



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Cowlitz County

For the period January 1, 2023 through December 31, 2023

*Published September 26, 2024*

Report No. 1035647



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

September 26, 2024

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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Cowlitz County January 1, 2023 through December 31, 2023

### 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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units 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>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
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, 2023 through December 31, 2023**

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

<b>Audit Period:</b> January 1, 2022 through December 31, 2022	<b>Report Ref. No.:</b> 1033544	<b>Finding Ref. No.:</b> 2022-001
<b>Finding Caption:</b> The County’s internal controls were inadequate for ensuring accurate financial reporting.		
<b>Background:</b> The County did not have a process in place to sufficiently research and implement new accounting standards. In addition, the County did not accurately record bond refunding transactions as well as ensure all year-end adjustments were appropriately recorded within the accounting system.		
<b>Status of Corrective Action: (check one)</b> <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		
<b>Corrective Action Taken:</b> <i>The County has implemented a more extensive process checklist to ensure no details are missed while implementing new standards. We have also increased our resources internally and externally to ensure research and implementation is done appropriately.</i>		

<b>Audit Period:</b> January 1, 2022 through December 31, 2022	<b>Report Reference No.:</b> 1033544	<b>Finding Ref. No.:</b> 2022-002	<b>ALN(s):</b> 20.205
<b>Federal Program Name and Granting Agency:</b> Highway Planning and Construction Federal Highway Administration		<b>Pass-Through Agency Name:</b> Washington State Department of Transportation	
<b>Finding Caption:</b> The County lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.			
<b>Background:</b> Whenever the County enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000 paid all or in part with federal funds, it must verify that the contractors have not been suspended, debarred, or otherwise excluded.  The County paid one contractor \$177,180 in federal funds and did not verify the contractor was not suspended or debarred before entering into the contract.			
<b>Status of Corrective Action: (check one)</b>  <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			
<b>Corrective Action Taken:</b> <i>The County has included the suspension and debarment verification in all contracts, in addition to also verifying the suspension and debarment on Sam.Gov and retaining a physical verification in the project file.</i>			

## INDEPENDENT AUDITOR'S REPORT

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

### **Cowlitz County** **January 1, 2023 through December 31, 2023**

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, each major fund, and the aggregate discretely presented component units and the aggregate remaining fund information of Cowlitz County, as of and for the year ended December 31, 2023, 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 17, 2024.

### **REPORT ON 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Pat McCarthy, State Auditor

Olympia, WA

September 17, 2024

# INDEPENDENT AUDITOR'S REPORT

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

### Cowlitz County January 1, 2023 through December 31, 2023

Board of Commissioners  
Cowlitz County  
Kelso, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of Cowlitz County, with the types of compliance requirements identified as subject to audit 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, 2023. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2023.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

### 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 17, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Cowlitz County** **January 1, 2023 through December 31, 2023**

Board of Commissioners  
Cowlitz County  
Kelso, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and the aggregate remaining fund information of Cowlitz County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and the aggregate remaining fund information of Cowlitz County, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, County Road and ARPA Relief funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. 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 supplementary information 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 as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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 17, 2024

**Cowlitz County**  
**January 1, 2023 through December 31, 2023**

**REQUIRED SUPPLEMENTARY INFORMATION**

Management’s Discussion and Analysis – 2023

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2023

Statement of Activities – 2023

Governmental Funds Balance Sheet – 2023

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – 2023

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2023

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – 2023

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – General Fund – 2023

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – County Road Fund – 2023

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – ARPA Relief Fund – 2023

Statement of Net Position – Proprietary Funds – 2023

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2023

Statement of Cash Flows – Proprietary Funds – 2023

Statement of Fiduciary Net Position – Fiduciary Funds – 2023

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2023

Notes to Financial Statements – 2023

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability (Asset) – PERS 1, PERS 2/3, PSERS, LEOFF 1, LEOFF 2 – 2023

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS, LEOFF 2 – 2023

Notes to Required Supplemental Information – 2023

Schedule of Changes in Total OPEB Liability and Related Ratios – Defined Benefit OPEB – LEOFF 1 – 2023

## **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

## 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, 2023. The discussion emphasizes results for calendar year 2023 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 \$282.0 million as of December 31, 2023.
- Net investment in capital assets (net of depreciation and related debt) accounts for 50.2% of this amount with a value of \$141.6 million. Of the unrestricted net position, \$71.7 million of governmental activity and \$34.3 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 \$26.0 million in 2023, not including the Prior Period adjustment of \$1.8 million and a Change of Accounting Principles of \$962 thousand. The net position of business-type activities increased by approximately \$7.0 million and total net position of governmental activities increased by \$19.0 million compared to 2022.
- At December 31, 2023, Cowlitz County's governmental funds reported a combined ending fund balance of \$76.1 million, an increase of \$4.7 million (including a prior period adjustment) compared to the prior year.
- The General Fund unassigned fund balance at December 31, 2023, was \$21.5 million, an increase to the December 31, 2022, total of \$20.3 million. The December 31, 2023, unassigned fund balance represents 94.4% of the General Fund ending fund balance.
- The County Road Fund assigned fund balance at December 31, 2023, totaled \$15.1 million, an increase of 27.3% compared to the December 31, 2022, balance total of \$11.8 million.
- Cowlitz County's total noncurrent liabilities (without component units) as of December 31, 2023, totaled \$84.1 million, a net increase of \$1.8 million from the previous year. This is a result of the increase in liability associated with Landfill Closure and Post Closure Costs, offset by decreases due to normal debt service payments.
- At December 31, 2023, the County's remaining capacity for issuing non-voted debt is \$248.8 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 2023).

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 emergency management, building and planning, and storm water 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 the Public Facilities District (PFD), legally separate entity – 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 this component unit 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 (investment trust/custodial 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, County Road Fund, ARPA Relief 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, Building and Planning, Stormwater, 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, law enforcement records 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 custodial funds and investment trust funds.

*Custodial 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 \$282.0 million at December 31, 2023, compared to \$258.8 million at December 31, 2022.

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, 2023, 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 2022. Cowlitz County’s total net position increased \$23.2 million in 2023 (inclusive of a \$1.8 million of a prior period adjustment and a \$962 thousand change in accounting principles) compared to December 31, 2022. The Business-type Activities present a \$7.0 million increase. Governmental Activities present an increase of \$16.2 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 2023 compared with 2022, (in 1000s).

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 143,670	\$ 136,189	\$ 71,922	\$ 60,814	\$ 215,592	\$ 197,003
Capital assets (Net of depr)	142,900	140,448	25,173	25,852	168,073	166,301
Total Assets	286,569	276,638	97,096	86,666	383,665	363,304
Deferred outflows of resources	16,303	17,124	3,252	3,153	19,555	20,277
Long-Term liabilities	46,047	47,931	38,047	34,382	84,095	82,313
Other Liabilities	28,467	28,444	1,975	1,861	30,442	30,305
Total Liabilities	74,514	76,375	40,023	36,243	114,537	112,618
Deferred inflows of resources	6,058	11,295	596	827	6,654	12,122
Net Position:						
Net Investment in capital assets	117,064	113,824	24,493	25,308	141,557	139,132
Restricted	33,534	28,846	910	773	34,444	29,619
Unrestricted	71,702	63,420	34,326	26,672	106,028	90,093
Total Net Position	\$ 222,300	\$ 206,091	\$ 59,729	\$ 52,753	\$ 282,029	\$ 258,844

Total assets increased \$20.4 million in 2023. Current and other assets increased \$18.6 million and capital assets (net of depreciation) increased \$1.8 million. This is a result of the increase in cash from the both Governmental and Business-type activities, included those amount restricted, as well as a significant decrease in internal balances between the Governmental and Business type activities. Capital asset increased due to construction progress primarily in the Transportation area.

Overall, total liabilities increased in 2023 balances with an increase of \$1.9 million. Long-term liabilities increased \$1.7 million. Other liabilities increased \$137 thousand. The long-term liabilities increase is related to the increase in Landfill Closure and Post-closure cost offset by routine debt service payments.

Deferred outflows of resources increased \$722 thousand, almost unchanged between the years. Deferred inflows of resources decreased \$5.5 million in 2023, this change is directly to associated to amounts related to Pension.

**Governmental activities** current and other assets increased \$9.9 million in 2023 compared to 2022. This decrease is primarily due to the decrease in net pension assets.

Capital assets (net of depreciation) reflect an overall increase because of new construction and the addition of SBITA assets. Current assets have a primary increase in cash, both from operations but also from investment earnings, which were significant county-wide.

Long-term liabilities decreased by \$1.9 million or 4%. This is a direct result of reoccurring debt service payment per the amortization schedules. Additionally, Other Liabilities only has a modest increase of \$22,000, which is less than 0.08%.

**Business type activities** current and other assets increased in 2023 by \$11.1 million or 18.3% compared to 2022. The largest portion of this classification is made of Cash, Cash Equivalents & Pooled Investments, both restricted and unrestricted. The amounts restricted for Closure and Post-closure cost \$32.3 million. Cash, cash equivalents and pooled investments is made up of \$34.5 million which increased by \$4.8 million from 2022. This cash increase is due to operations as well as investment earnings.

Capital assets (net of depreciation) decreased \$679 thousand million compared to 2022. This decrease is due to capital assets being replaced at a lesser amount than they are being depreciated.

Total liabilities increased by 10.4% or \$3.8 million. This increase is mostly due to a \$3.7 million increase in the noncurrent primarily related to the landfill closure and post closure costs. Business-type Activities other liabilities remained similar to 2022 with a \$115 thousand increase due to the timing of accounts payable and other liabilities.

### **Statement of Activities**

The County's total change in net position was \$23.2 million (inclusive of Changes in Accounting Principles and Prior Period Adjustments) in 2023. The condensed financial information below is derived from the Government Wide Statement of Activities (in 000s) and reflects how the County's 2023 changes in net position compared to 2022:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 28,703	\$ 28,294	\$ 36,111	\$ 34,579	\$ 64,815	\$ 62,873
Operating grants/contributions	10,191	16,496	1,064	363	11,255	16,859
Capital grants/contributions	2,859	3,148	357	12	3,215	3,160
General revenues:						
Taxes	64,366	63,912	-	-	64,366	63,912
Unrestricted interest income	8,188	2,762	3,203	685	11,391	3,447
Gain on disposal of capital assets	50	-	-	-	50	-
<b>Total Revenues</b>	<b>114,358</b>	<b>114,612</b>	<b>40,735</b>	<b>35,639</b>	<b>155,093</b>	<b>150,251</b>
<b>Expenses:</b>						
General Government	21,056	20,311	-	-	21,056	20,311
Public Safety	32,644	31,006	369	409	33,013	31,414
Judicial	6,090	6,036	-	-	6,090	6,036
Utilities	461	807	-	-	461	807
Health and Human Services	-	-	-	-	-	-
Transportation	16,777	19,059	-	-	16,777	19,059
Natural Economic Environment	4,443	3,212	2,826	2,948	7,269	6,160
Social Services	11,811	16,278	-	-	11,811	16,278
Culture & Recreation	878	988	2,616	2,473	3,495	3,461
Interest on long-term debt	935	998	-	-	935	998
Solid Waste	-	-	26,029	25,371	26,029	25,371
Water/Sewer	-	-	2,009	1,988	2,009	1,988
Stormwater	-	-	155	142	155	142
<b>Total Expenses</b>	<b>95,094</b>	<b>98,695</b>	<b>34,004</b>	<b>33,330</b>	<b>129,099</b>	<b>132,025</b>
Excess (deficiency) before transfers	19,263	15,917	6,731	2,309	25,994	18,226
Special Item	-	-	-	-	-	-
Transfers	(245)	(270)	245	270	-	-
Change in Net Position	19,018	15,647	6,976	2,579	25,994	18,226
Beginning Net Position	206,091	188,756	52,753	50,011	258,844	238,767
Change in Accounting Principal	(962)	262	-	-	(962)	262
Prior Period Adjustments	(1,847)	1,426	-	163	(1,847)	1,589
<b>Ending Net Position</b>	<b>\$ 222,300</b>	<b>\$ 206,091</b>	<b>\$ 59,729</b>	<b>\$ 52,753</b>	<b>\$ 282,028</b>	<b>\$ 258,844</b>

Cowlitz County revenue totaled \$155.1 million in 2023. Governmental activities provided \$114.3 million, almost identical to that in 2022, while business activities provided \$40.7 million. Taxes account for \$64.4 million, 41.5%, of the 2023 primary government revenues compared to \$63.9 million in 2022. Operating Grants/contributions decreased by \$5.6 million. This is primarily related to revenue from the ARPA grant that was slowed during 2023 as the County brought many of the initial projects to an end.

Cowlitz County expenses totaled \$129.1 million. Governmental activities expenses totaled \$95.1 million and business type activities totaled \$34.0 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 75.0% of the total expenses combined.

**Governmental activities** net position of Cowlitz County increased \$16.2 million in 2023, inclusive of a prior period adjustment and change in accounting principles. Operating and capital grants and contributions totaled \$13.1 million in 2023 and \$19.6 million in 2022. This decrease was due to the spending and projects funded by the ARPA funds. Tax revenues increased by only \$454 thousand from 2022 due to a decrease in other taxes offsetting modest gains. Other taxes consist of Leasehold taxes,

Timber Excise Tax and Real Estate Excise Tax. These taxes decreased from \$6.6 million in 2022 to \$4.4 million in 2023.

County governmental activity expenses in 2023 totaled \$95.1 million, a \$3.6 million (3.6%) decrease compared to 2022. The largest changes were caused by: Social Services expenditures related to housing and homelessness projects decreasing as the available revenue to support these projects also decreased

**Business type activities** expenses for Cowlitz County in 2023 totaled \$34.0 million compared to \$33.3 million in 2022. Expenses included Public Safety programs consisting of Emergency Management \$369 thousand, the Solid Waste Landfill \$26.0 million, the Water Sewer Utility \$2.0 million, Culture and Recreation \$2.6 million, Natural Economic Environment \$2.8 million and Stormwater \$155 thousand. The expenses across all business-type activities were consistent with prior year. Solid Waste expenses are the largest increase. The most significant increase in Solid Waste related to Closure & Post closure Care cost.

In 2023, business type revenues increased \$5.1 million compared to 2022. The largest increase was in Unrestricted interest income which increased \$2.5 million. The County’s investments are held in shorter-term investment instruments that adjust to changes in interest rates. Over this last year, the County experienced a significant upward shift in earnings due to this rate change. The other impact of higher rates is the negative impact on fair market value from purchase pricing. The County is managing the investments in a manner to balance those price changes with improved earnings over interest rate cycles. Charges for Services revenues were \$36.1 million in 2023 and accounted for 88.6% of business revenues down from 97% in the prior year.

**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, the County Road Fund and the ARPA Relief Fund are the County’s major governmental funds. These funds account for 49.7% of the total governmental funds as of December 31, 2023. The ending fund balance are as follows.

	Fund Balance	Percent
General Fund	\$ 22,738,295	29.88%
Road Fund	15,078,612	19.82%
ARPA Relief Fund	-	0.00%
Other Governmental Funds	38,273,654	50.30%
Total Governmental Fund Balance	\$ 76,090,561	100.00%

Approximately \$21.5 million (28.2%) 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. \$35.9 million (47.2%) constitutes assigned fund balance in the appropriate fund types as shown in Note 1 in the Notes to the Financial Statements. The remainder of the fund balance is classified as restricted to indicate that it is not available for new spending as discussed in the notes.

Governmental Funds Revenue/Expenditure Analysis. The following exhibit shows the revenues, expenditure and other financing sources (uses) amounts for the major governmental funds and all other governmental funds in 2023.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
General Fund	\$ 61,056,806	\$ 59,582,217	\$ (108,115)
Road Fund	23,264,537	20,391,298	364,588
ARPA Relief Fund	728,554	78,247	(650,307)
Non-major Governmental Funds	26,388,658	23,416,681	(1,176,408)

Governmental fund revenues in 2023 totaled \$111.4 million, which is a \$1.5 million increase over 2022 governmental fund revenues of \$109.9 million. Expenditures totaled \$103.5 million, which is a \$20.7 million decrease over 2022 governmental fund expenditures of \$124.1 million. Other Financing Source (Uses) totaled (\$1.6) million, which is a \$22.0 million decrease over 2022, which was \$20.5 million in 2022. In 2022, there was debt refunding issuance that total \$21.2 million, that did not reoccur in 2023.

The **General Fund** is the chief operating fund of Cowlitz County. At December 31, 2023 the unassigned fund balance of the General Fund was \$21.5 million; this represents 28.2% of the total fund balance for all governmental funds. The General Fund’s total fund balance at December 31, 2023, was \$21.5 million compared to \$21.3 million at the end of 2022. Revenues, not including other financing sources, overall remained stable from 2022 to 2023, increasing overall by \$5.7 million or 10.3%. Property taxes increased by \$1.4 million and investment earnings increased by \$3.0 million, accounting for 77% of the increase in revenue. Property tax growth is associated with new construction. For investment growth this is due to the fact that the County’s investments are held in shorter-term investment instruments that adjust to changes in interest rates. Over this last year, the County experienced a significant upward shift in earnings due to this rate change. The other impact of higher rates is the negative impact on fair market value from purchase pricing. The County is managing the investments in a manner to balance those price changes with improved earnings over interest rate cycles.

While revenue grew, the General Fund expenditures decreased from \$77.4 million in 2022 to \$59.6 million in 2023. The most significant decrease was in the debt service due to refunding that occurred in 2022 of the 2014 A and B bonds, that did not occur in 2023.

The **County Road Fund** ending fund balance increased to \$15.1 million at December 31, 2023. Total revenues in 2023, not including transfers in, were \$23.3 million compared to \$21.1 million in 2022. The County Road fund had an increase in Taxes, Intergovernmental revenue, and Investment earnings combined of \$1.9 million. Like the General Fund, the County Road Fund’s experienced the growth in taxes and investments earnings for the same reasons. The Intergovernmental revenue is related to grants that fund road construction projects.

The Road Fund total expenditures for 2023 totaled \$20.4 million compared to \$19.9 million in 2022. Construction expenditures in 2023 increased over 2022, with a \$1.8 million increase between years. This is due in part to construction work on the Pacific Avenue Bridge.

The **ARPA Relief Fund** was created to account for the grant funding used for responding to the impact of COVID-19 and to contain COVID-19 in the County’s communities, residents, and businesses. There was decreased activity during 2023 as the ARPA related project activity starts to come to completion.

The **Non-major Governmental Funds** fund balance remained consistent from 2022 to 2023, with a decrease of less than \$5 thousand. Total revenues in 2023 were \$26.4 million and total expenditures for 2023 were \$23.4 million. As seen across the County, Investment earnings was the most significant growth in revenue for the non-major governmental funds. While Intergovernmental revenue fell in 2023 compared to 2022, there was a direct correlated decrease in Social Services expenditures, with the largest decrease related to expenditures for low-income housing and operations and maintenance. This is directly due to the decrease in revenue for this activity. The County is limited to spending based on the revenue collected.

**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 86.4% of the \$59.7 million total net position for enterprise funds at December 31, 2023.

The December 31, 2023, unrestricted net position and changes in unrestricted net position of the major enterprise funds were:

	Unrestricted Net Position 12/31/2023	Unrestricted Net Position 12/30/2022	Increase (Decrease) for year
Solid Waste	\$23,299,136	\$17,675,138	\$ 5,623,998
Water Sewer	4,906,951	4,017,576	\$ 889,375

The **Solid Waste** utility operating revenue of \$27.0 million accounted for 75.6% of the business-type revenues reported in 2023. Solid Waste revenue in 2023 increased by \$1.3 million or 5.14%. Net position of the Solid Waste Utility totaled \$41.2 million at December 31, 2023, an increase of approximately \$4.2 million from 2022 due primarily to an increase in non-operating revenues, which increased from \$843 thousand in 2022 to \$3.2 million in 2023, primarily as a result of investment earnings.

The **Water Sewer** utility operating revenue of \$2.5 million accounted for 7.1% of the business-type revenues reported in 2023. Water Sewer revenue in 2023 remained comparable to 2022, with a \$229 thousand increase. Net position of the Water Sewer Utility totaled \$10.5 million at December 31, 2023, an increase of approximately \$1.4 from 2022. Investment earnings contributed to this increase as well as \$357 thousand in contributed capital from hook-up fees.

**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, 2023, total \$168.1 million (net of accumulated depreciation). The capital assets include 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 2023 and 2022 are as follows:

	Governmental Activities		Business Type Activities		Total	
	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Land	\$ 15,764,564	\$ 15,764,564	\$ 1,175,076	\$ 1,175,076	\$ 16,939,640	\$ 16,939,640
Buildings	23,899,366	24,537,238	1,687,018	1,851,011	25,586,384	26,388,249
Improvements Other than Buildings	1,652,384	1,313,674	899,577	196,137	2,551,961	1,509,811
Machinery and Equipment	11,315,690	10,800,544	6,804,690	6,174,876	18,120,380	16,975,420
Intangible	320,622	402,045	52,335	121,636	372,957	523,681
Infrastructure	79,049,443	78,398,302	13,043,444	16,117,448	92,092,887	94,515,750
Construction in Progress	9,861,494	8,269,923	1,200,131	216,101	11,061,625	8,486,024
Right to Use Assets	1,035,941	1,146,943	311,048	389,738	1,346,989	1,536,681
Total	\$ 142,899,504	\$ 140,633,233	\$ 25,173,319	\$ 26,242,023	\$ 168,072,823	\$ 166,875,256

The total increase in Cowlitz County’s 2023 capital assets net of depreciation was \$1.2 million more than 2022. This consisted of a \$2.3 million increase in governmental activity capital assets and a \$1.1 million decrease in business-type activity capital assets. The increase with the governmental activities is mostly due to construction in progress, with the decrease in business type being related to capital assets depreciating.

For more information see Note 6, *Capital Assets*.

**Debt Administration**

At December 31, 2023, Cowlitz County has \$46.0 million in long-term debt owed from *governmental activities* and \$38.0 million in long-term debt for *business type activities*. The bonded debt balances are as follows:

	Governmental Activities	
	2023	2022 Restated
General Obligation Bonds	\$ 22,300,000	\$ 23,295,000
Revenue Bonds	-	1,560,000
Total	\$ 22,300,000	\$ 24,855,000

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 2023 and the final amended budget was a \$4.2 million 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.

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.

- 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 eleventh year in a row (2013-2023) 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 2023 assessed valuation is \$18.3 billion.

### **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 4<sup>th</sup> Avenue No., Kelso, Washington 98626.

**Cowlitz County, Washington**  
**Statement of Net Position**  
**December 31, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Public Facilities District
<b>ASSETS</b>				
Cash, Cash Equivalents & Pooled Investments	\$ 111,991,086	\$ 34,547,078	\$ 146,538,164	\$ 862,576
Receivables (net)	16,264,193	4,043,269	20,307,462	323,131
Internal Balances	191,864	(191,864)	-	-
Inventories	735,977	-	735,977	-
Prepaid Items	1,067,807	81,946	1,149,753	49,855
Due From Component Unit	1,595,000	-	1,595,000	-
Net Pension Asset	11,805,255	909,538	12,714,793	-
Restricted Cash, Cash Equivalents & Pooled Investments:				
Customer Deposits	18,566	201,359	219,925	-
Debt Service	-	-	-	4,132,174
Restricted Investment For Closure and Postclosure		32,331,041	32,331,041	
<i>Capital Assets:</i>				
Nondepreciable Assets	25,626,058	2,375,207	28,001,265	-
Depreciable Assets (Net)	117,273,446	22,798,112	140,071,558	9,153,897
<b>Total Assets</b>	286,569,252	97,095,686	383,664,938	14,521,633
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Amounts related to Debt Refunding	90,129	-	90,129	90,732
Amounts Related to Pensions	9,095,840	774,056	9,869,896	-
Amounts Related to OPEB	83,973	-	83,973	-
Amounts Related to Asset Retirement Obligation	534,131	2,477,491	3,011,622	-
Excess Consideration Provided For Acquisition	6,498,936	-	6,498,936	-
<b>Total Deferred Outflows of Resources</b>	16,303,009	3,251,547	19,554,556	90,732
<b>LIABILITIES</b>				
Accounts Payable & Accrued Exp.	6,148,302	1,474,470	7,622,772	7,758
Other Current Liabilities	4,375,942	274,651	4,650,593	32,096
Customer Deposits & Unearned Revenue	17,942,544	226,362	18,168,906	-
<i>Noncurrent Liabilities:</i>				
Due Within One Year	4,036,084	401,875	4,437,959	119,160
Due to Primary Gov. Within One Year	-	-	-	450,890
Due In More Than One Year	31,561,887	37,174,238	68,736,125	5,305,681
Due to Primary Gov. More Than One Year	-	-	-	1,232,568
Other Postemployment Benefits Liability	6,657,136	-	6,657,136	-
Net Pension Liability	3,792,053	471,337	4,263,390	-
<b>Total Liabilities</b>	74,513,948	40,022,933	114,536,881	7,148,153
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Amounts related to Leases	309,637	83,048	392,685	-
Amounts Related to Pensions	5,748,815	512,635	6,261,450	-
<b>Total Deferred Inflows of Resources</b>	6,058,452	595,683	6,654,135	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	117,063,953	24,493,313	141,557,266	2,136,330
<i>Restricted for:</i>				
Economic Environment; Promotion of Tourism	518,849	-	518,849	-
Federal Forest Title III	-	-	-	-
General Government	710,861	-	710,861	-
Public Safety	6,135,594	-	6,135,594	-
Judicial	213,840	-	213,840	-
Social Services	8,284,079	-	8,284,079	-
Utilities; Noxious Weed Program	294,293	-	294,293	-
Transportation - Roads	712,481	-	712,481	-
Culture & Recreation	1,028,191	-	1,028,191	-
Debt purposes	-	-	-	4,132,174
REET Technology	3,830,543	-	3,830,543	-
Restricted for Pension	11,805,255	909,538	12,714,793	-
Unrestricted	71,701,923	34,325,766	106,027,689	1,195,708
<b>Total Net Position</b>	\$ 222,299,861	\$ 59,728,617	\$ 282,028,478	\$ 7,464,212

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, 2023

FUNCTIONS/PROGRAMS <i>Governmental Activities:</i>	Net (Expense) Revenue and Changes in Net Position						Component Units
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
General Government	21,056,386	14,329,585	1,437,977	-	(5,288,824)	-	(5,288,824)
Public Safety	32,644,157	5,997,491	1,227,952	-	(25,418,714)	-	(25,418,714)
Judicial	6,089,635	1,740,057	427,970	-	(3,921,608)	-	(3,921,608)
Utilities	460,618	-	-	-	(460,618)	-	(460,618)
Transportation	16,776,928	3,503,075	1,453,032	2,858,531	(8,962,290)	-	(8,962,290)
Natural Economic Environment	4,442,685	580,718	229,813	-	(3,632,154)	-	(3,632,154)
Social Services	11,811,205	2,499,465	5,414,589	-	(3,897,151)	-	(3,897,151)
Culture & Recreation	878,148	52,816	-	-	(825,332)	-	(825,332)
Interest on Long-Term Debt	934,597	-	-	-	(934,597)	-	(934,597)
Total Governmental Activities	95,094,359	28,703,207	10,191,333	2,858,531	(53,341,288)	-	(53,341,288)
<i>Business-Type Activities:</i>							
Water/Sewer	2,009,338	2,572,150	185,621	356,695	-	1,105,128	1,105,128
Stormwater	154,545	392,154	-	-	-	237,609	237,609
Garbage & Solid Waste	26,029,337	27,032,235	465,735	-	-	1,468,633	1,468,633
Public Safety	368,664	333,817	112,658	-	-	77,811	77,811
Culture & Recreation	2,616,406	2,788,966	300,101	-	-	472,661	472,661
Natural & Economic Development	2,826,103	2,992,109	-	-	-	166,006	166,006
Total Business-Type Activities	34,004,393	36,111,431	1,064,115	356,695	-	3,527,848	3,527,848
Total Primary Government	\$ 129,098,752	\$ 64,814,638	\$ 11,255,448	\$ 3,215,226	\$ (53,341,288)	\$ 3,527,848	\$ (49,813,440)
<b>Component Unit</b>							
Public Facilities District	1,112,014	97,069	-	-	-	-	(1,014,945)
Interest on Long-Term Debt	251,034	-	-	-	-	-	(251,034)
Total Component Units	\$ 1,363,048	\$ 97,069	\$ -	\$ -	\$ -	\$ -	\$ (1,265,979)
<b>GENERAL REVENUES:</b>							
Property Taxes					33,735,374		33,735,374
Sales Taxes					21,737,630		21,737,630
911 Taxes					4,487,421		4,487,421
Other Taxes					4,405,781		4,405,781
Investment Earnings					8,187,967	3,202,896	11,390,863
Gain on Sale of Capital Assets					50,400	-	50,400
Transfers					(245,000)	245,000	-
Total General Revenues, Special Items and Transfers					72,359,573	3,447,896	75,807,469
Change in Net Position					19,018,285	6,975,744	25,994,029
Net Position - January 1					206,090,781	52,752,873	258,843,654
Change in Accounting Principle					(962,102)	-	(962,102)
Prior Period Adjustment					(1,847,103)	-	(1,847,103)
Net Position - December 31					222,299,861	59,728,617	282,028,478
					\$ -	\$ -	\$ 7,464,212

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

Cowlitz County, Washington  
 Balance Sheet  
 Governmental Funds  
 December 31, 2023

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>County Road</u>	<u>ARPA</u>		
<b>ASSETS</b>					
Current Assets					
Cash, Cash Equivalents and Pooled Investments	\$ 20,584,296	\$ 14,730,053	\$ 19,509,080	\$ 40,231,705	\$ 95,055,134
Receivables (Net)	1,792,327	515,624	-	329,501	2,637,452
Due From Other Funds	1,456,308	178,507	-	4,156	1,638,971
Due From Other Governments	3,711,880	2,075,002	-	7,061,530	12,848,412
Due From Component Unit	1,595,000	-	-	-	1,595,000
Customer Deposits and Seized Receivable	4,569	-	-	13,997	18,566
<b>Total Assets</b>	<b>29,144,380</b>	<b>17,499,186</b>	<b>19,509,080</b>	<b>47,640,889</b>	<b>113,793,535</b>
<b>LIABILITIES</b>					
Accounts Payable	1,300,142	908,762	1,190	1,967,499	4,177,593
Payable To Other Governments	26,650	74,380	-	1,150,813	1,251,843
Due To Other Funds	98,803	648,157	1,583,912	176,612	2,507,484
Other Current Liabilities	1,761,862	343,799	-	1,987,979	4,093,640
Customer Deposits and Seized Payable	4,569	-	-	13,997	18,566
Unearned Revenue	-	-	17,923,978	-	17,923,978
<b>Total Liabilities</b>	<b>3,192,026</b>	<b>1,975,098</b>	<b>19,509,080</b>	<b>5,296,900</b>	<b>29,973,104</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	1,616,329	445,476	-	709,907	2,771,712
Unavailable Revenue - Other Governments and Component Unit	1,597,730	-	-	3,050,791	4,648,521
Amounts Related to Leases	-	-	-	309,637	309,637
<b>Total Deferred Inflows of Resources</b>	<b>3,214,059</b>	<b>445,476</b>	<b>-</b>	<b>4,070,335</b>	<b>7,729,870</b>
<b>FUND BALANCE</b>					
Restricted		-	-	18,677,940	18,677,940
Assigned	1,274,838	15,078,612	-	19,595,714	35,949,164
Unassigned	21,463,457	-	-	-	21,463,457
<b>Total Fund Balance</b>	<b>22,738,295</b>	<b>15,078,612</b>	<b>-</b>	<b>38,273,654</b>	<b>76,090,561</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 29,144,380</b>	<b>\$ 17,499,186</b>	<b>\$ 19,509,080</b>	<b>\$ 47,640,889</b>	<b>\$ 113,793,535</b>

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, 2023

Total fund balances as shown on the Governmental Funds Balance Sheet	\$	76,090,561
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).		132,547,808
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.		27,318,738
Allocation to enterprise funds share of net (income) loss of internal service funds.		113,422
Other long-term items are not available to pay for current-period expenditures and, therefore are not recognized as payable/receivable in the funds such as these deferred amounts on refunding		90,129
Accrued interest receivable was more than interest receivable modified accrual		15,948
Other long-term assets not available to pay for current-period expenditures and, therefore are deferred in the funds.		7,420,233
Inventories not recorded in governmental funds are recorded in governmental activities (amounts for internal service fund capital assets are included in other reconciling items).		358,958
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.		4,005,589
Deferred outflows for excess consideration provided for acquisition of the landfill and the Deferred outflows related to asset retirement obligations are long term in nature and not included in the governmental fund balance sheet		7,033,067
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>(32,694,592)</u>
Net position of governmental activities	\$	<u><u>222,299,861</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, 2023**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	County Road	ARPA		
<b>REVENUES</b>					
Taxes	\$ 33,784,872	\$ 15,181,386	\$ -	\$ 15,371,367	\$ 64,337,625
Licenses and Permits	435,892	-	-	857,885	1,293,777
Intergovernmental	6,798,140	6,211,343	728,554	5,572,148	19,310,185
Charges for Services	5,581,414	1,067,055	-	1,799,941	8,448,410
Fines and Forfeitures	1,116,631	-	-	49,986	1,166,617
Investment Earnings	4,902,187	705,953	-	1,748,227	7,356,367
Rents and Leases	7,474,451	-	-	68,964	7,543,415
Special Assessments	-	-	-	423,523	423,523
Miscellaneous Revenues	963,219	98,800	-	496,617	1,558,636
<b>Total Revenues</b>	<b>61,056,806</b>	<b>23,264,537</b>	<b>728,554</b>	<b>26,388,658</b>	<b>111,438,555</b>
<b>EXPENDITURES</b>					
Current					
General Government	17,780,248	-	76,640	2,093,561	19,950,449
Public Safety	28,585,309	-	1,607	5,282,007	33,868,923
Judicial	6,440,742	-	-	40,784	6,481,526
Utilities	1,507	-	-	-	1,507
Natural Economic Environment	1,450,320	-	-	3,008,199	4,458,519
Transportation	76,360	14,794,418	-	-	14,870,778
Social Services	1,436,002	-	-	10,682,367	12,118,369
Culture & Recreation	764,661	-	-	105,422	870,083
Debt Service					
Principal	1,780,812	24,821	-	1,030,706	2,836,339
Interest	1,041,921	1,639	-	102,891	1,146,451
Other	-	-	-	-	-
Capital Outlay	224,335	5,570,420	-	1,070,744	6,865,499
<b>Total Expenditures</b>	<b>59,582,217</b>	<b>20,391,298</b>	<b>78,247</b>	<b>23,416,681</b>	<b>103,468,443</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,474,589</b>	<b>2,873,239</b>	<b>650,307</b>	<b>2,971,977</b>	<b>7,970,112</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	2,816,118	314,188	-	2,544,659	5,674,965
Transfers Out	(3,055,518)	-	(650,307)	(3,721,067)	(7,426,892)
Sale of Capital Assets	-	50,400	-	-	50,400
Debt Issuance	131,285	-	-	-	131,285
<b>Total Other Financing Sources (Uses)</b>	<b>(108,115)</b>	<b>364,588</b>	<b>(650,307)</b>	<b>(1,176,408)</b>	<b>(1,570,242)</b>
<b>Net Change In Fund Balance</b>	<b>1,366,474</b>	<b>3,237,827</b>	<b>-</b>	<b>1,795,569</b>	<b>6,399,870</b>
<b>Fund Balances--Beginning</b>	<b>21,294,139</b>	<b>11,840,785</b>	<b>-</b>	<b>38,278,426</b>	<b>71,413,350</b>
Prior Period Adjustment	77,682	-	-	(1,800,341)	(1,722,659)
<b>Fund Balances--Ending</b>	<b>\$ 22,738,295</b>	<b>\$ 15,078,612</b>	<b>\$ -</b>	<b>\$ 38,273,654</b>	<b>\$ 76,090,561</b>

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

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, 2023

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 \$ 6,399,870

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. 1,875,878

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. 2,699,877

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. (57,414)

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. 4,605,445

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 \$179,952 related to Internal Service Funds net revenue (loss).) 3,494,629

Change in net position-governmental activities- on the Statement of Activities \$ 19,018,285

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, 2023**

	<b>General Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 31,246,625	\$ 31,246,625	\$ 33,784,872	\$ 2,538,247
Licenses and Permits	252,500	424,646	435,892	11,246
Intergovernmental	6,242,336	6,609,972	6,798,140	188,168
Charges for Services	4,318,571	4,318,571	5,581,414	1,262,843
Fines and Forfeitures	644,350	644,350	1,116,631	472,281
Investment Earnings	567,800	1,616,182	4,820,764	3,204,582
Rents and Leases	7,320,300	7,320,300	7,474,451	154,151
Miscellaneous Revenues	1,684,440	2,025,950	963,219	(1,062,731)
<b>Total Revenues</b>	<b>52,276,922</b>	<b>54,206,596</b>	<b>60,975,382</b>	<b>6,768,786</b>
<b>EXPENDITURES</b>				
General Government	19,667,000	19,639,777	17,778,647	1,861,131
Public Safety	30,813,709	31,855,946	28,382,918	3,473,028
Judicial	8,156,425	8,288,753	6,440,742	1,848,011
Utilities	32,500	32,500	1,507	30,993
Natural Economic Environment	1,507,153	1,674,940	1,450,320	224,621
Transportation	76,000	76,000	76,360	(360)
Social Services	875,138	1,181,194	1,471,509	(290,315)
Culture & Recreation	821,365	892,316	764,661	127,655
Debt Service	2,927,550	2,927,550	2,822,733	104,817
Capital Outlay	310,000	345,000	224,335	120,665
<b>Total Expenditures</b>	<b>65,186,840</b>	<b>66,913,977</b>	<b>59,413,731</b>	<b>7,500,246</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(12,909,918)</b>	<b>(12,707,381)</b>	<b>1,561,652</b>	<b>14,269,033</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,562,628	2,657,656	2,816,118	158,462
Transfers Out	(4,791,500)	(7,222,057)	(5,458,815)	1,763,242
Debt Issuance	-	-	131,285	131,285
Proceeds of Loan	-	-	-	-
Sale of Capital Assets	30,000	30,000	-	(30,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,198,872)</b>	<b>(4,534,401)</b>	<b>(2,511,411)</b>	<b>2,022,990</b>
<b>Net Change In Fund Balance</b>	<b>(15,108,790)</b>	<b>(17,241,782)</b>	<b>(949,760)</b>	<b>16,292,022</b>
<b>Fund Balances--Beginning</b>	<b>20,309,993</b>	<b>20,309,993</b>	<b>20,309,993</b>	<b>-</b>
Prior Period Adjustment	-	-	77,682	77,682
<b>Fund Balances--Ending</b>	<b>\$ 5,201,203</b>	<b>\$ 3,068,211</b>	<b>\$ 19,437,915</b>	<b>\$ 16,369,704</b>
Adjustments to General Accepted Accounting Principles (GAAP) Basis				
Benefits Administration Fund			1,133,484	
GIS O&M			38,333	
Budget Stabilization Fund			2,128,563	
Fund Balance - GAAP Basis			<u>\$ 22,738,295</u>	

**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, 2023**

	County Road			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 13,921,096	\$ 13,921,096	\$ 15,181,386	\$ 1,260,290
Intergovernmental	8,751,706	8,751,706	6,211,343	(2,540,363)
Charges for Services	350,000	350,000	1,067,055	717,055
Investment Earnings	24,000	24,000	705,953	681,953
Rents and Leases	-	-	-	-
Miscellaneous Revenues	250,000	250,000	98,800	(151,200)
<b>Total Revenues</b>	<u>23,296,802</u>	<u>23,296,802</u>	<u>23,264,537</u>	<u>(32,265)</u>
<b>EXPENDITURES</b>				
Transportation	15,006,652	15,006,652	14,794,418	212,234
Debt Service	-	-	26,460	(26,460)
Capital Outlay	9,688,235	9,745,235	5,570,420	4,174,815
<b>Total Expenditures</b>	<u>24,694,887</u>	<u>24,751,887</u>	<u>20,391,298</u>	<u>4,360,589</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,398,085)</u>	<u>(1,455,085)</u>	<u>2,873,239</u>	<u>4,328,324</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,710,000	1,710,000	314,188	(1,395,812)
Sale of Capital Assets	25,000	25,000	50,400	25,400
<b>Total Other Financing Sources (Uses)</b>	<u>1,735,000</u>	<u>1,735,000</u>	<u>364,588</u>	<u>(1,370,412)</u>
<b>Net Change In Fund Balance</b>	336,915	279,915	3,237,827	2,957,912
<b>Fund Balances--Beginning</b>	6,512,521	6,512,521	11,840,785	5,328,264
<b>Fund Balances--Ending</b>	<u>\$ 6,849,436</u>	<u>\$ 6,792,436</u>	<u>\$ 15,078,612</u>	<u>\$ 8,286,176</u>

**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, 2023**

	<b>ARPA Relief</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 20,000,000	\$ 728,554	(19,271,446)
<b>Total Revenues</b>	<u>-</u>	<u>20,000,000</u>	<u>728,554</u>	<u>\$ (19,271,446)</u>
<b>EXPENDITURES</b>				
General Government		500,000	76,640	423,360
Public Safety	-	3,500,000	1,607	3,498,393
<b>Total Expenditures</b>	<u>-</u>	<u>4,000,000</u>	<u>78,247</u>	<u>3,921,753</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>16,000,000</u>	<u>650,307</u>	<u>(15,349,693)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(16,000,000)	(650,307)	15,349,693
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(16,000,000)</u>	<u>(650,307)</u>	<u>15,349,693</u>
<b>Net Change In Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances--Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances--Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Cowlitz County, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2023**

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	<b>Business-Type Activities-Enterprise Funds</b>			<b>Total Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Solid Waste</b>	<b>Water Sewer</b>	<b>Nonmajor Enterprise Funds</b>		
<b>ASSETS</b>					
Current Assets					
Cash, Cash Equivalents and Pooled Investments	\$ 21,498,026	\$ 6,372,440	\$ 6,676,612	\$ 34,547,078	\$ 16,935,952
Receivables (Net)	2,456,505	212,218	203,979	2,872,702	-
Due From Other Funds	711	93,961	-	94,672	1,077,816
Due From Other Governments	695,875	352,348	58,720	1,106,943	762,379
Inventories	-	-	-	-	377,019
Prepaid Items	28,026	7,143	46,777	81,946	1,067,807
Restricted Customer Deposits - Cash and Cash Equivalent	36,477	119,501	45,381	201,359	-
<b>Total Current Assets</b>	<b>24,715,620</b>	<b>7,157,611</b>	<b>7,031,469</b>	<b>38,904,700</b>	<b>20,220,973</b>
Capital Assets					
Land	389,392	149,111	636,573	1,175,076	20,795
Construction in Progress	317,261	774,365	108,505	1,200,131	536,886
Nondepreciable Assets	706,653	923,476	745,078	2,375,207	557,681
Buildings and System	1,306,821	4,729,185	491,404	6,527,410	703,147
Improvements Other Than Buildings	4,100,837	373,303	623,241	5,097,381	-
Machinery and Equipment	12,309,470	55,247	360,668	12,725,385	23,280,963
Intangibles	106,613	-	-	106,613	354,889
Infrastructure	36,109,339	8,772,720	-	44,882,059	-
Right to Use	-	-	389,738	389,738	704,987
Accumulated Depreciation/Amortization	(36,990,685)	(8,949,017)	(990,772)	(46,930,474)	(15,249,970)
Depreciable/Amortizable Assets (Net)	16,942,395	4,981,438	874,279	22,798,112	9,794,016
<b>Total Capital Assets (Net of Accumulated Depreciation/Amortization)</b>	<b>17,649,048</b>	<b>5,904,914</b>	<b>1,619,357</b>	<b>25,173,319</b>	<b>10,351,697</b>
Noncurrent Assets					
Long-term Receivables (Net)	63,624	-	-	63,624	-
Net Pension Asset	276,914	91,517	541,107	909,538	524,379
Restricted Investment - Post Closure	32,331,041	-	-	32,331,041	-
<b>Total Noncurrent Assets</b>	<b>32,671,579</b>	<b>91,517</b>	<b>541,107</b>	<b>33,304,203</b>	<b>524,379</b>
<b>Total Assets</b>	<b>75,036,247</b>	<b>13,154,042</b>	<b>9,191,933</b>	<b>97,382,222</b>	<b>31,097,049</b>
<b>RESOURCES</b>					
Amounts Related to Pensions	235,665	77,885	460,506	774,056	446,267
Amounts Related to Asset Retirement Obligation	-	2,477,491	-	2,477,491	-
<b>Total Deferred Outflows of Resources</b>	<b>235,665</b>	<b>2,555,376</b>	<b>460,506</b>	<b>3,251,547</b>	<b>446,267</b>

**Cowlitz County, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2023**

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	<u>Business-Type Activities-Enterprise Funds</u>			<b>Total Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Solid Waste</b>	<b>Water Sewer</b>	<b>Nonmajor Enterprise Funds</b>		
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable (Includes Retainage)	978,481	231,861	156,463	1,366,805	605,642
Payable to Other Governments	60,797	16,318	28,764	105,879	113,224
Due to Other Funds	53,803	87,506	31,805	173,114	130,861
Accrued Interest Payable	-	1,016	770	1,786	7,201
Claims and Judgements	-	-	-	-	481,897
Current portion of Other Non-current debt	-	61,165	58,654	119,819	212,203
Landfill Closure and Post Closure Costs	282,056	-	-	282,056	-
Unearned Revenue	6,902	12,601	5,500	25,003	-
Other Accrued Liabilities	96,519	29,235	148,897	274,651	210,346
Customer Deposits - Payable From Restricted Assets	36,477	119,501	45,381	201,359	-
<b>Total Current Liabilities</b>	<b>1,515,035</b>	<b>559,203</b>	<b>476,234</b>	<b>2,550,472</b>	<b>1,761,374</b>
<b>Noncurrent Liabilities</b>					
Compensated Absences	100,171	11,539	255,902	367,612	283,049
Net Pension Liability	143,501	47,425	280,411	471,337	271,742
Landfill Closure and Post Closure Costs	32,048,985	-	-	32,048,985	-
Claims and Judgements	-	-	-	-	1,341,609
Other Non-current debt	-	353,210	206,977	560,187	271,252
Asset Retirement Obligation	-	4,197,454	-	4,197,454	-
<b>Total Noncurrent Liabilities</b>	<b>32,292,657</b>	<b>4,609,628</b>	<b>743,290</b>	<b>37,645,575</b>	<b>2,167,652</b>
<b>Total Liabilities</b>	<b>33,807,692</b>	<b>5,168,831</b>	<b>1,219,524</b>	<b>40,196,047</b>	<b>3,929,026</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Amounts Related to Pensions	156,074	51,580	304,981	512,635	295,552
Amounts Related to Leases	83,048	-	-	83,048	-
<b>Total Deferred Inflows of Resources</b>	<b>239,122</b>	<b>51,580</b>	<b>304,981</b>	<b>595,683</b>	<b>295,552</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	17,649,048	5,490,539	1,353,726	24,493,313	9,868,242
Restricted	276,914	91,517	541,107	909,538	524,379
Unrestricted	23,299,136	4,906,951	6,233,101	34,439,188	16,926,117
<b>Total Net Position</b>	<b>\$ 41,225,098</b>	<b>\$ 10,489,007</b>	<b>\$ 8,127,934</b>	<b>\$ 59,842,039</b>	<b>\$ 27,318,738</b>
Adjustments to reflect the consolidation of internal service fund activities to enterprise funds				(113,422)	
<b>Net Position of Business-Type Activities</b>				<b>\$ 59,728,617</b>	

**Cowlitz County, Washington**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<u>Business-Type Activities-Enterprise Funds</u>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Solid Waste</b>	<b>Water Sewer</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>OPERATING REVENUES</b>					
<i>Charges for Services:</i>					
Water - Sewer	\$ -	\$ 2,542,150	\$ -	\$ 2,542,150	\$ -
Garbage & Solid Waste	27,012,876	-	-	27,012,876	-
Public Safety	-	-	354,397	354,397	-
Culture & Recreation	-	-	1,710,919	1,710,919	-
Licenses & Permits	-	-	2,992,109	2,992,109	-
Other Services	-	-	1,104,683	1,104,683	14,305,458
<b>Total Operating Revenues</b>	<b>27,012,876</b>	<b>2,542,150</b>	<b>6,162,108</b>	<b>35,717,134</b>	<b>14,305,458</b>
				-	
<b>OPERATING EXPENSES</b>					
Maintenance & Operations	18,527,823	1,749,431	5,857,948	26,135,202	11,448,893
Closure & Postclosure Care	3,583,456	-	-	3,583,456	-
Depreciation & Amortization	3,961,399	326,235	107,770	4,395,404	1,788,201
<b>Total Operating Expenses</b>	<b>26,072,678</b>	<b>2,075,666</b>	<b>5,965,718</b>	<b>34,114,062</b>	<b>13,237,094</b>
<b>Operating Income (Loss)</b>	<b>940,198</b>	<b>466,484</b>	<b>196,390</b>	<b>1,603,072</b>	<b>1,068,364</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	-	-	1,912	1,912	-
Intergovernmental	465,735	185,621	412,760	1,064,116	-
Investment Earnings	2,751,142	333,728	118,026	3,202,896	835,604
Interest Expense	-	(2,682)	(8,964)	(11,646)	(8,048)
Gain (Loss) on Disposition of Assets	-	-	(58,639)	(58,639)	-
Miscellaneous Nonoperating Revenues	19,359	30,000	343,027	392,386	18,327
<b>Total Nonoperating Income (Expense)</b>	<b>3,236,236</b>	<b>546,667</b>	<b>808,122</b>	<b>4,591,025</b>	<b>845,883</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>4,176,434</b>	<b>1,013,151</b>	<b>1,004,512</b>	<b>6,194,097</b>	<b>1,914,247</b>
Capital Contributions	-	356,695	-	356,695	253,406
Transfers In	-	-	245,000	245,000	1,506,927
<b>Change in Net Position</b>	<b>4,176,434</b>	<b>1,369,846</b>	<b>1,249,512</b>	<b>6,795,792</b>	<b>3,674,580</b>
<b>Net Position - Beginning</b>	<b>37,048,664</b>	<b>9,119,161</b>	<b>6,878,422</b>	<b>53,046,247</b>	<b>24,606,259</b>
Changes in Accounting Principles	-	-	-	-	(962,101)
<b>Net Position - Ending</b>	<b>\$ 41,225,098</b>	<b>\$ 10,489,007</b>	<b>\$ 8,127,934</b>	<b>\$ 59,842,039</b>	<b>\$ 27,318,738</b>
Adjustments to reflect the consolidation of internal service fund activities to enterprise funds				179,952	
<b>Change in Net Position of Business-Type Activities</b>				<b>\$ 6,975,744</b>	

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, 2023**

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	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities-Internal Service Funds</b>
	<b>Solid Waste</b>	<b>Water Sewer</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 25,126,307	\$ 2,133,794	\$ 5,985,994	\$ 33,246,095	\$ 13,781,349
Payments to suppliers	(16,951,774)	(600,121)	(3,034,890)	(20,586,785)	(7,806,559)
Payments to employees	(1,842,201)	(1,028,168)	(3,208,316)	(6,078,685)	(3,888,048)
Other receipts	19,359	30,000	343,027	392,386	18,327
Net cash provided (used) by operating activities	<u>6,351,691</u>	<u>535,505</u>	<u>85,815</u>	<u>6,973,011</u>	<u>2,105,069</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer in from other County fund	-	-	245,000	245,000	1,506,927
Tax receipts	-	-	1,912	1,912	-
Cash received from operating grant	465,735	185,621	412,760	1,064,116	-
Net cash provided (used) by noncapital financing activities	<u>465,735</u>	<u>185,621</u>	<u>659,672</u>	<u>1,311,028</u>	<u>1,506,927</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(2,458,409)	(677,991)	(248,939)	(3,385,339)	(1,925,599)
Principal paid on capital debt	-	(121,280)	(133,168)	(254,448)	(221,531)
Interest paid on capital debt	-	(2,751)	(8,161)	(10,912)	(847)
Proceeds from financing activities related to leases	907	-	-	907	-
Capital contributions	-	356,695	-	356,695	-
Net cash provided (used) by capital and related financing activities	<u>(2,457,502)</u>	<u>(445,327)</u>	<u>(390,268)</u>	<u>(3,293,097)</u>	<u>(2,147,977)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	2,751,142	333,728	118,026	3,202,896	835,604
Net cash provided (used) by investing activities	<u>2,751,142</u>	<u>333,728</u>	<u>118,026</u>	<u>3,202,896</u>	<u>835,604</u>
Net increase (decrease) in cash and cash equivalents	7,111,066	609,527	473,245	8,193,838	2,299,623
Cash and cash equivalents, January 1	46,754,478	5,882,414	6,248,748	58,885,640	14,636,329
Cash and cash equivalents, December 31	<u>\$ 53,865,544</u>	<u>\$ 6,491,941</u>	<u>\$ 6,721,993</u>	<u>\$ 67,079,478</u>	<u>\$ 16,935,952</u>
<b>Reconciliation to Net Position</b>					
Cash and cash equivalents	\$ 21,498,026	\$ 6,372,440	\$ 6,676,612	34,547,078	\$ 16,935,952
Restricted cash and cash equivalents	32,367,518	119,501	45,381	32,532,400	-
Total cash and cash equivalents	<u>\$ 53,865,544</u>	<u>\$ 6,491,941</u>	<u>\$ 6,721,993</u>	<u>\$ 67,079,478</u>	<u>\$ 16,935,952</u>

**Cowlitz County, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

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**Business-Type Activities-Enterprise Funds**

	<b>Solid Waste</b>	<b>Water Sewer</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities-Internal Service Funds</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
<b>Operating Income (Loss)</b>	\$ 940,198	\$ 466,484	\$ 196,390	\$ 1,603,072	\$ 1,068,365
Adjustments to reconcile operating income to net cash provided (used) by operating income:					
Depreciation and amortization	3,961,399	326,235	107,770	4,395,404	1,788,201
Decrease (increase) in account receivable	166,548	(24,659)	(144,945)	(3,056)	-
Decrease (increase) in due from other governments	(239,938)	(350,552)	6,486	(584,004)	(225,559)
Decrease (increase) in due from other funds	(219)	(68,400)	2,363	(66,256)	(291,285)
Decrease (increase) in inventory	-	-	-	-	(25,847)
Decrease (increase) in prepaid expense	1,995	(1,670)	(170)	155	(186,845)
Increase (decrease) in accounts payable	66,931	139,919	(137,863)	68,987	216,954
Increase (decrease) in due to other governments	(8,343)	(17,114)	22,330	(3,127)	(21,890)
Increase (decrease) in due to other funds	(1,826,089)	9,064	(45,518)	(1,862,543)	(54,983)
Increase (decrease) in accrued liabilities	3,417,657	4,360	36,816	3,458,833	32,752
Increase (decrease) in accounts related to ARO	-	46,276	-	46,276	-
Increase (decrease) in customer deposits	6,227	13,590	-	19,817	-
Increase (decrease) in estimated future claims	-	-	-	-	47,714
Increase (decrease) in pension items	(160,936)	(50,629)	(306,371)	(517,936)	(260,839)
Increase (decrease) in unearned revenue	6,902	12,601	5,500	25,003	-
Miscellaneous revenue	19,359	30,000	343,027	392,386	18,327
Total adjustments	<u>5,411,493</u>	<u>69,021</u>	<u>(110,575)</u>	<u>5,369,939</u>	<u>1,036,700</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 6,351,691</u>	<u>\$ 535,505</u>	<u>\$ 85,815</u>	<u>\$ 6,973,011</u>	<u>\$ 2,105,065</u>
<b>Non-Cash Investing, Capital and Financing Activities</b>					
Capital Contribution of assets	\$ -	\$ -	\$ -	\$ -	\$ 253,406
Change in Fair Market Value	343,515	40,581	37,469	421,565	608,436

**Cowlitz County, Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2023**

	<b>Investment Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash, Cash Equivalents and Pooled Investments	\$ 169,400,070	\$ 21,188,504
Taxes Receivable for Other Governments	-	4,566,195
Other Assets	-	-
<b>Total Assets</b>	169,400,070	25,754,699
<b>LIABILITIES</b>		
Due to Other Governments	-	837,785
<b>Total Liabilities</b>	-	837,785
<b>NET POSITION</b>		
Restricted for:		
Pool Participants	169,400,070	-
Individuals, Organizations and Other Governments	-	24,916,914
<b>Total Net Position</b>	\$ 169,400,070	\$ 24,916,914

The notes to 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, 2023**

	<b>Investment Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Property tax collections for other governments	\$ -	\$ 128,030,708
Other tax collections	-	24,786,355
Collections from State or Federal sources, other than taxes	-	307,820,044
Collections from services provided	-	95,432,372
Additions by participants	99,102,880	-
Collection from investment disbursements	-	130,563,303
Interest, dividends and other	9,039,904	6,958,708
Court collections for other governments	-	2,647,253
Assessments collected from customers	-	8,381,113
Collection of debt proceeds	-	2,639,011
Other custodial collections	-	9,934,412
Net increase decrease in fair value of investments	-	-
<b>Total Additions</b>	<b>108,142,784</b>	<b>717,193,279</b>
<b>DEDUCTIONS</b>		
Distributions to participants	130,563,303	-
Distributions for investment purchases	-	108,142,784
Payments of property tax	-	59,152,291
Payments of other tax collections	-	13,092,803
Payments of court collections	-	2,975,921
Disbursements for election costs	-	149,978
Disbursements for wages and benefits	-	201,447,878
Disbursements to vendors and suppliers	-	305,692,818
Disbursements to bond and debt holders	-	17,217,132
Other custodial disbursements	-	4,323,927
<b>Total Deductions</b>	<b>130,563,303</b>	<b>712,195,532</b>
<b>CHANGE IN NET POSITION HELD FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS</b>	<b>(22,420,519)</b>	<b>4,997,747</b>
Net Position - Beginning of the Year	191,820,589	19,188,282
Prior Period Adjustment	-	730,885
Net Position - End of the Year	<b>\$ 169,400,070</b>	<b>\$ 24,916,914</b>

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

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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 unit discussed below is included in the Cowlitz County reporting entity because of the significance of its 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.

**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 unit. 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 unit for which the primary government is financially accountable.

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 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 and garbage. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions.

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

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 ARPA Relief Fund accounts for the restricted resources used for responding to the impact of COVID-19 and to contain COVID-19 in our communities, residents, and businesses.

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.
- *Custodial 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).

## **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

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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, building and planning, and emergency management funds 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**

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, the Budget Stabilization 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 does not have significant streams of restricted resources. 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

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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.

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 \$4,157,694. 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 the 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.

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.

## **E. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION**

### **1. Cash, Cash Equivalents and Pooled Investments**

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**

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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.

Lease receivables are amounts owed to the County per contract for when the County is acting as the lessor.

4. Amounts Due to and from Other Funds and Governments and Interfund Loans

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*.

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, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and intangible/right to use assets, 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:

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ASSETS	YEARS
Buildings	10 – 60
Building Improvements	10 – 30
Light Vehicles	4 – 7
Heavy Duty Vehicles	7 – 15
Office Equipment	5 – 10
Infrastructure	3 – 100
Intangible	3 – 10
Right to Use Asset	Terms of Contract

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.

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

For purposes of calculating the restricted net position related to the net pension asset, the County includes the net pension asset only.

See Note 8, *Pension Plans*.

10. Other Postemployment Benefits

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

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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 five items as a deferred outflow of resources. These items are the deferred charge on refunding, amounts related to pensions, amounts related to OPEB, amounts related to asset retirement obligation 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, 3) amounts related to leases and 4) 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 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. Asset Retirement Obligations

The asset retirement obligations (ARO) and deferred outflows of resources related is the liability associated with the retirement of County owned capital assets that have a substantial cost to the County. The obligation will be paid from operating income; no assets have been set aside to fund this obligation. See Note 12, *Asset Retirement Obligations* for more information.

14. Subscription Based Information Technology Agreements Liability and Right-to-Use Asset

The County has recorded the SBITA liability and associated intangible, right to use, SBITA asset.

At the commencement of a subscription-based information technology arrangement, the County initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term.

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

Key estimates and judgements related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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- The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancelable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and extension options that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA, and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. See Note 15, *Subscription Based Information Technology Arrangements (SBITAs)* for more detail.

15. 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.

The General Fund has \$2,128,563 earmarked as stabilization funding within the unassigned fund balance category. This is classified as unrestricted because the County did not adopt an ordinance or pass a resolution to specifically designate these funds as committed or assigned. No specific requirements or conditions for spending these funds have been established by the County.

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16. Fund Balance Detail

	<b>General</b>	<b>County Road</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Restricted for:</b>				
Transportation	-	-	712,481	712,481
Capital Improvements	-	-	298,135	298,135
REET Technology	-	-	3,830,543	3,830,543
Economic Environment	-	-	518,849	518,849
Federal Forest Title III	-	-	-	-
Culture & Recreation	-	-	1,028,191	1,028,191
Judicial	-	-	213,840	213,840
Auditor's O&M	-	-	412,726	412,726
Social Services	-	-	8,284,079	8,284,079
Public Safety	-	-	3,084,803	3,084,803
Utilities & Environment	-	-	294,293	294,293
<b>Assigned to:</b>				
General Government	50,383	-	2,010,135	2,060,518
Economic Environment	-	-	61,867	61,867
Transportation	-	15,078,612	8,213	15,086,825
Capital Improvements	-	-	10,110,862	10,110,862
Culture & Recreation	-	-	187,531	187,531
Social Services	-	-	6,394,940	6,394,940
Public Safety	1,224,455	-	813,302	2,037,757
Utilities & Environment	-	-	8,864	8,864
<b>Unassigned</b>	<b>21,463,457</b>	<b>-</b>	<b>-</b>	<b>21,463,457</b>
	<b>\$ 22,738,295</b>	<b>\$ 15,078,612</b>	<b>\$ 38,273,654</b>	<b>\$ 76,090,561</b>

17. 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.

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18. Restricted Net Position

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

Promotion of Tourism	\$ 518,849
Auditor's Operation and Maintenance	412,726
Capital Improvement Programs	298,135
Total General Government	<u>710,861</u>
Boat Safety Purposes	21,472
Law and Justice	2,596,683
Opioid Settlement	3,517,439
Total Public Safety	<u>6,135,594</u>
Judicial - Superior Court Law Library	213,840
Emergency financial assistance to veterans and their surviving spouses	878,468
Community Mental Health	7,405,611
Total Social Services	<u>8,284,079</u>
Noxious Weed Program	294,293
Transportation - Future Paths and Trails	712,481
Culture and Recreation for the Convention Center	426,023
Cumulative Reserve	602,168
Total Culture and Recreation	<u>1,028,191</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	3,830,543
Net Pension Asset	11,805,255
Total Restricted Net Position	<u>\$ 33,533,986</u>

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**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 fund 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	\$ (22,300,000)
Add: Issuance Premium (to be amortized as interest expense)	(97,439)
Asset Retirement Obligation	(656,951)
Compensated Absences	(4,512,766)
Notes Payable - Direct Placement	(3,635,926)
Add: Issuance Premium (to be amortized as interest expense)	(983,440)
SBITA Payable	(443,315)
Accrued Interest Payable	<u>(64,755)</u>
Net Adjustment to Reduce <i>Fund Balance-Total Governmental Funds</i> to Arrive at <i>Net Position-Governmental Activities</i>	<u>\$ (32,694,592)</u>

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

Net Pension Asset	\$ 11,280,876
Net Pension Liability	(3,520,310)
OPEB Liability	(7,035,259)
Deferred Outflows Related to OPEB	83,973
Deferred Outflows Related to Pension	8,649,573
Deferred Inflows Related to Pension	<u>(5,453,264)</u>
Net Adjustment to Reduce <i>Fund Balance-Total Governmental Funds</i> to Arrive at <i>Net Position-Governmental Activities</i>	<u>\$ 4,005,589</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:

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Capital Outlays	\$ 8,322,846
Asset Transfer to Proprietary Fund	(83,677)
Depreciation and Amortization Expense	(6,363,702)
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>	\$ 1,875,467

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:

Issuance of debt: SBITA's	\$ (131,285)
Principal Repayments:	
General Obligation Bonds	995,000
Special Revenue Bonds	1,560,000
Payment on Direct Borrowings	150,828
Lease Payments	585
Payments on SBITA's	129,926
Accrued interest on SBITA's	(5,177)
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>	\$ 2,699,877

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	\$ 160,243
Grant and Charges for Services Revenue Recognized on the Accrual Basis	(631,830)
Tax Revenue Recognized on the Accrual Basis	18,172
Revenue Recognized from PFD and TRRWA Debt Payments	400,000
Accrued interest receivable	(3,999)
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>	\$ (57,414)

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:

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Interest Payable	\$ 48,967
OPEB Expense adjustment	765,343
Net Pension Expense adjustment	4,177,905
Inventory	(3,135)
Amortization of Charges for Discount and Premium	188,894
Amortization of Excess Consideration Provided for Acquisition	(113,026)
Amortization of Amount on Refunding	(20,830)
Amortization and Inflation Adjustment on Asset Retirement Obligation	(14,055)
Compensated Absences	(424,618)
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>	\$ 4,605,445

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

Deposits consist of cash and cash equivalents on deposit with the Treasurer. The Treasurer designates specific financial institutions per RCW 36.48.101 and all receipts received by the Treasurer are deposited into qualified bank depositories as specified by the Washington Public Deposit Protection Commission (PDPC). All deposits are either covered by federal depository insurance or held in a multiple financial institution collateral pool administered by the PDPC.

Deposits are subject to the following Risk:

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**

The County’s Investment Policy directs the County Treasurer (Treasurer) to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. The Treasurer administers and maintains the Cowlitz County Investment Pool (Pool) to manage these 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

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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, 2023, is as follows:

Investment Type	Weighted Average (Years)
State Local Government Investment Pool	0
Federal Home Loan Mtg	1.95
Federal Farm Credit Bank	1.14
Corporate Notes	2.19
US Treasury Notes	1.46
	0.87

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 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, 2023, The County’s investments had the following credit quality distribution for securities with credit exposure:

Debt Security	Moody's
Government Agency	Aaa
Corporate	A1
US Government Treasurer	Aaa

Custodial Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The County allows 100 percent investment in US Treasuries, US Agency Obligations and the LGIP. The County limits its holdings to the following

- Municipal obligations 30%;
- Certificates of deposit to 25%;
- Corporate notes and commercial paper to a combined 25%;
- Canker’s acceptances and bank time deposits/savings account to 20%; and,
- Supranational agency notes to 10%.

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. US Treasury Notes are not subject to credit risk disclosures because they are backed by the full faith and credit of the US government. The investments subject to credit risk held at December 31, 2023, are listed below along with their percentage of the government’s total investment:

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Investment Type	Fair Value	Percentage of Portfolio
Corporate	\$ 11,968,733	3.13%
Federal Home Loan Mortgage Corporation	4,587,920	1.20%
Federal Farm Credit Bank	138,935,301	36.38%
	\$ 155,491,954	40.71%

**Investments in Local Government Investment Pool (LGIP)**

The County is a participant in the Local Government Investment Pool which is 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.

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, 2023, the County had the following investments measured at fair value:

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	Fair Value Measurements Using			
	12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Corporate	\$ 11,968,735	\$ -	\$ 11,968,735	\$ -
Federal Home Loan Mtg	4,587,920	-	4,587,920	-
Federal Farm Credit Bank	138,935,301	-	138,935,301	-
US Treasury Notes	103,382,731	103,382,731	-	-
Total Investments by Fair Value Level	<u>\$ 258,874,687</u>	<u>\$ 103,382,731</u>	<u>\$ 155,491,956</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
State LGIP	<u>\$ 123,068,527</u>			
Total Investments Measured at Amortized Cost	<u>\$ 123,068,527</u>			
Total Investments in Statement of Net Position	<u>\$ 381,943,214</u>			

**Cowlitz County Investment Pool**

The Treasurer administers and maintains the Cowlitz County Investment Pool for county and other jurisdictional governments within the county. Action was undertaken during 2023 to formalize the investment pool. RCW’s 36.29.022, 36.29.010, and 36.29.020, authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the county treasurer. The CCIP’s investments are invested pursuant to the RCW. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024. As of December 31, 2023, the Pool had an average maturity of approximately 318 days.

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2023, to support the value of shares in the Pool.

The CCIP is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance.

Pool participants manage their own cash and direct the County Treasurer by written request to deposit or withdraw monies from their funds for investment purposes. The collective pool earnings, net of administrative fees, are distributed to participants based on their average pooled balances for the period. Earnings are calculated based on 1) realized investment gains and losses 2) interest income based on an accrual basis; and 3) amortization of discounts and premiums on a straight-line basis. The participants’ shares in the pool are purchased and redeemed at face value. The aggregate value of all participants’ investments is equal the total face value of the pool at all times.

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the current expense fund of the county and may be used for general county purposes. The total amount of income from the surplus cash of the external portion

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
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of the CCIP assigned to the County’s general fund for the year was \$40,151,214. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the CCIP as they are required to be invested by statute.

The Cowlitz County Treasurer, by law, is the treasurer of most governments within the County, including schools, fire, and library districts. These districts do not have a legal option to have their investments handled by other than the County Treasurer and are considered involuntary entities. As of December 31, 2023, the CCIP had two voluntary entities accounting for 7.33 percent of pool assets, while the remaining 92.67 percent of assets consists of involuntary participants. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund.

As of December 31, 2023, there were no Individual Investment Accounts, as directed by external depositors, which are invested pursuant to the RCW.

Since a separate annual financial report on the Cowlitz County Investment Pool has not been issued, the following additional disclosures are being provided in the County’s financial statements.

**Cowlitz County, Washington Investment Pool**  
**Condensed Statement Net Position**  
**December 31, 2023**

	<b>Investment Trust Funds</b>
<b>ASSETS</b>	
Pooled Investments	\$ 381,943,204
<b>Total Assets</b>	<b>381,943,204</b>
<b>LIABILITIES</b>	
<b>Total Liabilities</b>	-
<b>NET POSITION</b>	
Restricted for:	
External Pool	170,751,560
Internal Pool	211,191,644
<b>Total Net Position</b>	<b>\$ 381,943,204</b>

The External Pool is 44.71% of the Cowlitz County Investment Pool

**Cowlitz County, Washington  
Notes to the Financial Statements  
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**Cowlitz County, Washington Investment Pool  
Condensed Statement of Changes in Net Position  
For the Year Ended December 31, 2023**

	<b>Investment Trust Funds</b>
<b>ADDITIONS</b>	
Additions by participants	\$ 696,139,111
Interest, dividends and other	20,784,169
<b>Total Additions</b>	<b>716,923,280</b>
<b>DEDUCTIONS</b>	
Distributions to participants	697,925,271
<b>Total Deductions</b>	<b>697,925,271</b>
 <b>CHANGE IN NET POSITION HELD FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS</b>	 <b>18,998,008</b>
Net Position - Beginning of the Year	362,945,196
Net Position - End of the Year	<b>\$ 381,943,204</b>

The pool values participant’s shares on an amortized cost basis. Specifically, the pool distributes income to participants on a quarterly basis based on their relative participation during the quarter that is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool’s investments. The total difference between the fair value of the investments in the pool and values distributed to the pool participants using the amortized cost method described above is reported in the net position section of the net position section of the statement of fiduciary net position as undistributed and unrealized gains (losses). The external portion of the Pool is presented in the accompanying financial statements as “Held for external investment pool participants.

**Summary of Deposits and Investment Balances**

Reconciliation of the County’s deposits and investment balances as of December 31, 2023, is as follows:

**Cowlitz County, Washington**  
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	Government Wide	Fiduciary Funds	PFD	Total
Cash on hand/Petty Cash	\$ 104,570	\$ 16,660	\$ -	\$ 121,230
Deposits with private financial institutions	(27,435,090)	21,171,844	222,756	(6,040,490)
Internal investment pool	206,419,650	-	4,771,994	211,191,644
External investment pool	-	170,751,560	-	170,751,560
Total deposits and investments	<u>\$ 179,089,130</u>	<u>\$ 191,940,064</u>	<u>\$ 4,994,750</u>	<u>\$ 376,023,944</u>
Cash, Cash Equivalents, and pooled investments	\$ 179,089,130	\$ 21,188,504	\$ 4,994,750	\$ 205,272,384
Pooled investments at Amortized Cost	-	169,400,070	-	169,400,070
Total deposits and investments	<u>\$ 179,089,130</u>	<u>\$ 190,588,574</u>	<u>\$ 4,994,750</u>	<u>\$ 374,672,454</u>
Reconciling item				
FMV on Fiduciary investment not reported	-	1,351,490	-	1,351,490
Total	<u>\$ 179,089,130</u>	<u>\$ 191,940,064</u>	<u>\$ 4,994,750</u>	<u>\$ 376,023,944</u>

**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 2023 were:

PURPOSE OF LEVY	ASSESSED VALUATION	LEVY RATE PER \$1,000	TOTAL LEVY AMOUNT
General Fund	\$18,295,495,301	\$1.104987604	\$20,216,296
Human Services/Mental Health	18,295,495,301	0.0250000000	205,824
Veterans Relief	18,295,495,301	0.0112500000	457,387
County Roads	10,186,549,628	1.377451139	10,886,749

**Cowlitz County, Washington**  
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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) total \$183,474 at December 31, 2023. These notes receivable are long-term and consist of the following:

	Interest Rate	Payment Amount	Final Payment	12/31/2023 Balance
Port of Longview	3.00%	22,954.79	6/30/2024	22,546
City of Castle Rock	1.50%	14,194.74	12/31/2029	67,888
Cowlitz 2 Fire & Rescue	1.00%	33,333.33	12/31/2025	93,040
Total Notes Receivable				\$ 183,474

The Due from Component Unit of \$1,595,000 represents a receivable for bonds issued by Cowlitz County. 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 Due from Other Government total \$14,717,734. This included a receivable, net of allowance for uncollectible, in the amount of \$3,086,726, representing the County’s portion of the Opioid Settlement received by the State of Washington reached by the Washington State Attorney General under resolution with the companies found responsible for fueling the opioid epidemic.

The remaining \$11,631,008 is due from various other government agencies through the normal course of business, either from grants or taxes due from the state.

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

**NOTE 6 – CAPITAL ASSETS**

**A. CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES**

Capital asset activity for the year ended December 31, 2023, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 15,764,564	\$ -	\$ -	\$ 15,764,564
Construction in progress	8,269,923	9,232,525	7,640,954	9,861,494
Total capital assets, not being depreciated	<u>24,034,487</u>	<u>9,232,525</u>	<u>7,640,954</u>	<u>25,626,058</u>
Capital assets, being depreciated:				
Buildings	52,045,871	756,791	-	52,802,662
Improvements other than buildings	3,610,995	486,543	-	4,097,538
Machinery and equipment	26,578,981	2,499,481	140,503	28,937,959
Intangible	520,579	-	-	520,579
Infrastructure	179,215,401	4,952,503	-	184,167,904
Total capital assets, being depreciated	<u>261,971,827</u>	<u>8,695,318</u>	<u>140,503</u>	<u>270,526,642</u>
Less accumulated depreciation for:				
Buildings	27,508,633	1,394,663	-	28,903,296
Improvements other than buildings	2,297,321	147,833	-	2,445,154
Machinery and equipment	15,778,437	1,984,335	140,503	17,622,269
Intangible	118,534	81,423	-	199,957
Infrastructure	100,817,099	4,301,362	-	105,118,461
Total accumulated depreciation	<u>146,520,024</u>	<u>7,909,616</u>	<u>140,503</u>	<u>154,289,137</u>
Total capital assets being depreciated, net	<u>115,451,803</u>	<u>785,702</u>	<u>-</u>	<u>116,237,505</u>
Right to use assets, being amortized				
SBITA	1,146,943	131,285	-	1,278,228
Total right to use assets, being amortized	<u>1,146,943</u>	<u>131,285</u>	<u>-</u>	<u>1,278,228</u>
Less accumulated amortization for:				
SBITA	-	242,287	-	242,287
Total accumulated amortization	<u>-</u>	<u>242,287</u>	<u>-</u>	<u>242,287</u>
Total capital assets being amortized, net	<u>1,146,943</u>	<u>(111,002)</u>	<u>-</u>	<u>1,035,941</u>
<b>Governmental activities capital assets, net</b>	<u><b>\$ 140,633,233</b></u>	<u><b>\$ 9,907,225</b></u>	<u><b>\$ 7,640,954</b></u>	<u><b>\$ 142,899,504</b></u>

The beginning balance of the Governmental Activities capital assets has been restated due to the removal of intangible/software assets, net, of \$962,102 in the course of implementation of GASB Statement 96, *Subscription Based Information Technology Agreements*. Additionally, beginning SBITA assets have been recorded as of January 1, 2023, in the amount of \$1,146,943. See Note 15 for additional information on SBITAs.

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

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
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**Governmental Activities:**

General Government	\$	1,390,494
Public Safety		240,995
Judicial		65,533
Utilities		371,575
Transportation		4,109,286
Social Services		123,530
Culture & Recreation		62,289
Capital assets held by the government's Internal Service funds are charged to the various functions based on their usage of the assets		1,788,201
<b>Total Depreciation - Governmental Activities</b>	<b>\$</b>	<b><u>8,151,903</u></b>

At the end of December 31, 2023, the County has active construction projects in process. These projects will be funded through cash on hand, federal/state grants and other financing sources.

Road, culvert, drainage, and bridge construction projects	\$8,220,682	
Other capital		<u>1,103,745</u>
Total Construction Commitment		<u>\$9,324,427</u>

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
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**B. CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES**

Capital asset activity for the year ended December 31, 2023, was as follows:

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Change in Accounting Principles</b>	<b>Beginning Balance Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>						
Land	\$ 1,175,076	\$ -	\$ 1,175,076	\$ -	\$ -	\$ 1,175,076
Construction in progress	216,101	-	216,101	1,095,280	111,250	1,200,131
<b>Total capital assets, not being depreciated</b>	<b>1,391,177</b>	<b>-</b>	<b>1,391,177</b>	<b>1,095,280</b>	<b>111,250</b>	<b>2,375,207</b>
<b>Capital assets, being depreciated:</b>						
Buildings	6,527,410	-	6,527,410	-	-	6,527,410
Improvements other than buildings	4,374,368	-	4,374,368	723,013	-	5,097,381
Machinery and equipment	11,047,089	-	11,047,089	1,678,296	-	12,725,385
Intangible	220,723	-	220,723	-	114,110	106,613
Infrastructure	44,882,059	-	44,882,059	-	-	44,882,059
<b>Total capital assets, being depreciated</b>	<b>67,051,649</b>	<b>-</b>	<b>67,051,649</b>	<b>2,401,309</b>	<b>114,110</b>	<b>69,338,848</b>
<b>Less accumulated depreciation for:</b>						
Buildings	4,676,399	-	4,676,399	163,993	-	4,840,392
Improvements other than buildings	4,178,231	-	4,178,231	19,573	-	4,197,804
Machinery and equipment	4,872,213	-	4,872,213	1,048,482	-	5,920,695
Intangible	99,087	-	99,087	10,662	55,471	54,278
Infrastructure	28,764,611	-	28,764,611	3,074,004	-	31,838,615
<b>Total accumulated depreciation</b>	<b>42,590,541</b>	<b>-</b>	<b>42,590,541</b>	<b>4,316,714</b>	<b>55,471</b>	<b>46,851,784</b>
<b>Total capital assets, being depreciated, net</b>	<b>24,461,108</b>	<b>-</b>	<b>24,461,108</b>	<b>(1,915,405)</b>	<b>58,639</b>	<b>22,487,064</b>
<b>Right to use assets, being amortized</b>						
SBITA	-	389,738	389,738	-	-	389,738
<b>Total right to use assets, being amortized</b>	<b>-</b>	<b>389,738</b>	<b>389,738</b>	<b>-</b>	<b>-</b>	<b>389,738</b>
<b>Less accumulated amortization for:</b>						
SBITA	-	-	-	78,690	-	78,690
<b>Total accumulated amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,690</b>	<b>-</b>	<b>78,690</b>
<b>Total capital assets being amortized, net</b>	<b>-</b>	<b>389,738</b>	<b>389,738</b>	<b>(78,690)</b>	<b>-</b>	<b>311,048</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 25,852,285</b>	<b>\$ 389,738</b>	<b>\$ 26,242,023</b>	<b>\$ (898,815)</b>	<b>\$ 169,889</b>	<b>\$ 25,173,319</b>

The beginning balance of the Business-type Activities capital assets, net, has been restated by an increase of \$389,738, for the implementation of GASB Statement 96, Subscription Based Information Technology Agreements (SBITA).

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

**Business-Type Activities:**

Water/Sewer	\$ 326,235
Solid Waste-Landfill	3,961,399
Public Safety	6,687
Expo Center	18,516
Building & Planning	82,567
<b>Total Depreciation - Business-Type Activities</b>	<b>\$ 4,395,404</b>

At the end of December 31, 2023, the County had active construction projects in process. The projects include the following as of year-end:

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
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Water Sewer improvements	774,365
Solid Waste improvements	317,260
Shooting range improvements	108,505
Total Construction Commitment	<u>\$1,200,130</u>

**C. DISCRETELY PRESENTED COMPONENT UNIT**

Public Facilities District

Capital asset activity for the year ended December 31, 2023, was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	6,201,150	-	-	6,201,150
Leasehold improvements	12,173,148	-	-	12,173,148
Improvements other than buildings	566,565	-	-	566,565
Machinery and equipment	711,812	-	-	711,812
Total capital assets, being depreciated	19,652,675	-	-	19,652,675
Less accumulated depreciation for:				
Buildings	2,228,709	127,470	-	2,356,179
Leasehold improvements	6,477,877	500,741	-	6,978,618
Improvements other than buildings	461,094	9,785	-	470,879
Machinery and equipment	641,742	51,360	-	693,102
Total accumulated depreciation	9,809,422	689,356	-	10,498,778
Total capital assets, being depreciated, net	9,843,253	(689,356)	-	9,153,897
<b>Total capital assets, net</b>	<b>\$ 9,843,253</b>	<b>\$ (689,356)</b>	<b>\$ -</b>	<b>\$ 9,153,897</b>

**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

**A. INTERFUND TRANSFERS**

Interfund transfers are funds provided to support other funds with no obligation for repayment and consisted of the following for 2023:

		TRANSFER FROM			
		General Fund	ARPA	Non-major Gov't	Total
<b>TRANSFER TO</b>	<b>General Fund</b>	\$ -	\$ 45,770	\$ 2,770,348	\$ 2,816,118
	<b>County Road</b>	-	314,188	-	314,188
	<b>Non-Major Gov't</b>	1,638,940	-	905,719	2,544,659
	<b>Non-Major Enterprise</b>	200,000	-	45,000	245,000
	<b>Internal Service</b>	1,216,578	290,349	-	1,506,927
	<b>Total</b>	\$ 3,055,518	\$ 650,307	\$ 3,721,067	\$ 7,426,892

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
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**B. INTERFUND BALANCES**

Interfund balances at December 31, 2023, were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities		
General Fund	\$ 1,456,308	\$ 98,803
Road Fund	178,507	648,157
ARPA	-	1,583,912
Non-Major Gov't	4,156	176,612
Internal Service	1,077,816	130,861
Total Governmental Activities	<u>2,716,787</u>	<u>2,638,345</u>
Business Type Activities		
Solid Waste	711	53,803
Water Sewer	93,961	87,506
Non-Major Enterprise	-	31,805
Total Business Type Activities	<u>94,672</u>	<u>173,114</u>
Total Interfund Balances	<u>\$ 2,811,459</u>	<u>\$ 2,811,459</u>

These interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship.

**NOTE 8 – PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2023:

<b>Aggregate Pension Amounts - All Plans</b>	
Pension liabilities	\$ 4,263,390
Pension assets	12,714,793
Deferred outflows of resources	9,869,896
Deferred inflows of resources	6,261,450
Pension expense/expenditures	(1,362,676)

**State Sponsored Pension Plans**

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

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

**Cowlitz County, Washington**  
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The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

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 fiscal year 2023 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>
July – August 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>9.39%</b>	<b>6.00%</b>
September – December 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	2.97%	

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Administrative Fee	0.20%	
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member’s AFC times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service.

Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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 rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

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

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2</b>
January – June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>
July – August 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Employee Pers Plan 3		Varies

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<b>Total</b>	<b>9.39%</b>	<b>6.36%</b>
September - December 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.53%</b>	<b>6.36%</b>

The Cowlitz County’s actual PERS plan contributions were \$1,154,868 to PERS Plan 1 and \$1,810,281 to PERS Plan 2/3 for the year ended December 31, 2023.

**Public Safety Employees’ Retirement System (PSERS)**

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. PSERS membership includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

- Have completed a certified criminal justice training course with Cowlitz County 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 Cowlitz County Washington peace officer, as defined in [RCW 10.93.020](#); or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

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

PSERS covered employers include:

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

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the AFC times the member’s years of service. The AFC is based on the member’s 60 consecutive highest creditable months of service. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Benefits are actuarially reduced for each year that the member’s age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years

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of service credit. Retirement before age 60 is considered an early retirement. PSERS members who retire before turning 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The Plan 2 employer rates include components to address the PERS Plan 1 UAAL.

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

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June 2023		
PSERS Plan 2	6.60%	6.60 %
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.63%</b>	<b>6.60%</b>
July – August 2023		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>9.63%</b>	<b>6.60%</b>
September – December		
PSERS Plan 2	6.73%	6.60%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.90%</b>	<b>6.60%</b>

The Cowlitz County’s actual plan contributions were \$362,424 to PSERS Plan 2 and \$184,428 to PERS Plan 1 for the year ended December 31, 2023.

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

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

**LEOFF 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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest-paid consecutive 24 months' within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include a COLA. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute 0%, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20% of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service (the FAS is based on the highest-paid consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 – 52, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a COLA (based on the CPI), capped at 3% annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2023.

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

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – August 2023		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>8.71%</b>	<b>8.53%</b>
September - December 2023		
State and local governments	5.12%	8.53%

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Administrative Fee	0.20%	
<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>
Ports and Universities	8.53%	8.53%
Administrative Fee	0.20%	
<b>Total</b>	<b>8.73%</b>	<b>8.53%</b>

The Cowlitz County’s actual contributions to the plan were \$266,434 for the year ended December 31, 2023.

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 Office of the State Actuary 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, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the Cowlitz County as its proportionate share of this amount is \$160,243.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial results reflect the following changes in assumptions and methods since the last valuation:

Method changes

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

**Discount Rate**

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

**Estimated Rates of Return by Asset Class**

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, 2023 are summarized in the table below. The inflation component used to create the table is 2.20 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%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	<b>100%</b>	

**Sensitivity of the Net Pension Liability/(Asset)**

The table below presents the Cowlitz County’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Cowlitz County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	5,956,278	4,263,390	2,785,897
PERS 2/3	8,947,893	(8,227,040)	(22,337,333)
PSERS 2	1,160,893	(748,683)	(2,255,757)
LEOFF 1	(951,014)	(1,072,525)	(1,177,894)
LEOFF 2	441,508	(2,666,545)	(5,210,220)

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**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, 2023, the Cowlitz County reported its proportionate share of the net pension liabilities or assets as follows

<b>Plan</b>	<b>Liability or Asset</b>
PERS 1	\$ 4,263,390
PERS 2/3	(8,227,040)
PSERS 2	(748,683)
LEOFF 1	(1,072,525)
LEOFF 2	(2,666,545)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the Cowlitz County. The amount recognized by the Cowlitz 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 Cowlitz County were as follows:

	<b>LEOFF 1 Asset</b>	<b>LEOFF 2 Asset</b>
LEOFF - employer's proportionate share	(1,072,525)	(2,666,545)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(7,254,533)	(1,702,828)
<b>TOTAL</b>	<b>(8,327,059)</b>	<b>(4,369,374)</b>

At June 30, the Cowlitz County’s proportionate share of the collective net pension liabilities or assets was as follows:

	<b>Proportionate Share 6/30/22</b>	<b>Proportionate Share 6/30/23</b>	<b>Change in Proportion</b>
PERS 1	0.20063%	0.18677%	-0.01387%
PERS 2/3	0.21457%	0.20072%	-0.01385%
PSERS 2	0.80083%	0.70605%	-0.09478%
LEOFF 1	0.03817%	0.03614%	-0.00203%
LEOFF 2	0.10868%	0.11117%	0.00249%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer’s proportionate share of the collective pension

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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 2023. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12% percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data. In fiscal year 2023, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61% of employer contributions.

In fiscal year 2023, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61% of employer contributions.

**Pension Expense**

For the year ended December 31, 2023, the Cowlitz County recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ (491,036)
PERS 2/3	(1,001,358)
PSERS 2	195,225
LEOFF 1	(43,177)
LEOFF 2	(22,331)
<b>TOTAL</b>	<b>(1,362,676)</b>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2023, the Cowlitz County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (480,929)
Contributions subsequent to the measurement date	501,940	-
<b>TOTAL</b>	<b>\$ 501,940</b>	<b>\$ (480,929)</b>

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<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,675,839	\$ (91,921)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,100,446)
Changes of assumptions	3,453,996	(752,835)
Changes in proportion and differences between contributions and proportionate share of contributions	463,331	(210,804)
Contributions subsequent to the measurement date	906,443	
<b>TOTAL</b>	<b>\$ 6,499,609</b>	<b>\$ (4,156,006)</b>
<b>PSERS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 234,269	\$ (192,651)
Net difference between projected and actual investment earnings on pension plan investments	-	(201,488)
Changes of assumptions	334,961	(130,280)
Changes in proportion and differences between contributions and proportionate share of contributions	79,450	(35,984)
Contributions subsequent to the measurement date	186,201	-
<b>TOTAL</b>	<b>\$ 834,881</b>	<b>\$ (560,403)</b>
<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (71,118)
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ (71,118)</b>

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LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,089,208	\$ (21,938)
Net difference between projected and actual investment earnings on pension plan investments	-	(564,235)
Changes of assumptions	681,159	(219,036)
Changes in proportion and differences between contributions and proportionate share of contributions	127,707	(187,785)
Contributions subsequent to the measurement date	135,392	-
<b>TOTAL</b>	<b>\$ 2,033,466</b>	<b>\$ (992,994)</b>
TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,999,316	\$ (306,510)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,418,216)
Changes of assumptions	4,470,116	(1,102,151)
Changes in proportion and differences between contributions and proportionate share of contributions	670,488	(434,573)
Contributions subsequent to the measurement date	1,729,976	-
<b>TOTAL</b>	<b>\$ 9,869,896</b>	<b>\$ (6,261,450)</b>

Deferred outflows of resources related to pensions resulting from the Cowlitz County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. 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	PSERS 2	LEOFF 1	LEOFF 2
2024	\$ (327,204)	\$ (1,492,971)	\$ (118,371)	\$ (48,761)	\$ (226,683)
2025	(411,498)	(1,770,576)	(148,330)	(61,189)	(317,800)
2026	253,723	2,613,473	153,419	37,958	485,100
2027	4,050	1,003,158	26,910	874	173,667
2028	-	987,129	28,779	-	191,137
Thereafter	-	96,947	145,870	-	599,659

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT**

**Retired LEOFF I Employees Other Postemployment Benefits**

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<b>Aggregate OPEB Amounts</b>	
OPEB liability	\$ 7,035,259
Deferred outflows of resources	83,973
OPEB Expenses	(598,458)

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 14 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 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, 2023, the following employees were covered by the benefit terms:

	<u>Total</u>
Inactive employees or Beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	<u>14</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, 2023, benefit payments made by the County were \$391,351.

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 \$7,035,259 was measured as of June 30, 2023 with a valuation date of June 30, 2023. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The Entry Age Normal actuarial cost method and the

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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: 3.54% beginning of measurement year, 3.65% end of measurement year
- Healthcare cost trend rate: for medical costs, 4.5%; for long-term care, 4.75%; Medicare Part B premiums vary, approximately 5.0%.

The source of the discount rate is the Bond Buyer General Obligation 20- Bond Municipal Index.

Mortality rates were based on the Pub S.H-2010 “-1 year Healthy Table” and “0 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 mortality using MP-2017 long-term rates. 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%.

Sensitivity of the Total OPEB Liability

The table below presents the County’s total OPEB liability calculated using the discount rate of 3.65 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 (2.65 percent) or 1-percentage point higher (4.65 percent) than the current rate.

Total OPEB Liability	Sensitivity Analysis		
	1% Decrease	Current	1% Increase
Discount Rate	\$7,742,997	\$7,035,259	\$6,423,372

The following table presents the total OPEB liability of the County calculated using the health care cost trend rate of 4.5 percent and long term care rates of 4.75 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 (3.5%, 3.75% long term care trend rate) or 1-percentage point higher (5.5%, 5.75 % long term care trend rate) than the current rate.

Total OPEB Liability	Sensitivity Analysis		
	1% Decrease	Current	1% Increase
Healthcare Trend	\$6,451,434	\$7,035,259	\$7,695,278

Changes in the Total OPEB Liability

At the measurement date June 30, 2023, the changes in the total OPEB liability are as follows:

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Total OPEB Liability at December 31, 2022	\$ 7,791,579
Changes for the Year	
Interest	268,955
Changes in Experience Data and Assumptions	(633,924)
Estimated Benefit Payments	<u>(391,351)</u>
Net Change	(756,320)
Total OPEB Liability at December 31, 2023	<u>\$ 7,035,259</u>

The County reported (\$598,458) as LEOFF 1 OPEB expense for the calendar year 2023.

At December 31, 2023, the County reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of \$83,973. This will be recognized as a reduction in OPEB liability in the period ending December 31, 2024.

**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 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, 2023, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool’s liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For loss occurring in 2023, Cowlitz County selected a per-occurrence deductible of \$10,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions (“SIRs”) equal to the amount of the layer of coverage below. For the Pool’s 2020-21 Fiscal Year, the Pool’s SIR was \$2,000,000 and for the Pool’s 2021-22 and 2022-23 Fiscal Years, the Pool’s SIR was \$3,000,000. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the

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maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), \$50 million, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. For the 2022-23 Fiscal Year, 15 of the Pool's 25 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 four staff members responsible for evaluating each claim for coverage, establishing reserves and investigating claims for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss preventions services.

During 2022-23, Cowlitz County was also one of twenty-four (24) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$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. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$5,000,000 in the aggregate. For 2023, the Pool's SIR for cyber claims was \$500,000 from January 1 through December 31, with Cowlitz County having no deductible.

Beginning in the 2022-23 Fiscal Year, Cowlitz County was one of 23 counties that participated in a group purchased crime policy, which included limits of \$2,000,000 and with a county deductible of \$25,000.

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

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and review the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by more than \$100,000, c). to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

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During 2022-23, the WCRP’s assets increased to \$69,171,241 while its liabilities also increased to \$44,769,402. The Pool’s net position ended at \$25,531,296. 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, 2023, 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, 2023, were \$1,366,506 for general liability and \$457,000 for workers compensation.

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

	Beginning of the year liability	Current year claims	Change in estimates for claims of prior periods	Claims payments	End of the year liability
2023	\$ 1,775,792	\$ 345,737	\$ (12,774)	\$ (285,249)	\$ 1,823,506
2022	1,323,929	436,041	257,436	(241,614)	1,775,792
2021	1,337,483	211,290	(82,002)	(142,842)	1,323,929

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 \$544,390 at December 31, 2023, available to meet the projected future estimate of claims to be paid of \$457,000. This results in a December 31, 2023, total net position of \$62,701.

The Risk Management Fund has \$996,445 at December 31, 2023, in net cash and investments to meet actual and projected claims to be paid of \$1,366,506. This results in a December 31, 2023, total net position of \$616,263.

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

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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, 2023, the fund has a total net position balance of \$185,710 compared to total net position of \$250,707 at December 31, 2022.

**NOTE 11 – LONG-TERM DEBT**

The County has long-term debt reported with both governmental activities and business-type activities. 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.

General Obligation and Revenue Bonds

The County issues general obligation bonds to finance the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and are being repaid from the applicable sources. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds outstanding are as follows:

<b>Description</b>	<b>Outstanding</b>
\$3,690,000 <b>2012A Limited Tax General Refunding Bond</b> issued May 30, 2012, to refinance the 2002 Limited General Obligation bonds. The debt is served from the proceeds of taxes levied against all of the taxable property within the County and 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. 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 principal and interest are paid in full.	\$390,000
\$4,880,000 <b>2012B Limited Tax General Refunding Bond</b> issued May 30, 2012, to refinance the 2003 Limited General Obligation bonds. The debt is serviced from the sales and hotel taxes of .033 percent, received by the Cowlitz County Public Facilities District, a component unit of Cowlitz County. This tax will expire in May 2027. The interest rate on the outstanding principal ranges from 2% to 4%. Annual principal payments beginning 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	\$1,595,000

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occurs interest continues to accrue at the same rate provided in the bond until the bond principal and interest are paid in full.	
\$20,460,000 <b>2022 LTD GO Refunding Bonds</b> issued August 3, 2022, as refunding bonds with an interest rate ranging from 2.99% to 3.81% to refund the 2014A and 2014B GO Bonds with an average interest rate of 4.25%. The debt is serviced from proceeds of taxes levied against all of the taxable property within the County. Principal payments are due annually on December 1 ranging in amounts from \$15,000 to \$2,345,000. Interest payments are due semiannually on June 1st and December 1st. The final payment is due December 1, 2033. If default occurs the County is obligated to pay interest on the bond at the same rate provided until the bond principal and interest are paid in full.	\$20,315,000

General obligation and revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2024	\$ 2,575,000	\$ 669,056
2025	2,260,000	592,594
2026	2,345,000	519,875
2027	2,165,000	449,712
2028	1,980,000	387,354
2029-2033	10,975,000	1,007,781
	\$22,300,000	\$ 3,626,372

Direct Borrowing and Direct Placement Debt

The County receives loans directly from third parties to finance the construction of major capital projects. Direct borrowing and direct placement loans outstanding are as follows:

Description	Outstanding
\$322,035 <b>2008 Water-Sewer PWTF Loan.</b> 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. The County has the right to repay the unpaid loan balance in full at any time without penalty. Delinquent payments shall be assessed a monthly penalty beginning the first day past the due date at a rate of one percent per month. The loan may be terminated in whole or in part if the terms of the contract are not followed and nothing shall affect the obligation to repay any unpaid balance of the loan.	\$72,024
\$222,669 <b>2010 Water-Sewer DOE Loan.</b> The funds are being used for the Ryderwood Infiltration and Inflow Removal. Taxes levied and a pledge of net revenue and ULID assessments are used to repay this loan. 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, \$222,669 has been drawn from the \$223,157 available. The entire principal and accrued interest may be repaid at any time. If default occurs a late charge may be assessed at one percent per month starting on the day the debt becomes past due and until it is paid in full. The loan may also be terminated for insufficient funds or failure to commence work.	\$90,433

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<p><b>\$595,000 2012 Water-Sewer PWTF Loan.</b> 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. The County has the right to repay the unpaid loan balance in full at any time without penalty. Delinquent payments shall be assessed a monthly penalty beginning the first day past the due date at a rate of one percent per month. The loan may be terminated in whole or in part if the terms of the contract are not followed and nothing shall affect the obligation to repay any unpaid balance of the loan.</p>	\$251,918
<p><b>\$3,340,000 2021B Local Agency Financing Lease.</b> The funds are being used for the Morgue building construction. The loan has a 2.11% interest rate. Principal payments are due annually ranging from \$95,000 to \$255,000. The term of the loan is 20 years. The entire principal and accrued interest may be repaid at any time. The loan may be terminated if the terms of the contract are not followed and nothing shall affect the obligation to repay any unpaid balance of the loan.</p>	\$3,140,000
<p><b>\$277,531 2021B Local Agency Financing Lease.</b> The funds are being used for the Morgue building equipment. The loan has a 0.94% interest rate. Principal payments are due annually ranging from \$21,761 to \$34,271. The term of the loan is 10 years. The entire principal and accrued interest may be repaid at any time. The loan may be terminated if the terms of the contract are not followed and nothing shall affect the obligation to repay any unpaid balance of the loan.</p>	\$232,574
<p><b>\$285,984 2022B Local Agency Financing Lease.</b> The funds are being used for the Sheriff's department equipment. The loan has a 2.64272% interest rate. Principal payments are due annually ranging from \$22,633 to \$35,287. The term of the loan is 10 years. The entire principal and accrued interest may be repaid at any time. The loan may be terminated if the terms of the contract are not followed and nothing shall affect the obligation to repay any unpaid balance of the loan.</p>	\$263,352

Direct borrowing and direct placement debt service requirements to maturity are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 158,239	\$ 321,071	61,165	1,867
2025	165,651	308,597	61,283	1,581
2026	178,183	295,311	61,401	1,294
2027	185,843	281,212	61,521	1,006
2028	193,634	142,587	43,635	1,005
2029-2033	1,024,376	556,672	125,370	938
2034-2038	1,000,000	312,500	-	-
2039-2041	730,000	56,000	-	-
	<u>\$ 3,635,926</u>	<u>\$ 2,273,950</u>	<u>\$ 414,375</u>	<u>\$ 7,691</u>

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

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Performing Arts in the City of Longview. Additionally, the PFD is liable for operating loans used to cover tax shortfalls.

<b>Public Facilities Dist. – Due to Primary Government (Cowlitz County)</b>	<b>Outstanding</b>
\$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.	\$1,595,000
<b>Public Facilities Dist. - Notes Payable due to City of Longview</b>	<b>Outstanding</b>
\$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.	\$5,205,000

At December 31, 2023, annual debt service for debt categorized as Due to Primary Government (Cowlitz County) for the Public Facilities District follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 425,000	\$ 55,300	\$ 480,300
2025	450,000	37,800	487,800
2026	480,000	19,200	499,200
2027	240,000	4,800	244,800
	<b>\$ 1,595,000</b>	<b>\$ 117,100</b>	<b>\$ 1,712,100</b>

At December 31, 2023, annual debt service requirements payable to the City of Longview are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 110,000	\$ 193,756	\$ 303,756
2025	120,000	190,456	310,456
2026	125,000	186,856	311,856
2027	130,000	183,106	313,106
2028	140,000	179,206	319,206
2029-2033	830,000	805,232	1,635,232
2034-2038	1,100,000	618,832	1,718,832
2044-2047	1,430,000	373,232	1,803,232
2047	1,220,000	95,850	1,315,850
	<b>\$ 5,205,000</b>	<b>\$ 2,826,527</b>	<b>\$ 8,031,526</b>

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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, 2023, these funds were as follows:

Purpose	Amount
Regional Events Center Rate Stabilization	\$ 506,183
Columbia Theatre Revenue Stabilization	327,150
Regional Events Center Depreciation Reserve	2,407,202
Columbia Theatre Depreciation Reserve	891,639
	\$ 4,132,174

Conduit Debt

**2015 TRRWA Special Revenue Bonds** was issued December 15, 2015, to refund the 2006 portion of the County’s outstanding Limited Tax General Obligation. The debt is serviced by net revenue from user fees collected by the Cities of Kelso, Longview and Beacon Hill Sewer District and is required to be paid by TRRWA pursuant to the interlocal agreement with the County. Interest varies from 2% to 4% on principal installments of \$805,000 to \$970,000 through March 1, 2025. The bonds are non-callable.

The bonds are further secured by a pledge of the system revenue and limited tax general obligation pledge by the County. If default occurs the County is obligated to pay interest on the bond at the same rate provided until the bond principal and interest are paid in full. There is no current liability recorded related to the potential of the County to be responsible for any such payments.

The outstanding balance is \$1,905,000 at December 31, 2023.

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, 2023. The aggregate annual debt service when system development charges are included in revenue was 1.34 and excluding system development charges coverage was 2.04 times the 2023 debt service on bonds.

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, 2023 \$3,698,037 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, 2023, \$3,698,037 was held in their account.

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Changes in Long Term Debt

Governmental Activities

	Balance 1/1/2023	Prior period adjustment *	Balance 1/1/2023 Restated *	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Bonds Payable							
General Obligation Bonds	\$ 23,295,000	\$ 1,560,000	\$ 24,855,000	\$ -	\$ 2,555,000	\$ 22,300,000	\$ 2,575,000
Plus: Premium on Bonds	166,499	57,804	224,303	-	126,864	97,439	34,872
Subtotal General Obligation Bonds	23,461,499	1,617,804	25,079,303	-	2,681,864	22,397,439	2,609,872
Total Bonds Payable	23,461,499	1,617,804	25,079,303	-	2,681,864	22,397,439	2,609,872
Direct Borrowings/Placements:							
Notes Payable-Other Govts.	3,786,754	-	3,786,754	-	150,828	3,635,926	158,239
Plus: Premium on NP-Other Govts.	1,045,472	-	1,045,472	-	62,032	983,440	62,030
Total Direct Borrowings/Placements	4,832,226	-	4,832,226	-	212,860	4,619,366	220,269
Direct Financing Agreements	585	-	585	-	585	-	-
Other Post Employee Benefits	7,791,579	-	7,791,579	-	756,320	7,035,259	378,123
Compensated Absences	4,088,148	-	4,088,148	424,618	-	4,512,766	-
Compensated Absences - Int Svc	303,358	-	303,358	-	20,309	283,049	-
Claims/Judgements - Int Svc	1,775,792	-	1,775,792	47,714	-	1,823,506	481,897
Asset Retirement Obligations	634,108	-	634,108	22,843	-	656,951	-
SBITA **	441,956	-	441,956	131,285	129,926	443,315	133,720
SBITA - Int Svc **	704,987	-	704,987	-	221,531	483,456	212,203
Net Pension Liability	4,618,242	-	4,618,242	-	1,097,932	3,520,310	-
Net Pension Liability - Int Svc	425,580	-	425,580	-	153,838	271,742	-
Total Long-Term Debt	\$ 49,078,060	\$ 1,617,804	\$ 50,695,864	\$ 626,460	\$ 5,275,165	\$ 46,047,159	\$ 4,036,084

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

\*During 2022, the County issued refunding debt for the 2014A and 2014B General Obligations Bonds. The entire outstanding balance of the bonds were treated as defeased, however, the County remained obligated for the payment of principle (\$1,560,000) and interest for the 2023 payment and, as such, this portion of the debt should have not be treated as defeased and removed. The table above has been restated to include that portion at the beginning of the year and to recognize the payment paid and the amortization (\$57,804) of the premium.

\*\*Additionally, the beginning balances have been restated for the implementation of GASB Statement 96, *Subscription Based Information Technology Agreements*. See Note 15 for more details.

Business Type Activities

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	Balance 1/1/2023 Restated *	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Direct Placements:					
Notes Payable-Other Govts.	\$ 535,656	\$ -	\$ 121,281	\$ 414,375	\$ 61,165
Total Direct Placements	535,656	-	121,281	414,375	61,165
Landfill Closure and Postclosure Care	28,907,573	3,423,468		32,331,041	282,056
Direct Financing Agreements	9,031		9,031	-	
Asset Retirement Obligations	4,051,504	145,950		4,197,454	-
SBITA*	389,768		124,137	265,631	58,654
Net Pension Liability	542,537		71,200	471,337	-
Compensated Absences	335,750	31,862		367,612	-
Total Long-Term Debt	<u>\$ 34,771,819</u>	<u>\$ 3,601,280</u>	<u>\$ 325,649</u>	<u>\$ 38,047,450</u>	<u>\$ 401,875</u>

\*The beginning balances have been restated for the implementation of GASB Statement 96, *Subscription Based Information Technology Agreements*. See Note 15 for more details.

**Component Unit - Public Facilities District**

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Private Placement:					
Due to Primary Government Bonds	\$ 1,995,000	\$ -	\$ 400,000	1,595,000	\$ 425,000
Plus: Premium on Bonds	114,348	-	25,890	88,458	25,890
Due to Primary Government (net)	2,109,348	-	425,890	1,683,458	450,890
Notes Payable	5,310,000	-	105,000	5,205,000	110,000
Plus: Premium on Bonds	270,087	-	10,804	259,283	10,804
Less: Issuance Discounts	(41,086)	-	(1,644)	(39,442)	(1,644)
Due to Other Governments (net)	5,539,001	-	114,160	5,424,841	119,160
Total Private Placement Long-Term Debt	<u>\$ 7,648,349</u>	<u>\$ -</u>	<u>\$ 540,050</u>	<u>\$ 7,108,299</u>	<u>\$ 570,050</u>

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)	\$248,759,855
General Government (Vote required)	\$457,387,383

**NOTE 12 – ASSET RETIREMENT OBLIGATIONS**

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Details of the County's asset retirement obligations (ARO) are presented below:

**Cowlitz Public Shooting Range**

The County owns and maintains a public shooting range that is approximately 80 acres. Lead management, reclamation and recycling is recognized as a serious and necessary component to range management. It is required by the Special Use Permit, which states that the cleanup will follow guidelines from the United States Environmental Protection Agency document "Best Practices for Lead at Outdoor Shooting Ranges" (EPA-902-B-01-001).

The County used an estimate from a professional reclamation company which is based on costs associated with the clean-up, which includes: costs for remedial investigation/feasibility study, project planning, implementation, and reporting. This estimate was inflated, using an inflation calculator, to ensure 2023 costs of these cleanup activities were appropriately reflected in the County's Financials.

The County is required to maintain actual cash or surety bond equal to the cost estimate.

**Hall of Justice Geothermal HVAC system Wells**

The County owns and maintains 72 Geothermal HVAC system Wells at the Hall of Justice. These wells are considered open loop heat exchange wells that are associated with buildings, they are also classified as water wells. Having these wells obligates the County to decommission them in accordance with regulations including WAC 173-160-381, WAC 173-162, and RCW Chapter 18.104 for the Washington Well Construction Act.

The County staff estimated the cost of decommissioning these wells based on the respective size x 72 (seventy-two wells exist in total). All seventy-two wells were initially drilled in 2011, are 6 inches in diameter and 200 feet deep. The County has estimated the useful lives of these wells at 50 years.

**Wastewater Sewer Lagoons**

The County owns and maintains five Lagoons within two locations: Ryderwood having 3 Lagoons (all constructed in 1978) and Woodbrook having 2 Lagoons (both constructed in 1972). Having these lagoons obligates the County to decommission them in accordance with requirements outlined throughout the Department of Ecology permits which allow the operating of the lagoons. These permits require at the end of the lagoon's useful life it will be decommissioned to avoid any residual discharge into the groundwater.

The County staff estimated the cost of decommissioning these lagoons, filling them, based on the respective size of each lagoon. These lagoons range in acreage from .29 acres to 2.8 acres and are as shallow as 4 feet and as deep as 14 feet resulting in volumes between 50,530 and 487,872 cubic feet. The County has estimated the useful lives of these lagoons at 100 years.

Pursuant to these requirements, the County reported an Asset Retirement Obligation and related deferred outflow in the 2023 financial statements as follows:

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

	<b>ARO Liability</b>	<b>Deferred Outflow</b>	<b>Remaining Useful Life</b>
Shooting Range	501,337.00	412,092.00	39
Hall of Justice Wells	155,614.00	122,039.00	39
Wastewater Lagoons	4,197,454.00	2,477,491.00	56

**Water and Groundwater Wells**

In addition to the above outlined ARO’s recorded in the County’s financials, the County has 9 water wells and 3 groundwater diversion wells that are active with decommissioning requirements. Having wells obligates the County to decommission them in accordance with regulations including WAC 173-160-381, WAC 173-162 and Chapter 18.104 RCW for the Washington Well Construction Act. The County staff estimated the cost of decommissioning each well based on the respective size. The County estimates the water wells total liability to be less than \$8,400 and the groundwater diversion wells to be less than \$3,100 as of December 31,2023. These amounts are immaterial to the total liabilities being reported the Water Sewer Fund and total governmental liabilities.

County staff estimates the useful life of these assets at 100 years from the date of placement in service of the asset. The remaining useful life of the assets vary between 48 and 92 years. Given the materiality assessments associated with the decommissioning of these wells, the County expects to fund these obligations on a pay-as-you-go basis and will not record these liabilities. The County believes that not recording these liabilities will not qualitatively or quantitatively misrepresent financial statements to users and will continue to record these activities as an operating cost, until becoming material. The County will review asset retirement obligations associated with these wells, as well as any new wells and associated costs to ensure GASB reporting requirements, as applicable and material, are met.

**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.

The County owns two landfills; the Tennant Way Landfill and the Headquarters Landfill. The County reported \$32.3 million as landfill closure and post closure care liability at December 31, 2023. 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.

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 \$848,372.

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

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. Six years of post-closure has been completed; therefore, the liability represents the remaining 23 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, 2023. As a result, \$5.1 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 2023. 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. Six years of post-closure has been completed; therefore, the liability represents the remaining 22 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, 2023, the landfill was at 19.83% capacity. Based on the capacity used thru December 31, 2023 the closure and postclosure liability is \$26.4 million. The estimated total current cost of closure and postclosure care remaining to be recognized is \$92,362,347. 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, 2023, the County had \$32.3 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 the 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.

Blake Legal Financial Obligation Refunds. In State v. Blake, 197 Wn.2d 170, 173 (2021), the Washington Supreme Court invalidated Washington's simple drug possession statute. The effect of this decision is to render void all such convictions dating back to 1971. It has been determined to use the State Treasury to cover the state and local costs related to this case. The Treasury is being initially used to cover these costs and costs were determined as the state level, the County has made the determination that once the state allocation funds have been depleted these liabilities belong to the state and not the County. The County will not be reporting any liability related to this activity.

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

**NOTE 15 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS  
(SBITAs)**

At December 31, 2023, the County used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2023, the County has seven agreements that qualify.

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

Description	12/31/2023 Ending Liability Balance	
	Governmental Activities	Business Type Activities
On 01/01/2023, Cowlitz County, WA entered into a 49-month subscription for the use of Premium Plus Email Protection. An initial subscription liability was recorded in the amount of \$190,055. As of 12/31/2023, the value of the subscription liability is \$141,176. Cowlitz County, WA is required to make annual fixed payments of \$49,726. The subscription has an interest rate of 2.8160%. The value of the right to use asset as of 12/31/2023 of \$190,055 with accumulated amortization of \$46,512.	\$ 141,176	
On 07/11/2023, Cowlitz County, WA entered into a 36-month subscription for the use of Small Government Enterprise. An initial subscription liability was recorded in the amount of \$197,788. As of 12/31/2023, the value of the subscription liability is \$129,874. Cowlitz County, WA is required to make annual fixed payments of \$67,914. The subscription has an interest rate of 3.0410%. The value of the right to use asset as of 12/31/2023 of \$197,788 with accumulated amortization of \$31,133.	\$ 129,874	
On 09/01/2023, Cowlitz County, WA entered into a 36-month subscription for the use of PeopleSoft ERP. An initial subscription liability was recorded in the amount of \$317,144. As of 12/31/2023, the value of the subscription liability is \$212,405. Cowlitz County, WA is required to make annual fixed payments of \$104,739. The subscription has an interest rate of 3.0410%. The value of the right to use asset as of 12/31/2023 of \$317,144 with accumulated amortization of \$35,238.	\$ 212,405	
On 01/01/2023, Cowlitz County, WA entered into a 36-month subscription for the use of West Proflex - Office of Public Defense. An initial subscription liability was recorded in the amount of \$94,333. As of 12/31/2023, the value of the subscription liability is \$65,190. Cowlitz County, WA is required to make monthly fixed payments of \$2,599. The subscription has an interest rate of 2.7960%. The value of the right to use asset as of 12/31/2023 of \$94,333 with accumulated amortization of \$31,444.	\$ 65,190	
On 01/01/2023, Cowlitz County, WA entered into a 51-month subscription for the use of Accela - HHS. An initial subscription liability was recorded in the amount of \$254,087. As of 12/31/2023, the value of the subscription liability is \$203,381. Cowlitz County, WA is required to make annual fixed payments of \$52,137. The subscription has an interest rate of 2.8160%. The value of the right to use asset as of 12/31/2023 of \$254,087 with accumulated amortization of \$59,552.	\$ 203,381	
On 07/01/2023, Cowlitz County, WA entered into a 36-month subscription for the use of West Proflex - Prosecuting Attorney 2023-2026. An initial subscription liability was recorded in the amount of \$131,285. As of 12/31/2023, the value of the subscription liability is \$110,994. Cowlitz County, WA is required to make monthly fixed payments of \$3,617. The subscription has an interest rate of 2.7960%. The value of the right to use asset as of 12/31/2023 of \$131,285 with accumulated amortization of \$21,881.	\$ 110,994	
On 01/01/2023, Cowlitz County, WA entered into a 59-month subscription for the use of Accela - Building & Planning. An initial subscription liability was recorded in the amount of \$389,738. As of 12/31/2023, the value of the subscription liability is \$329,382. Cowlitz County, WA is required to make annual fixed payments of \$82,026. The subscription has an interest rate of 2.8220%. The value of the right to use asset as of 12/31/2023 of \$483,274 with accumulated amortization of \$97,576.	\$ 63,751	\$ 265,631
<b>Totals</b>	<b>\$ 926,771</b>	<b>\$ 265,631</b>

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

	Governmental Activities			Business Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2024	\$ 345,923	\$ 25,888	\$ 371,812	\$ 58,654	\$ 7,496	\$ 66,150
2025	366,655	15,733	382,388	63,617	5,841	69,458
2026	140,908	5,559	146,467	68,885	4,046	72,931
2027	73,285	2,065	75,350	74,475	2,102	76,577
	<u>\$ 926,771</u>	<u>\$ 49,245</u>	<u>\$ 976,017</u>	<u>\$265,631</u>	<u>\$ 19,485</u>	<u>\$ 285,116</u>

**NOTE 16 – 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 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 2023 was \$314,312. Additionally, in-kind match is provided by Cowlitz County from lodging and sales tax in the amount of \$244,482 for 2023.

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 \$110,000 for 2023.

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. \$3,364,457 was provided by Cowlitz County from the 911 excise tax in 2023. RCW 82.14.420 requires emergency communications sales and use tax to be solely used for emergency communication systems and facilities. \$1,122,965 was provided by Cowlitz County from the sales and use tax in 2023.

EMS District #1 and North Country EMS (NCEMS)

EMS District #1 was established in 1986 as a quasi-municipal corporation and an independent taxing authority under RCW 36.32.480 and service the southeastern portion of Cowlitz County. In 1986, the district entered into an Interlocal Cooperation Agreement with Clark County Emergency Medical Service District Number 1 and the Town of Yacolt to operate a joint emergency medical services agency designated

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

as "North Country Emergency Medical Service" (NCEMS). EMS District 1 designates the Board of County Commissioners as the governing body. EMS District 1 collects property taxes and remits the property taxes received through the interlocal agreement to NCEMS.

**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 2023 were \$76,000.

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, 2023. 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. NEW ACCOUNTING STANDARDS IMPLEMENTATION**

At January 1, 2023, the County implemented the following GASB Statements:

GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expense and recognized as outflows of resources based on the payment provisions of the contract.

**Cowlitz County, Washington**  
**Notes to the Financial Statements**  
**December 31, 2023**

It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the rights to use an underlying information technology software asset.

Implementing this standard resulted in a change in accounting principle in governmental activities of \$(962,102), resulting from disposal of intangible capital assets that are now reported in accordance with GASB 96.

At December 31, 2023, the SBITA right to use assets and accumulated amortization for the Governmental Activities are \$1,278,228 and \$242,287, respectively, presenting \$1,035,941 net. The right to use assets and accumulated amortization for the Business-type Activities are \$389,738 and \$78,690, respectively, presenting \$311,048 net.

At December 31, 2023, the SBITA liability for Governmental Activities and the Business-type Activities are \$926,771 and \$265,631, respectively.

See Note 15 for additional information.

**D. PRIOR PERIOD ADJUSTMENTS**

The County statements present the following prior period adjustments:

Government Wide Corrections	Amount
Governmental Activities -Debt (see Note 11)	\$ (1,617,804)
Governmental Activities -Deferred amount on refunding	1,493,360
Governmental Activities- Revenue accrual for grants and taxes	(192,659)
Governmental Activities-Removal of Due from other governments that should have been reduced over time instead of having the receipts apply to revenue	(1,530,000)
<b><i>Total Governmental Activities</i></b>	<b>\$ (1,847,103)</b>

Fund Statement Corrections	Amount
General Fund - Revenue accrual for grants	\$ 77,682
Other Governmental Funds - Revenue accrual for grants	(270,341)
Other Governmental Funds - Removal of Due from other governments that should have been reduced over time instead of having the receipts apply to revenue	(1,530,000)
<b><i>Total Governmental Funds</i></b>	<b>\$ (1,722,659)</b>

Fiduciary Funds Statement Corrections	Amount
Custodial Funds - TAV Revenue accrual	\$ 730,885
<b><i>Total Fiduciary Funds</i></b>	<b>\$ 730,885</b>

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

PERS 1

As of June 30

Last Ten Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.186767%	\$ 4,263,390	\$ 33,266,775	12.82%	80.16%
2022	0.200633%	5,586,359	32,473,857	17.20%	76.56%
2021	0.205389%	2,551,329	31,650,203	8.06%	88.74%
2020	0.203959%	7,200,854	30,843,978	23.35%	68.64%
2019	0.210802%	8,106,085	29,314,304	27.65%	67.12%
2018	0.217995%	9,735,731	33,429,593	29.12%	63.22%
2017	0.227081%	10,775,171	32,924,479	32.73%	61.24%
2016	0.229672%	12,334,468	32,015,384	38.53%	57.03%
2015	0.236004%	12,345,204	30,193,488	40.89%	59.10%
2014	0.249000%	12,543,492	27,744,430	45.21%	61.19%

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

PERS 2/3

As of June 30

Last Ten Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.200724%	\$ (8,227,040)	\$ 27,812,147	-29.58%	107.02%
2022	0.214571%	(7,957,968)	26,871,822	-29.61%	106.73%
2021	0.218937%	(21,809,648)	26,088,495	-83.60%	120.29%
2020	0.216243%	2,765,625	25,371,491	10.90%	97.22%
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 (Asset)

PSERS

As of June 30

Last Ten Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.706045%	\$ (748,683)	\$ 5,397,205	-13.87%	107.90%
2022	0.800829%	(572,593)	5,437,816	-10.53%	105.96%
2021	0.793536%	(1,823,062)	5,357,005	-34.03%	123.67%
2020	0.854273%	(117,548)	5,278,940	-2.23%	101.68%
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%

**Cowditz County**  
**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**  
 Schedule of Proportionate Share of the Net Pension Liability (Asset)

LEOFF 1

As of June 30

Last Ten Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	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 (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.036136%	\$ (1,072,525)	\$ (7,254,533)	\$ (8,327,058)	N/A	N/A	175.99%
2022	0.038170%	(1,094,950)	(7,406,212)	(8,501,162)	N/A	N/A	169.62%
2021	0.038085%	(1,304,625)	(8,824,453)	(10,129,078)	N/A	N/A	187.45%
2020	0.039081%	(738,048)	(4,992,140)	(5,730,188)	N/A	N/A	146.88%
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 (Asset)

LEOFF 2  
 As of June 30  
 Last Ten Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	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 (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.111171%	\$ (2,666,545)	\$ (1,702,828)	\$ (4,369,373)	\$ 4,853,730	-54.94%	113.17%
2022	0.108680%	(2,953,594)	(1,913,274)	(4,866,868)	4,348,869	-67.92%	116.09%
2021	0.104428%	(6,065,611)	(3,912,981)	(9,978,592)	3,983,557	-152.27%	142.00%
2020	0.106473%	(2,171,894)	(1,388,762)	(3,560,656)	3,943,874	-55.07%	115.83%
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 Ten 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
2023	\$ 1,154,868	\$ (1,154,868)	\$ -	\$ 33,976,447	3.40%
2022	1,231,616	(1,231,616)	-	32,670,555	3.77%
2021	1,394,035	(1,394,035)	-	32,134,853	4.34%
2020	1,523,316	(1,523,316)	-	31,429,426	4.85%
2019	1,477,708	(1,477,708)	-	29,606,230	4.99%
2018	1,503,454	(1,503,454)	-	34,195,896	4.40%
2017	1,417,419	(1,417,419)	-	35,385,447	4.01%
2016	1,331,327	(1,331,327)	-	31,686,421	4.20%
2015	1,254,343	(1,254,343)	-	30,436,350	4.12%
2014	1,120,168	(1,120,168)	-	30,141,980	3.72%

**Cowlitz County**  
**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**

Schedule of Employer Contributions  
PERS 2/3

As of December 31

Last Ten 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
2023	\$ 1,810,281	\$ (1,810,281)	-	\$ 28,463,504	6.36%
2022	1,726,998	(1,726,998)	-	27,153,878	6.36%
2021	1,893,524	(1,893,524)	-	26,522,000	7.14%
2020	2,047,509	(2,047,509)	-	25,852,353	7.92%
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 Ten 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
2023	\$ 362,424	\$ (362,424)	-	\$ 5,454,228	6.64%
2022	356,093	(356,093)	-	5,450,187	6.53%
2021	368,842	(368,842)	-	5,386,738	6.85%
2020	387,174	(387,174)	-	5,377,411	7.20%
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 Ten 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
2023	\$ 266,434	\$ (266,434)	-	\$ 5,127,421	5.20%
2022	239,382	(239,382)	-	4,611,982	5.19%
2021	214,739	(214,739)	-	4,119,458	5.21%
2020	206,543	(206,543)	-	3,931,643	5.25%
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 Ten Fiscal Years

**Note 1:** Information Provided

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.

**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**

<u>From this</u> <u>Date</u>	<u>Through this</u> <u>Date</u>	<u>Rate</u>
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	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%
9/1/2022	6/30/2023	10.39%
7/1/2023	8/31/2023	9.39%
9/1/2023	current	9.53% *

\* Employer contribution rate includes an administrative expense rate of 0.20%

**PERS 2/3**

<u>From this</u> <u>Date</u>	<u>Through this</u> <u>Date</u>	<u>Rate</u>
---------------------------------	------------------------------------	-------------

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	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%
9/1/2022	6/30/2023	10.39%
7/1/2023	8/31/2023	9.39%
9/1/2023	current	9.53% *

\* Employer contribution rate includes an administrative expense rate of 0.20%

**PSERS 2/3**

<u>From this</u>	<u>Through this</u>	<u>Employer</u>
<u>Date</u>	<u>Date</u>	<u>Rate</u>
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	6/30/2021	12.14%
7/1/2021	8/31/2022	10.39%
9/1/2022	6/30/2023	10.63%
7/1/2023	8/31/2023	9.63%
9/1/2023	current	9.90% *

\* Employer contribution rate includes an administrative expense rate of 0.20%

**LEOFF 1**

<u>From this</u>	<u>Through this</u>	<u>Employer</u>
<u>Date</u>	<u>Date</u>	<u>Rate</u>
7/1/2008	8/31/2013	0.16%
9/1/2013	8/31/2023	0.18%
9/1/2023	current	0.20% *

\* Employer contribution rate includes an administrative expense rate of 0.20%

**LEOFF 2**

<u>From this</u>	<u>Through this</u>	<u>Employer</u>
<u>Date</u>	<u>Date</u>	<u>Rate</u>
9/1/2013	6/30/2017	5.23%
7/1/2017	6/30/2019	5.43%
7/1/2019	6/30/2021	5.33%
7/1/2021	8/31/2023	5.30%
9/1/2023	current	5.32% *

\* Employer contribution rate includes an administrative expense rate of 0.20%

Effective July 1, 2019, LEOFF employers must pay an additional 3.41% to pick up the state contributions on basis salary paid for services rendered to non-LEOFF employees

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 SIX CALENDAR YEARS

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Interest	\$ 268,955	204,215	210,516	309,470	343,383	329,051
Changes of assumptions or other inputs	(633,924)	(1,667,696)	118,170	787,064	15,131	(279,648)
Estimated benefit payments	(391,351)	(396,561)	(403,182)	(421,217)	(357,906)	(377,836)
Net change in total OPEB liability	(756,320)	(1,860,042)	(74,496)	675,317	608	(328,433)
Total OPEB liability beginning	7,791,579	9,651,621	9,726,117	9,050,800	9,050,192	9,378,625
Total OPEB liability ending	\$ 7,035,259	7,791,579	9,651,621	9,726,117	9,050,800	9,050,192
Covered employee payroll	NA	NA	NA	NA	NA	NA
Total OPEB liability as a percentage of covered employee payroll	NA	NA	NA	NA	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%
2020	2.21%
2021	2.16%
2022	3.54%
2023	3.65%

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**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>Child Nutrition Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Superintendent of Public Instruction)	School Breakfast Program	10.553	08-458-6808	6,331	-	6,331	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Superintendent of Public Instruction)	National School Lunch Program	10.555	08-458-6808	10,333	-	10,333	-	
<b>Total Child Nutrition Cluster:</b>				<b>16,664</b>	<b>-</b>	<b>16,664</b>	<b>-</b>	
<b>Forest Service Schools and Roads Cluster</b>								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA Dept of Agriculture)	Schools and Roads - Grants to States	10.665	Title I 2021	48,425	-	48,425	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Gifford Pinchot National Forest)	Schools and Roads - Grants to States	10.665	17-SA-11060300-012	4,868	-	4,868	-	2
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Gifford Pinchot National Forest)	Schools and Roads - Grants to States	10.665	20-PA-1160300-014	6,200	-	6,200	-	2
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA Dept of Agriculture)	Schools and Roads - Grants to States	10.665	Title III 2021	15,546	-	15,546	-	
<b>Total Forest Service Schools and Roads Cluster:</b>				<b>75,039</b>	<b>-</b>	<b>75,039</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

**Cowlitz County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	22-62210-004	38,000	-	38,000	34,500	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	2023 FY F22- 31103-004	16,280	-	16,280	-	2
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 8261	1,160,155	-	1,160,155	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9677	36,040	-	36,040	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9966	5,363	-	5,363	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9968	9,822	-	9,822	-	

The accompanying notes are an integral part of this schedule.

**Cowlitz County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 Department of Transportation)	Highway Planning and Construction	20.205	LA 9967	7,733	-	7,733	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9965	19,463	-	19,463	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA-10563	17,802	-	17,802	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9964	164,882	-	164,882	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9336	19,517	-	19,517	-	
<b>Highway Safety Cluster</b>				<b>1,440,777</b>	<b>-</b>	<b>1,440,777</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

**Cowlitz County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA ST Traffic Safety Commission)	National Priority Safety Programs	20.616	04262023	1,865	-	1,865	-	
<b>Total Highway Safety Cluster:</b>				<b>1,865</b>	<b>-</b>	<b>1,865</b>	<b>-</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21-4619C-107	1,046,433	-	1,046,433	1,026,883	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	1505-0271	-	914,174	914,174	30,323	
<b>Total ALN 21.027:</b>				<b>1,046,433</b>	<b>914,174</b>	<b>1,960,607</b>	<b>1,057,206</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - Local Assistance and Tribal Consistency Fund	21.032	1505-0276	-	101,231	101,231	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Public Health Emergency Preparedness	93.069	CLH131008	38,515	-	38,515	-	2

*The accompanying notes are an integral part of this schedule.*

**Cowlitz County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 WA State Dept of Social & Health Services)	Temporary Assistance for Needy Families	93.558	2163-19706	7,800	-	7,800	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Social and Health Services)	Child Support Services	93.563	2110-80610	448,729	-	448,729	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Social and Health Services)	Child Support Services	93.563	2163-32127	14,606	-	14,606	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Social and Health Services)	Child Support Services	93.563	2110-8061	130,738	-	130,738	-	
<b>Total ALN 93.563:</b>				<b>594,073</b>	<b>-</b>	<b>594,073</b>	<b>-</b>	
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT	High Intensity Drug Trafficking Areas Program	95.001	G22NW0011A	-	15,000	15,000	-	

*The accompanying notes are an integral part of this schedule.*

**Cowlitz County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks and Recreation)	Boating Safety Financial Assistance	97.012	LE:MLE1259	10,205	-	10,205	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW104	87,526	-	87,526	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW115	19,141	-	19,141	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW86	47,839	-	47,839	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW78	57,531	-	57,531	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW1906	158,964	-	158,964	-	

*The accompanying notes are an integral part of this schedule.*

**Cowlitz County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW131	632,895	-	632,895	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW52	367,588	-	367,588	-	
			<b>Total ALN 97.036:</b>	<b>1,371,484</b>	<b>-</b>	<b>1,371,484</b>	<b>-</b>	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military)	Emergency Management Performance Grants	97.042	E23-178	66,158	-	66,158	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via CRESA)	Homeland Security Grant Program	97.067	22 HS GP (SHSP)	53,008	-	53,008	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military)	Homeland Security Grant Program	97.067	E21-092	46,500	-	46,500	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military)	Homeland Security Grant Program	97.067	E22-125	5,500	-	5,500	-	

*The accompanying notes are an integral part of this schedule.*

**Cowlitz County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total ALN 97.067:	105,008	-	105,008	-	
			Total Federal Awards Expended:	4,828,301	1,030,405	5,858,706	1,091,706	

The accompanying notes are an integral part of this schedule.

**Cowlitz County, Washington**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**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 – 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:

93.069	17,873
16.588	1,480
10.665	1,006
	<u>          </u>
	<u>\$ 20,359</u>

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

**NOTE 3 – 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 4 - Prior Year Expenditures Included in the Current Year Schedule of Expenditures of Federal Awards**

During the fiscal year ended December 31, 2023, the County identified certain federal program expenditures related to the prior fiscal year that had not been reported in the previous year’s Schedule of Expenditures of Federal Awards (SEFA). These expenditures were incurred in fiscal year 2022 but were recorded in the current fiscal year. As a result, the current year's SEFA includes [\$216,594] of expenditures related to these prior periods.

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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