



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Cowlitz County

For the period January 1, 2024 through December 31, 2024

Published September 29, 2025

Report No. 1038226



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

September 29, 2025

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, 2024 through December 31, 2024

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

See Finding 2024-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Cowlitz County January 1, 2024 through December 31, 2024

2024-001 The County's internal controls were inadequate for ensuring accurate financial reporting.

Background

County management, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. County management is responsible for designing, implementing and maintaining internal controls to ensure the County's financial statements, notes and required schedules are prepared and presented fairly in accordance with generally accepted accounting principles and provide reasonable assurance they are reliable.

Our audit identified deficiencies in the County's internal controls that hindered its ability to produce accurate financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses in internal controls, as defined below in the Applicable Laws and Regulations section, as a finding.

Description of Condition

Accounting standards provide guidance for recording transactions and financial reporting. The County should establish control processes to ensure financial reporting is accurate and consistently followed.

Specifically, related to capital asset accounting, costs are only to be capitalized if they result in betterments or improvements to the existing asset. Further, costs should not be capitalized if the project is only replacing an older component of the capital asset, unless the cost of the previous component was removed from the original cost of the asset at the same time the betterment/improvement is capitalized. The County did not have a process to analyze costs to determine which portion of projects, if any, should be capitalized.

For governmental funds, revenue is recognized when both measurable and collected within the current year or soon enough thereafter to pay liabilities of the current period. For proprietary funds, revenue is recorded when earned. While the County prepared journal entries to record revenues to the proper period in accordance with the guidance described above, the County's review of the journal entries did not identify errors in the underlying support for the adjustment amounts.

Cause of Condition

While the County has dedicated resources to improving its financial statement preparation process each year, it has not been able to fully establish effective accounting processes. Employees responsible for financial reporting rely on decentralized departments to assist them in obtaining information to prepare the financial statements. Oversight of decentralized financial activity has been a challenge and the County has not dedicated sufficient resources to effectively review the information provided.

Effect of Condition

The County's financial statements included the following errors that management did not detect. Specifically, the County:

- Capitalized \$284,952 in costs that should have been expensed within the Cowlitz Public Facilities District fund
- Overstated revenues in the opioid fund by \$771,594 and the water/sewer fund by \$156,476

The County subsequently corrected these errors in the financial statements.

Also, we identified other items that were not individually material but resulted in additional errors in the statements.

Recommendation

We recommend the County improve internal controls over financial statement preparation processes to ensure accurate financial reporting. Specifically, we recommend the County dedicate sufficient time and resources to analyze costs before capitalizing and reviewing supporting documentation others prepared.

County's Response

The County will implement enhanced review procedures over capital expenditures and revenues to verify the proper recognition in accordance with GAAP. The County will also improve its documentation requirements for all accounting entries to validate compliance with accounting standards to ensure accurate reporting of revenues.

By implementing these measures, the County is committed to improving the accuracy, reliability, and transparency of its financial reporting.

Auditor's Remarks

We thank the County for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the County's corrective action during our next audit.

Applicable Laws and Regulations

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

The Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of law, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

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, 2024 through December 31, 2024**

Board of Commissioners
Cowlitz County
Kelso, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cowlitz County, as of and for the year ended December 31, 2024, 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 23, 2025.

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.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2024-001, 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*.

COUNTY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 23, 2025

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, 2024 through December 31, 2024

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, 2024. 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, 2024.

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 23, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Cowlitz County **January 1, 2024 through December 31, 2024**

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cowlitz County, as of and for the year ended December 31, 2024, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cowlitz County, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, County Road, ARPA and Opioid 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.

Matters of Emphasis

As discussed in Note 16 to the financial statements, in 2024, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 23, 2025 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, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 23, 2025

Cowlitz County
January 1, 2024 through December 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis – 2024

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2024

Statement of Activities – 2024

Governmental Funds Balance Sheet – 2024

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – 2024

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2024

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – 2024

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – General Fund – 2024

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – County Road Fund – 2024

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – ARPA Relief Fund – 2024

Statement of Revenue, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – Opioid Fund – 2024

Statement of Net Position – Proprietary Funds – 2024

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2024

Statement of Cash Flows – Proprietary Funds – 2024

Statement of Fiduciary Net Position – Fiduciary Funds – 2024

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2024

Notes to Financial Statements – 2024

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (Asset) – PERS 1, PERS 2/3, PSERS, LEOFF 1, LEOFF 2 – 2024

Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS, LEOFF 2 – 2024

Notes to Required Supplemental Information – Pension – 2024

Schedule of Changes in Total OPEB Liability and Related Ratios – Defined Benefit OPEB – LEOFF1 – 2024

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

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, 2024. The discussion emphasizes results for calendar year 2024 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 \$299.2 million as of December 31, 2024.
- Net investment in capital assets (net of depreciation and related debt) accounts for 48.9% of this amount with a value of \$146.3 million. Of the unrestricted net position, \$77.8 million of governmental activity and \$40.5 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 \$17.2 million in 2024. The net position of business-type activities increased by approximately \$5.0 million and total net position of governmental activities increased by \$12.2 million compared to 2023.
- At December 31, 2024, Cowlitz County's governmental funds reported a combined ending fund balance of \$74.1 million, a decrease of \$2.0 million compared to the prior year.
- The General Fund unassigned fund balance at December 31, 2024, was \$17.8 million, a decrease to the December 31, 2023, total of \$21.5 million. The December 31, 2024, unassigned fund balance represents 92.4% of the General Fund ending fund balance.
- The County Road Fund assigned fund balance at December 31, 2024, totaled \$18.0 million, an increase of 19.6% compared to the December 31, 2023, balance total of \$15.1 million.
- Cowlitz County's total noncurrent liabilities (without component units) as of December 31, 2024, totaled \$84.6 million, a net increase of \$546 thousand 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, 2024, the County's remaining capacity for issuing non-voted debt is \$285.9 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 2024).

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, Opioid 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 \$299.2 million at December 31, 2024, compared to \$285.6 million at December 31, 2023.

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 such areas as culture and recreation, economic environment, transportation and health and human services activities or unrestricted.

At December 31, 2024, 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 2023. Cowlitz County's total net position increased \$13.6 million in 2024 compared to December 31, 2023. The Business-type Activities present a \$4.7 million increase. Governmental Activities present an increase of \$8.9 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 2024 compared with 2023, (in 1000s).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023 Restated</u>	<u>2024</u>	<u>2023 Restated</u>	<u>2024</u>	<u>2023 Restated</u>
Current and other assets	\$ 140,912	\$ 143,827	\$ 83,817	\$ 72,327	\$ 224,729	\$ 216,154
Capital assets (Net of depr)	<u>146,825</u>	<u>146,096</u>	<u>24,178</u>	<u>25,173</u>	<u>171,003</u>	<u>171,269</u>
Total Assets	287,737	289,923	107,995	97,501	395,732	387,423
Deferred outflows of resources	19,440	16,303	3,416	3,252	22,856	19,555
Long-Term liabilities	42,908	46,047	41,733	38,047	84,641	84,095
Other Liabilities	<u>26,020</u>	<u>28,467</u>	<u>4,651</u>	<u>1,975</u>	<u>30,671</u>	<u>30,473</u>
Total Liabilities	68,929	74,514	46,383	40,023	115,312	114,537
Deferred inflows of resources	3,749	6,058	310	596	4,059	6,654
Net Position:						
Net Investment in capital assets	122,678	120,260	23,599	24,742	146,277	145,002
Restricted	34,062	33,534	599	910	34,661	34,444
Unrestricted	<u>77,759</u>	<u>71,828</u>	<u>40,520</u>	<u>34,482</u>	<u>118,279</u>	<u>106,310</u>
Total Net Position	\$ <u>234,499</u>	\$ <u>225,622</u>	\$ <u>64,718</u>	\$ <u>60,133</u>	\$ <u>299,218</u>	\$ <u>285,756</u>

* 2023 has been restated for Error Corrections, related to certain receivables and capital assets.

** 2024 is not reported consistently with 2023 because the City implemented GASB 101 which required an analysis of compensated absences under the new GASB definition. Total liabilities in the 2024 column present compensated absences measured under a new standard which is creating a larger liability. If 2023 was restated, liabilities would be increased by \$162 thousand. There is additional a Change in Accounting Principles related to capital assets for \$208 thousand.

Total assets increased \$8.3 million in 2024. Current and other assets increased \$8.6 million and capital assets (net of depreciation) decreased \$266 thousand. This is a result of the increase in cash from the both

Governmental and Business-type activities, including those amounts restricted. Capital asset decreased due to normal depreciation expense, primarily that of infrastructure occurring faster than the addition of capital assets.

Overall, total liabilities had an increase of \$775 thousand. Long-term liabilities increased \$546 thousand. Other liabilities increased \$198 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 \$3.3 million between the years. Deferred inflows of resources decreased \$2.6 million in 2024, this change is directly to associated to amounts related to Pension.

Governmental activities current and other assets decreased \$2.9 million in 2024 compared to 2023. This is primarily related to a decrease in the Net Pension Asset offset by an increase in Capital Assets.

Capital assets (net of depreciation) reflect an overall increase because of in 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 \$3.1 million. This is a direct result of the recurring debt service payment per the amortization schedules and a decrease in the Net Pension Liability. Additionally, Other Liabilities also reflected an overall decrease of \$2.5 million.

Business type activities current and other assets increased in 2024 by \$11.5 million or 15.9% compared to 2023. 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 \$36.1 million. This cash increase is due to operations, investment earnings and \$2.8 million received in advance of the sale of capital assets.

Capital assets (net of depreciation) decreased \$996 thousand compared to 2023. This decrease is due to capital assets being replaced at a lesser amount than they are being depreciated.

Total liabilities increased by 15.9% or \$6.4 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 reflected a significant increase over the prior year, 135.4% or 2.7 million. This is directly related to the payment received in advance of the sale of capital assets that is being held as unearned revenue at December 31, 2024, pending the legal closure of the sale.

Statement of Activities

The County's total change in net position was \$13.5 million in 2024. The condensed financial information below is derived from the Government Wide Statement of Activities (in 000s) and reflects how the County's 2024 changes in net position compared to 2023:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2023		2023		2023	
	2024	Restated	2024	Restated	2024	Restated
Revenues:						
Program revenues:						
Charges for services	\$ 35,379	\$ 28,703	\$ 35,215	\$ 36,268	\$ 70,594	\$ 64,971
Operating grants/contributions	9,220	10,348	1,364	1,064	10,584	11,412
Capital grants/contributions	6,452	2,859	18	357	6,470	3,215
General revenues:						
Taxes	60,640	64,366	-	-	60,640	64,366
Unrestricted interest income	7,858	8,188	3,517	3,203	11,375	11,391
Gain on disposal of capital assets	-	50	-	-	-	50
Total Revenues	<u>119,548</u>	<u>114,515</u>	<u>40,114</u>	<u>40,892</u>	<u>159,662</u>	<u>155,406</u>
Expenses:						
General Government	31,602	20,985	-	-	31,602	20,985
Public Safety	36,295	32,461	569	369	36,865	32,830
Judicial	6,697	6,090	-	-	6,697	6,090
Utilities	470	461	-	-	470	461
Health and Human Services	-	-	-	-	-	-
Transportation	20,313	13,945	-	-	20,313	13,945
Natural Economic Environment	1,437	4,384	2,829	2,803	4,265	7,186
Social Services	11,931	11,791	-	-	11,931	11,791
Culture & Recreation	937	878	2,548	2,391	3,484	3,269
Interest on long-term debt	775	935	-	-	775	935
Solid Waste	-	-	27,143	26,029	27,143	26,029
Water/Sewer	-	-	2,500	2,009	2,500	2,009
Stormwater	-	-	215	155	215	155
Total Expenses	<u>110,455</u>	<u>91,929</u>	<u>35,804</u>	<u>33,756</u>	<u>146,259</u>	<u>125,685</u>
Excess (deficiency) before transfers	9,093	22,586	4,310	7,136	13,403	29,721
Gain on Sale of Capital Assets	-	-	13	-	13	-
Transfers	<u>(255)</u>	<u>(245)</u>	<u>255</u>	<u>245</u>	<u>-</u>	<u>-</u>
Change in Net Position	8,838	22,341	4,578	7,381	13,415	29,721
Beginning Net Position	225,622	204,244	60,133	52,753	285,756	256,997
Change in Accounting Principal	39	262	7	-	46	262
Ending Net Position	<u>\$ 234,499</u>	<u>\$ 226,846</u>	<u>\$ 64,718</u>	<u>\$ 60,133</u>	<u>\$ 299,217</u>	<u>\$ 286,980</u>

* 2023 has been restated for Error Corrections, related to certain revenue, depreciation expense, and other operating expenses.

Cowlitz County revenue totaled \$160.0 million in 2024. Governmental activities provided \$119.5 million, \$5.0 million more than the prior year, while business activities provided \$40.1 million, almost identical to the prior year. Taxes account for \$60.4 million, 50.5%, of the 2024 primary government revenues compared to \$64.4 million in 2023. Operating Grants/contributions decreased by \$828 thousand, while capital grants/contributions increased \$3.3 million. Much of this swing can be attributed to the nature of the projects funded by the ARPA funds.

Cowlitz County expenses totaled \$146.3 million. Governmental activities expenses totaled \$110.5 million and business type activities totaled \$35.8 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 79.3% of the total expenses combined.

Governmental activities net position of Cowlitz County increased \$8.9 million in 2024. Operating and capital grants and contributions totaled \$15.6 million in 2024 and \$13.2 million in 2023. This increase was due to the spending and projects funded by the ARPA funds and the project activity increased, specifically related to significant capital construction. Tax revenues decreased by \$3.7 million from 2023. Sales Taxes saw the majority of the decline of approximately \$3.8 million alone. This is consistent with a decline in constructions and manufacturing as well as the fact that Cowlitz County reduced its local sales and use tax by 0.1% in April 2024.

County governmental activity expenses in 2024 totaled \$110.5 million, a \$18.5 million (20.2%) increase compared to 2023. The largest changes were in General Governmental, \$10.6 million increase, Transportation, \$6.4 million increase and Public Safety, \$3.8 million increase. The County increased staffing across the functions, specifically in the Public Safety. Additionally, the County's six-year transportation plan ramped spending on resurfacing projects that did not meet the definition for capitalization.

Business type activities expenses for Cowlitz County in 2024 totaled \$35.8 million compared to \$33.8 million in 2023. Expenses included Public Safety programs consisting of Emergency Management \$569 thousand, the Solid Waste Landfill \$27.1 million, the Water Sewer Utility \$2.5 million, Culture and Recreation \$2.5 million, Natural Economic Environment \$2.8 million and Stormwater \$215 thousand. The expenses for all business-type activities were very 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 2024, business type revenues were extremely comparable to 2023, with a 1.9% decline. Charges for Services revenues were \$35.2 million in 2024, compared to \$36.3 million in the prior year, and accounted for 87.8% of business revenues for the year and accounting for the majority of decline. Building permit licenses and permits declined over the year, for a similar reason as sales tax decreased, which is an overall decline in construction. Other declines were seen in Garbage/Solid Waste and Stormwater fees.

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, Opioid Fund and the ARPA Relief Fund are the County's major governmental funds. These funds account for 53.9% of the total governmental funds as of December 31, 2024. The ending fund balance are as follows.

	Fund Balance	Percent
General Fund	\$ 19,225,241	25.95%
Road Fund	18,034,434	24.34%
ARPA Relief Fund	-	0.00%
Opioid Fund	2,648,072	3.57%
Other Governmental Funds	34,174,737	46.13%
Total Governmental Fund Balance	<u>\$ 74,082,484</u>	<u>100.00%</u>

Approximately \$17.8 million (24%) 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. \$35.5 million (47.9%) 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 2024.

	Revenues	Expenditures	Other Financing Sources (Uses)
General Fund	\$ 59,782,433	\$ 63,885,541	\$ 527,983
Road Fund	23,873,749	22,004,544	1,086,617
ARPA Relief Fund	2,970,295	1,338,624	(1,631,671)
Opioid Fund	1,439,023	29,193	-
Non-major Governmental Funds	25,144,452	27,152,366	(1,608,484)

Governmental fund revenues in 2024 totaled \$113.2 million, which is a \$1.8 million increase over 2023 governmental fund revenues of \$111.4 million. Expenditures totaled \$114.4 million, which is a \$10.9 million increase over 2023 governmental fund expenditures of \$103.5 million. Other Financing Source (Uses) totaled (\$1.6) million, which is identical to that of 2023.

The **General Fund** is the chief operating fund of Cowlitz County. At December 31, 2024 the unassigned fund balance of the General Fund was \$17.8 million; this represents 24.0% of the total fund balance for all governmental funds. The General Fund's total fund balance at December 31, 2024, was \$19.2 million compared to \$22.8 million at the end of 2023. Revenues, not including other financing sources, remained relatively stable as a whole, decreasing \$1.3 million or 2.1% from 2023 to 2024. Taxes decreased by \$1 million and investment earnings decreased by \$0.5 million, accounting for the largest portion of the decrease in revenue. The decrease in the Tax revenue is primarily related to Sales Tax, which decreased by \$1.1 million, which as noted earlier is due to a decrease in construction and manufacturing. Sales and Property Taxes are the two largest tax revenues in the General Fund. Combined the two make up 95% of the total tax revenue; with sales tax equaling 35% in 2024 and Property Taxes equaling 60%. Property tax growth is limited in Washington State to 1% increase plus new construction. Given the decline in construction, the leading cause of the sales tax decline, property taxes only saw a modest increase of \$72,000 or 0.37% growth.

While revenue declined, the General Fund expenditures increased from \$59.6 million in 2023 to \$63.9 million in 2024. The most significant increases were in General Governmental and Public Safety expenditures, both which are tied to increasing staffing and benefit costs.

The **County Road Fund** ending fund balance increased to \$18.0 million at December 31, 2024. Total revenues in 2024, not including transfers in, were \$23.9 million compared to \$23.3 million in 2023. The County Road fund had an increase in Taxes, Intergovernmental revenue, and Investment earnings combined of \$1.9 million. The Intergovernmental revenue is related to grants that fund road construction projects.

The Road Fund total expenditures for 2024 totaled \$22.0 million compared to \$20.4 million in 2023. Construction expenditures in 2024 decreased over 2023. However, due to the significant resurfacing projects undertaken that did not meet the definition of capital outlays, functions expenses increased significantly over the prior year.

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 increased activity during 2024 as the ARPA related project construction projects starts to come to completion.

The **Opioid Fund** was created to account for settlement received, through the State, from litigation of the opioid epidemic. The revenue is restricted to responding to this crisis. The fund balance is \$2.6 million. Revenue is expected to be collected for years to come. Expenditures, however, are just starting with only \$29,000 spent during 2024.

The **Non-major Governmental Funds** fund balance decreased from 2023 to 2024, with a decrease of \$3.6 million. Total revenues in 2024 were \$25.1 million and total expenditures for 2024 were \$27.2 million. Of the fund balance total of \$34.2 million, \$18.2 million is restricted. The most significant restrictions, \$15.7 million or 87%, include purposes such as Social Services, Public Safety, Culture and Recreation, and Auditor and Treasurer Operations and Maintenance,

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 \$64.9 million total net position for enterprise funds at December 31, 2024. This is the exact make up of 2023.

The December 31, 2024, unrestricted net position and changes in unrestricted net position of the major enterprise funds were:

	Unrestricted Net Position 12/31/2024	Unrestricted Net Position 12/31/2023	Increase (Decrease) for year
Solid Waste	\$28,223,446	\$23,299,136	\$ 4,924,310
Water Sewer	5,500,107	4,906,951	\$ 593,156

The **Solid Waste** utility operating revenue of \$26.9 million accounted for 76.7% of the business-type revenues reported in 2024. Solid Waste revenue in 2024 remained stable with that presented in 2023. Net position of the Solid Waste Utility totaled \$44.3 million at December 31, 2024, an increase of approximately \$3.1 million from 2023.

The **Water Sewer** utility operating revenue of \$2.7 million accounted for 7.7% of the business-type revenues reported in 2024. Water Sewer revenue in 2024 also remained comparable to 2023, with a \$176 thousand increase. Net position of the Water Sewer Utility totaled \$11.7 million at December 31, 2024, an increase of approximately \$1.2 million from 2023. While not a significant contribution to the change in net position, Contributed capital from hook-up fees decreased from \$357,000 in 2023 to \$20,000, in 2024.

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, 2024, total \$171.0 million (net of accumulated depreciation). The capital assets include land, buildings and systems, improvements, machinery and equipment, right to use assets, intangible, park facilities, roads, and bridges and construction in progress.

Comparative amounts for governmental and business type activities for 2024 and 2023 are as follows:

	Governmental Activities		Business Type Activities		Total	
	2024	2023 Restated	2024	2023 Restated	2024	2023 Restated
Land	\$ 15,764,564	\$ 15,764,564	\$ 1,175,076	\$ 1,175,076	\$ 16,939,640	\$ 16,939,640
Buildings	24,727,511	24,100,354	2,008,194	1,809,144	26,735,705	25,909,498
Improvements Other than Buildings	1,594,851	1,652,384	1,123,599	981,870	2,718,450	2,634,254
Machinery and Equipment	14,027,801	14,205,906	6,978,953	6,848,703	21,006,754	21,054,609
Intangible	43,950	425,717	41,674	52,335	85,624	478,052
Infrastructure	79,372,517	79,049,443	10,924,166	13,043,444	90,296,683	92,092,887
Construction in Progress	9,815,018	9,861,494	1,693,768	1,200,131	11,508,786	11,061,625
Right to Use Assets	1,478,768	1,035,941	232,357	311,048	1,711,125	1,346,989
Total	\$ 146,824,980	\$ 146,095,803	\$ 24,177,787	\$ 25,421,751	\$ 171,002,767	\$ 171,517,554

The total remained relatively unchanged across the two-year period. The depreciation of capital assets slightly outpaced the rate at which new assets were added.

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

Debt Administration

At December 31, 2024, Cowlitz County has \$42.9 million in long-term debt owed from *governmental activities* and \$41.7 million in long-term debt for *business type activities*. The bonded debt balances are as follows:

	Governmental Activities	
	2024	2023
General Obligation Bonds	\$ 19,725,000	\$ 22,300,000

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

ECONOMIC OUTLOOK AND BUDGETS

Cowlitz County’s 2024 General Fund budget reflects a cautious but manageable fiscal posture. The original adopted budget planned for an overall decrease in ending fund balance of \$15 million, with a plan to spend down reserves. During the year, the budget was revised slightly to anticipate higher revenues of \$2.4 million and expenditure increases of \$1.1 million. Significant upward pressures in expenditures were

driven by increasing staffing costs (salaries, benefits, insurance), investment in technology upgrades, and mental-health service obligations—all factored into the original budget and revisions to it.

The broader economic environment has presented challenges for the county's revenue streams. Sales tax collections have softened, declining from the prior year, and fuel tax revenues have also dipped as residents shift toward more fuel-efficient and electric vehicles. At the same time, expenditure pressures are rising, driven by inflationary increases in employee compensation, benefits, and service delivery costs. These trends are creating structural pressure on the budget and prompting closer scrutiny of both recurring costs and one-time spending.

Looking ahead, county officials remain cautiously optimistic. Property tax revenue, along with anticipated refunds and settlements, is expected in the coming periods. The County continues to pay down its outstanding debt, tighten expenditure growth, revisit reserve policies, and re-evaluate service priorities in order to maintain financial health and sustainability.

Requests for Information

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

Cowlitz County, Washington
Statement of Net Position
December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Public Facilities District
ASSETS				
Cash, Cash Equivalents & Pooled Investments	\$ 113,038,588	\$ 42,729,946	\$ 155,768,534	\$ 468,852
Receivables (net)	14,723,251	4,184,199	18,907,450	322,725
Internal Balances	142,873	(142,873)	-	-
Inventories	737,631	-	737,631	-
Prepaid Items	1,999,636	84,156	2,083,792	51,566
Due From Component Unit	1,170,000	-	1,170,000	-
Net Pension Asset	9,065,549	598,987	9,664,536	-
Restricted Cash, Cash Equivalents & Pooled Investments:				
Customer Deposits	34,335	222,217	256,552	-
Debt Service	-	-	-	5,139,960
Closure and Postclosure	-	36,140,853	36,140,853	-
<i>Capital Assets:</i>				
Nondepreciable Assets	25,579,582	2,868,844	28,448,426	26,332
Depreciable Assets (Net)	121,245,398	21,308,943	142,554,341	8,740,172
Total Assets	287,736,843	107,995,272	395,732,115	14,749,607
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to Debt Refunding	63,775	-	63,775	69,092
Amounts Related to Pensions	12,378,453	881,460	13,259,913	-
Amounts Related to OPEB	76,045	-	76,045	-
Amounts Related to Asset Retirement Obligation	536,074	2,534,234	3,070,308	-
Excess Consideration Provided For Acquisition	6,385,911	-	6,385,911	-
Total Deferred Outflows of Resources	19,440,258	3,415,694	22,855,952	69,092
LIABILITIES				
Accounts Payable & Accrued Exp.	7,027,957	1,308,338	8,336,295	90,883
Other Current Liabilities	4,656,245	316,146	4,972,391	27,571
Customer Deposits & Unearned Revenue	14,336,100	3,026,217	17,362,317	-
<i>Noncurrent Liabilities:</i>				
Due Within One Year	5,375,117	588,214	5,963,331	129,160
Due to Primary Gov. Within One Year	-	-	-	475,890
Due In More Than One Year	28,971,946	40,845,393	69,817,339	5,176,521
Due to Primary Gov. More Than One Year	-	-	-	756,678
Other Postemployment Benefits Liability	5,711,483	-	5,711,483	-
Net Pension Liability	2,849,683	298,998	3,148,681	-
Total Liabilities	68,928,531	46,383,306	115,311,837	6,656,703
DEFERRED INFLOWS OF RESOURCES				
Amounts related to Leases	240,674	65,438	306,112	-
Amounts Related to Pensions	3,508,463	244,598	3,753,061	-
Total Deferred Inflows of Resources	3,749,137	310,036	4,059,173	-
NET POSITION				
Net Investment in Capital Assets	122,678,070	23,598,965	146,277,035	2,297,347
<i>Restricted for:</i>				
Economic Environment; Promotion of Tourism	353,632	-	353,632	-
General Government	2,352,998	-	2,352,998	-
Public Safety	9,491,093	-	9,491,093	-
Judicial	214,222	-	214,222	-
Social Services	9,476,726	-	9,476,726	-
Utilities; Noxious Weed Program	348,312	-	348,312	-
Transportation - Paths and Trails	803,099	-	803,099	-
Culture & Recreation	1,234,675	-	1,234,675	-
Debt purposes	-	-	-	5,139,960
REET Technology	721,875	-	721,875	-
Restricted for Pension	9,065,549	598,987	9,664,536	-
Unrestricted	77,759,182	40,519,672	118,278,854	724,689
Total Net Position	\$ 234,499,433	\$ 64,717,624	\$ 299,217,057	\$ 8,161,996

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

Cowlitz County, Washington
Balance Sheet
Governmental Funds
December 31, 2024

Major Funds						
	General Fund	County Road	ARPA	Opioid Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Current Assets						
Cash, Cash Equivalents and Pooled Investments	\$ 17,995,784	\$ 18,798,649	\$ 16,280,204	\$ 2,648,072	\$ 38,691,091	\$ 94,413,800
Receivables (Net)	1,381,296	820,117	-	-	292,578	2,493,991
Due From Other Funds	1,536,908	488,910	-	-	100,776	2,126,594
Due From Other Governments	3,291,359	1,313,666	-	4,155,269	2,706,283	11,466,577
Due From Component Unit	1,170,000	-	-	-	-	1,170,000
Customer Deposits and Seized Receivable	1,374	-	-	-	32,961	34,335
Total Assets	25,376,721	21,421,342	16,280,204	6,803,341	41,823,689	111,705,297
LIABILITIES						
Accounts Payable	1,039,642	715,117	94,111	-	1,402,585	3,251,455
Payable To Other Governments	50,938	10,089	35,728	-	3,136,241	3,232,996
Due To Other Funds	185,510	611,706	1,848,600	-	493,385	3,139,201
Other Current Liabilities	2,107,276	375,335	-	-	1,906,458	4,389,069
Customer Deposits and Seized Payable	1,374	-	-	-	32,961	34,335
Unearned Revenue	-	-	14,301,765	-	-	14,301,765
Total Liabilities	3,384,740	1,712,247	16,280,204	-	6,971,630	28,348,821
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	1,596,740	1,674,661	-	-	436,648	3,708,049
Unavailable Revenue - Other Governments and Component Unit	1,170,000	-	-	4,155,269	-	5,325,269
Amounts Related to Leases	-	-	-	-	240,674	240,674
Total Deferred Inflows of Resources	2,766,740	1,674,661	-	4,155,269	677,322	9,273,992
FUND BALANCE						
Restricted	23,082	-	-	2,648,072	18,170,209	20,841,363
Assigned	1,429,013	18,034,434	-	-	16,004,528	35,467,975
Unassigned	17,773,146	-	-	-	-	17,773,146
Total Fund Balance	19,225,241	18,034,434	-	2,648,072	34,174,737	74,082,484
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 25,376,721	\$ 21,421,342	\$ 16,280,204	\$ 6,803,341	\$ 41,823,689	\$ 111,705,297

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, 2024

Total fund balances as shown on the Governmental Funds Balance Sheet	\$ 74,082,484
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).	133,448,693
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.	32,646,289
Allocation to enterprise funds share of net (income) loss of internal service funds.	142,127
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	63,775
Accrued interest receivable was more than interest receivable modified accrual	9,450
Other long-term assets not available to pay for current-period expenditures and, therefore are deferred in the funds.	9,033,318
Inventories not recorded in governmental funds are recorded in governmental activities (amounts for internal service fund capital assets are included in other reconciling items).	314,248
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.	8,362,095
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	6,921,985
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>(30,525,031)</u>
Net position of governmental activities	<u><u>\$ 234,499,433</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, 2024

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	County Road	ARPA	Opioid Fund		
REVENUES						
Taxes	\$ 32,828,475	\$ 15,382,770	\$ -	\$ -	\$ 12,388,499	\$ 60,599,744
Licenses and Permits	400,216	-	-	-	887,793	1,288,009
Intergovernmental	6,509,546	6,575,899	2,970,295	-	7,710,667	23,766,407
Charges for Services	5,498,835	1,012,760	-	-	1,941,022	8,452,617
Fines and Forfeitures	1,218,398	-	-	-	28,610	1,247,008
Investment Earnings	4,397,827	864,014	-	92,793	1,644,648	6,999,282
Rents and Leases	7,841,333	-	-	-	68,964	7,910,297
Special Assessments	-	-	-	-	451,357	451,357
Miscellaneous Revenues	1,087,803	38,306	-	1,346,230	22,892	2,495,231
Total Revenues	59,782,433	23,873,749	2,970,295	1,439,023	25,144,452	113,209,952
EXPENDITURES						
Current						
General Government	20,318,412	-	-	-	8,705,579	29,023,991
Public Safety	31,036,549	-	1,338,624	-	4,550,828	36,926,001
Judicial	6,845,943	-	-	-	-	6,845,943
Utilities	525	-	-	-	-	525
Natural Economic Environment	492,205	-	-	-	973,027	1,465,232
Transportation	-	17,132,384	-	-	-	17,132,384
Social Services	1,134,909	-	-	29,193	10,844,504	12,008,606
Culture & Recreation	881,331	-	-	-	-	881,331
Debt Service						
Principal	1,975,922	11,731	-	-	879,306	2,866,959
Interest	777,188	1,499	-	-	80,285	858,972
Capital Outlay	422,557	4,858,930	-	-	1,118,837	6,400,324
Total Expenditures	63,885,541	22,004,544	1,338,624	29,193	27,152,366	114,410,268
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,103,108)	1,869,205	1,631,671	1,409,830	(2,007,914)	(1,200,316)
OTHER FINANCING SOURCES (USES)						
Transfers In	3,396,142	1,086,617	-	-	2,269,058	6,751,817
Transfers Out	(2,868,159)	-	(1,631,671)	-	(3,877,542)	(8,377,372)
Total Other Financing Sources (Uses)	527,983	1,086,617	(1,631,671)	-	(1,608,484)	(1,625,555)
Net Change In Fund Balance	(3,575,125)	2,955,822	-	1,409,830	(3,616,398)	(2,825,871)
Fund Balances--Beginning	22,738,295	15,078,612	-	-	38,273,654	76,090,561
Change within Entity	-	-	-	466,648	(466,648)	-
Correction of Errors	62,071	-	-	771,594	(15,871)	817,794
Fund Balances--Ending	\$ 19,225,241	\$ 18,034,434	\$ -	\$ 2,648,072	\$ 34,174,737	\$ 74,082,484

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, 2024

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	\$ (2,825,871)
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.	661,346
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.	2,866,959
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.	2,556,523
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.	3,373,369
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 \$28,705 related to Internal Service Funds net revenue (loss).)	<u>2,205,515</u>
Change in net position-governmental activities- on the Statement of Activities	<u>\$ 8,837,841</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, 2024

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 32,748,625	\$ 32,327,229	\$ 32,828,475	\$ 501,246
Licenses and Permits	260,500	323,513	400,216	76,703
Intergovernmental	6,061,980	6,659,863	6,509,546	(150,317)
Charges for Services	4,608,580	5,182,693	5,498,835	316,142
Fines and Forfeitures	681,150	974,325	1,218,398	244,073
Investment Earnings	2,367,350	2,742,621	4,240,065	1,497,444
Rents and Leases	7,816,700	7,814,700	7,841,333	26,633
Miscellaneous Revenues	153,801	1,083,491	1,087,802	4,311
Total Revenues	54,698,686	57,108,435	59,624,669	2,516,234
EXPENDITURES				
General Government	22,345,702	21,968,854	20,315,553	1,653,301
Public Safety	32,252,968	33,198,762	30,864,588	2,334,174
Judicial	8,486,434	8,808,647	6,845,943	1,962,704
Utilities	32,500	32,500	525	31,975
Natural Economic Environment	1,492,170	1,417,983	492,205	925,778
Transportation	109,000	194,000	-	194,000
Social Services	1,363,342	1,710,274	1,134,909	575,365
Culture & Recreation	863,329	976,054	881,331	94,723
Debt Service	2,673,550	2,673,550	2,753,110	(79,560)
Capital Outlay	310,000	95,622	422,557	(326,935)
Total Expenditures	69,928,995	71,076,246	63,710,722	7,365,525
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,230,309)	(13,967,811)	(4,086,053)	9,881,759
OTHER FINANCING SOURCES (USES)				
Transfers In	3,036,979	3,485,244	3,396,142	(89,102)
Transfers Out	(2,815,523)	(3,951,144)	(3,777,913)	173,231
Total Other Financing Sources (Uses)	221,456	(465,900)	(381,771)	84,129
Net Change In Fund Balance	(15,008,853)	(14,433,711)	(4,467,823)	9,965,888
Fund Balances--Beginning	18,336,568	18,336,568	19,437,915	1,101,347
Correction of Errors	-	-	62,071	62,071
Fund Balances--Ending	\$ 3,327,715	\$ 3,902,857	\$ 15,032,162	\$ 11,129,306

Adjustments to General Accepted Accounting Principles (GAAP) Basis

Benefits Administration Fund	1,311,423
GIS O&M	35,478
Budget Stabilization Fund	2,846,178
Fund Balance - GAAP Basis	<u>\$ 19,225,241</u>

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

Cowlitz County, Washington
Statement of Revenue, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2024

	County Road			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,199,939	\$ 14,933,931	\$ 15,382,770	\$ 448,839
Intergovernmental	14,209,849	14,209,849	6,575,899	(7,633,950)
Charges for Services	350,000	375,000	1,012,760	637,760
Investment Earnings	350,000	350,000	864,014	514,014
Miscellaneous Revenues	30,000	30,000	38,306	8,306
Total Revenues	29,139,788	29,898,780	23,873,749	(6,025,031)
EXPENDITURES				
Transportation	16,722,276	18,418,211	17,132,384	1,285,827
Debt Service	15,199,212	15,242,880	13,230	15,229,650
Capital Outlay	65,000	65,000	4,858,930	(4,793,930)
Total Expenditures	31,986,488	33,726,091	22,004,544	11,721,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,846,700)	(3,827,311)	1,869,205	5,696,516
OTHER FINANCING SOURCES (USES)				
Transfers In	5,285,000	5,285,000	1,086,617	(4,198,383)
Total Other Financing Sources (Uses)	5,285,000	5,285,000	1,086,617	(4,198,383)
Net Change In Fund Balance	2,438,300	1,457,689	2,955,822	1,498,133
Fund Balances--Beginning	15,078,612	15,078,612	15,078,612	-
Fund Balances--Ending	\$ 17,516,912	\$ 16,536,301	\$ 18,034,434	\$ 1,498,133

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, 2024

	ARPA Relief			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,970,295	2,970,295
Total Revenues	-	-	2,970,295	\$ 2,970,295
EXPENDITURES				
General Government	3,526,000	3,526,000	-	3,526,000
Public Safety	3,056,199	2,406,199	1,338,624	1,067,575
Total Expenditures	3,056,199	5,932,199	1,338,624	4,593,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,056,199)	(5,932,199)	1,631,671	7,563,870
OTHER FINANCING SOURCES (USES)				
Transfers Out	(13,017,801)	(13,667,801)	(1,631,671)	12,036,130
Total Other Financing Sources (Uses)	(13,017,801)	(13,667,801)	(1,631,671)	12,036,130
Net Change In Fund Balance	(16,074,000)	(19,600,000)	-	-
Fund Balances--Beginning	-	-	-	-
Fund Balances--Ending	\$ (16,074,000)	\$ (19,600,000)	\$ -	\$ -

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, 2024

	Opioid			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Investment Earnings	\$ 12,000	\$ 55,000	\$ 92,793	37,793
Miscellaneous Revenues	\$ 177,012	\$ 2,153,760	\$ 1,346,230	(807,530)
Total Revenues	189,012	2,208,760	1,439,023	\$ (769,737)
EXPENDITURES				
Social Services	5,085	30,894	29,193	1,701
Total Expenditures	5,085	30,894	29,193	1,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	183,927	2,177,866	1,409,830	(768,036)
Net Change In Fund Balance	183,927	2,177,866	1,409,830	-
Fund Balances--Beginning	466,648	466,648	466,648	-
Correction of Errors	-	-	771,594	771,594
Fund Balances--Ending	\$ 650,575	\$ 2,644,514	\$ 2,648,072	\$ 771,594

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

Cowlitz County, Washington
Statement of Net Position
Proprietary Funds
December 31, 2024

pg 1 of 2

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current Assets					
Cash, Cash Equivalents and Pooled Investments	\$ 28,612,492	\$ 6,969,221	\$ 7,148,233	\$ 42,729,946	\$ 18,624,788
Receivables (Net)	2,580,562	347,600	69,999	2,998,161	3,888
Due From Other Funds	2,570	217,060	2,369	221,999	1,211,835
Due From Other Governments	939,757	25,383	178,160	1,143,300	749,345
Inventories	-	-	-	-	423,383
Prepaid Items	32,460	7,991	43,705	84,156	1,999,636
Restricted Customer Deposits Cash and Cash Equivalent	48,250	128,586	45,381	222,217	-
Total Current Assets	32,216,091	7,695,841	7,487,847	47,399,779	23,012,875
Capital Assets					
Nondepreciable Assets	721,193	1,497,251	650,400	2,868,844	457,091
Depreciable/Amortizable Assets (Net)	15,120,982	5,012,984	1,174,977	21,308,943	12,919,196
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	15,842,175	6,510,235	1,825,377	24,177,787	13,376,287
Noncurrent Assets					
Long-term Receivables (Net)	42,738	-	-	42,738	-
Net Pension Asset	228,365	72,879	297,743	598,987	470,211
Restricted Post Closure Cash and Cash Equivalent	36,140,853	-	-	36,140,853	-
Total Noncurrent Assets	36,411,956	72,879	297,743	36,782,578	470,211
Total Assets	84,470,222	14,278,955	9,610,967	108,360,144	36,859,373
DEFERRED OUTFLOWS OF RESOURCES					
Amounts Related to Pensions	336,056	107,248	438,156	881,460	691,952
Amounts Related to Asset Retirement Obligation	-	2,534,234	-	2,534,234	-
Total Deferred Outflows of Resources	336,056	2,641,482	438,156	3,415,694	691,952

Cowlitz County, Washington
Statement of Net Position
Proprietary Funds
December 31, 2024

pg 2 of 2

	Business-Type Activities-Enterprise Funds				Governmental
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities- Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts Payable (Includes Retainage)	752,738	182,062	247,788	1,182,588	462,003
Payable to Other Governments	77,399	14,420	32,315	124,134	81,503
Due to Other Funds	96,433	71,733	54,579	222,745	198,482
Accrued Interest Payable	-	1,016	600	1,616	7,408
Compensated Absences - Current	97,995	34,317	29,164	161,476	103,888
Claims and Judgements	-	-	-	-	526,064
Current portion of Other Non-current debt	-	-	63,617	63,617	586,792
Notes Payable	-	61,283	-	61,283	-
Landfill Closure and Post Closure Costs	301,838	-	-	301,838	-
Unearned Revenue	2,804,000	-	-	2,804,000	-
Other Accrued Liabilities	129,121	37,906	149,119	316,146	208,791
Customer Deposits - Payable From	-	-	-	-	-
Restricted Assets	48,250	128,586	45,381	222,217	-
Total Current Liabilities	4,307,774	531,323	622,563	5,461,660	2,174,931
Noncurrent Liabilities					
Compensated Absences	94,935	11,496	162,222	268,653	249,573
Net Pension Liability	113,993	36,379	148,626	298,998	234,717
Landfill Closure and Post Closure Costs	35,839,015	-	-	35,839,015	-
Claims and Judgements	-	-	-	-	1,889,538
Other Non-current debt	-	-	143,360	143,360	164,265
Notes Payable	-	291,927	-	291,927	-
Asset Retirement Obligation	-	4,302,438	-	4,302,438	-
Total Noncurrent Liabilities	36,047,943	4,642,240	454,208	41,144,391	2,538,093
Total Liabilities	40,355,717	5,173,563	1,076,771	46,606,051	4,713,024
DEFERRED INFLOWS OF RESOURCES					
Amounts Related to Pensions	93,253	29,759	121,586	244,598	192,012
Amounts Related to Leases	65,438	-	-	65,438	-
Total Deferred Inflows of Resources	158,691	29,759	121,586	310,036	192,012
NET POSITION					
Net Investment in Capital Assets	15,840,059	6,144,129	1,614,777	23,598,965	12,624,844
Restricted	228,365	72,879	297,743	598,987	470,211
Unrestricted	28,223,446	5,500,107	6,938,246	40,661,799	19,551,234
Total Net Position	\$ 44,291,870	\$ 11,717,115	\$ 8,850,766	\$ 64,859,751	\$ 32,646,289
Adjustments to reflect the consolidation of internal service fund activities to enterprise funds				(142,127)	
Net Position of Business-Type Activities				\$ 64,717,624	

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

Cowlitz County, Washington
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	<u>Business-Type Activities-Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES					
<i>Charges for Services:</i>					
Water - Sewer	\$ -	\$ 2,561,620	\$ -	\$ 2,561,620	\$ -
Garbage & Solid Waste	26,935,640	-	-	26,935,640	-
Public Safety	-	-	377,744	377,744	-
Culture & Recreation	-	-	2,235,631	2,235,631	-
Licenses & Permits	-	-	2,644,958	2,644,958	-
Other Services	-	-	189,066	189,066	15,852,095
Total Operating Revenues	26,935,640	2,561,620	5,447,399	34,944,659	15,852,095
OPERATING EXPENSES					
Maintenance & Operations	19,782,863	2,157,142	6,003,417	27,943,422	13,478,964
Closure & Postclosure Care	4,132,701	-	-	4,132,701	-
Depreciation & Amortization	3,221,089	335,933	132,688	3,689,710	2,883,458
Total Operating Expenses	27,136,653	2,493,075	6,136,105	35,765,833	16,362,422
Operating Income (Loss)	(201,013)	68,545	(688,706)	(821,174)	(510,327)
NONOPERATING REVENUES (EXPENSES)					
Taxes	-	-	147	147	-
Intergovernmental	236,404	651,918	475,560	1,363,882	98,100
Investment Earnings	2,896,665	324,684	295,846	3,517,195	915,422
Interest Expense	-	(1,867)	(7,326)	(9,193)	(38,543)
Gain (Loss) on Disposition of Assets	12,683	-	-	12,683	96,445
Miscellaneous Nonoperating Revenues	172,826	30,650	66,465	269,941	151,520
Total Nonoperating Income (Expense)	3,318,578	1,005,385	830,692	5,154,655	1,222,944
Income (Loss) Before Contributions and Transfers	3,117,565	1,073,930	141,986	4,333,481	712,617
Capital Contributions	-	17,865	-	17,865	93,637
Transfers In	-	-	255,000	255,000	1,632,555
Transfers Out	-	-	-	-	(262,000)
Change in Net Position	3,117,565	1,091,795	396,986	4,606,346	2,176,809
Net Position - Beginning	41,225,098	10,489,007	8,127,934	59,842,039	27,318,738
Changes in Accounting Principles	(50,793)	(20,162)	77,505	6,550	113,581
Correction of Errors	-	156,475	248,341	404,816	3,037,161
Net Position - Ending	\$ 44,291,870	\$ 11,717,115	\$ 8,850,766	\$ 64,859,751	\$ 32,646,289

Adjustments to reflect the consolidation of internal service fund activities to enterprise funds (28,705)
Change in Net Position of Business-Type Activities \$ 4,577,641

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, 2024

pg 1 of 2

Business-Type Activities-Enterprise Funds					
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 26,594,826	\$ 2,767,290	\$ 5,476,844	\$ 34,838,960	16,397,806
Payments to suppliers	(18,102,391)	(734,109)	(2,782,569)	(21,619,069)	(11,297,228)
Payments to employees	(2,286,539)	(1,448,146)	(3,159,155)	(6,893,840)	(3,828,657)
Other receipts	172,826	30,650	66,465	269,941	140,589
Net cash provided (used) by operating activities	<u>6,378,722</u>	<u>615,685</u>	<u>(398,415)</u>	<u>6,595,992</u>	<u>1,412,510</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer in from other County fund	-	-	255,000	255,000	-
Tax receipts	-	-	147	147	-
Contributions from other County fund	-	-	-	-	1,632,555
Contributions to other County fund	-	-	-	-	(262,000)
Cash received from operating grant	236,404	651,918	475,560	1,363,882	178,100
Net cash provided (used) by noncapital financing activities	<u>236,404</u>	<u>651,918</u>	<u>730,707</u>	<u>1,619,029</u>	<u>1,548,655</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(1,414,216)	(941,251)	(90,367)	(2,445,834)	(1,701,530)
Principal paid on capital debt	-	(61,165)	-	(61,165)	-
Interest paid on capital debt	-	(1,870)	(7,496)	(9,366)	(38,337)
Proceeds from financing activities related to leases	21,793	-	-	21,793	-
Payments on SBITAs	-	-	(58,654)	(58,654)	(567,481)
Proceeds received in advance of sale of capital asset	2,804,000	-	-	2,804,000	-
Proceeds from sale of capital assets	12,683	-	-	12,683	119,605
Capital contributions	-	17,865	-	17,865	-
Net cash provided (used) by capital and related financing activities	<u>1,424,260</u>	<u>(986,421)</u>	<u>(156,517)</u>	<u>281,322</u>	<u>(2,187,743)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	2,896,665	324,684	295,846	3,517,195	915,414
Net cash provided (used) by investing activities	<u>2,896,665</u>	<u>324,684</u>	<u>295,846</u>	<u>3,517,195</u>	<u>915,414</u>
Net increase (decrease) in cash and cash equivalents	10,936,051	605,866	471,621	12,013,538	1,688,836
Cash and cash equivalents, January 1	53,865,544	6,491,941	6,721,993	67,079,478	16,935,952
Cash and cash equivalents, December 31	<u>\$ 64,801,595</u>	<u>\$ 7,097,807</u>	<u>\$ 7,193,614</u>	<u>\$ 79,093,016</u>	<u>\$ 18,624,788</u>
Reconciliation to Net Position					
Cash and cash equivalents	\$ 28,612,492	\$ 6,969,221	\$ 7,148,233	42,729,946	18,624,788
Restricted cash and cash equivalents - Current	48,250	128,586	45,381	222,217	-
Restricted cash and cash equivalents - Noncurrent	36,140,853	-	-	36,140,853	-
Total cash and cash equivalents	<u>\$ 64,801,595</u>	<u>\$ 7,097,807</u>	<u>\$ 7,193,614</u>	<u>\$ 79,093,016</u>	<u>\$ 18,624,788</u>

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

Cowlitz County, Washington
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

pg 2 of 2

Business-Type Activities-Enterprise Funds						
	Solid Waste	Water Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (201,013)	\$ 68,545	\$ (688,706)	\$ (821,174)	\$ (510,327)	
Adjustments to reconcile operating income to net cash provided (used) by operating income:						
Depreciation and amortization	3,221,089	335,933	132,688	3,689,710	2,883,458	
Decrease (increase) in account receivable	(142,574)	21,093	133,980	12,499	(3,889)	
Decrease (increase) in due from other governments	(243,882)	326,965	(119,440)	(36,357)	13,035	
Decrease (increase) in due from other funds	(1,859)	(123,099)	(2,369)	(127,327)	(123,088)	
Decrease (increase) in inventory	-	-	-	-	(46,363)	
Decrease (increase) in prepaid expense	(4,434)	(848)	3,072	(2,210)	(931,829)	
Increase (decrease) in accounts payable	(225,743)	(49,799)	91,325	(184,217)	(487,426)	
Increase (decrease) in due to other governments	16,602	(1,898)	3,551	18,255	(31,657)	
Increase (decrease) in due to other funds	42,630	(15,773)	22,774	49,631	67,556	
Increase (decrease) in accrued liabilities	3,935,173	42,945	(64,294)	3,913,824	68,856	
Increase (decrease) in accounts related to ARO	-	48,241	-	48,241	-	
Increase (decrease) in customer deposits	11,773	9,085	-	20,858	-	
Increase (decrease) in estimated future claims	-	-	-	-	592,096	
Increase (decrease) in pension items	(144,171)	(43,592)	(49,466)	(237,229)	(332,082)	
Increase (decrease) in unearned revenue	(6,902)	(12,601)	(5,500)	(25,003)	-	
Change in accounting principle	(50,793)	(20,162)	77,505	6,550	113,581	
Miscellaneous revenue	172,826	30,650	66,465	269,941	140,589	
Total adjustments	6,579,735	547,140	290,291	7,417,166	1,922,837	
Net Cash Provided by Operating Activities	\$ 6,378,722	\$ 615,685	\$ (398,415)	\$ 6,595,992	\$ 1,412,510	
Non-Cash Investing, Capital and Financing Activities						
SBITAs acquired with Debt	\$ -	\$ -	\$ -	\$ -	\$ 1,178,874	
Change in Fair Market Value	36,119	376	955	37,450	4,570	

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

Cowlitz County, Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Investment Trust Funds	Custodial Funds
ASSETS		
Cash, Cash Equivalents and Pooled Investments	\$ 182,318,348	\$ 21,912,928
Taxes Receivable for Other Governments	-	4,810,172
Total Assets	182,318,348	26,723,100
LIABILITIES		
Due to Other Governments	-	1,080,386
Total Liabilities	-	1,080,386
NET POSITION		
Restricted for:		
Pool Participants	182,318,348	-
Individuals, Organizations and Other Governments	-	25,642,714
Total Net Position	\$ 182,318,348	\$ 25,642,714

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, 2024

	Investment Trust Funds	Custodial Funds
ADDITIONS		
Property tax collections for other governments	-	124,302,260
Other tax collections	-	25,313,046
Collections from State or Federal sources, other than taxes	-	306,472,274
Collections from services provided	-	97,191,458
Additions by participants	110,331,019	-
Collection from investment disbursements	-	106,331,706
Interest, dividends and other	8,918,965	8,202,288
Court collections for other governments	-	2,754,353
Assessments collected from customers	-	9,662,313
Collection of debt proceeds	-	7,527,172
Other custodial collections	-	15,210,705
Net change in fair value of investments	1,076,276	-
Total Additions	120,326,260	702,967,575
DEDUCTIONS		
Distributions to participants	107,407,982	-
Distributions for investment purchases	-	119,249,984
Payments of property tax	-	59,126,469
Payments of other tax collections	-	13,038,317
Payments of court collections	-	2,756,751
Disbursements for election costs	-	455,249
Disbursements for wages and benefits	-	210,899,511
Disbursements to vendors and suppliers	-	272,975,079
Disbursements to bond and debt holders	-	18,158,319
Other custodial disbursements	-	5,582,096
Total Deductions	107,407,982	702,241,775
CHANGE IN NET POSITION HELD FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS	12,918,278	725,800
Net Position - Beginning of the Year	169,400,070	24,916,914
Net Position - End of the Year	\$ 182,318,348	25,642,714

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

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.

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 resources, both restricted and assigned, 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 Opioid Fund accounts for the restricted resources resulting from the legal settlements resulting from the opioid epidemic. The funds are to be used to combat the impacts of opioid addiction in the County.

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 supply 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 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 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 \$2,282,872. 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 departments 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*.

For purposes of the statement of cash flows, the County considered pooled investments to be cash equivalents.

2. Investments

See Note 3, *Deposits and Investments*.

3. Receivables

Taxes receivable consists 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 consists of amounts owed by 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 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:

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

The County accounts for compensated absences, such as vacation leave, sick leave, and similar benefits. Liabilities for compensated absences are recognized when earned by employees, can be used in a subsequent period, and is expected to be paid.

Key policies include:

- Accrued liabilities are recognized in the financial statements for amounts attributable to employees' services rendered through the end of the reporting period.
- Liabilities for compensated absences are measured based on pay rates in effect at the reporting date and include applicable salary-related payments.

- The liability is categorized as a current or noncurrent liability based on the timing of expected payments.
- Accrual of sick leave liabilities is based on policies allowing employees to receive payment for unused balances upon termination or retirement, subject to the probability of payment.
- The first in first out (FIFO) flow assumption was used.

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*.

11. Long-Term Liabilities

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.

See Note 11, *Long-Term Liabilities*.

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.

- 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 \$2,846,178 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.

16. Fund Balance Detail

	General	County Road	Opioid Fund	Other Governmental Funds	Total
Restricted for:					
Transportation	\$ -	\$ -	\$ -	\$ 803,099	\$ 803,099
REET Technology	-	-	-	721,875	721,875
Economic Environment	-	-	-	353,632	353,632
Culture & Recreation	-	-	-	1,234,675	1,234,675
Judicial	-	-	-	214,222	214,222
Child Support	23,082	-	-	-	23,082
Auditor's O&M	-	-	-	1,228,327	1,228,327
Treasurer's O&M	-	-	-	1,101,589	1,101,589
Social Services	-	-	-	9,476,726	9,476,726
Public Safety	-	-	2,648,072	2,687,752	5,335,824
Utilities & Environment	-	-	-	348,312	348,312
Assigned to:					
General Government	117,591	-	-	296,935	414,526
Economic Environment	-	-	-	321,867	321,867
Transportation	-	18,034,434	-	8,213	18,042,647
REET Technology	-	-	-	1,571,579	1,571,579
Capital Improvements	-	-	-	9,329,581	9,329,581
Culture & Recreation	-	-	-	187,531	187,531
Social Services	-	-	-	3,443,711	3,443,711
Public Safety	1,311,422	-	-	836,247	2,147,669
Utilities & Environment	-	-	-	8,864	8,864
Unassigned	17,773,146	-	-	-	17,773,146
	\$ 19,225,241	\$ 18,034,434	\$ 2,648,072	\$ 34,174,737	\$ 74,082,484

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.

18. Restricted Net Position

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

Promotion of Tourism	\$ 353,632
Auditor's Operation and Maintenance	1,228,327
Treasurer's Operation and Maintenance	1,101,589
Child Support Programs	<u>23,082</u>
Total General Government	<u>2,352,998</u>
Boat Safety Purposes	50,299
Law and Justice	2,637,453
Opioid Settlement	<u>6,803,341</u>
Total Public Safety	<u>9,491,093</u>
Judicial - Superior Court Law Library	214,222
Emergency financial assistance to veterans and their surviving spouses	973,466
Housing	2,633,636
Community Mental Health	<u>5,869,624</u>
Total Social Services	<u>9,476,726</u>
Noxious Weed Program	348,312
Transportation - Future Paths and Trails	803,099
Culture and Recreation for the Convention Center	535,741
Cumulative Reserve	<u>698,934</u>
Total Culture and Recreation	<u>1,234,675</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	721,875
Net Pension Asset	9,065,549
Total Restricted Net Position	<u>\$ 34,062,181</u>

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	\$ (19,725,000)
Add: Issuance Premium (to be amortized as interest expense)	(62,567)
Asset Retirement Obligation	(673,382)
Compensated Absences	(5,304,412)
Notes Payable - Direct Placement	(3,477,687)
Add: Issuance Premium (to be amortized as interest expense)	(921,410)
SBITA Payable	(309,596)
Accrued Interest Payable	<u>(50,977)</u>
Net Adjustment to Reduce <i>Fund Balance-Total Governmental Funds</i> to Arrive at <i>Net Position-Governmental Activities</i>	<u>\$ (30,525,031)</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	\$ 8,595,338
Net Pension Liability	(2,614,966)
OPEB Liability	(6,064,372)
Deferred Outflows Related to OPEB	76,045
Deferred Outflows Related to Pension	11,686,501
Deferred Inflows Related to Pension	<u>(3,316,451)</u>
Net Adjustment to Reduce <i>Fund Balance-Total Governmental Funds</i> to Arrive at <i>Net Position-Governmental Activities</i>	<u>\$ 8,362,095</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:

Capital Outlays	\$ 6,809,089
Depreciation and Amortization Expense	(6,147,743)
Net Adjustment to Decrease <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Change in Net Position-Governmental Activities</i>	<u>\$ 661,346</u>

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

Principal Repayments:	
General Obligation Bonds	\$ 2,575,000
Payment on Direct Borrowings	158,239
Payments on SBITA's	133,720
Net Adjustment to Increase <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Changes in Net Position-Governmental Activities</i>	<u>\$ 2,866,959</u>

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

Revenue Recognized from Pension Activity	\$ 178,344
Grant and Charges for Services Revenue Recognized on the Accrual Basis	2,769,908
Tax Revenue Recognized on the Accrual Basis	39,771
Revenue Recognized from PFD	(425,000)
Accrued interest receivable	(6,500)
Net Adjustment to Decrease <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Changes in Net Position-Governmental Activities</i>	<u>\$ 2,556,523</u>

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

Interest Expense	\$ 14,184
OPEB Expense adjustment	962,959
Net Pension Expense adjustment	3,215,203
Inventory	(44,710)
Amortization of Charges for Discount and Premium and Amount on Refunding	70,548
Amortization of Excess Consideration Provided for Acquisition	(113,025)
Amortization and Inflation Adjustment on Asset Retirement Obligation	(14,488)
Compensated Absences	(717,302)
Net Adjustment to Increase <i>Net Changes in Fund Balances-Total Governmental Funds</i> to Arrive at <i>Changes in Net Position-Governmental Activities</i>	<u>\$ 3,373,369</u>

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 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, 2024, is as follows:

Investment Type	Weighted Average (Years)
State Local Government Investment Pool	0
Federal Home Loan Banks	1.45
Federal Home Loan Mtg	0.95
Federal Farm Credit Bank	1.14
Corporate Notes	1.22
US Treasury Notes	1.61
	<u>0.87</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County has a formal investment policy that limits its investment and diversification by investment type and issuer beyond the limits imposed by State law. As required by state law, all investments of the County's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State 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, 2024, 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, 2024, are listed below along with their percentage of the government’s total investment:

Investment Type	Fair Value	Percentage of Portfolio
Corporate	\$ 9,997,983	2.46%
Federal Home Loan Mortgage Corporation	4,793,170	1.18%
Federal Farm Credit Bank	110,854,106	27.27%
	\$ 125,645,259	30.91%

Investments in Local Government Investment Pool (LGIP)

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

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

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, 2024, the County had the following investments measured at fair value:

	Fair Value Measurements Using			
	12/31/2024	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	\$ 9,997,983	\$ -	\$ 9,997,983	\$ -
Federal Home Loan Mtg	4,793,170	-	4,793,170	-
Federal Farm Credit Bank	110,854,106	-	110,854,106	-
US Treasury Notes	149,622,008	149,622,008	-	-
Total Investments by Fair Value Level	<u>\$ 275,267,267</u>	<u>\$ 149,622,008</u>	<u>\$ 125,645,259</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
State LGIP	<u>\$ 131,208,313</u>			
Total Investments Measured at Amortized Cost	<u>\$ 131,208,313</u>			
Total Investments in Statement of Net Position	<u>\$ 406,475,580</u>			

Cowlitz County Investment Pool

The Treasurer administers and maintains the Cowlitz County Investment Pool for county and other jurisdictional governments within the county. 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, 2024, the Pool had an average maturity of approximately 365 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, 2024, 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 of the CCIP assigned to the County's general fund for the year was \$1,875,496. 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, 2024, the CCIP had two voluntary entities accounting for 5.52 percent of pool assets, while the remaining 94.48 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, 2024, 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, 2024**

	Investment Trust Funds
ASSETS	
Pooled Investments	\$ 406,475,580
Total Assets	406,475,580
LIABILITIES	
Total Liabilities	-
NET POSITION	
Restricted for:	
External Pool	182,318,348
Internal Pool	224,157,232
Total Net Position	\$ 406,475,580

**Cowlitz County, Washington Investment Pool
Condensed Statement of Changes in Net Position
For the Year Ended December 31, 2024**

	Investment Trust Funds
ADDITIONS	
Additions by participants	\$ 469,267,033
Interest, dividends and other	2,865,423
Total Additions	472,132,456
DEDUCTIONS	
Distributions to participants	447,600,080
Total Deductions	447,600,080
 CHANGE IN NET POSITION HELD FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS	 24,532,376
Net Position - Beginning of the Year	381,943,204
Net Position - End of the Year	\$ 406,475,580

Summary of Deposits and Investment Balances

Reconciliation of the County's deposits and investment balances as of December 31, 2024, is as follows:

	Government Wide	Fiduciary Funds	PFD	Total
Cash on hand/Petty Cash	\$ 129,570	\$ 18,160	\$ -	\$ 147,730
Deposits with private financial institutions	(26,980,903)	21,894,768	468,852	(4,617,283)
Internal investment pool	219,017,272	-	5,139,960	224,157,232
External investment pool	-	182,318,348	-	182,318,348
Total deposits and investments	\$ 192,165,939	\$ 204,231,276	\$ 5,608,812	\$402,006,027
 Cash, Cash Equivalents, and pooled investments	 \$ 192,165,939	 \$ 21,912,928	 \$ 5,608,812	 \$219,687,679
Pooled investments at Amortized Cost	-	182,318,348	-	182,318,348
Total deposits and investments	\$ 192,165,939	\$ 204,231,276	\$ 5,608,812	\$402,006,027

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 2024 were:

PURPOSE OF LEVY	ASSESSED VALUATION	LEVY RATE PER \$1,000	TOTAL LEVY AMOUNT
General Fund	\$ 19,061,401,147	\$ 1.0354640803	\$ 19,737,396
Human Services/Mental Health	19,061,401,147	0.0250000000	476,535
Veterans Relief	19,061,401,147	0.0112500000	214,441
County Roads	10,542,850,119	1.2901426887	13,601,781

The 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 \$113,400 at December 31, 2024. These notes receivable are long-term and consist of the following:

	Interest Rate	Payment Amount	Final Payment	12/31/2024 Balance
City of Castle Rock	1.50%	14,195	12/31/2029	53,693
Cowlitz 2 Fire & Rescue	1.00%	33,333	12/31/2025	59,707
Total Notes Receivable				<u>\$ 113,400</u>

The Due from Component Unit of \$1,170,000 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 \$13,359,222. This included a receivable, net of allowance for uncollectible, in the amount of \$4,155,269, 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 \$9,203,953 is due from various other government agencies through the normal course of business, either from grants or taxes due from the state.

The County has three leases in which they act as lessor.

On 01/01/2022, Cowlitz County, WA entered into a 91-month lease as Lessor for the use of New Cingular Wireless (AT&T) - Facilities. An initial lease receivable was recorded in the amount of \$264,215. As of 12/31/2024, the value of the lease receivable is \$162,626 and the value of the short-term lease receivable is \$37,547. The lease has an interest rate of 1.1640%. The value of the deferred inflow of resources as of 12/31/2024 was \$162,880 and Cowlitz County, WA recognized lease revenue of \$37,547 during the fiscal year.

On 01/01/2022, Cowlitz County, WA entered into a 64-month lease as Lessor for the use of 312 SW First Ave - Cellular. An initial lease receivable was recorded in the amount of \$183,469. As of 12/31/2024, the value of the lease receivable is \$73,834 and the value of the short-term lease receivable is \$36,782. The lease has an interest rate of 0.7357%. The value of the deferred inflow of resources as of 12/31/2024 was \$77,794, and Cowlitz County, WA recognized lease revenue of \$36,782 during the fiscal year.

Below are the future rent receivable payments.

Governmental Activities	
	Principal Interest
2025	\$ 74,329 \$ 2,436
2026	76,614 1,729
2027	41,663 995
2028	43,855 510
	\$ 236,461 \$ 5,670

On 01/01/2022, Cowlitz County, WA entered into a 80-month lease as Lessor for the use of Verizon Wireless (VAW) LLC - Solid Waste. An initial lease receivable was recorded in the amount of \$118,623. As of 12/31/2024, the value of the lease receivable is \$62,843 and the value of the short-term lease receivable is \$20,105. The lease has an interest rate of 1.0480%. The value of the deferred inflow of resources as of 12/31/2024 was \$65,438, and Cowlitz County, WA recognized lease revenue of \$20,105 during the fiscal year.

Below are the future rent receivable payments.

Business Type Activities	
	Principal Interest
2025	\$ 20,105 \$ 659
2026	20,938 448
2027	21,800 228
	\$ 62,843 \$ 1,335

NOTE 6 – CAPITAL ASSETS

A. CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Capital asset activity for the year ended December 31, 2024, was as follows:

Governmental Activities	Beginning Balance Restated 1/1/2024	Increases	Decreases	Ending Balance 12/31/2024
Capital assets, not being depreciated:				
Land	\$ 15,764,564	\$ -	\$ -	\$ 15,764,564
Construction in progress	9,861,494	6,543,331	6,589,807	9,815,018
Total capital assets, not being depreciated	<u>25,626,058</u>	<u>6,543,331</u>	<u>6,589,807</u>	<u>25,579,582</u>
Capital assets, being depreciated:				
Buildings	52,802,662	1,939,699	-	54,742,361
Improvements other than buildings	4,097,538	110,262	-	4,207,800
Machinery and equipment	28,937,959	2,124,003	1,087,224	29,974,738
Intangible	786,495	-	214,510	571,985
Infrastructure	184,167,904	4,477,175	-	188,645,079
Total capital assets, being depreciated	<u>270,792,558</u>	<u>8,651,139</u>	<u>1,301,734</u>	<u>278,141,963</u>
Less accumulated depreciation for:				
Buildings	28,702,308	1,312,542	-	30,014,850
Improvements other than buildings	2,445,154	167,795	-	2,612,949
Machinery and equipment	14,732,053	2,278,949	1,064,065	15,946,937
Intangible	360,778	381,767	214,510	528,035
Infrastructure	105,118,461	4,154,101	-	109,272,562
Total accumulated depreciation	<u>151,358,754</u>	<u>8,295,154</u>	<u>1,278,575</u>	<u>158,375,333</u>
Total capital assets being depreciated, net	<u>119,433,804</u>	<u>355,985</u>	<u>23,159</u>	<u>119,766,630</u>
Right to use assets, being amortized				
SBITA	1,278,228	1,178,874	-	2,457,102
Total right to use assets, being amortized	<u>1,278,228</u>	<u>1,178,874</u>	<u>-</u>	<u>2,457,102</u>
Less accumulated amortization for:				
SBITA	242,287	736,047	-	978,334
Total accumulated amortization	<u>242,287</u>	<u>736,047</u>	<u>-</u>	<u>978,334</u>
Total capital assets being amortized, net	<u>1,035,941</u>	<u>442,827</u>	<u>-</u>	<u>1,478,768</u>
Governmental activities capital assets, net	<u>\$ 146,095,803</u>	<u>\$ 7,342,143</u>	<u>\$ 6,612,966</u>	<u>\$ 146,824,980</u>

Accumulated Depreciation has been restated by \$3,196,299 due to an evaluation of the remaining useful lives of certain assets.

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

Governmental Activities:

General Government	\$	1,298,359
Public Safety		317,727
Judicial		12,208
Utilities		363,937
Transportation		3,958,351
Economic Environment		18,886
Social Services		115,987
Culture & Recreation		62,288
Capital assets held by the government's Internal Service funds are charged to the various functions based on their usage of the assets		<u>2,883,458</u>
Total Depreciation - Governmental Activities	\$	<u>9,031,201</u>

At the end of December 31, 2024, 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	\$	8,918,686
Other capital		<u>460,037</u>
Total Construction Commitment	\$	<u>9,378,723</u>

B. CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES

Capital asset activity for the year ended December 31, 2024, was as follows:

Business-Type Activities	Beginning Balance Restated 1/1/2024	Increases	Decreases	Ending Balance 12/31/2024
Capital assets, not being depreciated:				
Land	\$ 1,175,076	\$ -	\$ -	\$ 1,175,076
Construction in progress	1,200,131	1,155,258	661,621	1,693,768
Total capital assets, not being depreciated	<u>2,375,207</u>	<u>1,155,258</u>	<u>661,621</u>	<u>2,868,844</u>
Capital assets, being depreciated:				
Buildings	6,527,410	367,479	-	6,894,889
Improvements other than buildings	5,097,381	185,045	-	5,282,426
Machinery and equipment	12,725,385	1,636,016	139,999	14,221,402
Intangible	106,613	-	-	106,613
Infrastructure	44,882,059	-	-	44,882,059
Total capital assets, being depreciated	<u>69,338,848</u>	<u>2,188,540</u>	<u>139,999</u>	<u>71,387,389</u>
Less accumulated depreciation for:				
Buildings	4,718,266	168,429	-	4,886,695
Improvements other than buildings	4,115,511	43,316	-	4,158,827
Machinery and equipment	5,876,682	1,505,766	139,999	7,242,449
Intangible	54,278	10,661	-	64,939
Infrastructure	31,838,615	2,119,278	-	33,957,893
Total accumulated depreciation	<u>46,603,352</u>	<u>3,847,450</u>	<u>139,999</u>	<u>50,310,803</u>
Total capital assets, being depreciated, net	<u>22,735,496</u>	<u>(1,658,910)</u>	<u>-</u>	<u>21,076,586</u>
Right to use assets, being amortized				
SBITA	389,738	-	-	389,738
Total right to use assets, being amortized	<u>389,738</u>	<u>-</u>	<u>-</u>	<u>389,738</u>
Less accumulated amortization for:				
SBITA	78,690	78,691	-	157,381
Total accumulated amortization	<u>78,690</u>	<u>78,691</u>	<u>-</u>	<u>157,381</u>
Total capital assets being amortized, net	<u>311,048</u>	<u>(78,691)</u>	<u>-</u>	<u>232,357</u>
Business-type activities capital assets, net	<u>\$ 25,421,751</u>	<u>\$ (582,343)</u>	<u>\$ 661,621</u>	<u>\$ 24,177,787</u>

Accumulated Depreciation has been restated by \$248,432 due to an evaluation of the remaining useful lives of certain assets.

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

Business-Type Activities:	
Water/Sewer	\$ 335,933
Solid Waste-Landfill	3,221,089
Public Safety	15,409
Expo Center	29,878
Building & Planning	87,401
Total Depreciation - Business-Type Activities	<u>\$ 3,689,710</u>

Depreciation Expense does not agree to the increase in Accumulated depreciation by \$236,343, due to a transfer of assets from the Internal Service Funds to the Solid Waste fund.

At the end of December 31, 2024, the County had active construction projects in process. The projects include the following as of year-end:

Water Sewer improvements	\$ 1,348,140
Solid Waste improvements	<u>331,800</u>
Total Construction Commitment	<u>\$ 1,679,940</u>

C. DISCRETELY PRESENTED COMPONENT UNIT

Public Facilities District

Capital asset activity for the year ended December 31, 2024, was as follows:

	1/1/2024	Increases	Decreases	12/31/2024
Capital Assets, not being depreciated				
Construction in progress	\$ -	\$ 26,332	\$ -	\$ 26,332
Total capital assets not being depreciated	<u>-</u>	<u>26,332</u>	<u>-</u>	<u>26,332</u>
Capital Assets being depreciated:				
Buildings	6,201,150	278,188	-	6,479,338
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	<u>19,652,675</u>	<u>278,188</u>	<u>-</u>	<u>19,930,863</u>
Less: accumulated depreciation for:				
Buildings	2,356,179	129,193	-	2,485,372
Leasehold improvements*	6,978,618	527,024	-	7,556,541
Improvements other than buildings	470,879	9,785	-	480,664
Machinery and equipment*	693,102	25,911	-	668,114
Total accumulated depreciation	<u>10,498,778</u>	<u>691,913</u>	<u>-</u>	<u>11,190,691</u>
Total capital assets, being depreciated net	<u>9,153,897</u>	<u>(413,725)</u>	<u>-</u>	<u>8,740,172</u>
Total capital assets, net	<u>\$ 9,153,897</u>	<u>\$ (387,393)</u>	<u>\$ -</u>	<u>\$ 8,766,504</u>

*\$50,899 of accumulated depreciation was reclassified from machinery and equipment to leasehold improvements.

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 2024:

		TRANSFER FROM				
		General Fund	ARPA	Non-major Gov't	Internal Service	Total
TRANSFER TO	General Fund	\$ -	\$ 224,483	\$ 3,121,659	\$ 50,000	\$ 3,396,142
	County Road	-	1,086,617	-	-	1,086,617
	Non-Major Gov't	1,558,175	-	710,883	-	2,269,058
	Non-Major Enterprise	210,000	-	45,000	-	255,000
	Internal Service	1,099,984	320,571	-	212,000	1,632,555
	Total	\$ 2,868,159	\$ 1,631,671	\$ 3,877,542	\$ 262,000	\$ 8,639,372

B. INTERFUND BALANCES

Interfund balances at December 31, 2024, were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities		
General Fund	\$ 1,536,908	\$ 185,510
Road Fund	488,910	611,706
ARPA	-	1,848,600
Non-Major Gov't	100,776	493,385
Internal Service	1,211,835	198,482
Total Governmental Activities	<u>3,338,429</u>	<u>3,337,683</u>
Business Type Activities		
Solid Waste	2,570	96,433
Water Sewer	217,060	71,733
Non-Major Enterprise	2,369	54,579
Total Business Type Activities	<u>221,999</u>	<u>222,745</u>
Total Interfund Balances	<u>\$ 3,560,428</u>	<u>\$ 3,560,428</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 2024:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 3,148,681
Pension assets	9,664,536
Deferred outflows of resources	13,259,913
Deferred inflows of resources	3,753,061
Pension expense/expenditures	(106,560)

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.

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting 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.

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 1** member contribution rate is established by State statute at 6 percent. The PERS 1 and PERS 2/3 employer contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial 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 defined benefit required contribution rates (expressed as a percentage of covered payroll) for fiscal year were as follows:

Employer Contribution Rates				
<i>Time Frame</i>	<i>Contribution Rate</i>	<i>PERS 1 UAAL</i>	<i>Administrative Fee</i>	<i>Employer</i>
January – June	6.36%	2.97%	0.20%	9.53%
July – August	6.36%	2.47%	0.20%	9.03%
September - December	6.36%	2.55%	0.20%	9.11%

Employee Contribution Rates	
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies: 5% to 15%

The Cowlitz County’s actual PERS plan contributions were \$1,019,671 to PERS Plan 1 and \$1,968,812 to PERS Plan 2/3 for the year ended December 31, 2024.

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:

- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.
- A limited number of state agencies.

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 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 the fiscal year were as follows:

Employer Contribution Rates				
<i>Time Frame</i>	<i>Contribution Rate</i>	<i>PERS 1 UAAL</i>	<i>Administrative Fee</i>	<i>Employer</i>
January – June	6.73%	2.97%	0.20%	9.90%
July – August	6.73%	2.47%	0.20%	9.40%
September - December	6.76%	2.55%	0.20%	9.51%

The employee contribution rate was 6.73%.

The Cowlitz County’s actual plan contributions were \$402,758 to PSERS Plan 2 and \$164,017 to PERS Plan 1 for the year ended December 31, 2024.

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 is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are defined benefit plans.

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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest-paid consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include 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 2024. 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.

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%.

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

Employer Contribution Rates				
<i>Employer Type</i>	<i>Time Frame</i>	<i>Contribution Rate</i>	<i>Admin Fee</i>	<i>Employer</i>
State and Local Governments	January – December	5.12%	0.20%	5.32%
Ports & Universities	January - December	8.53%	0.20%	8.73%

The employee contribution rate was 8.53%.

The Cowlitz County’s actual contributions to the plan were \$286,713 for the year ended December 31, 2024.

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, 2024, the state contributed \$96,422,231 to LEOFF Plan 2. The amount recognized by the Cowlitz County as its proportionate share of this amount is \$178,344.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, 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.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

Discount Rate

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% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) 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

The table below summarizes the 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, 2024. The inflation component used to create the table is 2.5% 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	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

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	4,631,631	3,148,681	1,848,099
PERS 2/3	11,371,004	(6,307,795)	(20,827,023)
PSERS 2	1,713,580	(264,580)	(1,829,735)
LEOFF 1	(872,614)	(991,522)	(1,095,215)
LEOFF 2	1,391,702	(2,100,639)	(4,957,270)

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, 2024, the Cowlitz County reported its proportionate share of the net pension liabilities or assets as follows:

Plan	Liability or (Asset)
PERS 1	\$ 3,148,681
PERS 2/3	(6,307,795)
PSERS 2	(264,580)
LEOFF 1	(991,522)
LEOFF 2	(2,100,639)

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:

	LEOFF 1 Asset	LEOFF 2 Asset
LEOFF - employer's proportionate share	(991,522)	(2,100,639)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(6,706,630)	(1,363,203)
TOTAL	(7,698,152)	(3,463,842)

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

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.18677%	0.17721%	-0.00956%
PERS 2/3	0.20072%	0.19134%	-0.00938%
PSERS 2	0.70605%	0.62045%	-0.08559%
LEOFF 1	0.03614%	0.03487%	-0.00127%
LEOFF 2	0.11117%	0.11217%	0.00100%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2024. 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 2024, 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, 2024, the Cowlitz County recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (292,675)
PERS 2/3	(256,306)
PSERS 2	259,199
LEOFF 1	47,362
LEOFF 2	135,860
TOTAL	(106,560)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the Cowlitz County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 251,949
Contributions subsequent to the measurement date	470,597	-
TOTAL	\$ 470,597	\$ 251,949

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,584,224	\$ 14,604
Net difference between projected and actual investment earnings on pension plan investments	-	1,807,634
Changes of assumptions	3,483,176	399,661
Changes in proportion and differences between contributions and proportionate share of contributions	756,951	101,959
Contributions subsequent to the measurement date	987,473	-
TOTAL	\$ 8,811,824	\$ 2,323,858

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 685,888	\$ 151,341
Net difference between projected and actual investment earnings on pension plan investments	-	128,105
Changes of assumptions	264,098	98,852
Changes in proportion and differences between contributions and proportionate share of contributions	157,973	31,029
Contributions subsequent to the measurement date	203,508	-
TOTAL	\$ 1,311,467	\$ 409,327

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 37,477
TOTAL	\$ -	\$ 37,477

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,546,031	\$ 15,987
Net difference between projected and actual investment earnings on pension plan investments	-	345,610
Changes of assumptions	864,752	176,570
Changes in proportion and differences between contributions and proportionate share of contributions	108,178	192,283
Contributions subsequent to the measurement date	147,064	-
TOTAL	\$ 2,666,025	\$ 730,450

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,816,143	\$ 181,932
Net difference between projected and actual investment earnings on pension plan investments	-	2,570,775
Changes of assumptions	4,612,026	675,083
Changes in proportion and differences between contributions and proportionate share of contributions	1,023,102	325,271
Contributions subsequent to the measurement date	1,808,642	-
TOTAL	\$ 13,259,913	\$ 3,753,061

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, 2025. 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
2025	\$ (416,958)	\$ (1,303,520)	\$ (86,315)	\$ (63,013)	\$ (273,186)
2026	214,213	2,877,016	178,854	32,646	536,922
2027	(22,681)	1,343,182	67,682	(3,133)	222,689
2028	(26,523)	1,327,890	69,324	(3,977)	240,292
2029	-	706,120	89,849	-	291,383
Thereafter	-	549,805	379,238	-	770,411

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT

Retired LEOFF I Employees Other Postemployment Benefits

Aggregate OPEB Amounts	
OPEB liability	\$ 6,064,372
Deferred outflows of resources	76,045
OPEB Expenses	(593,714)

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 12 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, 2024, the following employees were covered by the benefit terms:

	<u>Total</u>
Inactive employees or Beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	<u><u>12</u></u>

Contributions

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

For the year ending December 31, 2024, benefit payments made by the County were \$377,173.

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 \$6,064,372 was measured as of June 30, 2024 with a valuation date of June 30, 2024. 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 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: 3.65% beginning of measurement year, 3.93% 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 3.93 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 (2.93 percent) or 1-percentage point higher (4.93 percent) than the current rate.

	Sensitivity Analysis		
Total OPEB Liability	1% Decrease	Current	1% Increase
Discount Rate	\$6,647,977	\$6,064,372	\$5,557,806

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.

	Sensitivity Analysis		
Total OPEB Liability	1% Decrease	Current	1% Increase
Healthcare Trend	\$5,580,359	\$6,064,372	\$6,609,689

Changes in the Total OPEB Liability

At the measurement date June 30, 2024, the changes in the total OPEB liability are as follows:

Total OPEB Liability at December 31, 2023	\$ 7,035,259
Changes for the Year	
Interest	249,965
Changes in Experience Data and Assumptions	(843,679)
Estimated Benefit Payments	(377,173)
Net Change	(970,887)
Total OPEB Liability at December 31, 2024	<u>\$ 6,064,372</u>

The County reported (\$593,714) as LEOFF 1 OPEB expense for the calendar year 2024.

At December 31, 2024, the County reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of \$76,045. This will be recognized as a reduction in OPEB liability in the period ending December 31, 2025.

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, 2024, 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. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. County deductibles range from \$10,000 to \$500,000. For losses occurring in 2024, Cowlitz County selected a per-occurrence deductible of \$100,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions ("SIRs") equal to the amount of the layer of coverage below. For the Pool's ,2022-23, and 2023-24 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 maximum annual reimbursements to the Pool of \$20,000,000 (lowest reinsured layer) and \$20,000,000 (second layer). The Pool purchases excess coverage for an additional \$10,000,000 with an aggregate limit of \$20,000,000 (first layer), \$10,000,000 (second layer), \$10,000,000 (third layer), and \$7,500,000 (fourth layer). Since the Pool is a cooperative program, there is a joint liability among the participating members. For the 2023-24 Fiscal Year, 15 of the Pool's 24 member counties, group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000. Cowlitz County does purchase the optional coverage.

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 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 prevention services.

During 2023-24, 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 \$370 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 2024, 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 2023-24 Fiscal Year, Cowlitz County was one of 22 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.

During 2023-24, the WCRP's assets increased to \$82,249,435 while its liabilities also increased to \$67,350,711. The Pool's net position ended at \$15,987,251. The Pool 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, 2024, was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Cowlitz County, Washington
Notes to the Financial Statements
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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, 2024, were \$1,958,602 for general liability and \$457,000 for workers compensation.

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

	<u>Beginning of the year liability</u>	<u>Current year claims</u>	<u>Change in estimates for claims of prior periods</u>	<u>Claims payments</u>	<u>End of the year liability</u>
2024	\$ 1,823,506	\$ 389,904	\$ (77,534)	\$ (177,274)	\$ 1,958,602
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

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

The Risk Management Fund has \$505,905 at December 31, 2024, in net cash and investments to meet actual and projected claims to be paid \$1,958,602. This results in a December 31, 2024, total net position of \$505,115.

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

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 \$487,699 at December 31, 2024, available to meet the projected future estimate of claims to be paid of \$457,000. This results in a December 31, 2024, total net position of \$41,006.

Also the county self-insures the Unemployment Compensation Fund. At December 31, 2024, the fund has a total net position balance of \$248,060 compared to total net position of \$185,710 at December 31, 2023.

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NOTE 11 – LONG-TERM LIABILITIES

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:

Description	Outstanding
\$4,880,000 2012B Limited Tax General Refunding Bond issued May 30, 2012, to refinance the 2003 Limited General Obligation bonds. The debt is serviced from the sales and hotel taxes 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 occurs interest continues to accrue at the same rate provided in the bond until the bond principal and interest are paid in full.	\$1,170,000
\$20,460,000 2022 LTD GO Refunding Bonds 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.	\$18,555,000

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2025	\$ 2,260,000	\$ 610,095
2026	2,345,000	538,476
2027	2,165,000	464,112
2028	1,980,000	392,155
2029	2,040,000	328,153
2030-2033	8,935,000	679,627
	\$ 19,725,000	\$ 3,012,616

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:

Cowlitz County, Washington
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Description	Outstanding
<p>\$322,035 2008 Water-Sewer PWTF Loan. The funds were for County Water Systems Reservoir Coating. The loan has an interest rate of .50% with annual principal payments of \$18,006 through July 1, 2027. 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>	\$54,018
<p>\$222,669 2010 Water-Sewer DOE Loan. 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.</p>	\$78,764
<p>\$595,000 2012 Water-Sewer PWTF Loan. The funds are being used for the Toutle Sewer Lift Station Rehabilitation Project. The loan has a .5% percent interest rate. Principal payments are due annually in the amount of \$31,490. The term of the loan is 20 years. 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>	\$220,428
<p>\$3,340,000 2021B Local Agency Financing Lease. 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>	\$3,030,000
<p>\$277,531 2021B Local Agency Financing Lease. 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>	\$208,219
<p>\$285,984 2022B Local Agency Financing Lease. 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>	\$239,468

Cowlitz County, Washington
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Direct borrowing and direct placement debt service requirements as of December 31, to maturity are as follows:

	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 165,651	\$ 169,743	\$ 61,283	1,581
2026	178,183	161,147	61,401	1,294
2027	185,843	152,047	61,521	1,005
2028	193,635	142,560	43,635	716
2029	206,567	132,555	43,757	515
2030-2034	997,809	506,118	81,613	423
2035-2039	1,050,000	261,250	-	-
2040-2041	500,000	25,250	-	-
	\$ 3,477,687	\$ 1,550,669	\$ 353,210	\$ 5,534

Discretely Presented Component Units - Public Facilities District

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

Public Facilities Dist. – Due to Primary Government (Cowlitz County)	Outstanding
\$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.	\$1,170,000
Public Facilities Dist. - Notes Payable due to City of Longview	Outstanding
\$5,775,000 from City of Longview that issued bonds on December 27, 2017, to provide new bond funds in the amount of \$965,000 and \$4,810,000 (to refund 2007 bonds which were initially used for improvements to Columbia Theatre for the Performing Arts in Longview). Sales and use tax authorized by RCW 82.14.390 in the amount of .020%, imposed by the PFD pursuant to Resolution #07-02 dated July 23, 2007, are received to repay this loan. This tax will expire in July 2047. Interest varies from 3.0% to 4.0% with future annual principal payments of \$85,000 to \$330,000 beginning December 01, 2017, through June 01, 2047. No penalties exist should default occur.	\$5,095,000

At December 31, 2024, annual debt service for debt categorized as Due to Primary Government (Cowlitz County) for the Public Facilities District follows:

Cowlitz County, Washington
Notes to the Financial Statements
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	Principal	Interest	Total
2025	\$ 450,000	\$ 37,800	\$ 487,800
2026	480,000	19,200	499,200
2027	240,000	4,800	244,800
	\$ 1,170,000	\$ 61,800	\$ 1,231,800

At December 31, 2024, annual debt service requirements payable to the City of Longview are as follows:

	Principal	Interest	Total
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	150,000	173,606	323,606
2030-2034	875,000	772,031	1,647,031
2035-2039	1,165,000	574,831	1,739,831
2040-2044	1,500,000	318,000	1,818,000
2045-2047	890,000	54,675	944,675
	\$5,095,000	\$2,632,767	\$7,727,767

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, 2024, these funds were as follows:

Purpose	Amount
Regional Events Center Rate Stabilization	\$ 531,496
Columbia Theatre Revenue Stabilization	343,510
Regional Events Center Depreciation Reserve	3,168,468
Columbia Theatre Depreciation Reserve	1,096,486
	\$ 5,139,960

Conduit Debt

On December 15, 2015, the County issued \$11,010,000 in 2015 TRRWA Special Revenue Refunding Bonds to refund a portion of the County's outstanding 2006 Limited Tax General Obligation Bonds related to regional wastewater system improvements. Cowlitz County (the County) acted as a conduit debt obligor for bonds issued on behalf of the Three Rivers Regional Wastewater Authority (TRRWA) to support regional wastewater infrastructure improvements.

The debt service on the bonds is payable solely from net system revenues generated by user fees collected by the Cities of Kelso, Longview, and the Beacon Hill Sewer District, pursuant to an interlocal agreement between TRRWA and the County. The bonds are additionally secured by a pledge of system revenues and a limited tax general obligation pledge of the County. In the event of default by TRRWA, the County is obligated to pay interest and principal on the bonds; however, no liability has been recorded for any such contingent obligation as of December 31, 2024.

Cowlitz County, Washington
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In 2023, the 2015 TRRWA Special Revenue Refunding Bonds were defeased by placing sufficient funds in an irrevocable escrow account to fully pay the principal and interest on the bonds through maturity on March 1, 2025. As of December 31, 2024, the outstanding principal balance of the defeased 2015 bonds was \$970,000. The bonds remain payable from the escrow account until their scheduled maturity.

Changes in Long Term Liabilities

Governmental Activities

	Restated			Balance 12/31/2024	Due Within One Year
	Balance 1/1/2024	Additions **	Reductions		
Bonds Payable					
General Obligation Bonds	\$ 22,300,000	\$ -	\$ 2,575,000	\$ 19,725,000	\$ 2,260,000
Plus: Premium on Bonds	97,439	-	34,872	62,567	34,872
Subtotal General Obligation Bonds	22,397,439	-	2,609,872	19,787,567	2,294,872
Total Bonds Payable	22,397,439	-	2,609,872	19,787,567	2,294,872
Direct Borrowings/Placements:					
Notes Payable-Other Govts.	3,635,926	-	158,239	3,477,687	165,651
Plus: Premium on NP-Other Govts.	983,440	-	62,030	921,410	62,030
Total Direct Borrowings/Placements	4,619,366	-	220,269	4,399,097	227,681
Other Post Employee Benefits	7,035,259	-	970,887	6,064,372	352,889
Compensated Absences *	4,587,110	717,302		5,304,412	1,139,163
Compensated Absences - Int Svc *	377,079		23,618	353,461	103,888
Claims/Judgements - Int Svc	1,823,506	592,096		2,415,602	526,064
Asset Retirement Obligations	656,951	16,431	-	673,382	-
SBITA ***	443,316		133,720	309,596	143,768
SBITA - Int Svc ***	1,318,538		567,481	751,057	586,792
Net Pension Liability	3,520,310		905,344	2,614,966	-
Net Pension Liability - Int Svc	271,742		37,025	234,717	-
Total Long-Term Debt	\$ 47,050,616	\$ 1,325,829	\$ 5,468,216	\$ 42,908,229	\$ 5,375,117

* The beginning balance for Compensated Absences has been restated for the implementation of GASB Statement #101

** The Change in the Compensated Absences liability is presented as a net change.

*** The beginning balances of the SBITA liability has been restated for conformity with current year presentation.

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

Business Type Activities

	Restated			Balance 12/31/2024	Due Within One Year
	Balance 1/1/2024	Additions **	Reductions		
Direct Placements:					
Notes Payable-Other Govts.	\$ 414,375	\$ -	\$ 61,165	\$ 353,210	\$ 61,283
Total Direct Placements	414,375	-	61,165	353,210	61,283
Landfill Closure and Postclosure Care	32,331,041	3,809,812		36,140,853	301,838
Asset Retirement Obligations	4,197,454	104,984		4,302,438	-
SBITA	265,631		58,654	206,977	63,617
Net Pension Liability	471,337		172,339	298,998	-
Compensated Absences *	361,062	69,067		430,129	161,476
Total Long-Term Debt	\$ 38,040,900	\$ 3,983,863	\$ 292,158	\$ 41,732,605	\$ 588,214

* The beginning balance for Compensated Absences has been restated for the implementation of GASB Statement #101

** The Change in the Compensated Absences liability is presented as a net change.

*** The beginning balances of the SBITA liability has been restated for conformity with current year presentation.

Cowlitz County, Washington
Notes to the Financial Statements
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Component Unit - Public Facilities District

	<u>Balance</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2024</u>	<u>Due Within</u> <u>One Year</u>
Private Placement					
Due to Primary Government Bonds	\$ 1,595,000	\$ -	\$ 425,000	\$ 1,170,000	\$ 450,000
Plus: Premium on Bonds	88,458	-	25,890	62,568	25,890
Due to Primary Government (net)	1,683,458	-	450,890	1,232,568	475,890
Notes Payable	5,205,000	-	110,000	5,095,000	120,000
Plus: Premium on Notes Payable	259,283	-	10,804	248,479	10,804
Less Discounts on Notes Payable	(39,442)	-	(1,644)	(37,798)	(1,644)
Due to Other Governments (net)	5,424,841	-	119,160	5,305,681	129,160
Total Private Placement Long Term Debt	\$ 7,108,299	\$ -	\$ 570,050	\$ 6,538,249	\$ 605,050

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)	\$285,921,017
General Government (Vote required)	\$476,535,029

NOTE 12 – ASSET RETIREMENT OBLIGATIONS

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 2024 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.

**Cowlitz County, Washington
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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 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 2024 financial statements as follows:

	ARO Liability	Deferred Outflow	Remaining Useful Life
Shooting Range	513,876	413,457	38
House of Justice Wells	159,506	122,617	38
Wastewater Lagoons	4,302,438	2,534,235	57

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 \$8,200 and the groundwater diversion wells to be less than \$3,100 as of December 31,2024. 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 47 and 91 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

Cowlitz County, Washington
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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 \$36.1 million as landfill closure and post closure care liability at December 31, 2024. 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 \$836,072. 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. Seven years of post-closure has been completed; therefore, the liability represents the remaining 22 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, 2024. 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 2024. 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. Seven years of post-closure has been completed; therefore, the liability represents the remaining 21 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, 2024, the landfill was at 20.93% capacity. Based on the capacity used thru December 31, 2024, the closure and postclosure liability is \$30.1 million. The estimated total current cost of closure and postclosure care remaining to be recognized is \$98,179,597. It is estimated that the landfill will be closed in September 2120 under WAC 173-351 Criteria for Municipal Solid Waste Landfills.

Cowlitz County, Washington
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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, 2024, the County had \$36.1 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.

NOTE 15 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

At December 31, 2024, the County used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2024, the County has ten agreements that qualify.

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Notes to the Financial Statements
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Description	12/31/2024 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 12/31/2024, the value of the subscription liability is \$95,404. 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 12/31/2024 of \$190,055 with accumulated amortization of \$93,025.	\$ 95,403	
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 12/31/2024, the value of the subscription liability is \$65,910. 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 12/31/2024 of \$197,788 with accumulated amortization of \$97,062.	\$ 65,910	
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 12/31/2024, the value of the subscription liability is \$109,969. 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 \$104,953.	\$ 109,939	
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 12/31/2024, the value of the subscription liability is \$33,868. 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 12/31/2024 of \$94,333 with accumulated amortization of \$62,889.	\$ 33,868	
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 12/31/2024, the value of the subscription liability is \$156,971. 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 12/31/2024 of \$254,087 with accumulated amortization of \$119,103.	\$ 156,971	
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 12/31/2024, the value of the subscription liability is \$69,083. 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 12/31/2024 of \$131,285 with accumulated amortization of \$65,643.	\$ 69,083	
On 09/01/2023, Cowlitz County, WA entered into a 36 month subscription for the use of Microsoft Office (Insight) - Information Technology. An initial subscription liability was recorded in the amount of \$910,632. As of 12/31/2024, the value of the subscription liability is \$305,427. Cowlitz County, WA is required to make annual fixed payments of \$314,715. The subscription has an interest rate of 3.0410%. The value of the right to use asset as of 12/31/2024 of \$910,632 with accumulated amortization of \$404,725.	\$ 305,427	
On 06/01/2023, Cowlitz County, WA entered into a 48 month subscription for the use of Agilis License. An initial subscription liability was recorded in the amount of \$141,094. As of 12/31/2024, the value of the subscription liability is \$72,662. Cowlitz County, WA is required to make annual payments of \$35,000 - \$38,244. The subscription has an interest rate of 2.4670%. The value of the right to use asset as of 12/31/2024 of \$141,094 with accumulated amortization of \$55,850 is included with Software on the Subscription Class activities table found below.	\$ 72,661	
On 12/18/2023, Cowlitz County, WA entered into a 60 month subscription for the use of ClearBallot License. An initial subscription liability was recorded in the amount of \$127,149. As of 12/31/2024, the value of the subscription liability is \$101,717. Cowlitz County, WA is required to make annual payments of \$25,432 - \$28,624. The subscription has an interest rate of 3.0040%. The value of the right to use asset as of 12/31/2024 of \$127,149 with accumulated amortization of \$26,348.	\$ 101,717	
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 12/31/2024, the value of the subscription liability is \$256,651. 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 12/31/2024 of \$483,274 with accumulated amortization of \$195,153.	\$ 49,675	\$ 206,977
Totals	\$ 1,060,653	\$ 206,977

Cowlitz County, Washington
Notes to the Financial Statements
December 31, 2024

	<u>Governmental Activities</u>			<u>Business Type Activities</u>		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2025	\$ 730,560	\$ 29,869	\$ 760,429	\$ 63,617	\$ 5,841	\$ 69,458
2026	202,851	8,841	211,692	68,885	4,046	72,931
2027	99,454	3,686	103,140	74,475	2,102	76,577
2028	27,788	835	28,623	-	-	-
	<u>\$1,060,653</u>	<u>\$ 43,231</u>	<u>\$ 1,103,884</u>	<u>\$ 206,977</u>	<u>\$ 11,989</u>	<u>\$ 218,966</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 2024 was \$330,028. Additionally, in-kind match is provided by Cowlitz County from lodging and sales tax in the amount of \$211,314 for 2024.

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 \$130,000 for 2024.

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. \$3,298,141 was provided by Cowlitz County from the 911 excise tax in 2024. RCW 82.14.420 requires emergency communications sales and use tax to be solely used for emergency communication systems and facilities. \$1,122,891 was provided by Cowlitz County from the sales and use tax in 2024.

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 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.

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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 2024 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, 2024. 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. SUBSEQUENT EVENTS

In March 2025, the PFD received \$1,231,800 for the advance refunding of the \$1,170,000 balance of the 2012B Limited Tax General Obligation Refunding Bonds for the Conference Center. The PFD issued this advance refunding to improve cash flow. The net present value loss of the refunding portion is \$345,838.

D. NEW ACCOUNTING STANDARDS IMPLEMENTATION

Adoption of GASB Statement No. 100 – *Accounting Changes and Error Corrections*

Effective for the fiscal year ending December 31, 2024, the County adopted GASB Statement No. 100, Accounting Changes and Error Corrections—an Amendment of GASB Statement 62. This Statement prescribes financial reporting for accounting changes and corrections of errors with required descriptive note disclosures. The aggregate amount of adjustments to and restatements of beginning net position will be displayed by reporting unit in the financial statements and note disclosures will describe the nature of

Cowlitz County, Washington
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these adjustments. For periods earlier than those included in the basic financial statements, this statement also requires supplementary or required supplementary information to be restated for error corrections.

Accounting changes include changes in accounting principles, accounting estimates or in the financial reporting entity.

Adoption of GASB Statement No. 101 – *Compensated Absences*

Effective for the fiscal year ending December 31, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. This Statement establishes standards of accounting and financial reporting for compensated absences and clarifies the recognition and measurement of these liabilities.

E. CORRECTION OF ERRORS, CHANGES IN ACCOUNTING PRINCIPLES, CHANGES WITHIN THE REPORTING ENTITY

Change in Accounting Principle

As a result of implementing GASB Statement No. 101 – *Compensated Absences*, the County is presenting a Change in Accounting Principles related to the revised calculation for compliance with this new standard. This has resulted in a Change in Accounting Principle for the County as a whole and a restatement of the beginning liability for compensated absences. The following table represents the Change in Accounting Principle.

Governmental Activities	\$ (168,374)
Business-Type Activities -	
Major Funds:	
Solid Waste	\$ (50,793)
Water Sewer	(20,162)
Nonmajor Funds	<u>77,505</u>
Total Proprietary Funds	<u>\$ 6,550</u>
Governmental Activities -	
Internal Service Funds	\$ (94,030)

Additionally, the County followed the guidance in GASB Implementation Guide 2021-1 related to capitalization of group of assets versus single assets. This has resulted in a Change in Accounting Principle of \$207,611 in the Internal Service Funds and the recording of a SBITA Asset of \$910,632 and a beginning SBITA liability of \$601,840.

Correction of Errors

The County is reporting a number of Correction of Errors. As follows:

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General Fund		Governmental Activities	
Recognition of revenues related to operating grants in the Clerk's Office and Superior Court in the correct period.	\$ 92,906	Those reported at the Governmental Fund level	\$ 817,794
Recognition of expenditures related to bank fees in the correct period.	(30,835)	Less Opioid Fund Error Correction as the governmentwide statements are already on full accrual basis	\$ (771,594)
Total	<u>\$ 62,071</u>	Those reported in the Internal Service Funds	3,037,161
Opioid Fund		Change in estimated useful lives of assets that were fully or approaching fully depreciated.	239,133
Recognition of revenues related to modified accrual basis of accounting that was incorrectly calculated in the prior period.	\$ 771,594	Total	<u>\$ 3,322,494</u>
Other Governmental Funds			
Recognition of revenues related to operating grants for substance abuse in the correct period.	\$ (15,871)		
Internal Service Funds		Business Type Activities	
Change in estimated useful lives of assets that were fully or approaching fully depreciated.	\$ 2,957,161	Those reported at the Enterprise Fund level.	\$ 404,816
Recognition of revenues related to non-operating grants for information technology in the correct period.	80,000		
Total	<u>\$ 3,037,161</u>		
Water Sewer Fund			
Recognition of revenues related to an error in reporting accrued receivables at the end of the prior year	\$ 156,475		
Nonmajor Enterprise Funds			
Change in estimated useful lives of assets that were fully or approaching fully depreciated.	\$ 248,341		

Change to or within the financial reporting entity

For the year ending December 31, 2024, the Opioid Fund is being reported as a major governmental fund when prior it was non-major.

The table below reflects the impact of all the above matters.

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	December 31, 2023 Net Position/Fund Balance as previously reported	Change in accounting principle	Change to or within the financial reporting entity	Correction of Error	December 31, 2023 Net Position/Fund Balance As restated/adjusted
Government-wide					
Governmental Activities	\$ 222,299,861	\$ 39,237	-	\$ 3,322,494	\$ 225,661,592
Business-Type Activities	59,728,617	6,550	-	404,816	60,139,983
Total primary government	<u>\$ 282,028,478</u>	<u>\$ 45,787</u>	<u>\$ -</u>	<u>\$ 3,727,310</u>	<u>\$ 285,801,575</u>
Governmental Funds					
Major Funds:					
General Fund	\$ 22,738,295	\$ -	-	\$ 62,071	\$ 22,800,366
Opioid Fund	1,409,830	-	466,648	771,594	2,648,072
Other Governmental Funds	38,273,654	-	(466,648)	(15,871)	37,791,135
Total Governmental Funds	<u>\$ 62,421,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,794</u>	<u>\$ 63,239,573</u>
Proprietary Funds					
Major Funds:					
Solid Waste	\$ 41,225,098	\$ (50,793)	-	-	\$ 41,174,305
Water Sewer	10,489,007	(20,162)	-	156,475	10,625,320
Nonmajor Funds	8,127,934	77,505	-	248,341	8,453,780
Total Proprietary Funds	<u>\$ 59,842,039</u>	<u>\$ 6,550</u>	<u>\$ -</u>	<u>\$ 404,816</u>	<u>\$ 60,253,405</u>
Internal Service Funds	<u>\$ 27,318,738</u>	<u>\$ 113,581</u>	<u>\$ -</u>	<u>\$ 3,037,161</u>	<u>\$ 30,469,480</u>

F. TAX ABATEMENT

RCW 84.36.255 authorizes Cowlitz County to provide property tax abatements through Habitat and Water Quality Improvements Exemption. All improvements to real and personal property that benefit fish and wildlife habitat, water quality, or water quantity are exempt from taxation if the improvements are included under a written conservation plan approved by a conservation district. The conservation districts must cooperate with the federal natural resource conservation service, other conservation districts, the department of ecology, the department of fish and wildlife, and nonprofit organizations to assist landowners by working with them to obtain approved conservation plans. For the fiscal year ended December 31, 2024, the Habitat and Water Quality Improvement tax abatements were \$121. The State Department of Revenue provided this data.

Cowlitz County is subject to tax abatements granted by the State of Washington through the High Unemployment County Sales and Use Tax Deferral Program, authorized under RCW 82.60. This state-level economic development program is intended to stimulate business investment and job creation in counties with high unemployment rates. The program allows eligible businesses to defer payment of sales and use tax on qualified purchases for the construction and equipping of manufacturing, research and development, or commercial testing facilities.

Under the program, the deferred taxes are conditionally waived over an eight-year period if the business complies with specific program requirements, including continued operation and job retention. If the terms are not met, all or a portion of the deferred taxes may become due.

For the fiscal year ended December 31, 2024, Cowlitz County's sales and use tax revenues were reduced by approximately \$8,020 as a result of abatements under this program. The County was not required to provide any direct commitments or make any concessions in exchange for the State's approval of the abatements. The County does not have authority over the approval or denial of these abatements.

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 liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.177207%	\$ 3,148,681	\$ 35,487,084	8.87%	84.05%
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%

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)
2024	0.191344%	\$ (6,307,795)	\$ 29,682,070	-21.25%	105.17%
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%

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)
2024	0.620453%	\$ (264,580)	\$ 5,744,828	-4.61%	102.61%
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%

Cowlitz 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)
2024	0.034865%	\$ (991,522)	\$ (6,706,630)	\$ (7,698,152)	N/A	N/A	168.48%
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%

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)
2024	0.112169%	\$ (2,100,639)	\$ (1,363,203)	\$ (3,463,842)	\$ 5,280,347	-39.78%	109.27%
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%

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

PERS 1

For the Year Ended 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
2024	\$ 1,019,671	\$ (1,019,671)	-	\$ 36,993,301	2.76%
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%

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

For the Year Ended 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
2024	\$ 1,968,812	\$ (1,968,812)	-	\$ 30,956,140	6.36%
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%

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

For the Year Ended 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
2024	\$ 402,758	\$ (402,758)	-	\$ 5,975,505	6.74%
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%

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

For the Year Ended 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
2024	\$ 286,713	\$ (286,713)	-	\$ 5,461,570	5.25%
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%

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, PERS 2/3

<u>From this</u>	<u>Through this</u>	
<u>Date</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	6/30/2024	9.53%
7/1/2024	8/31/2024	9.03%
9/1/2024	Current	9.11% *

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

PSERS 2/3

<u>From this</u> <u>Date</u>	<u>Through this</u> <u>Date</u>	<u>Employer</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	6/30/2024	9.90%
7/1/2024	8/31/2024	9.40%
9/1/2024	Current	9.51% *

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

LEOFF 1

<u>From this</u> <u>Date</u>	<u>Through this</u> <u>Date</u>	<u>Employer</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>Date</u>	<u>Through this</u> <u>Date</u>	<u>Employer</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, 2021, LEOFF employers must pay an additional 3.41% to pick up the state contributions on basis salary paid for services rendered to non-LEOFF employers

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 SEVEN CALENDAR YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Interest	\$ 249,965	\$ 268,955	\$ 204,215	\$ 210,516	\$ 309,470	\$ 343,383	\$ 329,051
Changes of assumptions or other inputs	(843,679)	(633,924)	(1,667,696)	118,170	787,064	15,131	(279,648)
Estimated benefit payments	(377,173)	(391,351)	(396,561)	(403,182)	(421,217)	(357,906)	(377,836)
Net change in total OPEB liability	(970,887)	(756,320)	(1,860,042)	(74,496)	675,317	608	(328,433)
Total OPEB liability beginning	7,035,259	7,791,579	9,651,621	9,726,117	9,050,800	9,050,192	9,378,625
Total OPEB liability ending	<u>\$ 6,064,372</u>	<u>\$ 7,035,259</u>	<u>\$ 7,791,579</u>	<u>\$ 9,651,621</u>	<u>\$ 9,726,117</u>	<u>\$ 9,050,800</u>	<u>\$ 9,050,192</u>
Covered employee payroll	NA						
Total OPEB liability as a percentage of covered employee payroll	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%	2021	2.16%
2018	3.87%	2022	3.54%
2019	3.50%	2023	3.65%
2020	2.21%	2024	3.93%

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, 2024

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		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Superintendent of Public Instruction)	School Breakfast Program	10.553	08-458-6808	9,013	-	9,013	-	1,3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Superintendent of Public Instruction)	National School Lunch Program	10.555	08-458-6808	14,328	-	14,328	-	1,3
Total Child Nutrition Cluster:				23,341	-	23,341	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Gifford Pinchot National Forest)	Schools and Roads - Grants to States	10.665	17-SA-11060300-012	4,388	-	4,388	-	1,2,3
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Gifford Pinchot National Forest)	Schools and Roads - Grants to States	10.665	20-PA-1160300-014	29,541	-	29,541	-	1,2,3
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA Dept of Agriculture)	Schools and Roads - Grants to States	10.665	Title I 2021	50,293	-	50,293	-	1,3
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA Dept of Agriculture)	Schools and Roads - Grants to States	10.665	Title III 2024	16,146	-	16,146	-	1,3
Total Forest Service Schools and Roads Cluster:				100,368	-	100,368	-	

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

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	23-62210-006	41,026	-	41,026	34,345	1,3
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Dept of Archaeology & Historic Preservation)	Historic Preservation Fund Grants-In-Aid	15.904	FY24-CLG- COWLITZ	400	-	400	-	1,3
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	2024 FY F23- 31101-004	16,804	-	16,804	-	1,2,3
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF (via Washington State Patrol)	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	15BJA-23-GG- 00896-COVE	61,590	-	61,590	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 10662	434,881	-	434,881	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 10703	130,854	-	130,854	-	1,3

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

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 10935	18,323	-	18,323	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 10983	17,376	-	17,376	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 8261	69,083	-	69,083	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9336	489,760	-	489,760	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9677	55,948	-	55,948	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9964	7,415	-	7,415	-	1,3

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

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 9965	102,898	-	102,898	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9966	1,913	-	1,913	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA 9968	11,284	-	11,284	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	LA-10563	1,629,081	-	1,629,081	-	1,3
Total ALN 20.205:				2,968,816	-	2,968,816	-	
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Military)	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	E24-167	6,000	-	6,000	-	1,3

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

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		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	1505-0271	-	3,622,212	3,622,212	958,644	1,3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Public Health Emergency Preparedness	93.069	CLH31008	63,638	-	63,638	-	1,2,3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	CLH31008	500	-	500	-	1,3
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	12,725	-	12,725	-	1,3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Child Support Services	93.563	2110-80610	488,905	-	488,905	-	1,3

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

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 Dept of Social and Health Services)	Child Support Services	93.563	2163-32127	16,442	-	16,442	-	1,3
	Total ALN 93.563:			505,347	-	505,347	-	
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks and Recreation)	Boating Safety Financial Assistance	97.012	MLE 32-176	11,746	-	11,746	-	1,3
	Total ALN 97.036:			5,158	-	5,158	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW115	6,765	-	6,765	-	1,3
	Total ALN 97.036:			11,923	-	11,923	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA STATE Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.042	E24-261	60,908	-	60,908	-	1,3
	Total ALN 97.042:			60,908	-	60,908	-	

The accompanying notes are an integral part of this schedule.

Cowlitz County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

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)	Emergency Management Performance Grants	97.042	E25-230	13,887	-	13,887	-	1,3
Total ALN 97.042:				74,795	-	74,795	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military)	Homeland Security Grant Program	97.067	E22-125	52,000	-	52,000	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military)	Homeland Security Grant Program	97.067	E23-102	50,000	-	50,000	-	1,3
Total ALN 97.067:				102,000	-	102,000	-	
Total Federal Awards Expended:				4,001,019	3,622,212	7,623,231	992,989	

The accompanying notes are an integral part of this schedule.

Cowlitz County, Washington
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2024

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:

10.665	\$	3,084
16.588		1,449
93.069		17,277
	\$	<u>21,810</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.



**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER
UNIFORM GUIDANCE**

**Cowlitz County
January 1, 2024 through December 31, 2024**

This schedule presents the corrective action planned by the County for findings reported in this report 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)*.

Finding ref number: 2024-001	Finding caption: The County’s internal controls were inadequate for ensuring accurate financial reporting.
Name, address, and telephone of County contact person: KayLee McKay, Comptroller 207 N Fourth Avenue Kelso, WA 98626	
Corrective action the auditee plans to take in response to the finding: (If the auditee does not concur with the finding, the auditee must list the reasons for disagreement). <i>The County will implement enhanced review procedures over capital expenditures and revenues to verify the proper recognition in accordance with GAAP. The County will also improve its documentation requirements for all accounting entries to validate compliance with accounting standards to ensure accurate reporting of revenues.</i> <i>By implementing these measures, the County is committed to improving the accuracy, reliability, and transparency of its financial reporting.</i>	
Anticipated date to complete the corrective action: 12/31/2025	

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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