of \$457,000. At December 31, 2019 the fund had \$114,942 in cash and investments to meet current payables of \$136,256.

E. ASSETS, LIABILITIES, AND NET POSTION OR FUND BALANCE

1. Cash and Cash Equivalents

The amounts reported as cash and cash equivalents also include compensating balances. The County’s cash and cash equivalents for proprietary and governmental funds are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the county to invest in obligations of the U.S. Treasury, U.S. Agencies, the State Treasurer’s Investment Pool, and public funds investment pools. Local Government Investment Pool (LGIP), which is reported at amortized cost. Otherwise, investments for the County are reported at fair value. (See Note 3, *Deposits and Investments*).

2. Investments

See Note 3, *Deposits and Investments*.

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (see Note 4, *Property Tax*). Accrued interest receivable consists of amounts earned on investments and notes at the end of the year.

Customer 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.

4. Amounts Due to and from Other Funds and Governments

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as *interfund loans receivable/payable*. All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A separate schedule of interfund loans receivable and payable is furnished in Note 7, *Interfund Balances and Transfers*.

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

5. Inventories and Prepaid Items

Inventories in proprietary funds are valued using the first in first out method (FIFO), which approximates the market value. The cost of governmental fund type inventories unless significant are recorded as expenditures when purchased.

Payment for insurance and similar services extending to future accounting periods are recorded in proprietary funds as prepaid items and as expenditures in governmental type funds.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual cost of more than \$50,000 for land, land improvements, buildings, building improvements, improvements other than buildings, infrastructure, and intangible assets and \$15,000 for machinery and equipment and vehicles and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed. Construction in progress is transferred to the appropriate capital asset category when the project is substantially complete and in use.

Property, plant and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	20 – 60
Building Improvements	10 – 30
Light Vehicles	4 – 7
Heavy Duty Vehicles	7 – 15
Office Equipment	5 – 10
Infrastructure	15 – 100
Intangible	3 – 10

7. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

Vacation pay, which may be accumulated up to 248 hours, is payable upon resignation, termination, retirement or death. Sick leave may accumulate up to 1,200 hours. Fifty percent of accumulated sick leave is payable upon resignation, termination, retirement or death, up to a maximum of 360 hours.

Sick leave to the extent it results in termination payments, and unused vacation as of year-end, are reported along with related benefits such as Social Security, Medicare and pension payments where applicable in the proprietary funds and in the government wide financial statements.

8. Other Current Liabilities

Accrued interest payable, wages payable, payroll taxes and benefits payable make up the other current liabilities.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8, *Pension Plans*.

10. Other Postemployment Benefits

See Note 9, *Postemployment Benefits Other than Pension Benefit*.

11. Long-Term Debt

See Note 11, *Long-Term Debt*.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense or expenditure) until then. The County currently reports four items as a deferred outflow of resources. These items are the deferred charge on refunding, amounts related to pensions, amounts related to OPEB and the excess consideration provided for acquisition of the Headquarters Landfill, which is reported on the Statement of Net Position.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The County reports the following types of deferred inflows of resources: 1) amounts related to pensions, 2) deferred amount on refunding of debt, and 3) unavailable revenue, which qualifies for reporting in this category, under a modified accrual basis of accounting. Accordingly, unavailable revenue is recorded only in the governmental funds balance sheets. The

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

unavailable revenue arises from three sources: property taxes, grants and court fees. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

13. Fund Balance Classification

The County fund balances are classified into five categories: non-spendable, restricted, committed, assigned, and unassigned. Committed, assigned, and unassigned categories are considered to be “unrestricted.”

When expenditures are incurred that could be paid from either restricted, committed, assigned, or unassigned resources, the County uses restricted resources first, committed resources second, assigned resources third, and unassigned resources last.

The fund balance would be committed if the Board of County Commissioners committed a revenue source to a specific purpose by formal resolution. There is currently no committed fund balance. The fund balance is assigned when the Board of County Commissioners or an official designated for that purpose, approve in writing, other than formal resolution, an intended use for a revenue source. The approved budget does not create committed or assigned amounts.

The County considers revenue for special revenue funds, debt service funds and the capital improvement fund to be assigned if not already non-spendable, restricted or committed.

14. Fund Balance Detail

	General	County Road	Other Governmental Funds	Total
Restricted for:				
Transportation	-	-	522,670	522,670
Debt Service	-	-	1,530,000	1,530,000
REET Technology			3,425,116	3,425,116
Economic Environment	-	-	2,242,189	2,242,189
Culture & Recreation	-	-	324,716	324,716
Judicial	-	-	210,617	210,617
Treasurer's O&M	-	-	62,459	62,459
Auditor's O&M	-	-	318,596	318,596
Social Services	-	-	6,237,266	6,237,266
Public Safety	-	-	352,498	352,498
Utilities & Environment			2,101,928	2,101,928
Assigned to:				
General Government	279,260	-	1,559,323	1,838,583
Economic Environment	-	-	1,519,657	1,519,657
Transportation	-	13,448,011	8,213	13,456,224
Capital Improvements	-	-	6,612,259	6,612,259
Culture & Recreation	-	-	187,531	187,531
Social Services	-	-	2,948,181	2,948,181
Public Safety	706,652	-	725,524	1,432,176
Utilities & Environment	-	-	30,217	30,217
Unassigned	14,904,983	-	-	14,904,983
	\$ 15,890,895	\$ 13,448,011	\$ 30,918,960	\$ 60,257,866

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

15. Minimum Fund Balance Policy

The County shall strive to maintain a General Fund balance of no less than 8.3% of projected revenues in order to provide sufficient cash flow.

16. Restricted Net Position

Additional detail for the Statement of Net Position - Governmental Activities restricted net position, is as follows:

Promotion of Tourism	\$ 407,638
Federal Forest Title III	1,667
Housing and Essential Neegs grant	226,299
Building and Planning as Restricted by RCW 82.02.020	<u>1,606,585</u>
Total Economic Environment	<u>2,242,189</u>
Sales tax to be used for public facilities as defined by state law codified in RCW 82.14.370, which facilitates the creation or retention of businesses and jobs in the County	3,425,116
Treasurer's Operation and Maintenance	62,459
Auditor's Operation and Maintenance	318,596
Total General Government	<u>381,055</u>
Boat Safety Purposes	14,867
Eradication of Drug Trafficking	15,726
Law and Justice	321,905
Total Public Safety	<u>352,498</u>
Judicial - Superior Court Law Library	210,617
Transportation - Future Paths and Trails	522,670
Emergency financial assistance to veterans and their surviving spouses	466,435
Community Mental Health	5,770,831
Total Social Services	<u>6,237,266</u>
Culture and Recreation for the Convention Center	88,849
Cumulative Reserve	220,528
Capital Improvement Programs	15,339
Total Culture and Recreation	<u>324,716</u>
Storm Water	1,771,270
Noxious Weed Program	330,658
Total Utilities	<u>2,101,928</u>
Net Pension Asset	3,541,680
Debt Purposes	1,530,000
Total Restricted Net Position	<u><u>\$ 20,869,735</u></u>

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

NOTE 2 – RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental funds' balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

General obligation bonds payable	\$ (32,091,010)
Add: Deferred amounts for premiums	(1,007,052)
Revenue bonds payable	(5,355,000)
Add: Deferred amounts for premiums	(314,746)
Compensated absences	(3,553,132)
Notes payable	(3,476,024)
Capital lease payable	(218,241)
Accrued interest payable	<u>(120,920)</u>
Net adjustment to reduce <i>fund balances -- total governmental funds</i> to arrive at <i>net position -- governmental activities</i>	<u>\$ (46,136,125)</u>

Another element of this reconciliation – net pension assets and liability and other items related to pension activity that are not financial resources or uses, therefore, not reported in the funds is detailed as follows:

Net Pension Asset	\$ 3,541,680
Net Pension Liability	(9,452,720)
Deferred Outflows Related to OPEB	91,849
OPEB Liability	(9,050,800)
Deferred Outflows Related to Pension	2,828,924
Deferred Inflows Related to Pension	(6,507,269)
Less: Internal Service Fund Amounts	<u>854,672</u>
Net Adjustment to Reduce <i>Fund Balance-Total Governmental Funds</i> to Arrive at <i>Net Position-Governmental Activities</i>	<u>\$ (17,693,664)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation of net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the difference are as follows:

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

Capital Outlays	\$ 4,872,386
Disposal of Capital Equipment	(37,500)
Asset Transfer from Internal Service Fund	16,530
Depreciation Expense	<u>(7,430,618)</u>
Net Adjustment to Decrease <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Change in Net Position-Governmental Activities</i>	<u>\$ (2,579,202)</u>

Another element of the reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the difference are as follows:

Principal Repayments:	
General Obligation Bonds	\$ 2,886,406
Special Revenue Bonds	3,590,000
Governmental Loans	884,702
Lease Payments	113,801
Special Assessment Bonds	<u>229,998</u>
Net Adjustment to Increase <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Changes in Net Position-Governmental Activities</i>	<u>\$ 7,704,907</u>

Another element of the reconciliation states, "Governmental funds report revenue in current period for revenues deferred in prior periods since they were not available financing sources at the time. Government-wide statements record revenues at the time they are earned." The details of the difference are as follows:

Revenue Recognized from Pension Activity	\$ 137,622
Capital Lease Debt Issuance	(111,885)
Court Revenue Recognized on the Accrual Basis	117,246
Grant Revenue Recognized on the Accrual Basis	907,904
Tax Revenue Recognized on the Accrual Basis	192,026
Charges for Services Recognized on the Accrual Basis	145,358
Revenue Recognized from PFD and TRRWA Debt Payments	<u>(4,784,702)</u>
Net Adjustment to Decrease <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Changes in Net Position-Governmental Activities</i>	<u>\$ (3,396,431)</u>

Another element of the reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources, and accordingly, are not reported as expenditures in governmental funds. This amount represents the change in accrued interest payable, net pension liability, OPEB, accrued compensation payable for year, change in inventory and deferred outflows of resources." The details of the difference are as follows:

Interest Payable	\$ 41,513
OPEB Expense	(14,892)
Net Pension Expense	2,280,168
Inventory	22,770
Amortization of Charges for Discount and Premium	291,969
Amortization of Excess Consideration Provided for Acquisition	(253,653)
Compensated Absences	<u>260,522</u>
Net Adjustment to Increase <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Changes in Net Position-Governmental Activities</i>	<u>\$ 2,628,397</u>

Cowlitz County, Washington
Notes to the Financial Statements
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NOTE 3 – DEPOSITS AND INVESTMENTS

A. DEPOSITS

As of December 31, 2019 cash, cash equivalents and investments as reported on the statements are as follows:

Cash on hand	\$ 6,430,793
State Treasurer's Investment Pool	385,298,687
US Government Agency Securities	4,793,804
Warrants Outstanding	<u>(10,137,366)</u>
	<u>\$ 386,385,918</u>

Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The County's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The County has an adopted policy that addresses deposit custodial risk. In the event of a bank failure, claims for the County's deposits would be satisfied by the FDIC.

B. INVESTMENTS

Investments are subject to the following risks.

Interest Rate Risk: Interest rate risk is the risk the County may face should interest rates variances affect the fair value of investments. County policy limits investment maturities as a means to manage its exposure to fair value losses arising from increasing interest rates. The County's intent is to purchase investments that may be held until maturity. This risk is measured using the weighted average to maturity method. Investment maturities at December 31, 2019 is as follows:

Investment Type	Weighted Average (Months)
US Government Agency Securities:	
Federal Farm Credit Bank	27.48
Federal Home Loan Mtg Corp	28.30
Federal National Mtg Assn	<u>34.37</u>
	<u>30.05</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County has a formal investment policy that limits its investment and diversification by investment type and issuer beyond the limits imposed by State law. As required by state law, all investments of the County's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State

Cowlitz County, Washington
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of Washington, general obligations of Washington State municipalities, investments in the State Treasurer’s Investment Pool, bankers’ acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. The County invests in Federal Home Loan notes, Federal Farm Credit Bank, and Federal National Mortgage Association.

At December 31, 2019, The County’s investments had the following credit quality distribution for securities with credit exposure:

Debt Security	Moody
Federal Farm Credit Bank	AAA
Federal Home Loan Mtg Corp	AAA
Federal National Mtg Assn	AAA

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a failure of the counterparty, the County will not be able to recover its investments that are in the possession of an outside party. The County uses US Bank as the custodial agent for safekeeping of the County’s investments. US Bank provides monthly reports on the County’s securities, all of which are held in the County’s name. The investments held by the County at year-end are all book-entry, registered securities.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The County has an adopted policy limiting the amount the County may invest in any one issuer. The investments held at December 31, 2019 are listed below along with their percentage of the government’s total investment:

Investment Type	Fair Value	Percentage of Portfolio
US Government Agency Securities:		
Federal Farm Credit Bank	\$ 3,293,754	68.71%
Federal Home Loan Mtg Corp	1,000,051	20.86%
Federal National Mtg Assn	499,999	10.43%
	\$ 4,793,804	100.00%

Investments in Local Government Investment Pool (LGIP)

The County is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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The weighted average maturities of the LGIP are less than three months, with cash available to the County on demand. The on demand availability of these funds defines them as cash equivalent liquid investments. Cash investments are not subject to interest rate risk or any market value reporting requirements. All LGIP investments are either obligations of the United States government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposits, meaning credit risk is very limited. The investments are either fully insured or fully held by a third party custody provider in the name of the LGIP.

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

Investments Measured at Fair Value

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

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2019, the County had the following investments measured at fair value:

	Fair Value Measurements Using			
	12/31/2019	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Federal Agency Obligations	\$ 4,793,804		\$ 4,793,804	
Total Investments by Fair Value Level	\$ 4,793,804	\$ -	\$ 4,793,804	\$ -
Investments Measured at Amortized Cost				
State LGIP	\$ 385,298,687			
Total Investments Measured at Amortized Cost	\$ 385,298,687			
Total Investments in Statement of Net Position	\$ 390,092,491			

Cowlitz County, Washington
Notes to the Financial Statements
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NOTE 4 – PROPERTY TAX

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

PROPERTY TAX CALENDAR

January 1	Tax is levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The County may levy up to \$1.80 per \$1,000 of assessed valuation for general governmental services.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services.

The County assessed valuation, levy and taxes for 2019 were:

PURPOSE OF LEVY	ASSESSED VALUATION	LEVY RATE PER \$1,000	TOTAL LEVY AMOUNT
General Fund	\$11,838,428,007	\$1.6974789636	\$20,095,483
Human Services/Mental Health	\$11,838,428,007	\$0.0250000000	\$ 295,961
Veterans Relief	\$11,838,428,007	\$0.0112500000	\$ 133,182
County Roads	\$ 6,451,915,229	\$1.5573465139	\$10,047,868

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

NOTE 5 – RECEIVABLES

Notes receivable owed to an Other Governmental Fund (rural county public facilities department) of \$608,704 at December 31, 2019. These notes receivable are long-term and consist of the following:

	Interest Rate	Payment Amount	Final Payment	Balance 12/31/2019
Port of Woodland	3.02%	\$ 6,250.50	3/31/2026	\$ 165,322
Port of Longview	3.00%	22,954.79	6/30/2024	105,232
City of Castle Rock	1.50%	10,390.65	12/31/2029	118,675
Cowlitz 2 Fire & Rescue	1.00%	33,333.33	12/31/2025	219,475
Total Notes Receivable				<u>\$ 608,704</u>

Cowlitz County, Washington
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The Due from Component unit of \$3,180,362 represents a receivable of \$3,050,000 for bonds issued by Cowlitz County and a loan of \$130,362 from a Major Enterprise fund. The Bonds were issued on behalf of the Public Facilities District which received the proceeds and has agreed to pay the principal and interest on the debt service as it becomes due from proceeds of a 0.033% Retained Sales Tax collected by the District pursuant to RCW 82.14.390 as well as lodging taxes collected by the District pursuant to RCW 36.100.040 and authorized by voters on September 16, 2003. The interfund loan has no payment schedule, but must be paid by July 1, 2033.

The Due from Other Government of \$18,211,417 represents a receivable of \$8,831,024 from TRRWA. When TRRWA took over operations, they assumed liability for the debt issued to them while operating under the County. This also consists of \$9,380,393 due from various other government agencies through the normal course of business.

NOTE 6 – CAPITAL ASSETS

A. CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental Activities	Beginning Balance Restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 15,462,860	\$ -	\$ 27,587	\$ 15,435,273
Construction in progress	1,773,702	3,735,578	1,542,816	3,966,464
Total capital assets, not being depreciated	<u>17,236,562</u>	<u>3,735,578</u>	<u>1,570,403</u>	<u>19,401,737</u>
Capital assets, being depreciated:				
Buildings	46,673,102	-	-	46,673,102
Improvements other than buildings	3,156,364	207,977	-	3,364,341
Machinery and equipment	20,833,732	2,575,179	1,369,039	22,039,872
Intangible	4,183,411	361,393	87,313	4,457,491
Infrastructure	165,986,751	1,212,135	-	167,198,886
Total capital assets, being depreciated	<u>240,833,360</u>	<u>4,356,684</u>	<u>1,456,352</u>	<u>243,733,692</u>
Less accumulated depreciation for:				
Buildings	22,339,243	1,297,494	-	23,636,737
Improvements other than buildings	1,726,895	137,190	-	1,864,085
Machinery and equipment	12,043,099	1,547,249	1,322,571	12,267,777
Intangible	1,592,517	451,944	85,883	1,958,578
Infrastructure	81,374,378	5,642,204	-	87,016,582
Total accumulated depreciation	<u>119,076,132</u>	<u>9,076,081</u>	<u>1,408,454</u>	<u>126,743,759</u>
Total capital assets being depreciated, net	<u>121,757,228</u>	<u>(4,719,397)</u>	<u>47,898</u>	<u>116,989,933</u>
Governmental activities capital assets, net	<u>\$ 138,993,790</u>	<u>\$ (983,819)</u>	<u>\$ 1,618,301</u>	<u>\$ 136,391,670</u>

The beginning balance is restated to adjust the cost of an asset and its associated depreciation for additional costs that should have been expensed in a previous year.

Cowlitz County, Washington
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Depreciation expense was charged to the functions of the primary government as follows:

Governmental Activities:

General Government	\$	213,542
Public Safety		1,192,070
Judicial		59,992
Utilities		289,395
Transportation		5,493,627
Economic Environment		35,953
Social Services		96,362
Culture & Recreation		49,677
Capital assets held by the government's Internal Service funds are charged to the various functions based on their usage of the assets		1,645,463
Total Depreciation - Governmental Activities	\$	<u>9,076,081</u>

At the end of December 31, 2019, the County has active construction projects in process. The projects include road, culvert, drainage, and bridge construction, which totaled \$3,466,948 as of year-end. The County also had \$499,516 in process at year-end for other capital projects.

B. CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES

Capital asset activity for the year ended December 31, 2019 was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,148,600	\$ -	\$ -	\$ 1,148,600
Total capital assets, not being depreciated	<u>1,148,600</u>	<u>-</u>	<u>-</u>	<u>1,148,600</u>
Capital assets, being depreciated:				
Buildings	6,527,410	-	-	6,527,410
Improvements other than buildings	6,106,913	-	1,852,380	4,254,533
Machinery and equipment	8,889,571	1,154,222	1,901,760	8,142,033
Intangible	2,460,972	-	1,823,891	637,081
Infrastructure	37,581,283	-	-	37,581,283
Total capital assets, being depreciated	<u>61,566,149</u>	<u>1,154,222</u>	<u>5,578,031</u>	<u>57,142,340</u>
Less accumulated depreciation for:				
Buildings	4,020,266	164,152	-	4,184,418
Improvements other than buildings	5,964,025	16,880	1,852,380	4,128,525
Machinery and equipment	3,657,121	716,788	1,776,568	2,597,341
Intangible	1,570,693	10,662	1,020,236	561,119
Infrastructure	20,412,492	1,654,468	-	22,066,960
Total accumulated depreciation	<u>35,624,597</u>	<u>2,562,950</u>	<u>4,649,184</u>	<u>33,538,363</u>
Total capital assets, being depreciated, net	<u>25,941,552</u>	<u>(1,408,728)</u>	<u>928,847</u>	<u>23,603,977</u>
Business-type activities capital assets, net	<u>\$ 27,090,152</u>	<u>\$ (1,408,728)</u>	<u>\$ 928,847</u>	<u>\$ 24,752,577</u>

Cowlitz County, Washington
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Of the decreases above, \$928,847 was provided to Cowlitz 911. See Note 15 D, *Special Items*.

Depreciation expense was charged to the functions of the primary government as follows:

Business-Type Activities:

Water/Sewer	\$	336,413
Solid Waste-Landfill		2,114,146
Public Safety		22,184
Expo Center		17,357
Total Depreciation - Buisness-Type Activities	\$	2,490,100

C. DISCRETELY PRESENTED COMPONENT UNITS

1. Public Facilities District

Capital asset activity for the year ended December 31, 2019 was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 632,655	\$ -	\$ 622,177	\$ 10,478
Total capital assets, not being depreciated	632,655	-	622,177	10,478
Capital assets, being depreciated:				
Buildings	6,106,163	1,851	-	6,108,014
Leasehold improvements	11,167,291	665,047	-	11,832,338
Improvements other than buildings	566,565	-	-	566,565
Machinery and equipment	662,587	6,404	-	668,991
Total capital assets, being depreciated	18,502,606	673,302	-	19,175,908
Less accumulated depreciation for:				
Buildings	1,680,125	136,562	-	1,816,687
Leasehold improvements	4,428,901	500,685	-	4,929,586
Improvements other than buildings	411,711	28,447	-	440,158
Machinery and equipment	517,820	22,763	-	540,583
Total accumulated depreciation	7,038,557	688,457	-	7,727,014
Total capital assets, being depreciated, net	11,464,049	(15,155)	-	11,448,894
Total capital assets, net	\$ 12,096,704	\$ (15,155)	\$ 622,177	\$ 11,459,372

Cowlitz County, Washington
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2. Cowlitz 911

Capital asset activity for the year ended December 31, 2019 was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ -	\$ 1,511,205	\$ -	\$ 1,511,205
Total capital assets, being depreciated	-	1,511,205	-	1,511,205
Less accumulated depreciation for:				
Machinery and equipment	-	218,760	-	218,760
Total accumulated depreciation	-	218,760	-	218,760
Total capital assets, being depreciated, net	\$ -	\$ 1,292,445	\$ -	\$ 1,292,445

Of the additions above, \$928,847 was provided from Cowlitz County. See Note 15 D, *Special Items*.

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

A. INTERFUND BALANCES

Interfund balances at December 31, 2019 were as follows:

		DUE FROM							Total
		General Fund	Road Fund	Non-Major Gov't	Solid Waste	Water Sewer	Non-Major Enterprise	Internal Service	
DUE TO	General Fund	\$ -	\$ 97,240	\$ 37,359	\$ 5,251	\$ 3,138	\$ -	\$ 28,546	\$ 171,534
	Non-Major Gov't	2,201	-	27,464	97,495	-	-	-	127,160
	Solid Waste	718	-	-	-	-	118	-	836
	Water Sewer	118	141	-	-	-	-	-	259
	Internal Service	85,713	505,666	14,328	166,654	25,213	1,617	129,130	928,321
	Total	\$ 88,750	\$ 603,047	\$ 79,151	\$ 269,400	\$ 28,351	\$ 1,735	\$ 157,676	\$ 1,228,110

B. INTERFUND TRANSFERS

Interfund Transfers are funds provided to support other funds with no obligation for repayment and consisted of the following for 2019:

		TRANSFER FROM			
		General Fund	Road Fund	Non-major Gov't	Total
TRANSFER TO	General Fund	\$ -	\$ -	\$ 1,253,271	\$ 1,253,271
	Non-Major Gov't	8,153,708	-	1,203,077	9,356,785
	Non-Major Enterprise	370,000	-	89,327	459,327
	Internal Service	378,404	37,634	-	416,038
	Total	\$ 8,902,112	\$ 37,634	\$ 2,545,675	\$ 11,485,421

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Notes to the Financial Statements
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NOTE 8 – PENSION PLANS

A. PRIMARY GOVERNMENT - COWLITZ COUNTY

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 10,281,401
Pension assets	3,541,680
Deferred outflows of resources	3,021,348
Deferred inflows of resources	6,957,554
Pension expense/expenditures	534,539

State Sponsored Pension Plans

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

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

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

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

Public Employees’ Retirement System (PERS)

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

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

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and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July–December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January - June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%
July-December 2019:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.86%	7.90%

The County’s actual PERS plan contributions were \$1,477,708 to PERS Plan 1 and \$1,887,365 to PERS Plan 2/3 for the year ended December 31, 2019.

Public Safety Employees’ Retirement System (PSERS)

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

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

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PSERS membership includes:

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

PSERS covered employers include:

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

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

Contributions

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

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2019 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2019		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.38%	7.07%

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Actual Contribution Rates	Employer	Employee
July – December 2019		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.14%	7.20%

The County’s actual plan contributions were \$355,262 to PSERS Plan 2 for the year ended December 31, 2019.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

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Contributions

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

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January – June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%

The County’s actual contributions to the plan were \$208,377 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the County as its proportionate share of this amount is \$137,623.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table". The Society of Actuaries publishes this document. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Actuarial results reflect the following changes in assumptions and methods since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50% except LEOFF Plan 2, which has assumed 7.40%).

Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS Plans 2 and 3, PSERS Plan 2, SERS Plans 2 and 3, and TRS Plans 2 and 3 employers, whose rates include a component for the PERS Plan 1 or TRS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

Long-Term Expected Rate of Return

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

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Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of the Net Pension Liability/ (Asset)

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

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	10,151,400	8,106,085	6,331,506
PERS 2/3	16,683,809	2,175,316	(9,729,862)
PSERS 2	1,395,409	(135,163)	(1,337,556)
LEOFF 1	(626,512)	(765,858)	(886,169)
LEOFF 2	(491,010)	(2,640,659)	(4,395,265)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2019, the County reported a total pension liability of \$10,281,401 for its proportionate share of the net pension liabilities and \$3,541,680 for its share of net pension assets as follows:

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Plan	Liability or (Asset)
PERS 1	\$ 8,106,085
PERS 2/3	2,175,316
PSERS 2	(135,163)
LEOFF 1	(765,858)
LEOFF 2	(2,640,659)

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

	LEOFF 1 Asset	LEOFF 2 Asset
LEOFF - employer's proportionate share	\$ (765,858)	\$ (2,640,659)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(5,180,242)	(1,729,278)
TOTAL	\$ (5,946,100)	\$ (4,369,937)

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.21800%	0.21080%	-0.00719%
PERS 2/3	0.22904%	0.22395%	-0.00509%
PSERS 2	1.18884%	1.03940%	-0.14944%
LEOFF 1	0.03861%	0.03875%	0.00014%
LEOFF 2	0.11656%	0.11398%	-0.00257%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the State of Washington contributed 87.12 percent of LEOFF 1 employer contributions, and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.43 percent of employer contributions.

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The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the County recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 37,750
PERS 2/3	272,067
PSERS 2	217,658
LEOFF 1	(42,387)
LEOFF 2	43,255
TOTAL	528,342

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (541,555)
Contributions subsequent to the measurement date	726,033	-
TOTAL	\$ 726,033	\$ (541,555)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 623,233	\$ (467,681)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,166,374)
Changes of assumptions	55,703	(912,690)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(498,364)
Contributions subsequent to the measurement date	982,433	
TOTAL	\$ 1,661,369	\$ (5,045,109)

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PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,142	\$ (11,954)
Net difference between projected and actual investment earnings on pension plan investments	-	(234,717)
Changes of assumptions	1,088	(72,641)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(41,376)
Contributions subsequent to the measurement date	186,235	-
TOTAL	\$ 301,465	\$ (360,688)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (79,396)
TOTAL	\$ -	\$ (79,396)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 190,019	\$ (47,486)
Net difference between projected and actual investment earnings on pension plan investments	-	(541,418)
Changes of assumptions	4,350	(297,159)
Changes in proportion and differences between contributions and proportionate share of contributions	34,551	(44,743)
Contributions subsequent to the measurement date	103,561	-
TOTAL	\$ 332,481	\$ (930,806)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 927,394	\$ (527,121)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,563,460)
Changes of assumptions	61,141	(1,282,490)
Changes in proportion and differences between contributions and proportionate share of contributions	34,551	(584,483)
Contributions subsequent to the measurement date	1,998,262	-
TOTAL	\$ 3,021,348	\$ (6,957,554)

Deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended December 31:	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2
2020	\$ (119,551)	\$ (1,076,323)	\$ (44,242)	\$ (18,442)	\$ (146,837)
2021	(283,182)	(1,716,911)	(81,019)	(40,647)	(274,035)
2022	(101,056)	(812,527)	(50,683)	(14,750)	(124,861)
2023	(37,766)	(477,536)	(28,584)	(5,557)	(67,444)
2024	-	(259,128)	(6,895)	-	(24,062)
Thereafter	-	(23,748)	(34,035)	-	(64,647)

B. DISCRETELY PRESENTED COMPONENT UNIT – COWLITZ 911

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 551,794
Deferred outflows of resources	162,827
Deferred inflows of resources	313,583
Pension expense/expenditures	40,798

State Sponsored Pension Plans

Substantially all Cowlitz County 911’s full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The 911’s actual PERS plan contributions were \$84,948 to PERS Plan 1 and \$132,507 to PERS Plan 2/3 for the year ended December 31, 2019.

Sensitivity of the Net Pension Liability/ (Asset)

The table below presents the 911’s proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the 911’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	532,557	425,257	332,160
PERS 2/3	970,488	126,537	(565,981)

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

At June 30, 2019, the 911 reported a total pension liability of \$551,794 for its proportionate share of the net pension liabilities as follows:

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Plan	Liability
PERS 1	\$ 425,257
PERS 2/3	126,537

At June 30, the 911's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.01119%	0.01106%	-0.00013%
PERS 2/3	0.01176%	0.01303%	0.00127%

The collective net pension liability was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the 911 recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 16,649
PERS 2/3	24,149
TOTAL	\$ 40,798

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the 911 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (28,411)
Contributions subsequent to the measurement date	41,415	-
TOTAL	\$ 41,415	\$ (28,411)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,253	\$ (27,205)
Net difference between projected and actual investment earnings on pension plan investments	-	(184,186)
Changes of assumptions	3,240	(53,091)
Changes in proportion and differences between contributions and proportionate share of contributions	13,227	(20,690)
Contributions subsequent to the measurement date	68,692	-
TOTAL	\$ 121,412	\$ (285,172)

Cowlitz County, Washington
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TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,253	\$ (27,205)
Net difference between projected and actual investment earnings on pension plan investments	-	(212,597)
Changes of assumptions	3,240	(53,091)
Changes in proportion and differences between contributions and proportionate share of contributions	13,227	(20,690)
Contributions subsequent to the measurement date	110,107	-
TOTAL	\$ 162,827	\$ (313,583)

Deferred outflows of resources related to pensions resulting from the 911's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2020	\$ (6,272)	\$ (59,113)
2021	(14,856)	(96,370)
2022	(5,302)	(43,762)
2023	(1,981)	(24,276)
2024	-	(11,566)
Thereafter	-	2,634

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT

Retired LEOFF I Employees Other Postemployment Benefits

Aggregate OPEB Amounts	
OPEB Liability	\$ 9,050,800
Deferred Outflows of Resources	91,849
OPEB Expenses	218,194

Plan Description

The County administers a single-employer Other Post Employment Benefit plan, which provides all health insurance benefits for retired public safety employees who are vested in LEOFF I. All County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. The County has used the alternative measurement method permitted by GASB Statement 75.

There are 19 participants eligible to receive these benefits, all of whom have retired. The benefits are 100 percent provided by the County in order to meet State statutory requirements under the LEOFF I system

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and provided pursuant to RCW 41.20 and 41.26, whereby the County pays their medical and dental premiums and out-of-pocket medical costs for life. This plan is closed to new entrants.

At December 31, 2019, the following employees were covered by the benefit terms:

Active Employees	0
Inactive Employees or Beneficiaries currently receiving benefits	19
Inactive Employees entitled to but not yet receiving benefits	<u>0</u>
	<u><u>19</u></u>

Contributions

The County has authority to establish and amend contribution requirements. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

For the year ending December 31, 2019, benefit payments made by the County were \$204,516.

Actuarial Assumptions

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The County’s total LEOFF 1 OPEB liability of \$9,050,800 was measured as of June 30, 2019 with a valuation date of June 30, 2019. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The Entry Age actuarial cost method and the recognized immediately amortization method were used in this calculation. There are no assets in this plan, therefore, no asset valuation method was used.

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

- Inflation: 2.75% total economic inflation
- Discount Rate: 3.87% beginning of measurement year, 3.5% end of measurement year
- Healthcare cost trend rate: for medical costs, 6.0% decreasing to 5.0% in 2020s; for long-term care, 4.5%; Medicare Part B premiums vary, approximately 5%.

The source of the discount rate is the Bond Buyer General Obligation 20- Bond Municipal Index. The dates of experience studies were developed from the “2007-2012 Demographic Experience Study” and the “2017 Economic Experience Study” performed by OSA.

Mortality rates were based on the RP-2000 report’s “+1 year Healthy Table” and “-2 years Disabled Table” published by the Society of Actuaries. The Washington State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. The Age Setback was based on the Blended 50%/50% Healthy/Disabled table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime. Medicare participation is assumed at 100%.

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Sensitivity of the Total OPEB Liability

The first table below presents the County’s total OPEB liability calculated using the discount rate of 3.87 percent, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current rate. The table following presents the total OPEB liability of the County calculated using the health care cost trend rate of 6 percent decreasing to 5 percent and long term care rates of 4.5 percent, as well as what the OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower (5% trending down to 4%, 3.5 % long term care trend rate) or 1-percentage point higher (8% trending down to 6%, 5.5 % long term care trend rate) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 10,142,510	\$ 9,050,800	\$ 8,125,813

	<u>1% Decrease</u>	<u>Current Healthcare Cost</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 8,167,525	\$ 9,050,800	\$ 10,068,485

Changes in the Total OPEB Liability

At the measurement date June 30, 2019, the changes in the total OPEB liability are as follows:

Total OPEB Liability at December 31, 2018	\$ 9,050,192
Changes for the Year:	
Interest	343,383
Changes in Experience Data and Assumptions	15,131
Estimated Benefit Payments	<u>(357,906)</u>
Net Changes	608
Total OPEB Liability at December 31, 2018	<u>\$ 9,050,800</u>

The County reported \$218,194 as LEOFF 1 OPEB expense for the calendar year 2019.

At December 31, 2019, the County reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of \$91,849. This will be recognized as a reduction in liability in the period ending December 31, 2020.

NOTE 10 - RISK FINANCING

A. WASHINGTON COUNTIES RISK POOL

Cowlitz County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management

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services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2019, 26 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$25 million per occurrence and each member selects its occurrence deductible amount for the ensuing coverage year from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. For losses occurring in 2019, Cowlitz County selects a per-occurrence deductible of \$100,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with self-insured retentions (“SIRs”) equal to the amount of the layer of coverage below. For 2018-19, the Pool’s SIR was \$1,000,000 (for 2019-20, the Pool’s SIR increased to \$2,000,000). More recent years’ reinsurance programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2018-19, the “corridor” increased the SIR to \$2,000,000, with losses between \$1,000,000 and \$2,000,000 having an annual aggregated stop loss of \$2.5 million. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$20 million (lowest reinsured layer), \$30 million, (second layer), and \$50 million (third layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. Sixteen of the Pool’s 26 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

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

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

During 2018-19, Cowlitz County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties’ buildings and contents, vehicles, mobile/contractor equipment, EDP and

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communication equipment, etc. that have been scheduled. The WCPP includes ‘All Other Perils (“AOP”)’ coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Cowlitz County also participates in the jointly purchased cyber risk and security coverage from a highly-rated commercial insurer.

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

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and reviews the Pool’s financial health, b) approve case settlements exceeding the applicable member’s deductible by at least \$50,000, c) review all claims with incurred loss estimates exceeding \$100,000, and d) evaluate the Pool’s operations, program deliverables, and the Executive Director’s performance. Committee members are expected to participate in the Board’s standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association’s policies and its coverages for the Board to consider and act upon.

During 2018-19, the WCRP’s assets increased to \$60.6 million while its liabilities increased to \$40.6 million. The Pool’s net position remained at \$19.8 million. The Pool more than satisfies the State Risk Manager’s solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year’s membership in proportion with the initially levied and collected deposit assessments. The Pool’s reassessments receivable balance as of December 31, 2019 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

B. SELF-INSURANCE

The County maintains insurance against most normal hazards. For general liability, the County retains the risk for general liability up to \$100,000 per claim (our “deductible” or “self-retention”).

For workers compensation the County has elected to retain losses up to \$500,000 for all employees, per occurrence. Excess insurance has been purchased to cover claims above the deductible and self-retention. The County Risk Manager and independent claims managers’ process claims. Based on the claims manager’s estimates, the estimated ultimate loss report for general liability prepared by the Risk Pool and with management’s judgment. Estimated Claims at December 31, 2019 were \$946,517 for general liability and \$457,000 for workers compensation.

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The County's changes in aggregate liability were as follows:

	Risk Management	Industrial Insurance	Total
Claims Payable 12/31/2017	\$ 1,063,451	\$ 508,040	\$ 1,571,491
Provision for 2018	69,353	58,022	127,375
Increase (Decrease) in Provision for Prior Years	292,272	(51,040)	241,232
Less:			
Payment of Claims in Current Year Events	67,681	32,663	100,344
Payment of Claims in Prior Year Events	274,886	25,359	300,245
Claims Payable 12/31/2018	1,082,509	457,000	1,539,509
Provision for 2019	113,028		113,028
Increase (Decrease) in Provision for Prior Years	(139,880)		(139,880)
Less:			
Payment of Claims in Current Year Events	5,386		5,386
Payment of Claims in Prior Year Events	103,754		103,754
Claims Payable 12/31/2019	<u>\$ 946,517</u>	<u>\$ 457,000</u>	<u>\$ 1,403,517</u>

Since 1988, when Cowlitz County joined the risk pool, settlements by the County have not exceeded the annual insurance coverage.

The County is required by the State to set aside a minimum of \$100,000 for protection of the Workers Compensation Fund. The Industrial Insurance Fund has cash and cash equivalents in the amount of \$114,942 at December 31, 2019 available to meet the projected future estimate of claims to be paid of \$457,000. This results in a December 31, 2019 total net position of (\$342,154).

The Risk Management Fund has \$965,981 at December 31, 2019 in net cash and investments to meet actual and projected claims to be paid of \$946,517. This results in a December 31, 2019 total net position of (\$41,476).

Claims settlements and loss expenses are accrued in the Risk Management Fund for the estimated settlement value of both reported and unreported claims (up to the aggregate stop-loss). This fund is responsible for collecting interfund premiums from insured funds and departments, for paying claim settlements and for purchasing certain insurance policies. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures.

Also the county self-insures the Unemployment Compensation Fund. At December 31, 2019 the fund has a total net position balance of \$357,692 compared to total net position of \$270,320 at December 31, 2018.

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NOTE 11 – LONG-TERM DEBT

Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other long-term debt of the County is reported in the governmental column of the government wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed in the period of issuance.

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

Long-term debt is summarized as follows: 1) Description of primary government individual debt issues and related debt service requirements to maturity on general obligation bonds and notes, 2) Debt Service Requirements to Maturity, 3) Discretely Presented Component Unit – Public Facilities District and its long-term debt, 4) summary of changes in long-term debt, 5) presents the County’s legal debt margin, and 6) Debt service Coverage requirements.

1. Description of Primary Government Individual Long-term Liabilities

Bonds and Other Long Term Liabilities – Governmental Activities	Outstanding
\$3,000,000 2001 TRRWA Public Works Trust Fund Loan from State of Washington \$2,850,000 issued May 26, 2001 and \$150,000 issued May 10, 2004 for improvements to treatment plant. Interest is .05% per annum with \$158,333 future annual principal payments on June 30, 2005 through June 30 2021.	\$ 316,667
\$6,630,750 2008 TRRWA Public Works Trust Fund Loan from State of Washington by TRRWA to replace two clarifiers and associated piping. Interest is 0.5% per annum with annual principal payments of \$351,040 beginning July 1, 2009 through July 1, 2028.	\$3,159,357
\$2,500,000 2011 Limited Tax General Obligation Bond issued October 18, 2011 to provide to provide upgrades to certain heating and cooling facilities of the County and pay the administrative costs of issuing the bonds. Funds from this bond are drawn down as needed. The interest rate on the outstanding principal is 3.4% through November 30, 2016. On December 1, 2016, the bond has an interest rate of 4.55% on principal installments. Semiannual principal payments beginning December 1, 2013 through December 1, 2021.	\$656,010
\$3,690,000 2012A Limited Tax General Refunding Bond issued May 30, 2012 to refinance the 2002 Limited General Obligation bonds. The debt is serviced from the state sales tax authorized for distressed counties. Also, the County pledged its resources to the payment of the bonds to obtain a more favorable rate of interest. The interest rate on the outstanding principal ranges from 2% to 4%. Annual principal payments beginning April 1, 2013 through April 1, 2024.	\$1,775,000

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<p>\$4,880,000 2012B Limited Tax General Refunding Bond issued May 30, 2012 to refinance the 2003 Limited General Obligation bonds. The debt is serviced from the sales and hotel taxes received by the Cowlitz County Public Facilities District, a component unit of Cowlitz County. The interest rate on the outstanding principal ranges from 2% to 4%. Annual principal payments beginning April 1, 2013 through April 1, 2027.</p>	<p>\$3,050,000</p>
<p>\$34,040,000 2014 A and B General Obligation Bonds. The funds are being used for the Headquarters Landfill purchase and improvements. The bonds have 3% to 5% percent interest rate. Principal payments are due annually on December 1 ranging in amounts from \$1,175,000 to \$2,365,000. Interest payments are due semiannually on June 1st and December 1st. The final payment is due December 1, 2033.</p>	<p>\$25,825,000</p>
<p>\$3,145,000 of the \$4,055,000 2015 Limited Tax General Obligation Refunding Bonds issued September 15, 2015 to refund the 2005 LTGO bonds and pay the administrative costs of refunding, issuance and sale of bonds. The interest rate on the outstanding principal ranges from 2% to 4%. Annual principal payments begin November 1, 2015 with the final payment on 11/1/2023. The remaining are special assessment bonds, to be paid by special assessment.</p>	<p>\$785,000</p>
<p>\$8,495,000 2015 TRRWA Special Revenue Bonds. Issued December 15, 2015 to refund the 2006 portion of the County's outstanding Limited Tax General Obligation. Interest varies from 2.0% to 4.0% on principal installments of \$805,000 to \$970,000 through March 1, 2025. Revenues from user fees collected by the Cities of Kelso, Longview and Beacon Hill Sewer District will service the debt on this issue.</p>	<p>\$5,355,000</p>

Revenue Debt – Business Type Activity	Outstanding
<p>\$653,050 2002 Water Sewer Washington State Department of Community Development Public Works Trust Fund (PWTF) Loan. The funds were for improvements to the Toutle Wastewater Treatment Facility. Interest is 2 percent per annum through June 30, 2003, and 1% per annum thereafter with annual principal payments through June 30, 2020 of \$34,623.</p>	<p>\$34,623</p>
<p>\$1,084,158 2005 Water Sewer PWTF Loan. The funds were for improvements to the Ryderwood Water Treatment Plant. The loan has a 1% interest rate. Eighteen equal annual principal payments of \$60,231 are due beginning October 1, 2006 with final maturity October 1, 2023.</p>	<p>\$240,924</p>
<p>\$322,035 2008 Water-Sewer PWTF Loan. The funds were for County Water Systems Reservoir Coating. The loan has an interest rate of .50% with annual principal payments of \$18,006 through July 1, 2027.</p>	<p>\$144,048</p>
<p>\$211,719 2010 Water-Sewer DOE Loan. The funds are being used for the Ryderwood Infiltration and Inflow Removal. The loan has a 1% percent interest rate. Payments are due bi-annually in the amount of \$6,273.50. The term of the loan is 20 years. As of December 31, 2012, \$211,719 has been drawn from the \$223,157 available.</p>	<p>\$135,964</p>

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<p>\$595,000 2012 Water-Sewer PWTF Loan. The funds are being used for the Toutle Sewer Lift Station Rehabilitation Project. The loan has a .5% percent interest rate. Principal payments are due annually in the amount of \$31,490. The term of the loan is 20 years.</p>	<p>\$377,877</p>
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2. Debt Service Requirements to Maturity

Annual debt service requirements to maturity for **General Obligation Bonds** are as follows:

Year Ending December 31	Principal	Interest
2020	\$ 2,555,587	\$ 1,304,508
2021	2,690,423	1,190,730
2022	2,440,000	1,104,356
2023	2,540,000	1,021,088
2024	2,455,000	904,450
2025-2029	10,490,000	3,147,244
2030-2033	8,920,000	1,006,825
Total	\$ 32,091,010	\$ 9,679,201

Annual debt service requirements for the **Special Sewer Revenue Bonds**, which were assumed by the County when operations were transferred, are as follows:

Year Ending December 31	Principal	Interest
2020	\$ 825,000	\$ 167,325
2021	850,000	142,200
2022	875,000	116,325
2023	900,000	89,700
2024	935,000	57,500
2025	970,000	19,400
Total	\$ 5,355,000	\$ 592,450

Annual debt service requirements payable to the other governments for business type activities are as follows:

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Year Ending	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
December 31				
2020	\$ 509,373	\$ 17,380	\$ 155,562	\$ 5,754
2021	509,373	14,833	121,052	4,525
2022	351,040	12,286	121,166	3,640
2023	351,040	10,531	121,281	2,754
2024	351,040	8,776	61,166	1,867
2025-2029	1,404,159	17,552	271,598	5,111
2030-2031	-	-	81,613	423
Total	\$ 3,476,024	\$ 81,359	\$ 933,436	\$ 24,074

3. Discretely Presented Component Units - Public Facilities District

The PFD is responsible for a portion of the bonds that were issued by other governments to finance the construction and improvements to the Regional Convention Center and the Columbia Theatre for the Performing Arts in the City of Longview. Additionally, the PFD is liable for operating loans used to cover tax shortfalls.

Public Facilities Dist. – Due to Primary Government (Cowlitz County)	Outstanding
Up to \$810,000 from Cowlitz County Solid Waste fund to cover shortfalls in retained sales tax receipts. Loan is to be paid back when funds are not restricted for other debt, but must be repaid by July 1, 2033. No scheduled payments, but interest accrues monthly at the Washington State Local Government Investment Pool rate. Interest payments are made annually.	\$130,362
\$4,880,000 from Cowlitz County – issued 2012B Limited Tax General Refunding Bond May 30, 2012 to refinance the 2003 Limited General Obligation bonds. The debt is serviced from the sales taxes of .033 percent, authorized by RCW 82.14.390, imposed by PFD Resolution 02-01 on March 20, 2002 and lodging taxes in the amount of 1% approved by the voters in September 2003. This tax will expire in May 2027. The interest rate on the outstanding principal ranges from 2% to 4%. Annual principal payments are due April 1, 2013 through April 1, 2027. After April 1, 2023, the Bonds may be redeemed prior to maturity at par plus accrued interest to the date fixed for redemption. If default occurs interest continues to accrue at the same rate provided in the Bond until the Bond, both principal and interest, is paid in full.	\$3,050,000
Public Facilities Dist. - Notes Payable due to City of Longview	Outstanding
\$5,775,000 from City of Longview that issued bonds on December 27, 2017 to provide new bond funds in the amount of \$965,000 and \$4,810,000 (to refund 2007 bonds which were initially used for improvements to Columbia Theatre for the Performing Arts in Longview). Sales and use tax authorized by RCW 82.14.390 in the amount of .020%, imposed by the PFD pursuant to Resolution #07-02 dated July 23, 2007 are received to repay this loan. This tax will expire in July 2047. Interest varies from 3.0% to 4.0% with future annual principal payments of \$85,000 to \$330,000 beginning December 01, 2017 through June 01, 2047. No penalties exist should default occur.	\$5,595,000

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At December 31, 2019, annual debt service for debt categorized as Due to Primary Government (Cowlitz County) for the Public Facilities District follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 330,000	\$ 110,825	\$ 440,825
2021	350,000	98,050	448,050
2022	375,000	85,425	460,425
2023	400,000	71,800	471,800
2024	425,000	55,300	480,300
2025-2027	1,170,000	61,800	1,231,800
	<u>\$ 3,050,000</u>	<u>\$ 483,200</u>	<u>\$ 3,533,200</u>

At December 31, 2019, annual debt service requirements payable to the City of Longview are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 90,000	\$ 205,456	\$ 295,456
2021	95,000	202,756	297,756
2022	100,000	199,906	299,906
2023	105,000	196,906	301,906
2024	110,000	193,756	303,756
2025-2029	665,000	913,231	1,578,231
2030-2034	875,000	772,031	1,647,031
2035-2039	1,165,000	574,831	1,739,831
2040-2044	1,500,000	318,000	1,818,000
2045-2047	890,000	54,675	944,675
	<u>\$ 5,595,000</u>	<u>\$ 3,631,548</u>	<u>\$ 9,226,548</u>

The PFD's debt covenants require the district to maintain a depreciation reserve account and a rate stabilization fund for the Regional Events Center, and revenue stabilization and depreciation reserve accounts for the Columbia Theatre Project. At December 31 2019, these funds were as follows:

<u>Purpose</u>	<u>Amount</u>
Regional Events Center Rate Stabilization	\$ 448,999
Columbia Theatre Revenue Stabilization	173,456
Regional Events Center Depreciation Reserve	663,563
Columbia Theatre Depreciation Reserve	2,060
	<u>\$ 1,288,078</u>

Unspent loan proceeds in the amount of \$341,365 are also being presented as restricted cash.

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December 31, 2019

4. Changes in Long Term Debt

Governmental Activities

	Balance			Balance	Due Within
	1/1/2019	Additions	Reductions	12/31/2019	One Year
General Obligation Bonds	\$ 34,977,416	\$ -	\$ 2,886,406	\$ 32,091,010	\$ 2,555,587
Special Assessment Bonds with					
Governmental Commitment	229,998	-	229,998	-	-
Plus: Premium on Bonds	1,138,239	-	131,187	1,007,052	131,187
Subtotal GO Bonds	<u>36,345,653</u>	<u>-</u>	<u>3,247,591</u>	<u>33,098,062</u>	<u>2,686,774</u>
Revenue Bonds	8,945,000	-	3,590,000	5,355,000	825,000
Plus: Premium on Bond	474,544	-	159,798	314,746	61,917
Subtotal Revenue Bonds	<u>9,419,544</u>	<u>-</u>	<u>3,749,798</u>	<u>5,669,746</u>	<u>886,917</u>
Notes Payable-Other Govts.	4,360,726	-	884,702	3,476,024	509,373
Capital Lease	220,157	111,885	113,801	218,241	172,108
Capital Lease - Int Svc	9,440	-	9,440	-	-
Other Post Employee Benefits	9,050,192	358,514	357,906	9,050,800	361,572
Compensated Absences	3,813,654	-	260,522	3,553,132	-
Compensated Absences - Int Svc	202,190	46,284	-	248,474	-
Claims/Judgements - Int Svc	1,539,509	-	135,992	1,403,517	249,188
Net Pension Liability	11,185,668	-	2,384,789	8,800,879	-
Net Pension Liability - Int Svc	803,536	-	151,695	651,841	-
Total Long-Term Debt	<u>\$ 76,950,269</u>	<u>\$ 516,683</u>	<u>\$ 11,296,236</u>	<u>\$ 66,170,716</u>	<u>\$ 4,865,932</u>

For governmental activities, claims and judgments, other post-employment benefits, and compensated absences are generally liquidated by the general fund.

Business Type Activities

	Balance			Balance	Due Within
	1/1/2019	Additions	Reductions	12/31/2019	One Year
Notes Payable-Other Govts.	1,088,887	-	155,451	933,436	155,562
Landfill Closure and Postclosure Care	22,711,501	1,156,842	1,431,697	22,436,646	232,106
Capital Lease	12,665	-	2,471	10,194	2,961
Net Pension Liability	1,671,979	-	843,298	828,681	-
Compensated Absences	474,999	-	204,374	270,625	-
Total Long-Term Debt	<u>\$ 25,960,031</u>	<u>\$ 1,156,842</u>	<u>\$ 2,637,291</u>	<u>\$ 24,479,582</u>	<u>\$ 390,629</u>

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Component Unit - Public Facilities District

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Due to Primary Government Bonds	\$ 3,360,000	\$ -	\$ 310,000	3,050,000	\$ 330,000
Notes Payable	261,830	-	131,468	130,362	-
Plus:					
For issuance premiums	217,908	-	25,890	192,018	25,890
Due to Primary Government (net)	<u>3,839,738</u>	<u>-</u>	<u>467,358</u>	<u>3,372,380</u>	<u>355,890</u>
Notes Payable	5,680,000	-	85,000	5,595,000	90,000
Less deferred amounts:					
For issuance premiums	313,302	-	10,804	302,498	10,804
For issuance discounts	(47,660)	-	(1,643)	(46,017)	(1,643)
Due to Other Governments (net)	<u>5,945,642</u>	<u>-</u>	<u>94,161</u>	<u>5,851,481</u>	<u>99,161</u>
Total Long Term Debt	<u>\$ 9,785,380</u>	<u>\$ -</u>	<u>\$ 561,519</u>	<u>\$ 9,223,861</u>	<u>\$ 455,051</u>

Component Unit – Cowlitz 911

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Net Pension Liability	-	686,585	134,791	551,794	-
Compensated Absences	-	255,362	-	255,362	-
Total Long-Term Debt	<u>\$ -</u>	<u>\$ 941,947</u>	<u>\$ 134,791</u>	<u>\$ 807,156</u>	<u>\$ -</u>

Of the additions above, the full net pension liability was transferred to Cowlitz 911 from Cowlitz County and \$222,948 in compensated absences was transferred to Cowlitz 911 from Cowlitz County. See Note 15 D, *Special Item*.

5. Legal Debt Margin

State law sets the County's limitation on external long-term debt and the remaining debt that may be incurred is as follows:

<u>PURPOSE OF INDEBTEDNESS</u>	<u>REMAINING CAPACITY</u>
General Government (No vote required)	\$177,576,420
General Government (Vote required)	\$295,960,700

6. Debt Coverage Requirements

The 2015 special revenue refunding bonds resolution requires that net revenues of TRRWA meet either 1.3 times the aggregate annual debt service when system development charges are included in the revenues or 1.2 times the aggregate annual debt service when the system development charges are not included in the revenues.

The ratio requirement was met at December 31, 2019. The aggregate annual debt service when system development charges are included in revenue was 8.11 and excluding system development charges coverage was 8.43 times the 2019 debt service on bonds.

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In March of 2008, the County’s Bond Insurer for the 2002 Revenue Bonds (FGIC) was downgraded to Baa3 from AAA. As a result, TRRWA must meet Reserve Requirements for the Bonds issued through deposit into the Reserve Account. At December 31, 2019 \$2,224,746 is being held by TRRWA to satisfy this debt service covenant.

Additionally, TRRWA is required to hold funds in a rate stabilization account. At December 31, 2019, \$187,814 was held in their account.

NOTE 12 – CAPITALIZED LEASES

The County has entered into separate lease agreements as lessee for computer servers and related equipment, and vehicles. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of their future minimum lease payments as of the inception date. The value of assets acquired through capital lease for governmental activities is \$194,348.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities Principal</u>	<u>Business Type Activities Principal</u>
2020	\$ 185,479	\$ 3,599
2021	22,076	7,624
2022	16,150	-
2023	4,583	-
2024	8,332	-
Total minimum lease payments	<u>236,620</u>	<u>11,223</u>
Less amount representing interest	<u>18,379</u>	<u>1,029</u>
Present value of minimum lease payments	<u>\$ 218,241</u>	<u>\$ 10,194</u>

NOTE 13 – CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require municipal solid waste landfills to place a cover on their landfills and perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. Although closure and post closure costs will be paid near or after designated areas of the landfill are filled, the County is required to report a portion of these closure and post closure care costs as an expense and as a liability in each period that the landfill accepts waste.

As of March 2014, the County owns two landfills; the Tennant Way Landfill and the Headquarters Landfill. The County reported \$22.4 million as landfill closure and post closure care liability at December 31, 2019. This represents the cumulative amount reported to date based on the capacity used. This cost is an estimate; actual costs may be higher due to inflation, deflation, changes in technology or changes in applicable laws or regulations.

Tennant Way

The Tennant Way landfill consists of two separate regulatory units, the unlined landfill and the lined landfill.

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

The unlined landfill was at full capacity in 1992 and is monitored under WAC 173-304, which requires a 20 year monitoring period. This landfill was treated separately under Washington State regulations. As a result, 100% of the post-closure care costs have been included as a liability, in the amount of \$872,203. Although monitoring requirements for this section are 20 years, the County is recognizing 30 years of post-closure monitoring voluntarily, due to the difficulties of monitoring this site separately from the lined site. The voluntary post-closure costs for the additional ten years is included in the liability. Three years of post-closure has been completed, therefore, the liability represents the remaining 26 years.

The lined landfill was closed in April 2014, thus, the lined landfill is at 100% percent of the estimated refuse capacity at December 31, 2019. As a result, \$4.93 million is reported as landfill closure and post closure care liability, related to this section of the landfill. These amounts are based on what it would cost to perform all closure and post closure care at the end of 2019. This landfill has closed under WAC 173-351 requirements implemented by the Washington State Department of Ecology and the Cowlitz County Environmental Health Department. The lined landfill is required to be monitored for 30 years after closure. Three years of post-closure has been completed, therefore, the liability represents the remaining 26 years.

Headquarters Landfill

This landfill was purchased by the County in March 2014. At the time of the purchase, the landfill was at 7.9% capacity. The closure and post closure liability at the time of purchase was \$7.7 million dollars, which was assumed by the County. This is presented as excess consideration provided for acquisition on the statement of net position. At December 31, 2019, the landfill was at 15.35% capacity. Based on the capacity used thru December 31, 2019, the closure and postclosure liability is \$16.63 million. The estimated total current cost of closure and postclosure care remaining to be recognized is \$80,153,505. It is estimated that the landfill will be closed in September 2120 under WAC 173-351 Criteria for Municipal Solid Waste Landfills.

Cowlitz County is required by state regulations to accumulate funds over the remaining life of the landfill to provide for the closure and post closure care. The County is in compliance with these requirements. At December 31, 2019 the County had \$22.4 million in cash and investments held for these purposes for both landfills. The amounts are reported as restricted cash and investment on the statement of net position.

NOTE 14 – CONTINGENT LIABILITIES

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

Cowlitz County participates in a number of federal and state assisted programs. The grants are subject to an annual audit, principally the federal programs. The audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the contracts. At this time there are no known disallowed expenditures and if any disallowed expenditures should result it is estimated that such amounts, if any to be immaterial.

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

NOTE 15 – OTHER DISCLOSURES

A. RELATED PARTY TRANSACTIONS

Public Facilities District (PFD)

The PFD and Cowlitz County (County) entered into an interlocal agreement in 2003 for the financing, construction, and operation of a Regional Conference and Special Events Center (center). As the primary government, the County issued bonds in the amount of \$4.9 million for the construction of the center. The PFD also has a loan with Cowlitz County Solid Waste in the amount of \$810,000, but only borrowed \$392,736 (see Note 11). The center was constructed on property owned by the County. The County has a long-term lease with the PFD for the site. The PFD retains ownership of the facility. RCW 35.57.020 requires that retained sales tax used for prescribed center purposes is matched 33 percent from other public or private sources. The County provides an “in-kind” match as required by forgiving the annual fair market rental value of the site to the PFD. The match for 2019 was \$258,586. Additionally, in-kind match is provided by Cowlitz County from lodging and sales tax in the amount of \$232,760 for 2019.

The PFD is obligated to cover the operating losses of the regional conference and special events center. Payments to Cowlitz County to cover these losses were \$120,000 for 2019.

Cowlitz 911

Cowlitz 911 and the County entered into an interlocal agreement in 2018 establishing a 911 Council to oversee the Cowlitz County Public Safety Answering Point and providing for the joint operations which included providing 911 emergency and non-emergency communications and dispatch services to the citizens of Cowlitz County. RCW 82.14B.030 allows a county to impose an enhanced 911 excise tax on the use of switched access lines. \$2,009,498 was provided by Cowlitz County from the 911 excise tax in 2019. RCW 82.14.420 requires emergency communications sales and use tax to be solely used for emergency communication systems and facilities. \$930,414 was provided by Cowlitz County from the sales and use tax in 2019.

B. JOINT VENTURE

Southwest Washington Regional Airport Board:

The cities of Longview and Kelso along with Cowlitz County and the Port of Longview entered into an agreement in February of 2012 to establish an Airport Board (Board) to jointly fund and manage the operations, maintenance, improvement and regulation of the Southwest Washington Regional Airport. Prior to the agreement the Airport had been owned and operated by the City of Kelso. This agreement took effect in January of 2013 with noncapital assets and liabilities transferred to the board which consists of a member from each party and an at large member to be appointed by majority vote of the other members.

The Board formulates its preliminary annual budget and submits it to each participating jurisdiction prior to August 1, of each year. Estimated expenses for maintenance and operations, repairs and replacements to existing facilities, capital projects, and debt service are netted against estimated airport operating revenues to determine the amount of annual subsidy required by the participating jurisdictions. Each jurisdiction is responsible for 25% of the estimated subsidy. Payments made to the airport by the County in 2019 were \$76,000.

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

This agreement may be terminated at any time upon the approval by a super-majority of the entities. All assets and liabilities acquired by the Board will remain the property of the airport and used for airport maintenance and operations consistent with FAA’s Revenue Use Policy. In the event the airport ceases to operate, any assets or liabilities remaining from such property acquired after the commencement of this agreement, and after the full satisfaction of all federal obligations, grant repayments to the FAA, and satisfaction of FAA’s Revenue Use Policy, shall be distributed to the parties in the same proportion as the financial contribution of the parties for its acquisition.

The County’s ongoing financial responsibility is minimal at the end of December 31, 2019. The airport has less than \$25,000 in outstanding obligations. The airport is not accumulating significant resources or experiencing fiscal stress that would cause additional financial benefit or burden on the County in the future. The airport does not issue stand- alone financial statements.

C. PRIOR PERIOD ADJUSTMENTS

The County statements present the following prior period adjustments, by fund type:

Government Wide Corrections	Amount
Adjust cost of asset and associated depreciation for additional costs that should have been expensed in 2015	(853,322)
Other Governmental Funds - Correct 2018 revenues and due from other governments	(84,175)
Internal Service Funds - Correct 2018 revenues and due from other governments	(152,270)
Internal Service Funds - Capitalize software project from 2018	244,939
<i>Total Governmental Activities</i>	<i>(844,828)</i>

Fund Statement Corrections	Amount
Other Governmental Funds - Correct 2018 revenues and due from other governments	(84,175)
<i>Total Governmental Funds</i>	<i>(84,175)</i>
Internal Service Funds - Correct 2018 revenues and due from other governments	(152,270)
Internal Service Funds - Capitalize software project from 2018	244,939
<i>Total Internal Service Funds</i>	<i>92,669</i>

D. SPECIAL ITEM – TRANSFER OF OPERATIONS

Since 1991, Cowlitz County has been party to an interlocal agreement establishing a 911 Council to oversee the Cowlitz County Public Safety Answering Point and providing for the joint operations which included providing 911 emergency and non-emergency communications and dispatch services to the citizens of Cowlitz County. As a result, the 911 center was reported as a non-major enterprise Fund within the County’s financial statements. In March 2018, the County approved a new charter and bylaws establishing the Cowlitz 911 Public Authority (Authority). Effective January 1, 2019, all assets, liability, and net fund position was transferred to the Authority. The County and the Authority has recognized a special item,

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2019

totaling, \$5,183,513, for this transfer of operations. The Authority is now presented as a discretely presented component unit of the County. Below is table representing the components of this special item.

	Primary Government	Cowlitz County 911
Capital Assets	\$ (928,847)	\$ 928,847
Pension Related Accounts	850,341	(850,341)
Employee Compensated Absences	222,948	(222,948)
Cash Payments	(5,327,955)	5,327,955
Total Special Item	\$ (5,183,513)	\$ 5,183,513

E. SUBSEQUENT EVENTS

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus, COVID-19. In the weeks following the declaration, the precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public and private gatherings, and requiring people to stay in their homes unless they are leaving for an essential function.

Prior to the COVID-19 outbreak the County was expecting a modest increase in revenue in 2020. However, as a result of the outbreak the County is anticipating potential financial impacts. The County anticipates a reduction in tax revenue. With limitations put on businesses in response to the COVID-19 outbreak and an increase in the unemployment rate, the County anticipates less spending by consumers and a reduction in sales and use tax collected. Interest income is likely to also see a decrease as a result of banks reducing their interest rates. Other categories of revenue, such as licenses and permits, fines and forfeitures, and charges for services may also see a decline as a result of limitations and restrictions put on various County departments.

The full extent of the financial impact on the County is unknown at this time and it is too uncertain to predict.

F. GASB IMPLEMENTATION

The County implemented GASB statement Number 89, Accounting for Interest Cost Incurred before the end of a Construction Period, on January 1, 2019. The objective of this standard is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. The County will no longer capitalize interest incurred during construction of a project.

COWLITZ COUNTY
REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DEFINED BENEFIT OPEB - LEOFF I
FOR THE YEAR ENDED DECEMBER 31
LAST TWO CALENDAR YEARS

Total OPEB liability	2019	2018
Interest	\$ 343,383	\$ 329,051
Changes of assumptions or other inputs	15,131	(279,648)
Estimated benefit payments	(357,906)	(377,836)
Net change in total OPEB liability	608	(328,433)
Total OPEB liability beginning	9,050,192	9,378,625
Total OPEB liability ending	\$ 9,050,800	\$ 9,050,192
 Covered employee payroll	 NA	 NA
 Total OPEB liability as a percentage of covered employee payroll	 NA	 NA

Notes to Schedule

1. Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.58%
2018	3.87%
2019	3.50%

2. The County implemented GASB 75 in 2018, therefore no data is presented before then. Eventually, ten years of data will be presented.

3. There are no assets accumulated in a trust that meets the criteria of GASB 75, to pay related benefits.

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Proportionate Share of the Net Pension Liability
 PERS I

As of June 30
 Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.210802%	\$ 8,106,085	\$ 24,517,164	33.06%	67.12%
2018	0.217995%	9,735,731	28,752,943	33.86%	63.22%
2017	0.227081%	10,775,171	28,316,963	38.05%	61.24%
2016	0.229672%	12,334,468	27,920,036	44.18%	57.03%
2015	0.236004%	12,345,204	26,364,423	46.83%	59.10%
2014	0.249000%	12,543,492	24,269,736	51.68%	61.19%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Proportionate Share of the Net Pension Liability

PERS 2/3

As of June 30

Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.223950%	\$ 2,175,316	\$ 24,332,000	8.94%	97.77%
2018	0.229044%	3,910,722	23,836,200	16.41%	95.77%
2017	0.238035%	8,270,578	23,336,865	35.44%	90.97%
2016	0.240895%	12,128,873	23,437,513	51.75%	85.82%
2015	0.247671%	8,849,426	21,977,689	40.27%	89.20%
2014	0.254713%	5,148,669	20,044,875	25.69%	93.29%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Proportionate Share of the Net Pension Liability
 PSERS

As of June 30
 Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	1.039395%	\$ (135,163)	\$ 4,797,140	-2.82%	101.85%
2018	1.188836%	14,730	4,676,650	0.31%	99.79%
2017	1.254117%	245,719	4,607,516	5.33%	96.26%
2016	1.263375%	536,909	4,095,348	13.11%	90.41%
2015	1.307756%	238,692	3,829,065	6.23%	95.08%
2014	1.414900%	(204,892)	3,474,694	-5.90%	105.01%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Proportionate Share of the Net Pension Liability

LEOFF I
 As of June 30
 Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	TOTAL		Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
				Employer's covered payroll	State's covered payroll		
2019	0.038746%	\$ (765,858)	\$ (5,180,242)	\$ (5,946,100)	N/A	N/A	148.78%
2018	0.038611%	(700,983)	(4,741,435)	(5,442,418)	N/A	N/A	144.42%
2017	0.041059%	(622,955)	(4,213,655)	(4,836,610)	N/A	N/A	135.96%
2016	0.040909%	(421,480)	(2,850,878)	(3,272,358)	N/A	N/A	123.74%
2015	0.040473%	(487,789)	(3,299,393)	(3,787,182)	N/A	N/A	127.36%
2014	0.041280%	(500,640)	(3,386,317)	(3,886,957)	N/A	N/A	126.91%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability

LEOFF 2
As of June 30
Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	TOTAL	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.113984%	\$ (2,640,659)	\$ (1,729,278)	\$ (4,369,937)	\$ 3,931,619	-67.16%	119.43%
2018	0.116555%	(2,366,321)	(1,532,148)	(3,898,469)	3,795,844	-62.34%	118.50%
2017	0.112811%	(1,565,451)	(1,015,479)	(2,580,930)	3,975,652	-39.38%	113.36%
2016	0.111561%	(648,872)	(423,018)	(1,071,890)	3,379,628	-19.20%	106.04%
2015	0.111898%	(1,150,088)	(760,439)	(1,910,527)	3,247,188	-35.42%	111.67%
2014	0.108588%	(1,441,009)	(941,528)	(2,382,537)	2,754,089	-52.32%	116.75%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions
PERS 1

As of December 31
Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 1,477,708	\$ (1,477,708)	-	\$ 24,628,863	6.00%
2018	1,503,454	(1,503,454)	-	29,422,467	5.11%
2017	1,417,419	(1,417,419)	-	30,902,920	4.59%
2016	1,331,327	(1,331,327)	-	27,377,520	4.86%
2015	1,254,343	(1,254,343)	-	26,426,575	4.75%
2014	1,120,168	(1,120,168)	-	26,433,719	4.24%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Employer Contributions
 PERS 2/3

As of December 31
 Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 1,887,365	\$ (1,887,365)	-	\$ 24,438,109	7.72%
2018	1,834,933	(1,834,933)	-	24,466,101	7.50%
2017	1,623,824	(1,623,824)	-	26,108,562	6.22%
2016	1,412,392	(1,412,392)	-	22,670,773	6.23%
2015	1,307,583	(1,307,583)	-	21,939,117	5.96%
2014	1,124,609	(1,124,609)	-	22,077,469	5.09%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Employer Contributions
 PSERS

As of December 31
 Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 355,262	\$ (355,262)	-	\$ 4,977,367	7.14%
2018	327,028	(327,028)	-	4,773,429	6.85%
2017	298,753	(298,753)	-	4,482,527	6.66%
2016	284,835	(284,835)	-	4,308,901	6.61%
2015	275,108	(275,108)	-	4,009,775	6.86%
2014	239,028	(239,028)	-	3,708,261	6.45%

Cowlitz County
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
 Schedule of Employer Contributions
 LEOFF 2

As of December 31
 Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 208,377	\$ (208,377)	-	\$ 3,930,692	5.30%
2018	210,742	(210,742)	-	3,881,820	5.43%
2017	188,138	(188,138)	-	3,651,547	5.15%
2016	172,782	(172,782)	-	3,410,641	5.07%
2015	184,226	(184,226)	-	3,391,340	5.43%
2014	158,386	(158,386)	-	3,027,915	5.23%

Cowlitz County
Notes to Required Supplemental Information - Pension
As of December 31
Last Six Fiscal Years

Note 1: Information Provided

GASB 68 was implemented for the year ended December 31, 2014, therefore there is no data available for years prior to 2014. Eventually, the schedules will show ten years of data.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1		
From this Date	Through this Date	Rate
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	current	12.86% *

* Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3		
From this Date	Through this Date	Rate
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	current	12.86% *

* Employer contribution rate includes an administrative expense rate of 0.18%

LEOFF 1		
From this Date	Through this Date	Employer Rate
7/1/2008	8/31/2013	0.16%
9/1/2013	current	0.18% *

* Employer contribution rate includes an administrative expense rate of 0.18%

LEOFF 2

From this Date	Through this Date	Employer Rate
9/1/2013	6/30/2017	5.23%
7/1/2017	6/30/2019	5.43%
7/1/2019	current	5.33% *

* Employer contribution rate includes an administrative expense rate of 0.18%

Effective July 1, 2019, LEOFF employers must pay an additional 3.44% to pick up the state contributions on basis salary paid for services rendered to non-LEOFF employers.

PSERS 2

From this Date	Through this Date	Employer Rate
9/1/2013	6/30/2015	10.54%
7/1/2015	6/30/2017	11.54%
7/1/2017	8/31/2017	11.94%
9/1/2017	8/31/2018	11.95%
9/1/2018	6/30/2019	12.38%
7/1/2019	current	12.14% *

* Employer contribution rate includes an administrative expense rate of 0.18%

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Dept of Agriculture)	School Breakfast Program	10.553	08-458-6808	12,341	-	12,341	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Dept of Agriculture)	National School Lunch Program	10.555	08-458-6808	19,631	-	19,631	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Dept of Agriculture)	Summer Food Service Program for Children	10.559	20190316	1,022	-	1,022	-	
Total Child Nutrition Cluster:				32,994	-	32,994	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via US Forest Service)	Schools and Roads - Grants to States	10.665	14-PA- 11060300-011	16,305	-	16,305	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via US Forest Service)	Schools and Roads - Grants to States	10.665	17-SA- 11060300-012	20,638	-	20,638	-	3
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Title I- Schools & Roads)	Schools and Roads - Grants to States	10.665	Title I 2019	53,504	-	53,504	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Dept of Agriculture)	Schools and Roads - Grants to States	10.665	Title III 2019	8,812	-	8,812	-	
Total Forest Service Schools and Roads Cluster:				99,259	-	99,259	-	

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Housing & Urban Development)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-62210-021	56,381	-	56,381	49,959	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Housing & Urban Development)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17-62210-022	148,539	-	148,539	147,912	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Housing & Urban Development)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17-62210-023	120,464	-	120,464	118,624	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Housing & Urban Development)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-62210-004	46,040	-	46,040	42,540	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Housing & Urban Development)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	19-62210-004	42,137	-	42,137	7,729	
Total CFDA 14.228:				413,561	-	413,561	366,764	
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Dept of Archeology & Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	FY19-61019- 003	10,200	-	10,200	-	

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via DOJ)	Crime Victim Assistance	16.575	20-31101-507	64,860	-	64,860	-	3
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via DOJ)	Violence Against Women Formula Grants	16.588	F18-31103-065	16,326	-	16,326	-	3
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via DOC)	Violence Against Women Formula Grants	16.588	F18-31103-066	9,815	-	9,815	6,627	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via DOJ)	Violence Against Women Formula Grants	16.588	F18-31103-110	68,315	-	68,315	-	
Total CFDA 16.588:				94,456	-	94,456	6,627	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	State Criminal Alien Assistance Program	16.606	2019-H1436- WA-AP	-	16,918	16,918	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via DOJ)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-004	66,007	-	66,007	54,396	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	Highway Planning and Construction	20.205	LA 7007	240,000	-	240,000	-	

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Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	Highway Planning and Construction	20.205	LA 8956	3,979	-	3,979	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	Highway Planning and Construction	20.205	LA 9335	355,432	-	355,432	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	Highway Planning and Construction	20.205	LA 9336	803	-	803	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	Highway Planning and Construction	20.205	LA 9337	11,775	-	11,775	-	
Total Highway Planning and Construction Cluster:				611,989	-	611,989	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	State and Community Highway Safety	20.600	2018-2019 WASPC	5,500	-	5,500	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via DOT)	National Priority Safety Programs	20.616	2019-HVE-3195 -Region 3	1,468	-	1,468	-	
Total Highway Safety Cluster:				6,968	-	6,968	-	
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATON, TRANSPORTATION, DEPARTMENT OF (via DOT)	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	E18-190	5,249	-	5,249	-	

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Public Health Emergency Preparedness	93.069	CLH18242	65,872	-	65,872	-	3
FOOD AND DRUG ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Food and Drug Administration Research	93.103	G-T-1810- 06440	2,798	-	2,798	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Immunization Cooperative Agreements	93.268	CLH18242	3,069	-	3,069	-	3
TANF Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Temporary Assistance for Needy Families	93.558	1763-91103	2,650	-	2,650	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Temporary Assistance for Needy Families	93.558	1963-52971	1,950	-	1,950	-	
			Total TANF Cluster:	4,600	-	4,600	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Child Support Enforcement	93.563	1663-67572	12,136	-	12,136	-	3

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Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Child Support Enforcement	93.563	2110-80610	570,642	-	570,642	-	
Total CFDA 93.563:				582,778	-	582,778	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	18-024	9,881	-	9,881	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS)	Maternal and Child Health Services Block Grant to the States	93.994	CLH18242	88,979	-	88,979	-	3
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G18NW0011A	-	2,073	2,073	-	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G19NW0011A	-	94,698	94,698	-	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G19NW0003A	-	34,000	34,000	-	
Total CFDA 95.001:				-	130,771	130,771	-	
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Homeland Security)	Boating Safety Financial Assistance	97.012	3316FAS16015 3	13,423	-	13,423	-	

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Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW104	71,397	-	71,397	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW120	100,325	-	100,325	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW121	474,572	-	474,572	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW122	53,807	-	53,807	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW124	73,261	-	73,261	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW126	751,383	-	751,383	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via DHS)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW97	106,433	-	106,433	-	
Total CFDA 97.036:				1,631,178	-	1,631,178	-	

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Homeland Security)	Emergency Management Performance Grants	97.042	E19-068	38,953	-	38,953	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Homeland Security)	Emergency Management Performance Grants	97.042	E20-131	21,792	-	21,792	-	
Total CFDA 97.042:				60,745	-	60,745	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Homeland Security)	Pre-Disaster Mitigation	97.047	D19-006	30,018	-	30,018	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Homeland Security)	Homeland Security Grant Program	97.067	E18-158	45,116	-	45,116	-	
Total Federal Awards Expended:				3,944,000	147,689	4,091,689	427,787	

The accompanying notes are an integral part of this schedule.

Cowlitz County, Washington
Schedule of Expenditures of Federal Awards
December 31, 2019

NOTE 1 – BASIS OF ACCOUNTING

The schedule is prepared on the same basis of accounting as the county's financial statements. The county uses the modified accrual basis of accounting for governmental funds and full accrual basis for proprietary funds.

NOTE 2 – PROGRAM COSTS

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

NOTE 3 – INDIRECT COST RATE

The amount expended includes amounts claimed as indirect cost recovery using an approved indirect rate provided by individual contracts to the following programs:

10.665	\$	1,876
14.228		9,716
16.575		6,307
16.588		1,484
93.069		18,431
93.268		876
93.563		1,995
93.994		22,288
		<u>62,973</u>
	\$	<u>62,973</u>

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

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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