

# **COWLITZ COUNTY, WASHINGTON**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2007**

COWLITZ COUNTY, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2007

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**COWLITZ COUNTY, WASHINGTON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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December 31, 2007**

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## **INTRODUCTORY SECTION**

November 4, 2008

To the Commissioners and the Citizens of Cowlitz County:

The Comprehensive Annual Financial Report (CAFR) of Cowlitz County for the year ended December 31, 2007, is hereby submitted as required by the provisions of Chapter 36.22 of the Revised Code of Washington. This report is designed to present the financial position and results of operations of the various funds and account groups of Cowlitz County.

The County implemented the requirements of Governmental Accounting Standards Board (GASB) Statement #34, Basis Financial Statements – and Management’s Discussion and Analysis-for State and Local Governments , in 2002.

This report consists of management’s representations concerning the finances of Cowlitz County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. Cowlitz County has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Cowlitz County’s financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Cowlitz County’s internal controls have been designed to provide reasonable but not absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and accurate in all material respects.

We believe the necessary disclosures to enable the reader to gain an understanding of the County’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial

and statistical. The introductory section, which is unaudited, includes this transmittal letter, a list of elected officials, a county organization chart, and a county map. The financial section includes the independent auditor’s report, management’s discussion and analysis, government-wide financial statements, notes to the financial statements and combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi year basis.

The Office of the Washington State Auditor conducts an annual audit of the financial statements of Cowlitz County as required by state law. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2007, are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the overall financial statement presentation. The auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Cowlitz County’s financial statements for fiscal year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditor’s report is presented in the Auditor’s report. For the 2007 audit year, the State Auditor’s Office performed an audit on the Basic Financial Statements and not a full CAFR audit.

The examination is conducted in accordance with generally accepted auditing standards, *Governmental Auditing Standards* issued by the Comptroller of the United States, and the provisions of OMB Circular A-133, Audits of State, Local Governments and Non-Profit organizations.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Information related to the

single audit act, including the schedule of expenditures of federal awards and state/local financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, will be issued in a separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements titled Management's Discussion and Analysis (MD&A). This letter of transmittal complements the MD&A and should be read in conjunction with it.

### **Profile of the Government**

Cowlitz County incorporated on April 21, 1854, and currently operates under the authority of the Washington State Constitution and Title 36 of the Revised Code of Washington (RCW). The County lies in the southwest area of Washington, separated from Oregon on the southwest by the Columbia River. The Lewis River forms the south boundary with Clark County. Cowlitz County shares a border with Skamania County to the east, Lewis County to the north and Wahkiakum County to the west.

Cowlitz County operates under an elected official form of government with sixteen elected officials, ten partisan offices, and six nonpartisan judges. The principal financial and budgetary authority is vested in the three member Board of County Commissioners. Accounting, financial reporting, and fiscal control responsibilities are those of the County Auditor. The County Treasurer manages collections, investments, and bonded debt issues and payments.

Cowlitz County provides a wide range of services including law enforcement, 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 development; 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.

The County is a member of the four member Three Rivers Regional Wastewater Authority (TRRWA) and has issued significant debt under its name on behalf of the TRRWA and for that reason the

TRRWA is presented as a discreetly presented component unit of Cowlitz County in accordance with GASB 14 "The Financial Reporting Entity."

Also, the Public Facilities District, which provides funding for the regional conference/community center, is reported as a discreetly presented component unit.

The County in its odd years approves a separate budget for each of the following two years. The annual budgets serve as the foundation for financial planning and control. State law (RCW 36.40) establishes the general requirements of Cowlitz County's budget process. Departments are required to submit budget estimates for the ensuing years on or before the fourth Monday of August. By early October, department heads meet with Commissioners and the OFM manager to review budget requests. On or before October 31, the Chief Administrative Officer submits a recommended County Budget to the Board. On or before the first Monday in December a final public hearing on the proposed budget is commenced. On or before December 31, the Board in a public hearing adopts the final budget. The budget is restricted to annual appropriations at the fund level for special revenue and capital project funds and at the department level for the general fund. Personal services are controlled in total by department. Any revisions that alter the total expenditures of a department or affect the number of authorized full time employee positions, salary ranges must be approved by the Board.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Cowlitz County operates.

### **Local Economy**

Cowlitz County's 2007 unemployment rate averaged 6.3% compared to 6.6% for 2006. September 2008 unemployment was 8.4% compared to 6.3% for September 2007. State unemployment average was 4.5% for 2007.

Taxable sales for 2007 totaled \$1.408 billion, a 5.2% increase over the \$1.337 billion for 2006.

**Cash Management**

The Cowlitz County Treasurer is empowered by state law to deposit and invest cash accumulations as directed on behalf of Cowlitz County and other taxing districts. Investments are made in certificates of deposit, bankers' acceptances, obligations of the U.S. Treasury, and the State Treasurer's Investment Pool and other authorized investments subject to guidelines established by the Office of the State Treasurer.

**Risk Management**

The County maintains insurance against most hazards except for general liability and workers' compensation where it has elected to cover losses up to \$100,000 per occurrence, amounts in excess of \$100,000 are insured by Washington Counties Risk Pool to \$15,000,000. The County also has an Unemployment Compensation Fund which is self insured by the County.

The County's insurance funds are the Industrial Insurance Fund and Risk Management Fund.

Additional information on the self insured activities of the County can be found in note 8 of the notes to the financial statements.

**Pension and Post Employment Benefits**

Substantially all County full time employees and qualifying part-time employees participate in one of the statewide public systems administered by the Department of Retirement Systems (DRS), under a cost-sharing multiple-employer defined benefit public employee retirement system. The DRS is a department of the primary government of the State of Washington, which issues a publicly available comprehensive annual financial report that includes financial statements and required information for each plan.

**Acknowledgments**

This Comprehensive Annual Financial Report could not have been prepared without the dedication and cooperation of the staff in the County Auditor and Treasurer's Offices, the Central Services Department, County Administrative Services Department and Public Works Department.

Finally, acknowledgment must be given to the

Board of County Commissioners who, because of their dedication to excellence in Cowlitz County, sanction the time and effort involved in the preparation and submission of this report.

Respectfully submitted,

Kristina K. Swanson  
Cowlitz County Auditor

COWLITZ COUNTY, WASHINGTON  
2007 ELECTED OFFICIALS

County Commissioners

District One

District Two

District Three

Kathleen A. Johnson

George L. Raiter

Axel Swanson

County Assessor

County Auditor

County Clerk

County Coroner

Prosecuting Attorney

County Sheriff

County Treasurer

Terry R. McLaughlin

Kristina K. Swanson

Roni A. Booth

Timothy J. Davidson

Susan Baur

William Mahoney

Judy Ainslie

Superior Court Judges

Court One

Court Two

Court Three

Court Four

James E. Warme

Steve Warning

Jill Johanson

James Stonier

District Court Judges

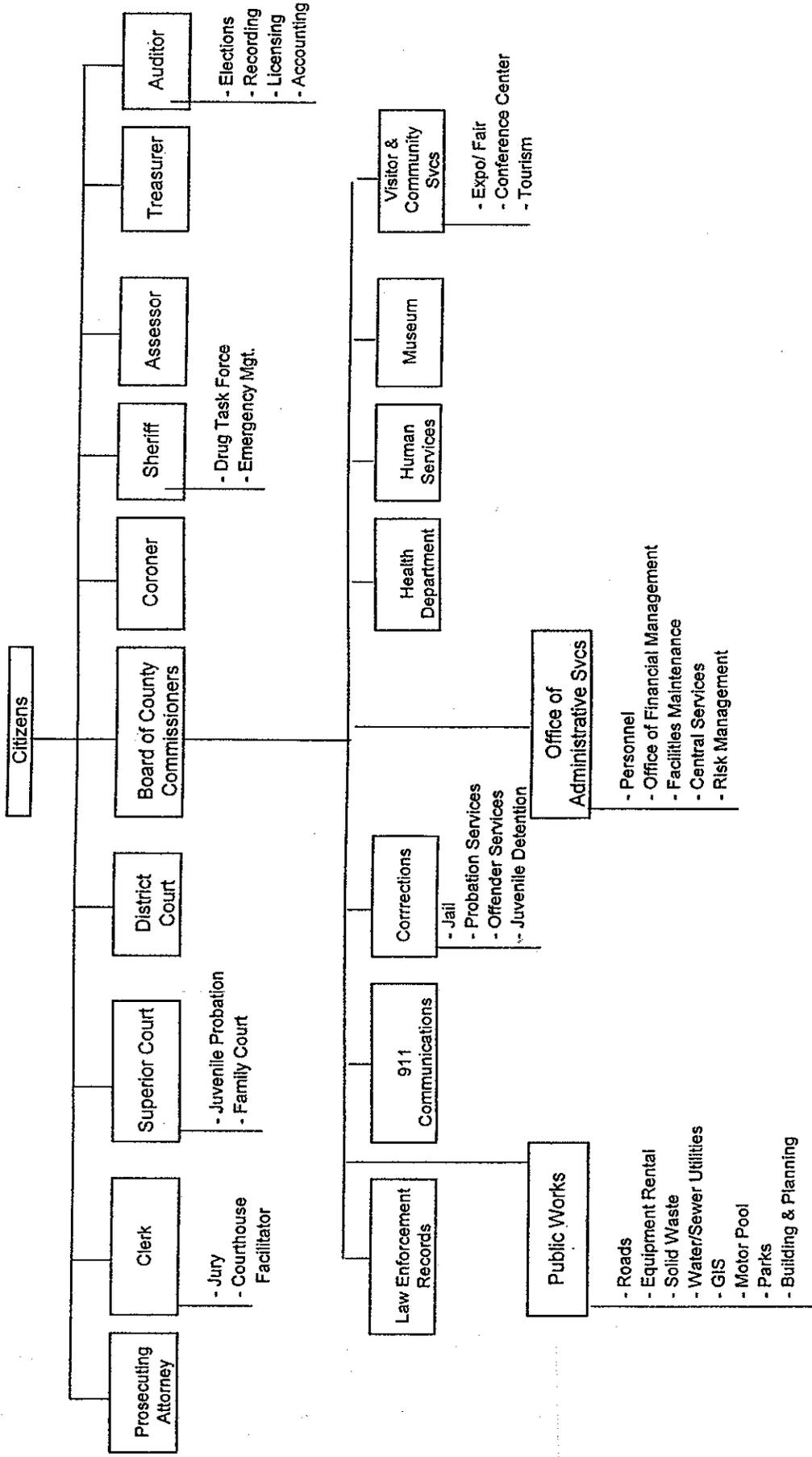
Court One

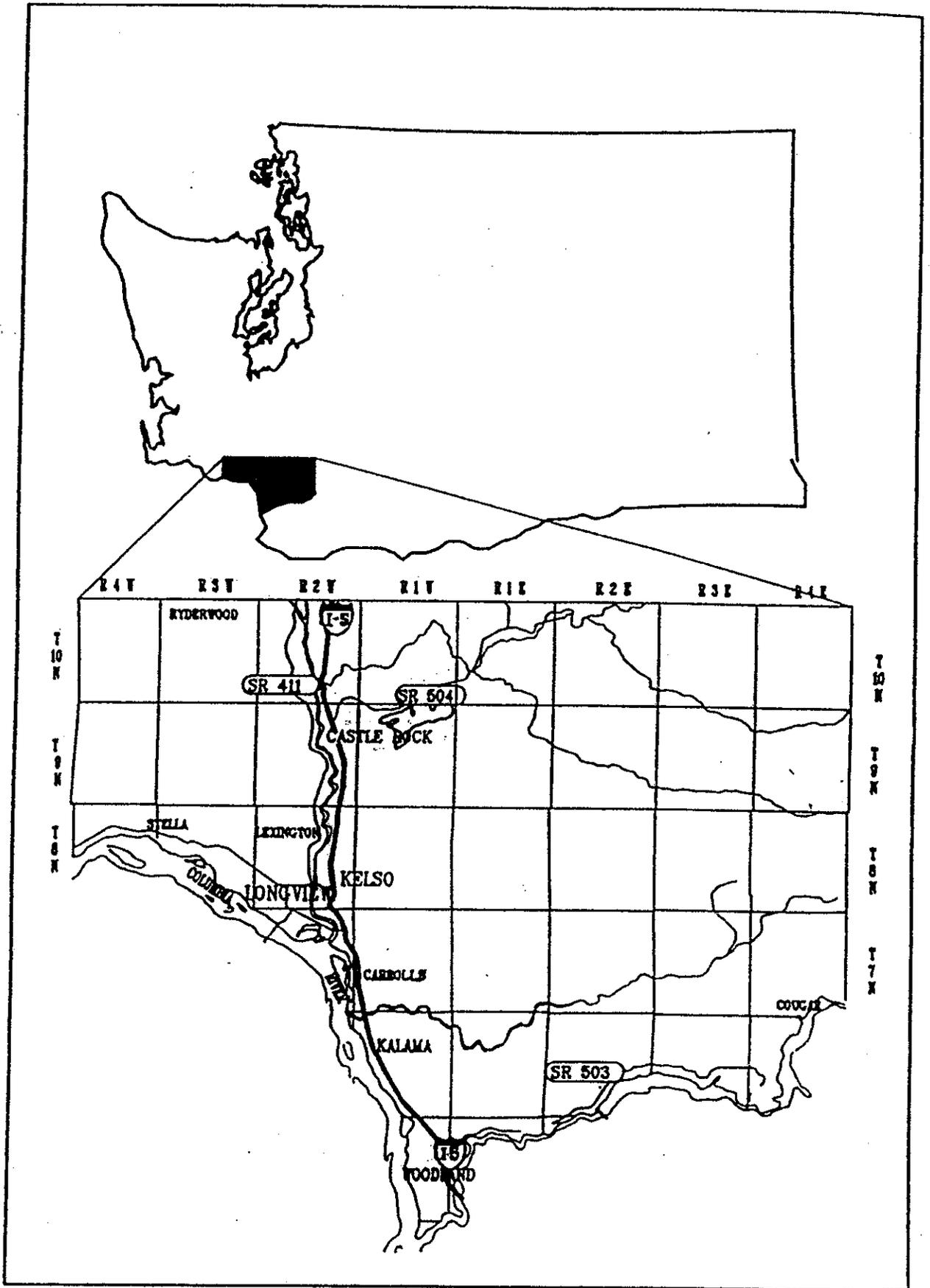
Court Two

David Koss

Ed Putka

# COWLITZ COUNTY, WASHINGTON





## **FINANCIAL SECTION**

## **Management's Discussion and Analysis**

Cowlitz County's discussion and analysis are intended to serve as an introduction to and overview of the County's basic financial statements for fiscal year ended December 31, 2007. The discussion emphasizes results for calendar year 2007 with comparison to the prior year. We encourage readers to consider 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.

### **I. Financial Highlights**

- The total assets of Cowlitz County exceeded its liabilities by \$202.4 million. Net assets invested in capital assets (net of depreciation and related debt) accounts for 76.08% of this amount with a value of \$153.97 million. Of the remaining net assets, \$17.25 million of governmental activity net assets and \$15.29 million of business-type activity is available to meet County ongoing obligations to citizens and creditors, without legal restriction.
- Cowlitz County's total net assets increased \$16.04 million in 2007. The net assets of business-type activities increased \$2.8 million and net assets of governmental activities increased \$13.22 million from 2007 operations.
- At December 31, 2007 Cowlitz County's governmental funds reported a combining ending fund balance of \$58.025 million, an increase of \$4.21 million compared to the prior year.
- The General Fund unreserved fund balance at December 31, 2007 was \$8.9 million, a 9.9% decrease compared to the December 31, 2006 total of \$9.8 million. The December 31, 2007 unreserved fund balance represents 21.67% of the 2007 General Fund expenditures and transfers out.
- The County Road Fund unreserved fund balance at December 31, 2007 totaled \$6.4 million, an increase of 23.7 % compared to the December 31, 2006 balance. The ending unreserved fund balance represents 27.8% of 2007 road fund expenditures and transfers out.
- Cowlitz County's total long-term debt as of December 31, 2007 totaled \$48.55 million, a net decrease of \$539 thousand over the previous year.
- At December 31, 2007 the County's remaining capacity for issuing non-voted debt is \$90.2 million.

### **II. 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 assets* presents information on all of the Cowlitz County's assets and liabilities, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases and decreases in net assets 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 assets 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 assets 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 flow 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 with not be received or paid in 2006.)

Both of the government-wide financial statements (statement of net assets 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, a 911 communication center, maintaining law enforcement records, emergency services for the County 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 a legally separate entity - the Three Rivers Regional Wastewater Authority (TRRWA) for which the County has issued bonds to help the finance their construction projects, and a legally separate entity – the Public Facilities District (PFD) that has a five member board appointed by the Board of County Commissioners that also had some debt issued by the County for its construction project. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The TRRWA board includes Cowlitz County, the cities of Longview and Kelso and the Beacon Hill Sewer District.

The government-wide financial statements can be found on pages 18 and 19 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds (general fund, special revenue funds, debt service funds and capital funds), proprietary funds (enterprise funds and internal service funds), and fiduciary funds (trust/agency funds). Fund financial statements explain how services are financed in the short-term as well as what remains available for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds rather than the County as a whole.

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

***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*.

Cowlitz County had 32 individual governmental funds at the close of 2007. Fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The following funds: General Fund, Road Fund, Community Mental Health Fund, 1999 Limited G.O. Bond-debt service fund, the 2003 Limited G.O. and Refunding Bond-debt service fund, the 2006 Special Sewer Revenue Bond –debt service fund, and Capital Improvements Fund, are classified as major funds, based on criteria established by GASB Statement #34. (GASB Statement #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 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Cowlitz County adopts a biennial budget comprised of two annual budgets. A budgetary comparison statement to actual expenditures has been provided, in the section identified required supplementary information, for the General Fund and the other major special revenue funds

identified in the previous paragraph to demonstrate compliance with this budget. Although not required supplemental information we have provided the Capital Improvements Fund budget to actual in this section too.

The basic governmental fund financial statements can be found on pages 20 and 22 of this report.

***Proprietary Funds.*** 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 Water/Sewer Utility and the Solid Waste Landfill; both are identified as major funds. The 911 Communication Center, Law Enforcement Records, Emergency Management for coordinating disaster functions and the Exposition Center that hosts the County Fair and other community-wide events are non-major enterprise funds and are presented on a combined basis in the proprietary fund financial statements.

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

All Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24 through 27 in this report.

***Fiduciary Funds*** of Cowlitz County are used to account for assets held by the county on behalf of other governmental held for the benefit of parties outside the government which are classified as agency funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to finance County operations. The statements detailing these funds provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

The basic fiduciary funds financial statements can be found on pages 28 of this report.

***Notes to 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.

### III. Condensed Financial Information

**Government-wide Financial Analysis.** As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. Cowlitz County, assets exceed liabilities by \$202.4 million at December 31, 2007 compared to \$186.3 million at December 31, 2006.

Prior to 2002, infrastructure (roads, bridges, drainage systems, etc.) was not included in capital assets reported for Cowlitz County. GASB Statement #34 requires that all capital assets including infrastructure be reported. Cowlitz County has elected to use the depreciation method (not the conditional assessment approach) to account for infrastructure assets. Infrastructure at December 31, 2007 net of depreciation totals \$72.4 million of Cowlitz County's capital assets net of related debt.

Cowlitz 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.

#### Cowlitz County's Net Assets

	Governmental Activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 75,847,094	\$ 71,757,555	27,583,172	24,007,095	\$ 103,430,266	\$ 95,764,650
Capital assets (net of depreciation.	137,230,538	129,836,308	16,742,682	16,841,570	153,973,220	146,677,878
Total assets	\$ 213,077,632	\$ 201,593,863	44,325,854	40,848,665	257,403,486	242,442,528
Long-term liabilities	37,048,795	38,332,656	11,499,538	10,754,359	48,548,333	49,087,015
Other liabilities	5,705,558	6,153,081	779,113	875,494	6,484,671	7,028,575
Total liabilities	42,754,353	44,485,737	12,278,651	11,629,853	55,033,004	56,115,590
Net Assets:						
Invested in capital assets, net of related debt	137,230,538	129,836,308	16,742,682	15,288,738	153,973,220	145,125,046
Restricted	15,841,207	14,201,750	18,377	17,534	15,859,584	14,219,284
Unrestricted	17,251,534	13,070,068	15,286,144	13,912,540	32,537,678	26,982,608
Total net assets	\$ 170,323,279	\$ 157,108,126	\$ 32,047,203	\$ 29,218,812	\$ 202,370,482	\$ 186,326,938

At December 31, 2007 the County has positive balances in governmental and business-type activities and in total net assets. The same situation existed for 2006. Cowlitz County's net assets increased \$16.0 million in 2007 or 8.6% compared to December 31, 2006.

**Statement of Changes in Net Assets.** Key elements in the net increase of \$16.0 million in net assets for 2007 along with comparative amounts for 2006 follows:

### Cowlitz County –Changes in Net Assets

	Governmental Activities		Business-type activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<i>Program Revenues</i>						
Charges for services	\$ 24,947,732	\$ 21,425,503	\$ 10,586,558	\$ 9,891,034	\$ 35,534,290	\$ 31,316,537
Operating grants & contributions	7,529,536	6,501,012	105,154	307,292	7,634,690	6,808,304
Capital grants and contributions	9,002,113	7,188,784	490,693	1,748,279	9,492,806	8,937,063
<i>General Revenues</i>						
Taxes	40,022,883	35,762,363	654,318	618,496	40,677,201	36,380,859
Gain (loss) on sale of assets	892,677	580,665	(22,768)	(70)	869,909	580,595
Interest earneds on investments	2,791,272	2,853,945	1,161,481	915,363	3,952,753	3,769,308
<b>Total revenues</b>	<b>85,186,213</b>	<b>74,312,272</b>	<b>12,975,436</b>	<b>13,480,394</b>	<b>98,161,649</b>	<b>87,792,666</b>
<b>Program Expenses</b>						
General Government	10,712,587	10,301,070			10,712,587	10,301,070
Public Safety	20,879,749	18,236,814	3,606,186	3,990,156	24,485,935	22,226,970
Judicial	5,505,884	4,735,540			5,505,884	4,735,540
Physical environment	518,080	283,846			518,080	283,846
Transportation-roads	13,764,874	13,288,575			13,764,874	13,288,575
Economic environment	4,138,008	2,228,026			4,138,008	2,228,026
Health	13,367,874	12,445,727			13,367,874	12,445,727
Culture & recreation	1,185,766	1,157,946	1,424,963	1,082,080	2,610,729	2,240,026
Solid Waste			3,946,294	3,856,755	3,946,294	3,856,755
Water			863,599	602,747	863,599	602,747
Sewer			534,173	598,597	534,173	598,597
Interest on long-term debt	1,670,067	1,253,883			1,670,067	1,253,883
<b>Total Expenses</b>	<b>71,742,889</b>	<b>63,931,427</b>	<b>10,375,215</b>	<b>10,130,335</b>	<b>82,118,104</b>	<b>74,061,762</b>
Excess (deficiency) of revenues over (under) expenses	13,443,324	10,380,845	2,600,221	3,350,059	16,043,545	13,730,904
Transfers	(228,170)	(226,211)	228,170	226,211	-	-
<b>Change in Net Assets</b>	<b>13,215,154</b>	<b>10,154,634</b>	<b>2,828,391</b>	<b>3,576,270</b>	<b>16,043,545</b>	<b>13,730,904</b>
Net assets January 1	157,108,126	146,822,613	29,218,812	25,256,622	186,326,938	172,079,235
Prior period adjustment		130,879		385,920	-	516,799
Net assets -December 31	<b>\$ 170,323,280</b>	<b>\$ 157,108,126</b>	<b>\$ 32,047,203</b>	<b>\$ 29,218,812</b>	<b>\$ 202,370,483</b>	<b>\$ 186,326,938</b>

Cowlitz County revenue totaled \$98.2 million in 2007. Governmental activities provided \$85.2 million, 86.78%, while business activities provided \$13.0 million. Taxes - \$40.0 million account for 47% of the 2007 governmental activity revenues compared to \$35.7 million in 2006.

**Governmental activities** net assets of Cowlitz County increased by \$13.2 million in 2007. It consists of governmental revenues in excess of governmental expenditures by \$13.22 million reduced by \$228 thousand in governmental transfers out to business-type activities.

Charges for services revenue totaled \$24.95 million in 2007 compared to \$21.4 million in 2006. Charge for service revenue was up in all programs shown on the Statement of Activities (page 19). General Government had the greatest increase of \$1.68 million to \$4.77 million. Public Safety-Corrections had the next largest increase. Their revenues increased \$1.0 million (43.9%) to \$3.3 million. Governmental activity revenue from the gain on sale of capital assets totaled \$893 thousand in 2007 compared to \$580 thousand in 2006. Capital grants and capital contributions totaled \$8.8 million in 2007 compared

to \$7.1 million in 2006. County governmental activity expenses in 2007 totaled \$71.7 million, a 12.2% increase compared to 2006.

***Business type expenses*** for Cowlitz County in 2007 totaled \$10.3 million compared to \$10.1 million in 2006. Expenses included public safety programs consisting of (911 communications, law enforcement records and emergency management) - \$3.6 million; the solid waste landfill \$3.95 million; the water sewer utility \$1.4 million in expenses and the exposition center had \$1.4 million of expenses in 2007.

***Business type activities*** net assets increased \$2.8 million in 2007, a decrease of 21% for the year. Charge for service revenues of \$10.6 million accounted for 82% of total business revenues.

Other business revenues consisted of \$654 thousand in 911 communication taxes. And interest earnings on investments totaled \$1.2 million in 2007 compared to \$915 thousand in 2006.

The Solid Waste Utility revenue of \$6.1 million accounted for 47% of the business-type revenues reported in 2007. The Solid Waste charge for service revenues totaled \$4.97 million in 2007 a decrease of \$32 thousand, 1%, compared to 2006. Net assets of the Solid Waste Utility totaled \$19.2 million at December 31, 2007, an increase of \$2.2 million in 2007. Interest income in 2007 totaled \$1.1 million versus \$826 thousand in 2006.

The Water-Sewer Utility charge for service revenues totaled \$1.2 million, a decrease of 6% over 2006. The Water Sewer net assets increased \$265 thousand in 2007 to \$7.8 million.

Exposition Center operating revenues totaled \$1.2 million in 2007 compared to \$827 thousand in 2006. The County General Fund provided \$206 thousand transfer to support operations in 2006. The Exposition Center's net assets increased \$5 thousand in 2007.

911Communications Center operating revenues totaled \$2 million and received \$654 thousand in 911 taxes and \$64 thousand of state funds for capital additions. The 911 net assets increased \$462 thousand in 2007 to \$3.7 million.

Law Enforcement Records operating revenues for 2007 totaled \$889 thousand, a 4% increase compared to 2006. Operating expenses totaled \$1 million in 2007 a 15 percent increased over 2006. The Fund had an operating loss of \$142 thousand in 2007. Non-operating revenues totaled \$11 thousand. The change in net assets was \$109 thousand decrease in 2007 compared to a \$135 thousand decrease in 2006.

Emergency Management operating revenues totaled \$305 thousand in 2007. Operating income was a positive \$39 thousand in 2007. Net assets were \$132 thousand at December 31, 2007 an increase of \$41 thousand in comparison to December 31, 2006.

**Financial Analysis of County Funds.** As noted earlier, Cowlitz County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 unreserved 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, Community Mental Health Fund, Debt Service-1999 Limited G.O. Bond, Debt Service 2003 Limited GO and Refunding Bond Debt Service, Debt Service -2006 Special Sewer Revenue, and the Capital Improvements Fund are the County’s major funds. These funds account for 86% of the total governmental funds as of the December 31, 2007 ending fund balance.

	Balance	Percent
General Fund	\$ 8,861,399	15%
Road Fund	6,431,441	11%
Community Mental Health	2,224,811	4%
1999 Limited GO Debt	1,066,086	2%
2003 Lmt. GO Refunding Bonds	6,165,000	11%
2006 Special Sewer Revenue Bonds	13,290,000	23%
Capital Improvement Fund	11,699,115	20%
Other Governmental Funds	8,287,581	14%
Total Governmental Fund Balance	\$ 58,025,433	100%

The Capital Improvements fund balance totaled \$11.7 million at December 31, 2007; this represents 20% of the governmental funds fund balance. Some of the fund balance is reserved consisting of \$2.5 million for transportation, \$2.1 million capital improvements, and 173 thousand for physical environment.

The debt service funds combined had \$20.5 million fund balance at December 31, 2007. This represents receivables owing from other districts for future debt principal. The fund balance for the debt service funds are on the modified accrual basis - the debt associated with those funds does not appear in the governmental funds but does appear on the entity wide statement of net assets offsetting the debt service positive fund balances.

Therefore \$20.5 million of the governmental funds December 31, 2007 total fund balance of \$58.0 million is actually restricted to paying long-term debt. Excluding the debt service fund balances the governmental funds fund balance at December 31, 2007 was \$37.5 million compared to \$29.2 million at December 31, 2006.

Approximately 53% of the governmental funds fund balance (\$31 million) constitutes the unreserved fund balance, which is available for spending within the designated funds. The remainder of fund balance is not available for new spending because it is committed: 1) to pay off bonds the County issued in its name that benefited other districts who have agreed to pay the County in future years and 2) the Capital Improvements Fund as stated prior.

Governmental Funds Revenue/Expenditure Analysis. The following exhibit and chart shows the revenue and expenditure amounts for the major governmental funds and all other governmental funds in 2007:

	Revenues	Expenditures
General Fund	\$39,752,959	\$37,206,413
County Road	19,678,997	18,686,673
Community Mental Health	10,275,624	9,790,579
Debt Svc.- 1999 Ltd GO Bonds	415,309	441,190
Debt Svc. -2003 Ltd. GO& Refunding	235,680	480,680
Debt Svc.- 2006 Special Sewer Rev. Bond	650,088	1,120,088
Capital Improvements	5,896,617	3,882,405
Other Governmental Funds	5,756,038	7,135,559

Governmental fund revenues in 2007 totaled \$82.7 million exceeding 2006 governmental fund revenues of \$72.4 million by \$10.3 million. The revenues above do not include the gain on sale of capital assets of \$801 thousand, which is presented as other financing sources. The gain on sale of capital assets is primarily from timber sales on County timberlands managed by the State of Washington.

The **General Fund** is the chief operating fund of Cowlitz County. At December 31, 2007 the unreserved fund balance of the General Fund was \$8.9 million; this represents 15% of the governmental funds' fund balances total. The General Fund's 2007 fund balance decreased \$972 thousand compared to a \$1.4 million increase for 2006. The General Fund had \$39.8 million in revenues in 2007 compared to \$36.1 million in 2006. Property tax revenue totaled \$14.9 million compared to \$13.4 million in 2006. The 2007 General Fund sales tax revenues totaled \$5.3 million basically the same as in 2006. General Fund 2007 expenditures totaled \$37.2 million compared to \$32.3 million for 2006. Public Safety expenditures of the General Fund of \$18 million represent 48.4% of the General Fund expenditures.

The General Fund transfers out in 2007 to support other County funds totaled \$3.7 million compared to \$2.7 million in 2006.

The **Capital Improvements Fund's** 2007 revenues of \$5.9 million exceeded expenditures by \$2 million. The total of other financing sources (uses), which includes transfers in and transfers out resulted in a net increase to the Capital Improvements fund balance of \$2 million for the year. The December 31, 2007 fund balance totaled \$11.7 million.

The **County Road's** fund balance decreased \$1.2 million to \$6.4 million at December 31, 2007. Total revenues in 2007 were \$19.7 million compared to \$17.4 million in 2006. Road Fund expenditures for 2007 totaled \$18.7 million compared to \$18.8 million in 2006. Road construction expenditures totaled \$8.6 million compared to \$8.4 million in 2006. Intergovernmental revenues of \$10.7 million in 2007 represents a \$1.4 million increase over 2006 intergovernmental revenues.

The **Community Mental Health's** fund balance at December 31, 2007 totaled \$2.2 million. This was an increase of \$499 thousand in 2007 as opposed to a loss in 2006 of \$94 thousand. Revenues were \$10.2 million in 2007 compared to \$9.3 million in 2006. Expenditures were \$9.7

million in 2007 compared to \$8.3 million in 2006. The County contracts with outside parties to provide mental health, substance abuse and developmental disabilities programs.

The **1999 Lmt. GO Debt Service** shows a net decrease in fund balance of \$85 thousand.

The **2003 Lmt. GO Debt Service** fund expenditures exceeded revenues by \$260,000 decreasing fund balance to \$6.2 million. Bond principal payments are shown in the funds as expenditures and on the entity wide as a reduction of the long term debt liability.

The **2006 Spec. Sewer Revenue Debt Service** fund balance is \$13.29 million. Three Rivers Regional Wastewater Authority (TRRWA) has agreed to pay the debt on this issue which has annual principal payments beginning in 2007 through 2025.

**Proprietary Funds.** Cowlitz County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The December 31, 2007 unrestricted fund balances and changes in unrestricted net assets of the enterprise funds for 2007 were:

	Unrestricted Fund Balance 12/31/07	Increase (Decrease) for Year
Water Sewer	\$ 1,394,007	\$ 372,783
Solid Waste	14,390,279	2,833,862
Exposition Center	(15,535)	18,145
911 Communications	639,829	(362,887)
Law Enforcement Records	252,868	(4,770)
Emergency Management	132,380	41,233

Net assets include restricted and unrestricted fund balance. In 2007 the enterprise funds combined net assets increased \$2.85 million from operations, representing a 10 percent increase over 2006 balances.

Enterprise Funds Net Assets Analysis. Cowlitz County has two major enterprise funds, the Solid Waste Fund and the Water Sewer Fund, that account for 84% of the \$32 million net assets for all enterprise funds at December 31, 2007.

#### **IV. Budget Analysis –General Fund Budgetary Highlights**

The net difference between the original General Fund budget for 2007 and the final amended budget was \$2.95 million increase in appropriations, a 7% increase over the original budget of \$40.7 million. The amended changes to appropriations for 2007 were as follows:

Increases (Decreases) To Budget	Activity
\$ 76,354	General government
9,372	Public Safety -Corrections
91,606	Public Safety-Juvenile probation
221,280	Public Safety – Other/Sheriff
422,594	Judicial

171,817	Economic environment
400,000	Physical environment
16,678	Culture & Recreation
43,088	Capital Outlays
<u>1,501,245</u>	Transfers Out
2,954,034	

The General Fund budget changes for 2007 consisted of the following:

General government increased \$76,354. The changes consisted of the following departments: assessor \$60,000 increase for professional services less a decrease of \$9,000 in motor pool rent. Auditor increased \$43,164 and courthouse facilitator program increased \$5,594 in labor and benefits. Child Support Services budget increased \$7,830 for interfund computer services. And facilities maintenance decreased \$38,234 for machinery and equipment with an increase of \$7,000 for payments to the county motor pool.

Public Safety -Corrections increased \$9,372. The jail budget for interfund payments to the motor pool increased \$2,400. And probation services had an increase of \$6,972 for labor and benefits.

Public Safety- Juvenile Probation increased \$91,606. The 2007 increases were \$26,956 for professional services, \$40,850 for guardian ad litem, \$20,800 for professional services and \$3,000 for operating supplies.

Public Safety – Other increased \$221,280. The Sheriff’s department budget increased \$221,280 for labor and benefits.

Judicial increased \$422,594. The office of public defense budget increased \$286,940 of which \$167,836 was for labor and benefits, \$78,920 for office supplies, and \$30,000 for lease rentals and \$10,184 in miscellaneous other categories. District Court’s budget increased \$115,709 with 63,709 for labor and benefits, \$23,000 for computer hardware/software and \$20,000 for professional services and \$9,000 in other categories. Superior Court increased of \$8,780 with \$4,000 for professional services and \$3,600 for meals and lodging and \$1,180 in other categories. The Clerk’s budget increased \$10,030 for supplies. And Family Court had an increase of \$1,135 in labor and benefits.

Economic environment increased for building and planning by \$171,817. The increases consisted of \$37,544 for insurance premiums, \$228,557 for professional services, \$19,850 for interfund computer services, and \$9,000 for motor pool rentals. The increases were partially offset by a decrease of \$123,134 in budget for labor and benefits

Physical environment budget increased \$400,000 with the Mt. St. Helens Recovery category being reopened for flood control.

Culture and recreation budget increased \$16,678. The park and recreation budget increased budget was increased \$15,678 for professional services. And the museum had a \$1,000 increase for advertising.

Capital outlays budget increased \$43,088 for machinery and equipment.

General Fund transfers out budget increased \$1,511,245. There was a \$1,500,000 increase to support the Capital Improvements Fund for general capital construction. There was a \$30,000

increase to the Exposition Center and \$8,500 to the Auditor's Operation and Maintenance Fund. Transfers out were reduced by \$27,255 for the Elections Reserve Fund and the Parks Grant program transfer of 10,000 was eliminated from the budget.

Sources for the increased appropriations for the General Fund were increases in estimated revenue of \$2,259,930 and increased estimated beginning fund balance of \$693,104. The sources for increased estimated revenues were: interest earnings \$700,663, sales tax revenues \$672,948, pud privilege taxes \$44,709, building licenses and fees \$92,600, building & planning short plat fees \$35,833, auditor recording fees \$8,500, Juvenile operating grants \$95,368, prosecuting attorney operating grants \$11,151, district court fines \$192,480, sale of sand \$5,678 dredging fees for St. Helens Recovery \$400,000. Also, a transfer in of \$1,000 was added to estimated sources.

During 2007 revenues exceeded budgetary estimates and expenditures were less than budgeted. The General Fund fund balance decreased \$973 thousand in 2007.

## V. Capital Assets and Long-Term Debt Administration

**Capital Assets.** Cowlitz County's investment in capital assets for its governmental and business-type activities as of December 31, 2007 totals \$154 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and bridges and construction in progress.

The total increase in Cowlitz County's investment in capital assets net of depreciation was \$8.8 million in 2007. This consisted of \$7.4 million in governmental activity capital assets and \$1.5 million in business-type activity capital assets.

	<b>COWLITZ COUNTY CAPITAL ASSETS</b> (net of depreciation)					
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 8,858,723	\$ 8,533,209	\$ 1,148,600	\$ 1,148,600	\$ 10,007,323	\$ 9,681,809
Buildings& Syst. Improve other than Buildings	32,040,857	31,488,554	8,568,587	7,732,050	40,609,444	39,220,604
Machinery&Equip.	2,289,850	2,489,658	3,321,177	3,809,308	5,611,027	6,298,966
Infrastructure	6,193,506	5,712,882	1,847,537	2,260,666	8,041,043	7,973,548
Construction in Progress	72,409,910	72,039,537	-	-	72,409,910	72,039,537
Total	16,584,370	9,572,468	1,856,801	1,890,947	18,441,171	11,463,415
	<b>\$ 138,377,216</b>	<b>\$ 129,836,308</b>	<b>\$ 16,742,702</b>	<b>\$ 16,841,571</b>	<b>\$ 155,119,918</b>	<b>\$ 146,677,879</b>

**Long-Term Debt.** At December 31, 2007 Cowlitz County has \$37.47 million in long-term debt owed from *governmental activities* and \$11.5 million in long-term debt for *business type activities*.

**COWLITZ COUNTY OUTSTANDING DEBT  
General Obligation and Revenue Bonds**

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$31,105,143	\$32,271,544	\$19,512	\$39,026	\$31,124,655	\$32,310,570
Special assessment bonds with Govt. commitment	2,090,000	2,215,000			2,090,000	2,215,000
	<u>\$33,195,143</u>	<u>\$34,486,544</u>	<u>\$19,512</u>	<u>\$39,026</u>	<u>\$33,214,655</u>	<u>\$34,525,570</u>

**VI. Economic Factors and Budgets**

The Board of Commissioners considered many factors when setting the budget, tax rates, and fees to charge for the business-type activities. One of those factors is the economy.

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

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic Financial Statements include:

### **Government –wide Financial Statements**

- (1) **Government-wide Statement of Net Assets-** presents information on all County governmental and business-type assets and liabilities, with the difference reported as net assets.
- (2) **Government-wide Statement of Activities-** presents information on all County governmental and business-type revenues and expenses, with the difference reported as change in net assets.

### **Fund Financial Statements**

- (3) **Balance Sheet-Governmental Funds-** presents the balance sheet for major funds and aggregated amount for all other governmental funds.
- (4) **Reconciliation of the Balance Sheet to the Government-wide Statement of Net Assets.**
- (5) **Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds-** presents information for each major fund and aggregated amounts for all other governmental funds.
- (6) **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.**
- (7) **Statement of Net Assets-Proprietary Funds-**presents information on all assets and liabilities, with the difference reported as change in net assets for each major enterprise fund and aggregated amounts for all other enterprise funds, as well as a separate column of information for internal service funds.
- (8) **Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Funds-**presents information for each major fund and aggregated information for all enterprise funds as well as a separate column for all internal service funds combined.
- (9) **Statement of Cash Flows-Proprietary Funds-**presents information on the sources and uses of cash for each major fund and aggregated information for all other enterprise funds and also a separate column for internal service funds combined.
- (10) **Statement of Fiduciary Net Assets-Fiduciary Funds-** presents information on agency fund assets and liabilities.
- (11) **Notes to Financial Statements**

**Cowlitz County, Washington**  
**Statement of Net Assets**  
**December 31, 2007**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Three Rivers Regional Wastewater Authority</b>	<b>Public Faci- ties District</b>
<b>ASSETS</b>					
Cash & cash equivalents	\$ 6,022,527	\$ 16,848,635	\$ 22,871,162	\$ 8,142,221	\$ 865,274
Investments	35,960,686	-	35,960,686		
Receivables (net)	13,952,291	1,048,627	15,000,918	1,132,987	42,925
Due from component unit	19,462,762	-	19,462,762		
Internal Balances	149,211	(149,211)	-		
Inventories	184,728	20,852	205,580		
Interfund Receivable		-			
Prepaid items	71,147	56,594	127,741	18,058	
Deferred charges	-				93,208
Restricted cash and investments- cash and cash equivalents:	-				
Customer deposits	43,742	24,205	67,947		
Closure and postclosure		9,733,470	9,733,470		
<i>Capital Assets:</i>					
Land	8,858,723	1,148,600	10,007,323	586,540	
Depreciable assets (net)	39,435,552	13,737,281	53,172,833	49,714,174	6,638,720
Infrastructure (net)	72,351,893	-	72,351,893		
Construction in progress	16,584,370	1,856,801	18,441,171	16,780,055	
<b>Total Assets</b>	<b>213,077,632</b>	<b>44,325,854</b>	<b>257,403,486</b>	<b>76,374,035</b>	<b>7,640,127</b>
<b>LIABILITIES</b>					
Accounts payable & accrued exp.	2,444,759	490,370	2,935,129	849,054	
Other current liabilities	3,202,413	264,538	3,466,951		101,940
Customer Deposits	43,742	24,205	67,947		
Due to primary government					
Deferred revenue	14,644		14,644		
<i>Noncurrent Liabilities:</i>					
Due within one year	1,295,000	114,854	1,409,854	2,416,162	
Due primary gov. within one yr.				595,000	145,000
Due in more than one year	35,753,795	11,384,684	47,138,479	30,567,932	
Due primary gov. more than one year				13,075,000	5,640,000
<b>Total Liabilities</b>	<b>42,754,353</b>	<b>12,278,651</b>	<b>55,033,004</b>	<b>47,503,148</b>	<b>5,886,940</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	137,230,538	16,742,682	153,973,220	29,290,099	892,086
Restricted for:					
Economic development	2,836,193		2,836,193		
Health	3,265,400		3,265,400		
Physical environment	172,783		172,783		
Transportation-roads	8,961,653		8,961,653		
Law Enforcement	555,577		555,577		
Culture & recreation	49,601	18,377	67,978		
Unrestricted	17,251,534	15,286,144	32,537,678	(419,212)	861,101
<b>Total Net Assets</b>	<b>\$ 170,323,279</b>	<b>\$ 32,047,203</b>	<b>\$ 202,370,482</b>	<b>\$ 28,870,887</b>	<b>\$ 1,753,187</b>

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

**Cowlitz County, Washington**  
**Statement of Activities**  
**For the Year Ended December 31, 2007**

**Net (Expense) Revenue and  
Changes in Net Assets**

	Program Revenues				Primary Government			Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Three Rivers					
								Regional Authority	Wastewater	Public Facilities District			
<b>FUNCTIONS/PROGRAMS</b>													
<i>Governmental Activities:</i>													
General Government	\$ 10,712,587	\$ 4,772,046	\$ 844,196	\$ -	\$ (5,096,345)		\$ (5,096,345)						
Public Safety-Corrections	9,026,199	3,323,585	220,519	-	(5,482,095)		(5,482,095)						
Public Safety-Juvenile	3,437,805	226,847	689,326	-	(2,521,632)		(2,521,632)						
Public Safety-Other	8,415,745	505,632	656,976	-	(7,253,137)		(7,253,137)						
Judicial	5,505,884	2,707,691	174,095	-	(2,624,098)		(2,624,098)						
Physical Environment	518,080	21,639	150,477	139,310	(206,654)		(206,654)						
Transportation - Roads	13,764,874	475,748	360,800	8,801,335	(4,126,991)		(4,126,991)						
Economic Environment	4,138,008	3,750,753	1,109,810	-	722,555		722,555						
Health	13,367,874	9,050,286	3,318,215	61,468	(937,905)		(937,905)						
Culture & Recreation	1,185,766	113,505	5,122	-	(1,067,139)		(1,067,139)						
Interest on long-term debt	1,670,067	-	-	-	(1,670,067)		(1,670,067)						
Total governmental activities	71,742,889	24,947,732	7,529,536	9,002,113	(30,263,508)		(30,263,508)						
<i>Business-type Activities:</i>													
Water	863,599	595,516	-	189,710		\$ (78,373)	\$ (78,373)						
Sewer	534,173	636,503	-	235,147		337,477	337,477						
Garbage & Solid Waste	3,946,294	4,970,649	67,049	-		1,091,404	1,091,404						
Public Safety	3,606,186	3,207,364	-	63,836		(334,986)	(334,986)						
Culture & Recreation	1,424,963	1,176,526	38,105	2,000		(208,332)	(208,332)						
Total business-type activities	10,375,215	10,586,558	105,154	490,693		807,190	807,190						
<b>Total Primary Government</b>	<b>82,118,104</b>	<b>35,534,290</b>	<b>7,634,690</b>	<b>9,492,806</b>	<b>(30,263,508)</b>		<b>(29,456,318)</b>						
<b>Component Unit</b>													
Three Rivers Reg. Wastewater	6,020,115	8,164,696	-	409,287					\$ 2,553,868				\$ (254,494)
Public Facilities District	803,695	12,010	-	537,191									723,253
<b>GENERAL REVENUES:</b>													
Property Taxes					22,872,095		22,872,095						
Sales Taxes					7,515,582		7,515,582						
911 Taxes					-	654,318	654,318						
Other Taxes					9,635,206		9,635,206						
Investment Earnings					2,791,272	1,161,481	3,952,753		598,995		17,564		
Gain (loss) on sale of capital assets					892,677	(22,768)	869,909						
					(228,170)	228,170	-						
<b>TRANSFERS</b>													
<b>Total General Revenues &amp; Transfers</b>					<b>43,478,662</b>	<b>2,021,201</b>	<b>45,499,863</b>		<b>598,995</b>		<b>740,817</b>		
<b>Change in Net Assets</b>					<b>13,215,153</b>	<b>2,828,391</b>	<b>16,043,544</b>		<b>3,152,863</b>		<b>486,323</b>		
Net assets - January 1					157,108,126	29,218,812	186,326,938		25,718,024		1,266,865		
Prior period adjustment					-	-	-		-		-		
Net Assets- December 31					<b>\$170,323,279</b>	<b>\$ 32,047,203</b>	<b>\$ 202,370,482</b>		<b>\$ 28,870,887</b>		<b>\$ 1,753,188</b>		

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

Cowlitz County, Washington  
Balance Sheet  
Governmental Funds  
December 31, 2007

	Major Funds										Total
	General	County Road	Debt Service		Debt Service 2003 Lmt.	Debt Service 2006 Spec.	Capital Improvements	Other Governmental Funds	Governmental Funds	Total Governmental Funds	
			Community Mental Health	G.O. Bonds							
<b>ASSETS</b>											
<i>Current Assets:</i>											
Cash	\$ 457,674	\$ 1,008,468	\$ 79,061	\$ -	\$ -	\$ 559,245	\$ 1,491,675	\$ -	\$ 3,596,123	\$ 3,596,123	
Investments	8,855,000	4,340,900	2,630,000	584,186	-	9,751,192	3,623,008	-	29,784,286	29,784,286	
Receivables (net)	2,852,370	2,529,062	482,630	2,391,734	-	1,476,106	3,735,264	-	13,467,166	13,467,166	
Due from other funds	126,999	25,768	-	-	-	-	253	-	153,020	153,020	
Prepaid items	-	-	-	-	-	-	6,350	-	6,350	6,350	
<i>Noncurrent Assets:</i>											
Restricted cash & investments:											
Due from component unit	4,979	734	-	-	6,165,000	13,290,000	-	-	19,460,713	19,460,713	
Customer deposits	10,249	-	-	-	-	-	33,493	-	43,742	43,742	
<b>Total assets</b>	<b>\$ 12,307,271</b>	<b>\$ 7,904,932</b>	<b>\$ 3,191,691</b>	<b>\$ 2,975,920</b>	<b>\$ 6,165,000</b>	<b>\$ 11,786,543</b>	<b>\$ 8,890,043</b>	<b>\$ -</b>	<b>\$ 66,511,400</b>	<b>\$ 66,511,400</b>	
<b>LIABILITIES</b>											
Accounts payable and other current liabilities	369,014	342,328	838,236	-	-	83,268	157,998	-	1,790,844	1,790,844	
Payable to other governments	-	-	128,644	-	-	-	14,368	-	143,012	143,012	
Due to other funds	83,033	322,969	-	-	-	4,160	121,709	-	531,871	531,871	
Matured bond & interest payable	-	-	-	-	-	-	-	-	-	-	
Deferred revenue	1,507,766	413,128	-	1,909,834	-	-	-	-	3,830,728	3,830,728	
Other current liabilities	1,475,810	395,066	-	-	-	-	274,894	-	2,145,770	2,145,770	
Customer deposits payable	10,249	-	-	-	-	-	33,493	-	43,742	43,742	
Interfund loans payable	-	-	-	-	-	-	-	-	-	-	
<b>Total liabilities</b>	<b>\$ 3,445,872</b>	<b>\$ 1,473,491</b>	<b>\$ 966,880</b>	<b>\$ 1,909,834</b>	<b>\$ -</b>	<b>\$ 87,428</b>	<b>\$ 602,462</b>	<b>\$ -</b>	<b>\$ 8,485,967</b>	<b>\$ 8,485,967</b>	
<b>FUND BALANCE</b>											
<i>Reserved for:</i>											
Encumbrances, petty cash, inventory	-	-	-	-	-	-	-	-	-	-	
Interfund loans	-	-	-	-	-	-	-	-	-	-	
Long-term loans receivable	-	-	-	240,000	5,895,000	12,800,000	3,305,000	-	22,240,000	22,240,000	
Capital improvements	-	-	-	-	-	2,071,871	-	-	2,071,871	2,071,871	
Transportation	-	-	-	-	-	2,530,212	-	-	2,530,212	2,530,212	
Physical environment	-	-	-	-	-	172,783	-	-	172,783	172,783	
<i>Unreserved, reported in</i>											
General Fund	8,861,399	-	2,224,811	826,086	270,000	6,924,249	-	-	8,861,399	8,861,399	
Debt Service	-	-	-	-	490,000	-	-	-	-	-	
Special revenue funds	-	6,431,441	-	-	-	-	4,982,581	-	13,638,833	13,638,833	
Capital project funds	-	-	-	-	-	-	-	-	6,924,249	6,924,249	
<b>Total fund balance</b>	<b>\$ 8,861,399</b>	<b>\$ 6,431,441</b>	<b>\$ 2,224,811</b>	<b>\$ 1,066,086</b>	<b>\$ 6,165,000</b>	<b>\$ 11,699,115</b>	<b>\$ 8,287,581</b>	<b>\$ -</b>	<b>\$ 58,025,433</b>	<b>\$ 58,025,433</b>	
<b>Total liabilities and fund balance</b>	<b>\$ 12,307,271</b>	<b>\$ 7,904,932</b>	<b>\$ 3,191,691</b>	<b>\$ 2,975,920</b>	<b>\$ 6,165,000</b>	<b>\$ 11,786,543</b>	<b>\$ 8,890,043</b>	<b>\$ -</b>	<b>\$ 66,511,400</b>	<b>\$ 66,511,400</b>	

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

**Cowlitz County, Washington**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**December 31, 2007**

Total fund balances as shown on the Governmental Funds Balance Sheet	\$ 58,025,433
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 as part of reconciling item further down the page.)	131,734,647
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 assets.	12,724,952
Allocation to enterprise funds share of net (income) loss of internal service funds.	57,946
Prior Years allocation	10,492
Accrued interest receivable was less than interest receivable modified accrual	342,046
Assets deferred in governmental funds until they are available for current year expenditure .	3,668,257
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>(36,240,494)</u>
Net assets of governmental activities	<u>\$ 170,323,279</u>

The notes to 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, 2007**

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 (page 22) \$ 4,205,098

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 the current period. 6,905,276

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. 1,276,761

Change in accrual interest earnings 2007 versus on modified accrual basis

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. This amount accounts for the change in deferred revenues during 2007. (261,911)

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 and accrued compensation payable for year. (171,175)

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. 1,261,104

Change in net assets-governmental activities- on the Statement of Activities (page 19) \$ 13,215,153

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

**Cowlitz County, Washington**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2007**

**Business-type Activities--Enterprise Funds**

	<b>Water</b>		<b>Nonmajor</b>	<b>Total</b>	<b>Governmental</b>
	<b>Sewer</b>	<b>Solid Waste</b>	<b>Enterprise</b>	<b>Enterprise</b>	<b>Activities-</b>
			<b>Funds</b>	<b>Funds</b>	<b>Internal</b>
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash & cash equivalents	\$1,538,862	\$ 13,281,125	\$2,028,648	\$ 16,848,635	\$ 8,602,804
Investments	-	-	-		-
Receivables (net)	67,325	776,688	163,948	1,007,961	1,933
Interest receivable	496	28,897	610	30,003	2,266
Due from other funds	-	981	11,233	12,214	527,408
Interfund loan receivable	-	633,000	-	633,000	-
Due from other governments	6,035	800	3,828	10,663	138,880
Due from component unit				-	2,049
Inventories	-	20,852	-	20,852	184,728
Prepaid items	5,612	11,044	39,938	56,594	64,797
Customer deposits-restricted cash and cash equivalents			8,900	8,900	
<i>Total Current Assets</i>	<u>1,618,330</u>	<u>14,753,387</u>	<u>2,257,105</u>	<u>18,628,822</u>	<u>9,524,865</u>
<i>Noncurrent assets:</i>					
Restricted cash, cash equivalents & investments:					
Customer deposits	15,305	-	-	15,305	-
Cash & equivalents for closure & postclosure		8,233,470		8,233,470	
Deferred charges & other assets				-	
Investments for closure & postclosure		1,500,000		1,500,000	
<i>Capital assets:</i>					
Land	122,635	389,392	636,573	1,148,600	20,795
Buildings and system	12,426,475	3,925,948	555,865	16,908,288	422,920
Improvements other than bldgs.	-	8,270,344	267,328	8,537,672	-
Machinery and equipment	-	1,421,113	3,493,512	4,914,625	14,008,014
Construction in progress	35,868	-	1,820,933	1,856,801	-
Less accumulated depreciation	(4,784,306)	(9,217,070)	(2,621,928)	(16,623,304)	(8,955,838)
Total capital assets (net of accum depr.)	<u>7,800,672</u>	<u>4,789,727</u>	<u>4,152,283</u>	<u>16,742,682</u>	<u>5,495,891</u>
<b>Total assets</b>	<u><u>9,434,307</u></u>	<u><u>29,276,584</u></u>	<u><u>6,409,388</u></u>	<u><u>45,120,279</u></u>	<u><u>15,020,756</u></u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable and accrued exp.	145,352	186,795	158,223	490,370	611,162
Payable to other governments	-	-	-	-	5,784
Due to other funds	38,860	51,465	2,662	92,987	67,784
Accrued interest payable	4,750	-	-	4,750	-
Compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	395,107
Limited G.O. Bonds Payable	20,000	-	-	20,000	-
Notes payable	94,854			94,854	
Other current liabilities		62,170	197,618	259,788	
Customer deposits payable from restricted assets			8,900	8,900	
Total current liabilities	<u>303,816</u>	<u>300,430</u>	<u>367,403</u>	<u>971,649</u>	<u>1,079,837</u>
<i>Noncurrent liabilities:</i>					
Compensated absences	41,304	62,678	228,783	332,765	174,322
Customer deposits payable from restricted assets	15,305			15,305	
Landfill closure and postclosure costs	-	32 9,733,470	-	9,733,470	-

**Cowlitz County, Washington**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2007**

	<b>Water</b>		<b>Nonmajor</b>	<b>Total</b>	<b>Governmental</b>
	<b>Sewer</b>	<b>Solid Waste</b>	<b>Enterprise</b>	<b>Enterprise</b>	<b>Activities-</b>
			<b>Funds</b>	<b>Funds</b>	<b>Internal</b>
Claims and judgments	-	-	-	-	1,041,645
Limited G.O. Bonds (net of unamortized discount)	(486)		-	(486)	
Notes payable	1,318,935		633,000	1,951,935	
Other noncurrent liabilities	-	-	-	-	-
<i>Total non current liabilities</i>	<u>1,375,058</u>	<u>9,796,148</u>	<u>861,783</u>	<u>12,032,989</u>	<u>1,215,967</u>
<b>Total liabilities</b>	<u>1,678,874</u>	<u>10,096,578</u>	<u>1,229,186</u>	<u>13,004,638</u>	<u>2,295,804</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	6,361,426	4,789,727	4,152,283	15,303,436	5,495,891
Restricted -donations pigeon/horse purposes			18,377	18,377	
Unrestricted	<u>1,394,007</u>	<u>14,390,279</u>	<u>1,009,542</u>	<u>16,793,828</u>	<u>7,229,061</u>
<b>Total net assets</b>	<u>\$7,755,433</u>	<u>\$ 19,180,006</u>	<u>\$5,180,202</u>	<u>32,115,641</u>	<u>\$ 12,724,952</u>
				<u>(47,454)</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				<u>\$ 32,068,187</u>	
<b>Net assets of business-type activities</b>				<u>\$ 32,068,187</u>	

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 Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2007**

	<b>Business-type Activities-Enterprise Funds</b>				Governmental Activities- Internal Service Funds
	Water Sewer	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES</b>					
<i>Charges for Services:</i>					
Water	\$ 593,970	\$ -	\$ -	\$ 593,970	\$ -
Sewer	635,363	-	-	635,363	
Garbage & Solid Waste	-	4,935,445	-	4,935,445	
Public Safety	-	-	3,204,937	3,204,937	
Culture & Recreation	-	-	1,150,779	1,150,779	
Other services					7,016,396
Grant revenue					
<b>Total operating revenues</b>	<b>1,229,333</b>	<b>4,935,445</b>	<b>4,355,716</b>	<b>10,520,494</b>	<b>7,016,396</b>
<b>OPERATING EXPENSES</b>					
Maintenance & operations	1,088,787	2,299,250	4,592,984	7,981,021	5,780,028
Closure & postclosure care	-	835,014	-	835,014	
Depreciation	298,732	732,393	452,809	1,483,934	1,071,789
<b>Total operating expenses</b>	<b>1,387,519</b>	<b>3,866,657</b>	<b>5,045,793</b>	<b>10,299,969</b>	<b>6,851,817</b>
<b>Operating income (loss)</b>	<b>(158,186)</b>	<b>1,068,788</b>	<b>(690,077)</b>	<b>220,525</b>	<b>164,579</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	-	-	654,318	654,318	-
Intergovernmental	-	67,049	38,105	105,154	56,326
Investment earnings	40,591	1,059,057	61,833	1,161,481	292,144
Interest expense	(16,814)	-	-	(16,814)	-
Debt issuance costs	(486)	-	-	(486)	
Gain (loss) on disposition of assets	(27,668)	2,500	2,400	(22,768)	91,876
Write off of gas to energy construction in progress		-		-	
Miscellaneous nonoperating revenues	2,686	35,204	28,174	66,064	87,946
<b>Total nonoperating income (expense)</b>	<b>(1,691)</b>	<b>1,163,810</b>	<b>784,830</b>	<b>1,946,949</b>	<b>528,292</b>
<b>Income before contributions and transfers</b>	<b>(159,877)</b>	<b>2,232,598</b>	<b>94,753</b>	<b>2,167,474</b>	<b>692,871</b>
Capital grants	63,587	-		63,587	-
Capital contributions	361,270	-	65,836	427,106	240,031
Transfers in	-	-	228,170	228,170	291,589
(Transfers out)	-	-	-	-	(21,331)
<b>Change in net assets</b>	<b>264,980</b>	<b>2,232,598</b>	<b>388,759</b>	<b>2,886,337</b>	<b>1,203,160</b>
<b>Net assets--beginning</b>	<b>7,490,453</b>	<b>16,947,408</b>	<b>4,791,443</b>		<b>11,521,792</b>
Prior period adjustment					
<b>Net assets--ending</b>	<b>\$ 7,755,433</b>	<b>\$ 19,180,006</b>	<b>\$ 5,180,202</b>		<b>\$ 12,724,952</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				(57,946)	
<b>Change in net assets of business-type activities</b>				<b>\$ 2,828,391</b>	

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

**Cowlitz County, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended December 31, 2007

Page 1 of 2

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Sewer</b>	<b>Solid Waste</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b><u>Cash flows from operating activities</u></b>					
Cash received from customers	\$ 1,295,827	\$ 4,974,642	\$ 4,246,460	\$ 10,516,929	\$ 6,920,347
Cash payments for goods and services	(581,427)	(1,401,680)	(1,746,661)	(3,729,768)	(3,527,300)
Cash payments to employees for services	(450,873)	(764,574)	(2,892,958)	(4,108,405)	(1,409,737)
Receipts for grants					(186,838)
Customer deposits	(1,075)		(21,808)	(22,883)	
Miscellaneous revenue	2,686	35,219	28,174	66,079	94,134
<i>Net cash provided (used) by operating activities</i>	<u>265,138</u>	<u>2,843,607</u>	<u>(386,793)</u>	<u>2,721,952</u>	<u>1,890,606</u>
<b><u>Cash flows from noncapital financing activities</u></b>					
State fair funds received			38,105	38,105	
Donations				-	
Repayment (pmt) of interfund loan principal		(569,000)	-	(569,000)	100,556
Interest received (paid) on interfund loan		-	-	-	4,705
Repayment on loan to other government				-	-
Interest received on loan to other govt.				-	-
Operating grants received		67,049	-	67,049	70,817
Receipts from 911 tax			693,009	693,009	
Payment of claims liability recognized prior yrs.					(349,997)
Transfers in from other County fund			228,170	228,170	291,589
Transfer out to other County fund			-	-	(21,331)
<i>Net cash provided by noncapital financing activities</i>	<u>-</u>	<u>(501,951)</u>	<u>959,284</u>	<u>457,333</u>	<u>96,339</u>
<b><u>Cash flows from capital and related financing activities</u></b>					
State funding for 911 capital outlays			63,836	63,836	
System development fees & hookup fees	361,270			361,270	
Interfund loan received			633,000	633,000	
Acquisition and construction of capital assets	(240,407)	(131,130)	(1,174,577)	(1,546,114)	(1,415,961)
Federal grant funds	712,885			712,885	-
Payment on note/installment contracts			-	-	
Principal paid on note	(94,854)			(94,854)	
Proceeds from sale of bonds				-	
Principal paid on bonds	(20,000)			(20,000)	
Interest paid on capital debt	(17,226)		-	(17,226)	
Contributed capital (to) from county fund			-	-	-
Proceeds from sale of capital assets			2,400	2,400	91,876
<i>Net cash provided (used) for capital and related financing activities</i>	<u>701,668</u>	<u>(131,130)</u>	<u>(475,341)</u>	<u>95,197</u>	<u>(1,324,085)</u>
<b><u>Cash flows from investing activities</u></b>					
Purchase of investments	(7,644,272)	(163,802,900)	(10,786,950)	(182,234,122)	(69,219,029)
Proceeds from sale and maturities of investments	7,644,272	163,802,900	10,786,950	182,234,122	69,219,029
Interest on investments	40,265	1,119,871	61,994	1,222,130	287,769
<i>Net cash provided (used) by investment activities</i>	<u>40,265</u>	<u>1,119,871</u>	<u>61,994</u>	<u>1,222,130</u>	<u>287,769</u>
Net increase (decrease) in cash and cash equivalents	1,007,071	3,330,397	159,144	4,496,612	950,629
<i>Cash and cash equivalents, January 1</i>	547,096	18,184,198	1,878,403	20,609,697	7,652,175
<i>Cash and cash equivalents, December 31</i>	<u>\$ 1,554,167</u>	<u>\$ 21,514,595</u>	<u>\$ 2,037,547</u>	<u>\$ 25,106,309</u>	<u>\$ 8,602,804</u>

**Cowlitz County, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended December 31, 2007

Page 2 of 2

	<u>Water Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (158,186)	\$ 1,068,788	\$ (690,077)	\$ 220,525	\$ 164,579
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	298,732	732,393	452,809	1,483,934	1,071,789
(Increase) decrease in accounts receivable	67,014	(201,150)	(82,429)	(216,565)	(1,672)
(Increase) decrease in due from other funds		(127)	(10,633)	(10,760)	(41,724)
(Increase) decrease in due from other governments	(520)	216,977	(54,885)	161,572	(52,836)
(Increase) decrease in due from component unit		800		800	(2,049)
(Increase) decrease in inventory		16,935		16,935	(82,414)
(Increase) decrease in prepaid expense	(535)	(875)	(575)	(1,985)	43,284
Increase (decrease) in accounts payable and other accrued liabilities	18,115	91,446	(19,731)	89,830	26,638
Increase (decrease) in due to other funds	34,465	40,604	(145)	74,924	62,913
Increase (decrease) in retainage payable				-	
Increase (decrease) in employee leave benefits	4,442	7,583	12,507	24,532	19,751
Increase (decrease) in customer deposits	(1,075)		(21,808)	(22,883)	
Increase (decrease) in estimated future claims payable					588,213
Provision for closure & postclosure care costs		835,014		835,014	
Construction in progress written off to expense				-	
Miscellaneous revenue	2,686	35,219	28,174	66,079	94,134
<i>Total adjustments</i>	<u>423,324</u>	<u>1,774,819</u>	<u>303,284</u>	<u>2,501,427</u>	<u>1,726,027</u>
<i>Net cash provided by operating activities</i>	<u>\$ 265,138</u>	<u>\$ 2,843,607</u>	<u>\$ (386,793)</u>	<u>\$ 2,721,952</u>	<u>\$ 1,890,606</u>

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

**Cowlitz County, Washington**  
**Statement of Fiduciary Net Assets**  
**December 31, 2007**

		<b>Agency Funds</b>
<b>Assets</b>		
Cash and petty cash	\$	18,584,381
Deposits with fiscal agent		10,000
Investment Trust Fund		78,515,683
Taxes Receivable		3,595,993
Assessments receivable, current		207,126
Total assets	<u>\$</u>	<u>100,913,183</u>
 <b>Liabilities</b>		
Due to other governments	\$	90,357,956
Warrants payable		10,555,227
Total liabilities	<u>\$</u>	<u>100,913,183</u>

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

**COWLITZ COUNTY, WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Cowlitz County conform 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 State of Washington laws applicable to second-class counties with a commissioner form of government.

Cowlitz County provides public safety, judicial services, roads, health and social services, parks, and general administrative services. It operates and owns water, sewer and solid waste facilities.

The county's combined financial statements include the assets and liabilities of all funds for which the county has a custodial or trust responsibility. The county has two discretely presented component units.

**Discretely presented component units:** The **Three Rivers Regional Wastewater Authority (TRRWA)** consisting of the City of Kelso, City of Longview, Beacon Hill Sewer District and Cowlitz County govern the wastewater utility. It is legally separate from Cowlitz County and is presented in a separate column on the government-wide financial statements. However; it is fiscally dependent on the county in that the County issues bonded debt on its behalf. Cowlitz County has three bond issues that were issued for TRRWA. The most recent is the 2006 Special Revenue Funding Bond issue for \$13.7 million; this debt issue is paid from the users of the system, which are the Cities of Kelso and Longview and Beacon Hill Sewer District. The other outstanding bond issue by the County for TRRWA are the 2002 Special Revenue Refunding Bonds with \$25.78 million outstanding and the 2003 GO Refunding Bonds with \$380 thousand outstanding at December 31, 2007. TRRWA pay the debt on all three bond issues; the County has pledged its taxes and resources in case of default by TRRWA for the 2003 and 2006 issue. Separate financial statements for the component unit may be obtained from Cowlitz County at 207 Fourth Avenue North, Kelso, Washington 98626. Because Cowlitz County has issued material bond debt under the Cowlitz County's name for the Central Sewer Utility and occupies one of the four board positions it is presented as a discretely presented component unit of the County.

The **Public Facilities District** is a five-member board appointed by the Cowlitz County Commissioners. The members are volunteers and serve a four-year term. The district was formed in 1999 to plan, construct and design a regional conference/special events center. Construction began in the later part of 2003 on Cowlitz County Exposition grounds with modification and expansion to the existing commercial building. Cowlitz County issued \$6,565,000 in July of 2003 to pay part of the cost of the center. The Public Facilities District has agreed to pay for the bond issue through the allocation of .033 percent share of state sales tax it receives for the duration of the bond issue. Also, the voters approved a 1% lodging tax to be used for construction and operation of the district's public facilities. Separate financial statements are available from Cowlitz County Auditor's Office at 207 Fourth Avenue North, Kelso, Washington 98626.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Government wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from the

statements. 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. The government-wide focus is on the county as a whole.

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

*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*.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 government considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. 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.

Revenues susceptible to accrual are interest earnings, and sales tax. Intergovernmental revenues such as grants are recognized as revenues when grant expenditures are incurred and grant requirements have been met. If the governmental funds have special assessments receivable only that portion that is due within the current fiscal period is recognized as revenue of the current period. All other items are considered to be measurable and available only when the County receives cash.

Cowlitz County reports the following major governmental funds:

*General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except the other funds required to be accounted for separately.

*County Road Fund* accounts for the design, construction and maintenance of county roads and bridges.

*Community Mental Health Fund* accounts for state and federal grant monies received by the county that is disbursed to various local agencies for services to the community involving community mental health, substance abuse, and developmental disabilities.

*1999 Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on the 1999 Limited General Obligation Bond Debt.

*2003 Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on the 2003 Limited Tax General Obligation Improvement and Refunding Bonds.

*2006 Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on the 2006 Special Sewer Revenue Bonds. Three Rivers Regional Wastewater Authority (TRRWA) has agreed to pay the debt on this issue which has annual principal payments beginning in 2007 through 2025.

*Capital Improvements Fund* accounts for funds used to finance major county projects, such as land acquisition, capital construction and equipment except those paid from proprietary funds.

Cowlitz County reports the following major proprietary funds:

*Water Sewer Fund* accounts for water and sewer services to county customers.

*Solid Waste Fund* accounts for operations of the solid waste landfill site and the maintenance of the closed portion of landfill.

Additionally, Cowlitz County reports the following fund types:

*Special revenue funds* are governmental funds that account for specific revenue sources that are legally restricted to expenditures for specific purposes.

*Debt service funds* account for resources accumulated for principal and interest on long-term general obligation debt of governmental funds.

*Internal service funds* account for: data processing, fleet equipment of the county, elections, and self-insurance for liability, workers industrial accident compensation, and unemployment. Also, purchasing of telephone, postage and some printing services including the supplying of paper to the departments.

*Agency funds* are used to account for monies held by Cowlitz County in a custodial capacity for independent districts that are required by state statute to process all monies with the county treasurer who serves as a public depository.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board. Governments have the option of following private-sector guidance for their business type activities and enterprise activities from December 1, 1989 forward. The county has chosen from that date forward to apply GASB pronouncements and not private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments for water, sewer, garbage, law enforcement records and 911 communications. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, (charge for service revenues also include fines and forfeitures) 2) operating grants and contributions, and 3) capital grants and contributions, including special

assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues also include all taxes collected for the County.

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 water sewer, solid waste, law enforcement records, 911 communications and emergency management are charges to customers for services. Operating expenses for enterprise funds and internal service funds 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. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

***1. Cash and Cash Equivalents***

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.

Investments - See (Note 4a Deposits and Investment)

***2. Receivables and payables***

Taxes receivable consist of property taxes and related interest and penalties. See (Note 4 b Property Taxes)

Accrued interest consists of amounts earned on investments and notes.

Special Assessments are recorded when levied. The special assessments owed to Cowlitz County for the 1999 debt service bonds fund of \$1,909,834 are deferred. Deferred assessments on the statements are unbilled assessments that are liens on the property benefited. The County has no delinquent special assessments at December 31, 2007.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Customer accounts receivable consist of amounts owing from private individuals or companies for goods and services including amounts owed for which billings have not been prepared.

***3. Inventories and prepaid items.***

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

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

**4. Restricted net assets**

a) for economic environment totals \$2,836,193 consisting of \$2,071,871 provided from state 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 job in the County. And \$519,502 is restricted per RCW 36.22.178 for housing projects or units with housing projects for low income, operating costs for emergency shelters and rental assistance. Also, \$244,820 is restricted for emergency financial assistance to veterans and their surviving spouses.

b) for transportation \$8,961,653 consisting of Road Fund net assets of \$6,431,441 and \$2,530,212 in the capital improvements fund intended for Lexington Bridge construction and other road projects.

c) for health \$3,265,400 consisting of \$2,224,811 in Community Mental Health Fund net assets, \$883,222 of net assets for public health purposes and \$157,367 in net assets of the Human Services fund for the administrative services for mental health, drug abuse, alcoholism and developmental disabilities.

d) for culture and recreation \$49,601 which is restricted for promotion of tourism.

e) for law enforcement \$555,577 consisting of \$15,355 for boat safety purposes and the balance is to eradicate drug trafficking.

f) For physical environment \$172,783 for shorelines management.

**5. Capital Assets**

Capital assets include land, land improvements, buildings, building improvements, vehicles, and equipment. Vehicles and equipment are capitalized if the individual cost is \$5,000 or more and estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the assets constructed.

Building, equipment and improvements are depreciated using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 60 years
Building Improvements	10 - 30 years
Light Vehicles	4 - 7 years
Heavy Duty Vehicles	7 - 15 years
Office equipment	5 - 10 years
Infrastructure	15-70 years

**6. Compensated Absences**

County employees may accumulate up to 248 hours of vacation pay. Accumulated unpaid employee vacation pay 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, death or retirement 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.

**7. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums 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.

**8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**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 assets**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$36,240,494 difference are as follows:

Gen'l. Obligation Bonds payable	\$ 18,130,000
Special Revenue Bonds payable	13,290,000
Less: deferred amounts for issuance/discounts	(314,857)
Special assessment bonds payable	2,090,000
Compensated absences	2,664,180
Accrued interest payable	<u>381,171</u>
Net adjustment to reduce <i>fund balance governmental funds</i> to Arrive at <i>net assets-governmental activities</i>	<u>\$ 36,240,494</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 between *net changes in fund balances-total governmental funds* and *changes in net assets 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 (\$6,905,276) difference are as follows:

Capital Outlays (Net of amounts transferred to Internal Svc. Funds)	\$ 9,526,954
Contributed Capital	1,305,634
Depreciation expense	<u>(3,927,312)</u>
Net adjustment to increase <i>net changes in fund balances- total Governmental funds</i> to arrive at <i>change governmental activities</i>	<u>\$ 6,905,276</u>

Another element in the reconciliation of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources 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 the debt is first issued, whereas these amounts are deferred and amortized on the statement of activities. The details of (\$1,276,761) difference are as follows:

Amortization of deferred charge for issuance and discount and premium	158,239
Principal repayments:	
General obligation bonds	(840,000)
Special revenue bonds	(470,000)
Special assessment bonds	<u>(125,000)</u>
Net adjustments to decrease <i>fund balances-total governmental funds</i> To arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,276,761</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.

Compensated absences	<u>\$ 171,175</u>
Net adjustment to decrease <i>net changes in fund balances-total Governmental funds</i> to arrive at <i>changes in net assets of governmental Activities</i>	<u>\$ 171,175</u>

**NOTE 3– STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance-related legal or contractual provisions, and expenditures have not exceeded legal appropriations in any funds of the County.

**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. 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 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 a supplemental appropriation resolution approved by the Board of County Commissioners at a public meeting. Any revisions that alter total expenditures of a fund or that affect the number of permanent employee positions, salary ranges, hours or the county commission must approve other conditions of employment.

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

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 General Fund budgeted appropriations for expenditures by \$1,452,789 and an increase in transfers out to support other County funds of \$1,501,245. 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.

The Treasurer's Operation & Maintenance Fund and the Antiprofiterring Fund, special revenue funds do not require budgets and therefore no budget to actual data for those funds are presented.

e. Deficit Net Assets

Industrial Accident Insurance had a deficit net asset balance of \$492,064 at December 31, 2007. The deficit is due to recognition of estimate for projected future years pay out on the industrial accidents incurred of \$554,000. At December 31, 2007 the Fund had \$121,080 in cash and investments to meet current payables of \$59,177.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

In 2005 Cowlitz County implemented GASB 40, which concentrates disclosure of risk of investments.

The county deposits and certificates of deposit are entirely covered by federal depository insurance FDIC or by collateral held in multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

As of December 31, 2007 Cowlitz County had the following investments:

	Maturities- Weighted Average <u>Days</u>	Fair Value			
		Fair Value <u>County Investments</u>	Investments held by County as agent		<u>Total</u>
			<u>for other local govts.</u>		
U.S. Government Securities	322	\$ 500,000	\$ 3,425,534	\$ 3,925,534	
Bankers' Acceptances	132	170,000	581,125	751,125	
Subtotal		670,000	4,006,659	4,676,659	
Investments not subject to categorization:					
Treasury Note	292	-	680,085	\$ 680,085	
Wa. State Investment Pool	50	7,287,498	54,172,930	61,460,428	
		\$ 7,287,498	\$ 54,853,015	\$ 62,140,513	
Total Investments		\$ 7,957,498	\$ 58,859,674	\$ 66,817,172	

The investment of agency funds includes \$24.25 million of cash flow that by State Law the County can invest with interest earned on same accruing to the County General Fund.

The County has \$68,795,977 in Certificate of Deposits not reflected in the table above that is considered a cash equivalent due to its liquidity. \$44,909,584 related to Governmental and Business Activities and \$23,886,393 related to Agency Funds. Total Certificate of Deposits are \$88,485,784 which includes the liquid and non-liquid portions. The remaining \$19,689,807 of the total Certificate of Deposits is greater than ninety days to maturity which all relate to the Agency Funds. For financial statement purposes for 2007, the County has recorded Certificate of Deposits as Investments but will reconsider this classification for future reporting periods.

*Interest Rate Risk* - The County does not have a formal written investment policy that limits the investment maturities as a mean of limiting exposure to fair value losses arising from increasing interest rates. However, the County has held investments to maturity therefore not being subject to loss due to current market values.

*Credit Risk* – State law limits investments to obligations of the U.S. Government, the State Treasurer’s Investment Pool, banker’s acceptances, deposits with Washington State banks and savings and loan institutions and certain other governmental obligations. The County’s investment policy does not further limit its investment choices.

**B. PROPERTY TAXES**

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

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installments 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 taxes are recorded as a receivable in the year when levied. Property taxes collected in advance are recorded as deferred revenue and recognized in the period to which they apply. The county may levy up to \$1.80 per \$1,000 of assessed valuation for general government services and \$2.25 per \$1,000 for roads. However, any county is authorized to increase its general levy from \$1.80 to \$2.475 per \$1,000 of assessed valuation if the total levies for both the general and road district levies do not exceed \$4.05 per \$1,000 of assessed valuation. Levies are subject to the following limitations.

- a. Washington State law in RCW 84.55.0101 limits the growth of regular property taxes to 1 percent per year of the amount of regular property taxes lawfully levied for such district. (On June 13, 2006 the King County Superior Court declared Initiative 747 limiting the growth in property taxes to 1 percent unconstitutional. It has been appealed to Washington State Supreme Court)
- b. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, junior taxing districts’ levies are reduced by order of seniority, beginning with cemetery districts.

The county assessed valuation, levy and taxes for 2007 were:

<u>Purpose</u>	<u>Assessed Valuation</u>	<u>2007 Levy Rate Per \$1,000</u>	<u>Property Taxes 2007</u>
General Fund	\$ 8,470,203,553	\$1.639	\$ 13,885,823
Human Svcs/Mental Hlth	\$ 7,470,203,553	\$0.025	\$ 211,755
Veterans Relief	\$ 8,470,203,553	\$0.011	\$ 95,290
County Roads	\$ 4,448,289,482	\$1.901	\$ 8,457,390

*Maximum Levy subject to limitations mentioned in a and b above.*

In 2007 the General Fund for law enforcement purposes as permitted by state law codified in RCW 36.33.220 used \$733,044 of the road taxes. Special levies approved by the voters are not subject to the limitations listed above.

**C. RECEIVABLES**

Receivables as of year-end including "Due From Component Unit" for the government's individual major funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for non-collectible accounts, are as follows:

Funds	<u>Taxes</u>	<u>Accounts</u>	<u>Special Assessments</u>	<u>Due from Other Govts.</u>	<u>Interest &amp; Penalties</u>	<u>Due from Component Unit</u>	<u>Total</u>
General	\$ 679,010	\$ 8,547		\$ 1,147,174	\$ 1,017,639	\$ 4,979	\$ 2,857,349
County Road	413,128	9,674		2,089,200	17,060	734	2,529,796
Community Mental Health				473,327	9,303		482,630
1999 Ltd GO Bond			1,909,834	480,000	1,901		2,391,735
2003 Ltd GO Bond						6,165,000	6,165,000
2006 Sp.Rev Bond						13,290,000	13,290,000
Capital Improvements				1,438,455	37,651		1,476,106
Non-major govt.	12,097	58,874		3,644,414	19,879		3,735,264
Water/Sewer		67,325		6,035	496		73,856
Solid Waste		776,688			28,897	800	806,385
Nonmajor-business		163,948		3,828	610		168,386
Internal Service		1,933		138,880	2,266	2,049	145,128
Fiduciary	3,595,993		207,126				3,803,119
<b>Total Receivables</b>	<b>\$ 4,700,228</b>	<b>\$ 1,086,989</b>	<b>\$ 2,116,960</b>	<b>\$ 9,421,313</b>	<b>\$ 1,135,702</b>	<b>\$ 19,463,562</b>	<b>\$ 37,924,754</b>

The due from other government's column includes intergovernmental loans, and notes receivable owed to the Capital Improvements Fund (rural county public facilities department) of \$1,029,894 at December 31, 2007. These notes receivable are long-term and consist of the following:

**Capital Improvement Fund - Notes Receivable**

	<u>Int. rate</u>	<u>Qtrly Pmts</u>	<u>Final Pmt.</u>	<u>12/31/07 Balance</u>
Port of Woodland	3.20%	\$ 6,250.50	3/31/2026	\$366,109
Port of Woodland	4.00%	5,916.21	3/31/2022	256,580
Port of Woodland	5.00%	1,654.09	3/31/2016	44,705
Port of Longview	3.00%	22,954.79	7/1/2024	262,500
City of Kalama	1.00%	7,602.15	1/31/2022	100,000
<b>Total Notes Receivable</b>				<b>\$1,029,894</b>

The Due from component units represents receivable for bond issued by Cowlitz County that Three Rivers Regional Wastewater and the Public Facilities District received the proceeds on and have agreed to pay the principal and interest on the debt service as it becomes due.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also, defer revenue recognition in connection with resources that have been received, but not yet earned. At year-end, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 679,010	
Interest & penalty on taxes receivable (Gen. Fd.)	828,757	
Property taxes receivable (Road Fund)	413,128	
Property taxes receivable non-major governmental funds	12,097	
Special assessments receivables from other governments. Not yet due (Debt svc. funds)	1,909,834	

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Land	\$ 8,533,209	\$ 325,514	\$ -	\$ 8,858,723
Construction in progress	9,572,468	8,925,983	1,914,081	16,584,370
Total capital assets, not being depreciated	<u>18,105,677</u>	<u>9,251,497</u>	<u>1,914,081</u>	<u>25,443,093</u>
Capital Assets, being depreciated				
Buildings	42,613,913	681,307	8,611	43,286,609
Improvements other than buildings	4,716,571			4,716,571
Machinery and equipment	15,290,840	1,769,372	847,088	16,213,124
Infrastructure	101,636,925	2,830,454	108,327	104,359,052
Total capital assets being depreciated	<u>164,258,249</u>	<u>5,281,133</u>	<u>964,026</u>	<u>168,575,356</u>
Less accumulated depreciation for:				
Buildings	11,125,359	1,126,134	5,741	12,245,752
Improvements other than buildings	2,226,913	199,808		2,426,721
Machinery and equipment	9,577,958	1,265,213	734,892	10,108,279
Infrastructure	29,597,388	2,469,520	59,749	32,007,159
Total accumulated depreciation	<u>52,527,618</u>	<u>5,060,675</u>	<u>800,382</u>	<u>56,787,911</u>
Total capital assets being depreciated, net	<u>111,730,631</u>	<u>220,458</u>	<u>163,644</u>	<u>111,787,445</u>
Governmental capital assets, net	<u>\$ 129,836,308</u>	<u>\$ 9,471,955</u>	<u>\$ 2,077,725</u>	<u>\$ 137,230,538</u>

<b>Business-type activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 1,148,600			\$ 1,148,600
Construction in progress	1,890,946	\$ 1,280,413	\$ 1,314,558	1,856,801
Total capital assets, not being depreciated	<u>3,039,546</u>	<u>1,280,413</u>	<u>1,314,558</u>	<u>3,005,401</u>
Capital assets, being depreciated:				
Buildings and system	15,668,475	1,239,814		16,908,289
Improvements other than building	8,528,005	9,668		8,537,673
Machinery and equipment	4,792,585	122,039		4,914,624
Total capital assets, being depreciated	<u>28,989,065</u>	<u>1,371,521</u>	<u>-</u>	<u>30,360,586</u>
Less accumulated depreciation for:				
Buildings and system	7,936,425.00	403,296		8,339,721
Improvements other than buildings	4,718,697	497,789		5,216,486
Machinery and equipment	2,531,920	535,167		3,067,087
Total accumulated depreciation	<u>15,187,042</u>	<u>1,436,252</u>	<u>-</u>	<u>16,623,294</u>
Total capital assets, being depreciated, net	<u>13,802,023</u>	<u>(64,731)</u>	<u>-</u>	<u>13,737,292</u>
Business-type activities capital assets, net	<u>\$ 16,841,569</u>	<u>\$ 1,215,682</u>	<u>\$ 1,314,558</u>	<u>\$ 16,742,693</u>

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

**Governmental activities:**

General Government	\$ 139,030
Public Safety-Corrections	615,515
Public Safety-Juvenile	223,986
Public Safety-Other	86,631
Judicial	44,701
Transportation	2,409,771
Economic Environment	1,629
Health	48,843
Culture & Recreation	215,141
Capital assets held by the government's Internal Service funds are charged to the various functions based on their usage of the assets	<u>1,078,259</u>
	<u>\$ 4,863,506</u>

**Business-type activities:**

Water	\$ 125,647
Sewer	173,085
Solid Waste-Landfill	732,393
Public Safety (911 Communications)	321,878
Public Safety (Law Enforcement Records)	104,319
Expo Center	26,613
Total depreciation expense-business-type activities	<u>\$ 1,483,935</u>

**Discretely Presented Component Unit – Three Rivers Regional Wastewater Authority**

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 586,540			\$ 586,540
Construction in progress	9,233,275	8,101,884	\$ 555,104	16,780,055
Total capital assets not being depreciated	<u>9,819,815</u>	<u>8,101,884</u>	<u>\$ 555,104</u>	<u>17,366,595</u>
Capital Assets, being depreciated:				
Buildings & system	66,082,483	539,904		66,622,387
Improvements other than buildings	7,297			7,297
Machinery and equipment	757,444			757,444
Total capital assets being depreciated	<u>66,847,224</u>	<u>539,904</u>		<u>67,387,128</u>
Less: accumulated depreciation for				
Buildings & system	(15,430,554)	(1,605,931)		(17,036,485)
Improvements other than buildings	(7,297)			(7,297)
Machinery and equipment	(602,246)	(26,927)		(629,173)
Total accumulated depreciation	<u>(16,040,097)</u>	<u>(1,632,858)</u>	<u>-</u>	<u>(17,672,955)</u>
Total capital assets, being depreciated net	<u>50,807,127</u>	<u>(1,092,954)</u>		<u>49,714,173</u>
Central Sewer-capital assets net	<u>\$ 60,626,942</u>	<u>\$ 7,008,930</u>	<u>\$ 555,104</u>	<u>\$ 67,080,768</u>

Commitments The Three Rivers Regional Waste Water Authority had five construction projects ongoing at the end of 2007. The costs through December 2007 were \$16,780,055 consisting of a bio-solids project, \$16,608,776; software \$70,656; N Plant Clarifier Replacement \$87,123 and the Kelso PS Motor/VFD Replacement \$13,500. The remaining commitment for those projects totals \$381.6 thousand. Existing funds of the utility will pay for the projects.

**Discretely Presented Component Unit – Public Facilities District**

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Capital Assets, being depreciated:				
Buildings	5,923,278			5,923,278
Improvements other than building	566,565			566,565
Machinery and Equipment	662,587			662,587
Total capital assets, being depreciated	<u>7,152,430</u>	<u>-</u>	<u>-</u>	<u>7,152,430</u>
Less: accumulated depreciation for:				
Buildings	(177,697)	(118,466)		(296,163)
Improvements other than buildings	(57,164)	(38,109)		(95,273)
Machinery and Equipment	(73,365)	(48,910)		(122,275)
Total accumulated depreciation	<u>(308,226)</u>	<u>(205,485)</u>	<u>-</u>	<u>(513,711)</u>
Total capital assets, being depreciated net	<u>\$ 6,844,204</u>	<u>\$ (205,485)</u>	<u>\$ -</u>	<u>\$ 6,638,719</u>

Commitments The Public Facilities District, a component unit, has expended \$7,220,718 for a community convention center. Funding for the project is from the 2003 bond issue and \$600,000 from the County’s 1999 bond issue. Debt on the bond issue will be paid from the state sales tax revenue the public facilities district receives.

**E. TRANSFERS, INTERFUND RECEIVABLES AND PAYABLES**

**Interfund transfers** are funds provided to support other funds with no obligation for repayment and consisted of the following for 2007:

	Transfers Out - 2007						Total
	General Fund	Capital Improv.	Debt Svc 1999 Ltd. GO Bonds	Non-major Govt.	Non-major Enterprise	Internal Service	
<b>Transfers in:</b>							
General Fund	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000
Road Fund (weed ctrl)	43,138	-					43,138
Community Mental Hlth. 1999 Ltd. GO Bond	13,639	39,935					13,639
Capital Improvements	2,000,000			208,156		21,331	2,229,487
Water Sewer							-
Nomajor:							-
Geographic Info. Svcs	317,954						317,954
Health Department	525,725						525,725
Auditor's O&M	34,626						34,626
Tourism				16,015			16,015
Drug Task Force	53,544						53,544
Benefits Administration	200,000						200,000
Low Income Housing				78,712			78,712
1998 Ltd GO Bond Fd.		108,700					108,700
2002 Ltd GO Bond Fd.		380,512					380,512
2005 Ltd GO Refdgd Bd		114,313	98,750				213,063
Total Nonmajor							-
Governmental	1,131,849	603,525	98,750	94,727		-	1,928,851
Nonmajor-Enterprise:							-
Exposition Center	206,318						206,318
Law Enforce, Records				21,852			21,852
Internal Service Funds	291,589						291,589
Total Transfers	\$ 3,686,533	\$ 643,460	\$ 98,750	\$ 325,735	\$ -	\$ 21,331	\$ 4,775,809

**Interfund receivables and payables consisted of the following as of December 31, 2007:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road	82,104
	Nonmajor governmental funds	606
	Capital Improvements	19
	Internal service funds	16,198
	Water Sewer	4,843
	Solid Waste	23,229
		<u>126,999</u>
Road	General	16,411
	Water Sewer	3,343
	Solid Waste	2,171
	Internal service funds	3,844
		<u>25,769</u>
Solid Waste	General	441
	Road	472
	Nonmajor enterprise	3
	Internal service funds	65
		<u>981</u>
Nonmajor Enterprise Funds	Solid Waste	610
	Internal service funds	10,622
		<u>11,232</u>
Internal Svc Funds	General	65,652
	Road	240,396
	Capital Improvements	4,141
	Nonmajor governmental funds	121,377
	Water Sewer	30,674
	Solid Waste	25,455
	Nonmajor enterprise funds	2,659
	Internal service funds	37,054
		<u>527,408</u>
Nonmajor Governmental Fds.	General	253
		<u>253</u>
	Total	<u>\$ 692,642</u>

**NOTE 5-INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS**

The accompanying Schedules of Financial Assistance provide a listing of all federal, state, and entitlement assistance programs in which the county participates.

**NOTE 6 – PENSION PLANS**

Substantially all county full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington issues a comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained from the Department of Retirement Systems, Administrative Services Division, and P.O. Box 48380, Olympia, Wa. 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and local Government Employers*.

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEMS (PERS) Plans 1 and 2 and 3**Plan Description

PERS is a cost sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS defined benefits are financed from a combination of employee and employer contributions and investment earnings. PERS retirement benefit provisions are established in state statute and may be amended only by the state legislature.

Plan 1 members are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The annual benefit is two percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 members are vested after completion of five years of eligible service. Plan 2 members may retire at the age of 65 with 5 years of service, or at age 55 with 20 years of service, with an allowance of two percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent reduction applies; otherwise an actuarial reduction will apply. The benefit is actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006 Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

*Judicial Benefit Multiplier*

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS may choose to participate in the Judicial Benefit Multiplier Program (JBM). Current justices or judges in PERS Plan 1 and 2 may make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of average financial compensation. Judges in PERS Plan 3 can elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who choose to participate in JBM will accrue service credit at the higher multiplier beginning with the date of their election, pay higher contributions, stop contributing to the Judicial Retirement Account (JRAS) and be given the option to increase the multiplier on past judicial service. Members who do not choose to participate will: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM program; and continue to pay contributions at the regular PERS rate.

Justices and judges who are newly elected or appointed to judicial service and choose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, are required to participate in the JBB Program.

Justices and judges who are newly elected or appointed to judicial service will: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,188 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	70,201
Terminated Plan Members Entitled to but not yet Receiving Benefits	25,610
Active Plan Members Vested	105,215
Active Plan Members Non-vested	<u>49,812</u>
	250,838

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees and 7.5 percent for state government elected officials. The employer and employee contribute rates for Plan 2 and employer contribution rate for Plan 3 are developed by the office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit



legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 members are vested after completion of five years of eligible service. Plan I members are eligible to retire with 5 years of service at age 50. The benefit per year of service is as follows:

<u>Term Of Service</u>	<u>Percent of Final Average</u>
20+ years	2.0%
10 but less than 20 years	1.5
5 but less than 10 years	1.0

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted indexed to the Seattle Consumer Price Index.

Plan 2 members are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 383 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006

Retirees and Beneficiaries Receiving Benefits	8,951
Terminated Plan Members Entitled to but not yet Receiving Benefits	602
Active Plan Members Vested	12,711
Active Plan Members Non-vested	<u>3,603</u>
Total	25,867

**Funding Policy**

Starting on July 1, 2000 Plan 1 employers and employee will contribute zero percent as long as the plan remains fully funded. Employer and employee rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated 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 requirements of the Pension Funding Council \* LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of covered payrolls, as of December 31, 2007 were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
Employer	.16% *	5.35% **
Employee	.0%	8.64%
State	N.A.	N.A.

\* The employer rate includes .19% administrative fee.

\* \* The employer rate for ports and universities is 7.18%.

The County and the employees made the required contributions. The county’s required contributions for the years ended December 31, were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2007	\$ 295	\$ 143,867
2006	\$ 451	\$ 114,449
2005	\$ 453	\$ 88,829

**C. Public Safety Employees’ Retirement System (PSERS) Plan 2**

Plan Description – PSERS Plan 2 was created by the 2004 legislature and became effective July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

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

A *covered employer* is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections, Park and Recreation, Gambling Commission, Washington State Patrol, and Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

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

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is the monthly average of the member’s 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 received reduced benefits. If retirement is at age 53 or older with at least 20 year of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and cost-of living allowance is granted (indexed to the Seattle Consumer Price Index) capped at 3 percent annually.

There are 69 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarially valuation date for the plan of September 30, 2006: 2,073 active plan members non-vested. There were no retirees/beneficiaries receiving benefits, no terminated plan members entitled to but not receiving benefits and no active plan members vested.

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapter 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current –year covered payroll, as of December 31, 2007, for PSERS Plan 2 were as follows:

<u>Employer</u>	<u>Employee</u>
8.55%	6.57%

\* The employer rate includes an employer administrative fee of .16.

The County and the employees made the required contributions. The County’s required contributions were as follows: December 31, 2007 - \$254,054 ; December 31, 2006 \$53,186 for PSERS Plan 2.

**NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT**

The County has adopted implementation of GASB Statement No. 45 (GASB 45) Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension, effective December 31, 2007.

**LEOFF I OPEB**

Plan Description

The County 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.

There are 26 participants eligible to receive these benefits. There are currently two LEOFF I members employed at the County who have not yet retired. These two participants do not receive LEOFF I medical benefits. The benefits are 100 percent provided by the County in order to meet State statutory requirements under the LEOFF I system, whereby the County pays their medical and dental premiums and out-of-pocket medical costs for life.

Funding Policy

The County has the authority to establish and amend contribution requirements. The required contribution is based on the projected pay-as-you-go financing requirements. Since the County’s healthcare plan is experience rated, the annual required contributions can fluctuate. For the fiscal year ending December 31, 2007, the County’s combined plan contributions were \$283,732.

Annual OPEB Cost and Net OPEB Obligation

The County’s annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance within the parameters of GASB 45 using the alternative method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period of thirty years. The following table shows the components of the County’s annual OPEB cost for the fiscal year ending December 31, 2007, the amount actually contributed to the plans, and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 742,936
Interest on net OPEB obligation	-
Adjustments to the annual required contribution	-
Annual OPEB cost (expense)	<u>742,936</u>
Contributions made	<u>283,732</u>
Decrease in the net OPEB obligation	459,204
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 459,204</u></u>

The County’s annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2007 were as follows:

<b>Fiscal year</b>	<b>Annual OPEB</b>	<b>Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
<b>Ending December 31</b>	<b>Cost</b>			
2007	\$ 742,936	283,732	38.19%	\$ 459,204

**Funding Status and Funding Progress**

As of December 31, 2007, the most recent valuation date, the liability for benefits was \$7,772,118. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Methods and Assumptions**

We have used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.22 was assumed for all active members to determine the actuarial accrued liability. Termination and mortality rates were assumed to follow the LEOFF 1 termination and mortality rates used in the September 30, 2006 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are individually and collectively reasonable for the purposes of this valuation.

**NOTE 8 - RISK FINANCING**

**A. WASHINGTON COUNTIES RISK POOL**

Cowlitz County is a member of the Washington Counties Risk Pool. Revised Code of Washington (RCW) Chapter 48.62 authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, or joint hiring 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 provision of RCW 39.34, the Interlocal Cooperation Act. The Risk Pool was formed on August 18, 1988 when several counties in the State of Washington signed an Interlocal Agreement to pool their self-insurance losses and jointly purchase insurance, and administrative services. Thirty counties have belonged to the Pool and twenty-eight counties are currently members of the pool.

The pool allows member counties to jointly purchase property and excess liability insurance, to establish a plan of self-insurance, and to provide and/or obtain related services such as risk management etc. All Pool joint self-insurance liability coverage’s, including public officials’ errors and omissions, and the property insurance program, are on an “occurrence” basis. The Pool provides the following forms of group purchased insurance coverage for its members: “following form” excess liability, and property that includes vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc.

Members make an annual contribution to fund the Pool. The Pool acquires third-party liability reinsurance that is subject to a “per-occurrence” self-insured retention of the greater of \$100,000 or the member-selected deductible and “following form” excess insurances from unrelated underwriters. Based upon their individual deductible selections, members are responsible for the first \$10,000 to \$500,000 of each claim, while the Pool is responsible for the remaining self-insured retention up to \$100,000. Insurance carriers cover all losses above the (\$100,000 to \$500,000) self-insured retention to the maximum limits or each policy.

Since the Pool is a cooperative program, there is a joint liability among the participating members. This contingent liability is established if a program’s assets are insufficient to cover the program’s liabilities. Effects of the Pool are financed through retroactive assessments of the responsible members. The Pool’s to date reassessments receivable balance as of December 31, 2007 is \$260,770. Cowlitz County was responsible for \$39,212 of the Pool’s total reassessments receivable; however, the outstanding reassessment was fully satisfied in February 2008.

The Pool also acquires member-option property insurance from unrelated underwriters that is subject to a member-selected, “per-occurrence” deductible of between \$5,000 and \$50,000. Members are responsible for the entire deductible amount of each claim Insurance carriers covers all losses over the member deductibles to maximum limits of each policy.

Each new member pays the Pool an admittance fee. This amount covers the member’s share the organizational expenses and the cost of analyzing their loss data and risk profile. Members contract to remain in the Pool for a minimum of five years, and may terminate their membership at the conclusion of any Pool fiscal year if the county has timely provide the required twelve month notice. The Interlocal Governmental Agreement is renewed automatically each year after the initial 5-year period. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Pool is fully funded by its member participants. Claims are filed by members and handled by the Pool’s claims staff. Reserves are established for both reported and unreported insured events and include estimates of the undiscounted future cash payments of losses and related claim adjustment expenses.

The Pool is governed by a board of directors, which is comprised of one designated representative from each participating member. An executive committee is elected from the member-designated directors and alternate directors at the annual meeting. Also at the annual meeting, the Pool’s officers (president and secretary-treasurer) are elected from the executive committeepersons. The offices and the executive committee are responsible for conducting the business affairs of the Pool.

**B. SELF-INSURANCE**

The County maintains insurance against most normal hazards. For general liability and workers compensation the County has elected to retain for losses up to \$100,000 per occurrence. General liability losses in excess of the retention are insured through the Washington Counties Risk Pool to \$500,000. 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, 2007 were \$882,752 for general liability and \$554,000 for workers compensation.

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

	<b>Risk Management</b>	<b>Industrial Insurance</b>	<b>Total</b>
Claims Payable 12-31-05	\$ 1,250,000	\$ 332,500	\$ 1,582,500
Provision for 2006	240,072	220,891	460,963
Increase (Decrease) in Provision for Prior Years	(322,162)	(14,400)	(336,562)
Less:			
Payment of Claims Current Yr. Events	10,583	57,566	68,149
Payment of Claims Prior Yr. Events	279,791	160,425	440,216
Claims Payable 12-31-06	<u>877,536</u>	<u>321,000</u>	<u>1,198,536</u>
Provision for 2007	260,708	465,391	726,099
Increase (Decrease) in Provision for Prior Years	(11,115)	(14,400)	(25,515)
Less:			
Payment of Claims in Current Yr. Events	8,872	57,566	66,438
Payment of Claims in Prior Yr. Events	235,505	160,425	395,930
Claims Payable 12-31-07	<u>\$ 882,752</u>	<u>\$ 554,000</u>	<u>\$ 1,436,752</u>

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

The county is required by the State to set aside, for protection of the Workers compensation fund, \$100,000. The Industrial Insurance Fund has \$121,080 at December 31, 2007 available to help meet the projected future estimate of claims to be paid out of \$554,000. This results in a December 31, 2007 negative net assets balance of \$492,064.

The Risk Management Fund has \$1,154,580 at December 31, 2007 in net cash and investments to meet actual and projected claims to be paid of \$882,752.

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

Also the county self-insures the Unemployment Compensation Fund. At December 31, 2007 the fund has a net assets balance of \$326,472 compared to \$281,073 at December 31, 2006.

**NOTE 9 – LONG-TERM DEBT AND CAPITAL LEASES**

**A. LONG-TERM DEBT**

Note 9 summarizes long-term debt as follows: 1) General Obligation Bonds and General Obligation Notes 2) is a schedule summarizing debt service requirements to maturity on general obligation bonds and notes and information on claims and judgments payable 3) Discretely Presented Component Units – Three Rivers Wastewater Authority, and Public Facilities District and their long-term debt 4) is a summary of changes in general long-term debt and proprietary long-term debt and 5) presents the County’s legal debt margin.

***1. General Obligation Bonds***

**A. Bonds and Other Long-Term Liabilities**

**Debt Outstanding**  
December 31,  
2007

**General Obligations Bonds:**

\$2,060,000 **1998 Limited Tax General Obligation Bonds** issued August 1, 1998 to assist the Port of Woodland construction of a rail line and related improvements. Interest varies from 4.0% to 4.4% with annual principal installments of \$65,000 to \$100,000 through November 1, 2008. The debt is serviced by sales and use tax authorized for distressed counties. If this sales tax falls short of the annual debt service requirements the Port guarantees repayment to the County. The County is generally obligated in event of default by Port of Woodland.

**\$ 100,000**

\$7,080,000 **1999 Limited Tax General Obligation Bonds** issued August 1, 1999. Interest varies from 4.0% to 5.5% with annual principal installments of \$295,000 to \$865,000. Final maturity is November 1, 2023. The debt is to finance the street improvements for the City of Longview, a bridge for Port Kalama’s industrial park, restrooms for Port of Woodland, and improvements to the commercial building at the County Exposition Center. That debt is paid from sales tax authorized for distressed counties. **Some projects financed from this issue have the debt service paid by districts other than the County and represents \$700,000 of the \$805,000 outstanding.** That debt is paid from assessments collected by the following districts and consist of a conveyance and pumping system for Drainage Improvement District No. 1, a conveyance pump and emergency generator for Lexington Flood District, a pump station for Consolidated Diking District No. 2. The County is generally obligated in event of default from the revenue sources; however, should the distressed sales tax the county has dedicated to certain projects be insufficient the district’s benefiting from proceeds have agreed to provide for their portion of the debts.

**\$ 545,000**

\$5,695,000 **2002 Limited General Obligation Bonds** issued September 10, 2002. Interest varies from 2.5% to 5.0% with annual principal installments of \$235,000 to \$435,000 through April 1, 2024. The debt is serviced from the state sales tax authorized for distressed counties. Also, the county pledged its resources to the payment of the bonds to obtain a more favorable rate of interest. And the County has purchased an insurance policy insuring the payment of principal and interest when due on the bonds. The issue provided \$2 million for a new rail line to Port of Longview; other projects were the wastewater treatment improvements to the cities of Castle Rock and Kalama, upgrade to City of Longview’s water distribution system, a commercial building for the Port of Woodland, a shipping berth and commercial building for Port of Kalama and carried out other portions of the County’s Facilities Plan.

**\$ 4,840,000**

\$235,000 **1993 Limited Tax Obligation Bonds** issued October 1 1993 to finance the relocation of a water main on state right of way. Interest varies from 2.8% to 4.5% on principal installments of \$10,000 to \$20,000 through December 31, 2008. The **debt is paid from users of the County Water System** and is backed by County property taxes.

**\$ 20,000**

\$6,565,000 **2003 Limited Tax General Obligation Bonds** issued July 8, 2003 to provide construction of a regional center for special events and conventions. Interest varies from 2% thought 4.35% on principal payment so f \$115,000 to \$490,000 though October 1, 2027. **The debt will be paid from sales and hotel taxes received by the Cowlitz County Public Facilities District, a component unit of Cowlitz County.**

**\$ 5,785,000**

\$860,000 **2003 GO Refunding Bonds** issued July 8, 2003 to refund the 1994

limited general obligation bond debt of \$830,000 of Three Rivers Wastewater Plant, a component unit of the County. Interest varies from 2% to 3% on future principal payments of \$110,000 to \$130,000 through October 1, 2010. **This debt is paid by Three Rivers Regional Wastewater Plant a component unit of Cowlitz County.**

**\$ 380,000**

\$2,850,000 in R.I.D. #10 and L.I.D. #16 **1999 Special Assessment Bonds** issued August 1, 1999 interest varies from 4% to 5.25% on principal installments of \$105,000 to \$135,000 through November 1, 2009. The bonds are for sewer and road improvements on Port of Longview property. The Port of Longview is the debtor on all special assessments owing. The County has pledged its resources to pay principal and interest on the debt in case of default by the Port. In 2005 the 2005 Refunding Assessment Bond refunded \$1,825,000 of the debt.

**\$ 265,000**

\$8,565,000 **2005 Limited GO Refunding Bonds** issued September 9, 2005 to refund certain of the Limited Tax General Obligation Bonds 1998 and Limited Tax General Obligation Bonds 1999 and pay the administrative costs of refunding, issuance and sale of bonds. The 2005 bonds have interest rates of 3% to 4.25% on principal installments of \$50,000 to \$855,000 through November 1, 2023.

This remaining debt is paid from the following: principal paid from assessments is \$1,825,000 to be paid through 2019; other governments are to pay \$3,200,000 of the principal leaving \$3,335,000 as the County’s portion of this debt.

**\$ 8,305,000**

\$13,760,000 **Special Sewer Revenue Bonds 2006** issued June 1, 2006 to provide construction improvements to the wastewater treatment plant. Interest varies from 4.25% to 5.25% with future principal payments of \$470,000 to \$1,090,000 through March 1, 2025. The debt is paid from revenues collected by the Three Rivers Regional Wastewater Authority (TRRWA), a discretely presented component unit of the County. In the event the TRRWA does not provide sufficient funds for payment of the debt Cowlitz County has pledged its full faith and credit to deposit into the bond fund.

**\$ 13,290,000**

**2. DEBT SERVICE REQUIREMENTS TO MATURITY**

Annual debt service requirements to maturity for **general obligation bonds** are as follows:

Year Ending <u>December 31</u>	Governmental Activities		Business Type Activities (Enterprise Funds- Water Sewer)	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	870,000	834,630	20,000	1,080
2009	900,000	805,770		
2010	955,000	774,649		
2011	855,000	741,646		
2012	905,000	701,268		
2013-2017	5,225,000	2,867,316		
2018-2022	5,285,000	1,599,063		
2023-2027	3,135,000	468,177		
2027-2028	-	11,093		
<b>Total</b>	<b>\$ 18,130,000</b>	<b>\$ 8,803,612</b>	<b>\$ 20,000</b>	<b>\$ 1,080</b>

1/ Enterprise debts paid from Water/Sewer user fees.

Annual debt service requirements for **special assessments bonds** are as follows:

<b>Special Assessment Debt</b>		
<b>Year Ending</b>		
<b>December 31</b>	<b>Principal</b>	<b>Interest</b>
2008	130,000	111,340
2009	135,000	105,230
2010	140,000	98,750
2011	150,000	91,050
2012	160,000	82,800
2013-2017	930,000	272,925
2018-2019	445,000	35,437
<b>Total</b>	<b>\$ 2,090,000</b>	<b>\$ 797,532</b>

Annual debt service requirements for the **special sewer revenue bonds 2006, which** are paid from revenues collected by Three Rivers Regional Wastewater Authority and backed by the Counties full faith and credit, are as follows:

<b>Special Sewer Revenue Bonds</b>		
<b>Year Ending</b>		
<b>December 31</b>	<b>Principal</b>	<b>Interest</b>
2008	490,000	629,687
2009	510,000	608,438
2010	530,000	586,337
2011	555,000	563,281
2012	575,000	539,269
2012-2017	3,290,000	2,293,775
2018-2022	4,225,000	1,368,694
2023-2026	3,115,000	240,106
<b>Total</b>	<b>\$ 13,290,000</b>	<b>\$ 6,829,587</b>

**Claims and Judgments**

1) The County Risk Management Fund provides monies to cover the \$100,000 deductible on general liability insurance and automobile liability. Amounts in excess are covered as described in Note 9 through the Risk Insurance Pool. The County based the liability on information provided in year-end information form the Insurance Risk Pool and management judgment. Total claims liability - \$882,752 as of December 31, 2007.

2) The Industrial Insurance Safety Fund provides payments for workers compensation. The estimated claims payable at December 31, 2007 based on information provided from State Industrial Tables - \$554,000.

**Water-Sewer Notes Payable to State of Washington –**

The County entity received \$653,050 of Public Works Trust Fund money from Wa. State Department of Community Development. The funds were for improvements to the Toutle Wastewater Treatment Facility. An advance was received in June 2000 of \$102,072 and an additional \$510,360 was received in May 2002 with the final payment of \$40,618 received February 2004. The loan was authorized for \$680,460; however total received was \$653,060. Interest is 2 percent per annum through June 30, 2003, and 1% per annum thereafter with annual

principal payments through June 30, 2020 of \$34,623. Principal balance at December 31, 2007 is \$450,093.

Also the Water-Sewer fund has a loan of \$1,084,158 from the Wa. State Department of Community Development. The funds were for improvements to the Ryderwood Water Treatment Plant. The note included a financing fee of \$21,258 that was deducted by the state. The loan has a 1% interest rate. Eighteen equal annual principal payments of \$60,231 are due beginning October 1, 2006 with final maturity October 1, 2023. Principal balance at December 31, 2006 is \$963,696.

Annual debt service requirements payable to the State on the water-sewer notes are as follows:

<b>Water Sewer - Notes Payable - St. of Wa.</b>		
<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2008	94,853	14,138
2009	94,854	13,189
2010	94,853	12,241
2011	94,854	11,292
2012	94,853	10,344
2013-2017	474,268	37,491
2018-2022	405,023	14,124
2023	60,231	602
<b>Total</b>	<b>\$ 1,413,789</b>	<b>\$ 113,421</b>

**Solid Waste Enterprise Fund -Landfill 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 thirty 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 \$9 million reported as landfill closure and post closure care liability at December 31, 2006 represents the cumulative amount reported to date based on the use of 66.3 percent of the estimated refuse capacity of the landfill and 48% for the closed lined landfill. The county will recognize the remaining estimated costs of closure and post closure care of \$4 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care at the end of 2006. The estimated life for the landfill is 7 years, with final closure in September 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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, 2006 the County had \$9 million in cash and investments held for these purposes. The amounts are reported as restricted cash and investment on the balance sheet.

**3. Discretely presented component unit – Three Rivers Regional Wastewater Authority (TRRWA)**

On June 1, 2006 Cowlitz County issued \$13,760,000 in Special Sewer Revenue Bonds for TRRWA construction improvements. TRRWA will pay the annual debt service to the County for these bonds.

Also two bond issues were issued by Cowlitz County for improvements to the Regional Wastewater Sewer Plant in 1994 and 2002. Both bond issues are paid by the users of the Regional Wastewater Plant consisting of the cities of Kelso, Longview and the Beacon Hill Sewer

District and Cowlitz County. The 2002 Special Revenue Refunding issue had insurance policy purchased when the users issued the bonds to insure payment of the debt in case of default. Should the users of the system not comply with the bond covenants the County will precede to cause such noncompliance to be corrected and take such actions, as it deems necessary, including seeking an order of specific performance from an appropriate court. In 2003 the County issued refunding bonds that refunded the 1994 bonds. The Regional Wastewater Plant now pays the primary government for their share of the 2003 refunding issue.

	<b>Debt Outstanding</b>
	<b>December 31, 2007</b>
\$35,400,000 <b>2002 Special Revenue Refunding Bonds</b> - issued September 5, 2002 to pay the costs of the Central Sewer’s portion of the County’s outstanding Limited Tax General Obligation Bonds-1999. Interest varies from 2.5% to 5.5% on principal installments of \$2.1 million to \$2.79 million through November 1, 2019. Revenues from user fees collected by the Cities of Kelso, Longview and Beacon Hill Sewer District will service the debt on this issue. Up front money provided by the Central Sewer has paid for an insurance policy to fund the debt in case of default by the users. The debt was issued in the County’s name; however, bond resolution legally transferred debt to Regional Wastewater Utility.	<b>\$ 25,780,000</b>

<b>Component Unit – Three Rivers Regional Wastewater Authority Notes Payable:</b>	
\$7,000,000 <b>1999 Public Works Trust Fund Loan</b> from State of Washington - \$6,300,000 issued August 23, 1999 and \$700,00 issued May 12, 2004.for improvements to the sewer facilities. Interest is 1% per annum with future annual principal payments of \$375,329 beginning June 30, 2005 through June 30, 2019.	<b>\$ 4,503,947</b>
\$3,000,000 <b>2001 Public Works Trust Fund Loan</b> from State of Washington - \$2,850,000 issued May 26, 2001 and \$150,00 issued May 10, 2004 for improvements to treatment plant. Interest is .05% per annum with future annual principal payments of \$158,333 beginning June 30, 2005 through June 2020 and 8,333 principal payments in June 2021.	<b>\$ 2,216,667</b>
\$510,00 <b>2006 Public Works Trust Fund Loan</b> from State of Washington - \$382,500 issued August 7, 2006 by TRRWA to replace two clarifiers and associated piping . Interest is .05% per annum with future annual principal payments of \$95,625 beginning June 30, 2008 through June 30, 2011.	<b>\$ 382,500</b>
\$776,287 <b>2006 City of Longview Loan to TRRWA</b> from Public Works Trust Fund Money received by City. \$750,000 received by TRRWA Sep 21, 2006. Interest is .05% per annum with future annual principal payments of \$187,500 beginning June 30, 2007 through June 30, 2010.	<b>\$ 735,429</b>

<b>Component Unit –Three Rivers Regional Wastewater Authority –Due to Primary Government</b>	<b>Debt Outstanding 12/31/2007</b>
\$13,760,000 from Cowlitz County that issued bonds on June 1, 2006 to provide construction improvements to the wastewater treatment plant. Interest varies from 4.25% to 5.25% with future principal payments of \$470,000 to \$1,090,000 beginning March 1, 2007 through March 1, 2025.	<b>\$13,290,000</b>
\$860,000 from Cowlitz County which issued bonds on July 8, 2003 to refund the 1994 Regional Wastewater Bonds of \$830,000. Interest varies from 2 to 3% on future principal payments of \$110,000 to \$130,000 through October 1, 2010.	<b>\$ 380,000</b>

Annual Debt Service for **Component Unit** –Three Rivers Regional Wastewater Authority follows:

<b>Discretely Presented Component Unit -Three Rivers Regional Wastewater Authority</b>						
	<b>Bonds*</b>		<b>Notes- Due State Wa &amp; City</b>		<b>Due to Primary Govt.</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2008	1,695,000	1,244,669	670,144	59,898	615,000	640,150
2009	1,745,000	1,191,700	670,145	55,099	635,000	615,775
2010	1,805,000	1,134,987	670,144	50,347	660,000	590,238
2011	1,870,000	1,069,556	670,145	45,595	555,000	563,281
2012	1,945,000	994,756	574,519	41,850	575,000	539,269
2013-2017	11,290,000	3,416,200	2,872,597	132,938	3,290,000	2,293,775
2018-2022	5,430,000	452,100	1,588,277	25,394	4,225,000	1,368,694
2023-2025			122,572	1,244	3,115,000	240,106
<b>Total</b>	<b>\$ 25,780,000</b>	<b>\$ 9,503,968</b>	<b>\$ 7,838,543</b>	<b>\$ 412,365</b>	<b>\$ 13,670,000</b>	<b>\$ 6,851,288</b>

\*Final Yr on Bond Pmts 2019

**Discretely Presented Component Unit – Public Facilities District**

On July 8, 2003 Cowlitz County issued \$6,465,000 of Limited Tax General Obligation Improvement Bonds to pay part of the costs of a regional convention center for the Public Facilities District that is currently under construction. Sales tax revenue that the Public Facilities District receives of .033 percent was imposed on March 20, 2002, which is a share of state sales tax collected, will help pay for the Limited General Obligation Bonds.

<b>Component Unit – Public Facilities Dist. –Due to Primary Government</b>	<b>Debt Outstanding December 31, 2007</b>
\$6,565,000 from Cowlitz County, that issued bonds on July 8, 2003 to provide funding for construction of a 39,000 square foot regional events conference/convention center. Interest varies from 2% to 4.35% on future principal payments of \$135,000 to \$490,000 through October 1, 2027.	<b>\$5,785,000</b>

Annual Debt service for the Component Unit – Public Facilities District follows:

<b>Component Unit -Public Facilities District</b>		
<b>Due to Primary Government</b>		
	<b>Principal</b>	<b>Interest</b>
2008	145,000	219,368
2009	160,000	215,743
2010	170,000	211,343
2011	180,000	206,243
2012	195,000	200,393
2013-2017	1,210,000	893,300
2018-2022	1,680,000	641,750
2023-2027	2,045,000	251,740
	<b>\$ 5,785,000</b>	<b>\$ 2,839,880</b>

**4. CHANGES IN LONG-TERM DEBT**

***Changes in Governmental Activities General Long Term Debt***

	<b>Balance 1/1/2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2007</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 18,970,000		(840,000)	\$ 18,130,000	\$ 705,000
Special Assessment Bonds with governmental commitment	2,215,000		(125,000)	2,090,000	120,000
Special Revenue Bonds	13,760,000		(470,000)	13,290,000	490,000
Less: deferred amounts:					
for issuance discounts	(222,401)		13,110	(209,291)	
for premium on 2005 issue	155,043		(9,211)	145,832	
on refunding on 2005 issue	(391,098)		139,700	(251,398)	
	<b>34,486,544</b>	<b>-</b>	<b>(1,291,401)</b>	<b>33,195,143</b>	<b>1,315,000</b>
Note Payable	-			-	-
Compensated Absences	2,493,005	2,391,279	(2,220,105)	2,664,179	
Comp. Absences - Int Svc.	154,571	119,100	(99,349)	174,322	
Claims/Judgements-Int Svc.	1,198,536	726,099	(487,883)	1,436,752	395,107
Total Gen'l Long-Term Debt	<b>\$ 38,332,656</b>	<b>\$ 3,236,478</b>	<b>\$ (4,098,738)</b>	<b>\$ 37,470,396</b>	<b>\$ 1,710,107</b>

In 2006 Cowlitz County issued \$13,760,000 in special sewer revenue bonds on behalf of Three Rivers Regional Wastewater Authority (TRRWA). TRRWA has pledged its net revenues for payment of the debt and constitutes a lien on the net revenues TRRWA. Also the bonds are further secured by a limited tax general obligation of the County.

- Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for the internal service funds at 12/31/07 consisting of claims payable of \$1,436,752 and compensated absences of \$174,322 are included in governmental activities changes in general long-term debt .

***Changes in Business Type Activities Long-Term Debt***

	<b>Balance 1/1/2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/07</b>	<b>Due Within One Year</b>
			\$ -		
Limited General Obligation Bonds	\$ 40,000		(20,000)	\$ 20,000	\$ 20,000
Less: deferred discount	(974)		486	(488)	
	39,026	-	(19,514)	19,512	20,000
Notes Payable State of Wa.	1,508,643		(94,854)	1,413,789	94,854
Compensated Absences	308,233	291,468	(266,887)	332,814	
Capital Lease	-		-	-	
Landfill Closure & Postclosure Care	8,898,456	835,014		9,733,470	
	<b>\$ 10,754,358</b>	<b>\$ 1,126,482</b>	<b>\$ (381,255)</b>	<b>\$ 11,499,585</b>	<b>114,854</b>

***Changes in Long-Term Debt Discrete Component Unit - (Three Rivers Regional Wastewater Authority)***

	<b>Balance 1/1/2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2007</b>	<b>Due Within One Year</b>
Limited General					
Obligation Bonds	\$ -			\$ -	
Special Revenue					
Refunding Bonds	27,425,000		(1,645,000)	25,780,000	1,695,000
Less: deferred amounts:					
for discounts	(4,508)		1,127	(3,381)	
for issuance costs	(2,608,215)		206,043	(2,402,172)	
for premium	1,507,354		(117,456)	1,389,898	
Total bonds payable	26,319,631	-	(1,555,286)	24,764,345	1,695,000
Notes Payable-Other Govts.	8,386,805	26,286	(574,548)	7,838,543	670,144
Due to Primary Government	14,265,000		(595,000)	13,670,000	615,000
Less: deferred amounts:					
for issuance	(201,743)		11,054	(190,689)	
for premiums	436,097		(23,896)	412,201	
Compensated Absences	159,367	125,460	125,134	159,693	
<b>Total Component Unit</b>	<b>\$ 49,365,157</b>	<b>\$ 151,746</b>	<b>\$ (2,612,542)</b>	<b>\$ 46,654,093</b>	<b>\$ 2,980,144</b>

***Changes in Long-Term Debt Component Unit (Public Facilities District)***

**CHANGES IN LONG-TERM DEBT COMPONENT UNIT (PUBLIC FACILITIES DISTRICT)**

	<b>Balance 1/1/2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2007</b>	<b>Due Within One Year</b>
Due to Primary Government	\$ 5,920,000		\$ (135,000)	\$ 5,785,000	\$ 145,000
Less deferred amounts:					
For issuance discounts	(97,869)		4,661	(93,208)	
Long Term Liabilities	5,822,131	-	(130,339)	5,691,792	145,000

**5. LEGAL DEBT MARGIN**

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

<u>PURPOSE OF INDEBTEDNESS</u>	<u>REMAINING CAPACITY</u>
General Government (No vote required)	\$ 90,190,769
General Government (Vote required)	\$ 174,892,805

**6. CAPITALIZED LEASES**

In government wide statement of net assets, capital lease purchases are recorded at present value at the time of acquisition with the associated liability. As of December 31, 2007 there are no capitalized leases with any outstanding balances owing.

**NOTE 10 – CONTINGENT LIABILITIES**

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

**NOTE 11 – SUBSEQUENT EVENT**

On July 15, 2008, the County entered into a loan agreement with Three Rivers Regional Wastewater Authority (TRRWA) for \$3,000,000 from the County's Solid Waste Fund so that the TRRWA may provide for the Reserve Requirement for Bonds issued by TRRWA by a deposit into the Reserve Account for the Bonds.

## **REQUIRED SUPPLEMENTAL INFORMATION**

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund-presents budget information, along with actual results, on separate statements for the General Fund and each major special revenue fund which had a legally adopted budget. Also, departmental information is included for the General Fund, in accordance with the County's legally adopted Budget.

**COWLITZ COUNTY, WASHINGTON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET(GAAP BASIS) AND ACTUAL**  
**Year Ended December 31, 2007**

	<b>2007</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<i>Revenues:</i>				
Taxes	\$ 21,198,113	\$ 21,871,061	\$ 21,362,052	\$ (509,009)
Licenses & Permits	1,720,852	1,813,457	1,843,488	30,031
Intergovernmental	5,513,951	5,665,179	6,141,172	475,993
Charges for services	5,767,085	5,811,418	6,548,704	737,286
Fines and forfeits	1,142,273	1,334,753	1,564,763	230,010
Interest	1,177,800	1,878,463	1,854,149	-24,314
Miscellaneous	407,053	412,731	438,631	25,900
<i>Total revenues</i>	<u>\$ 36,927,127</u>	<u>\$ 38,787,062</u>	<u>\$ 39,752,959</u>	<u>\$ 965,897</u>
<i>Expenditures:</i>				
General government	9,741,613	9,817,967	9,283,041	534,926
Public safety-corrections	9,120,024	9,129,396	8,304,778	824,618
Public safety-juvenile	3,386,365	3,477,971	3,223,333	254,638
Public safety-other	6,308,688	6,529,968	6,497,804	32,164
Judicial	5,520,554	5,943,148	5,402,508	540,640
Physical environ. (animal cont./soil cons.)	104,368	504,368	474,117	30,251
Economic environment	2,856,942	3,028,759	2,744,552	284,207
Transportation (airport)	19,000	19,000	19,000	-
Mental & physical health	447,067	447,067	424,579	22,488
Culture & recreation	829,302	845,980	707,826	138,154
Capital outlay	230,002	273,090	124,875	148,215
<i>Total Expenditures</i>	<u>38,563,925</u>	<u>40,016,714</u>	<u>37,206,413</u>	<u>2,810,301</u>
Excess (deficiency) of revenues over expenditures	<u>(1,636,798)</u>	<u>(1,229,652)</u>	<u>2,546,546</u>	<u>3,776,198</u>
<i>Other financial sources (uses):</i>				
Proceeds-sale fixed assets	415,000	420,678	166,675	(254,003)
Transfers In	-	1,000	1,000	-
Transfers (out)	(2,161,024)	(3,662,269)	(3,686,952)	(24,683)
<i>Total Other financial sources (uses):</i>	<u>(1,746,024)</u>	<u>(3,240,591)</u>	<u>(3,519,277)</u>	<u>(278,686)</u>
Net change in fund balances	(3,382,822)	(4,470,243)	(972,731)	3,497,512
Prior Period Adjustments				-
Fund balance, January 1	7,955,946	8,649,050	9,834,130	1,185,080
Fund balance, December 31	<u>\$ 4,573,124</u>	<u>\$ 4,178,807</u>	<u>\$ 8,861,399</u>	<u>\$ 4,682,592</u>

**COWLITZ COUNTY, WASHINGTON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE - BUDGET AND ACTUAL**  
Year Ended December 31, 2007

	<b>Budgeted Amounts-2007</b>		<b>2007 Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
General property taxes	\$ 14,295,093	\$ 14,295,093	\$ 13,959,145	\$ (335,948)
Timber harvest taxes	590,000	590,000	721,456	131,456
Retail sales and use tax	4,681,800	5,354,748	5,311,974	-42,774
Excise and other taxes	335,950	335,950	419,679	83,729
Penalties and interest on delinquent taxes	1,295,270	1,295,270	949,798	-345,472
<i>Total Taxes</i>	<u>21,198,113</u>	<u>21,871,061</u>	<u>21,362,052</u>	<u>-509,009</u>
Business licenses & permits	183,703	201,703	224,560	22,857
Marriage licenses	19,687	19,687	21,390	1703
Permits	1,517,462	1,592,067	1,597,538	5,471
<i>Total Licenses &amp; Permits</i>	<u>1,720,852</u>	<u>1,813,457</u>	<u>1,843,488</u>	<u>30,031</u>
Federal grants - direct	23,510	23,510	124,747	101,237
Federal payment lieu of taxes	7,377	7,377	7,647	270
Federal grants - indirect	593,639	593,639	587,225	-6,414
State grants	1,079,235	1,185,754	1,115,433	-70,321
State shared revenue-PUD privilege	945,300	990,009	1,125,656	135,647
State shared revenue-other			88,709	88,709
Entitlement and impact payments	1,060,050	1,060,050	1,332,579	272,529
Intergovernmental service revenue	1,804,840	1,804,840	1,759,176	-45,664
<i>Total intergovernmental</i>	<u>5,513,951</u>	<u>5,665,179</u>	<u>6,141,172</u>	<u>475,993</u>
General government fees	1,416,512	1,425,012	1,485,585	60,573
Public safety	2,439,626	2,439,626	2,953,811	514,185
Judicial	572,957	572,957	617,816	44,859
Transportation	23,500	23,500	24,329	829
Economic environment	1,264,490	1,300,323	1,422,045	121,722
Mental & physical health	1,000	1,000	827	-173
Culture & recreation	49,000	49,000	44,291	-4,709
<i>Total charges for services</i>	<u>5,767,085</u>	<u>5,811,418</u>	<u>6,548,704</u>	<u>737,286</u>
<i>Fines and forfeits</i>	1,142,273	1,334,753	1,564,763	230,010
<i>Interest earnings</i>	1,177,800	1,878,463	1,854,149	-24,314
Rents and royalties	354,601	360,279	314,582	-45,697
Other revenues	52,452	52,452	124,049	71,597
<i>Total miscellaneous</i>	<u>407,053</u>	<u>412,731</u>	<u>438,631</u>	<u>25,900</u>
<b>TOTAL REVENUES</b>	<b>\$ 36,927,127</b>	<b>\$ 38,787,062</b>	<b>\$ 39,752,959</b>	<b>\$ 965,897</b>

**COWLITZ COUNTY, WASHINGTON  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended December 31, 2007**

	<b>Budgeted Amounts</b>		<b>2007 Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>2007 ORIGINAL</b>	<b>2007 FINAL</b>		
<i>General Government</i>				
Boundary Review	\$ 20,880	\$ 20,880	\$ 17,661	\$ 3,219
Commissioners	588,889	588,889	535,611	53,278
Board of Equalization	4,976	4,976	1,325	3,651
Treasurer	652,722	652,722	627,664	25,058
Auditor	892,184	935,348	906,506	28,842
Assessor	1,347,081	1,398,081	1,313,337	84,744
Courthouse Facilitator	47,989	53,583	50,845	2,738
Prosecuting Attorney	1,942,594	1,942,594	1,877,042	65,552
Prosecuting Attorney-Diversion Prog.	14,297	14,297	12,629	1,668
Child Support Services	532,122	539,952	534,757	5,195
Administrative Services	767,566	767,566	682,474	85,092
Civil Service Commission	17,107	17,107	15,764	1,343
Facilities Maintenance	1,988,134	1,956,900	1,847,328	109,572
Non-Dept. - Severance Pay	263,776	263,776	219,097	44,679
Non-Dept. - Insurance & Deductibles	347,341	347,341	266,091	81,250
Non-Dept. - Other	313,955	313,955	374,910	(60,955)
<b>Total General Government</b>	<b>9,741,613</b>	<b>9,817,967</b>	<b>9,283,041</b>	<b>534,926</b>
<i>Public Safety</i>				
Jail	7,273,425	7,275,825	6,571,107	704,718
Offender Services	1,185,826	1,185,826	1,080,085	105,741
Jail Concessions	126,625	126,625	116,240	10,385
Probation Services	534,148	541,120	537,346	3,774
<b>Public Safety - Corrections Total</b>	<b>9,120,024</b>	<b>9,129,396</b>	<b>8,304,778</b>	<b>824,618</b>
<b>Public Safety - Juvenile-Detention &amp; Probation</b>	<b>3,386,365</b>	<b>3,477,971</b>	<b>3,223,333</b>	<b>254,638</b>
<i>Public Safety - Sheriff &amp; Sheriff Extradition</i>				
Non-Dept. - 911 Communications	5,257,813	5,479,093	5,449,645	29,448
Non-Dept. - Law Enforcement Records	532,498	532,498	535,419	(2,921)
Non-Dept. - Dept of Emerg Mgt	425,916	425,916	423,085	2,831
Non-Dept. - Fire District No. 2	89,725	89,725	89,655	70
Non-Dept. - Fire District No. 2	2,736	2,736	0	2,736
<b>Total Public Safety-Other</b>	<b>6,308,688</b>	<b>6,529,968</b>	<b>6,497,804</b>	<b>32,164</b>
<i>Judicial</i>				
Superior Court	2,175,763	2,184,543	1,849,257	335,286
Office of Public Defense	560,952	847,892	773,260	74,632
District Justice Court	1,417,081	1,532,790	1,465,967	66,823
Clerk	1,072,545	1,082,575	1,019,139	63,436
Family Court	294,213	295,348	294,885	463
<b>Total Judicial</b>	<b>5,520,554</b>	<b>5,943,148</b>	<b>5,402,508</b>	<b>540,640</b>
<i>Physical and Economic Environment</i>				
Building & Planning	2,770,054	2,941,871	2,655,362	286,509
St Helens Recovery		400,000	379,888	20,112
Non-Dept. - Animal Control	103,118	103,118	93,118	10,000
Non-Dept. - Soil Conservation/Nat. Resources	1,250	1,250	1,111	139
Non-Dept. - Council of Govts.	70,888	70,888	73,190	(2,302)
Non-Dept. - Econ. Dev. Council	16,000	16,000	16,000	-
<b>Total Physical and Economic Environment</b>	<b>2,961,310</b>	<b>3,533,127</b>	<b>3,218,669</b>	<b>314,458</b>
<b>Transportation-Airport</b>	<b>19,000</b>	<b>19,000</b>	<b>19,000</b>	<b>-</b>
<i>Physical Health</i>				
Coroner	317,228	317,228	303,918	13,310
Drug Court Grant Program	129,839	129,839	120,661	9,178
<b>Total Physical Health</b>	<b>447,067</b>	<b>447,067</b>	<b>424,579</b>	<b>22,488</b>
<i>Culture &amp; Recreation</i>				
WSU Extension	149,523	149,523	123,401	26,122
Museum	107,888	108,888	100,690	8,198
Park & Recreation	571,891	587,569	483,735	103,834
<b>Total Culture &amp; Recreation</b>	<b>829,302</b>	<b>845,980</b>	<b>707,826</b>	<b>138,154</b>
<i>Capital Outlays</i>				
<b>TOTAL EXPENDITURES</b>	<b>230,002</b>	<b>273,090</b>	<b>124,875</b>	<b>148,215</b>
<b>Other Financial (Uses)</b>	<b>\$ 38,563,925</b>	<b>\$ 40,016,714</b>	<b>\$ 37,206,413</b>	<b>\$ 2,810,301</b>
<i>Operating Transfers Out:</i>				
Auditor to Auditor O&M	30,000	38,500	34,626	3,874
Drug Task Force	53,544	53,544	53,544	-
Human Services				-
Community Mental Health	13,639	13,639	13,639	-
Health Department	525,725	525,725	525,725	-
Expo Center	176,318	206,318	206,318	-
Election Reserve	258,844	231,589	231,589	-
Geographic Information Systems	317,954	317,954	317,954	-
Benefits Administration	200,000	200,000	200,000	-
Purchasing Services	60,000	60,000	60,000	-
Capital Improvement Fund	500,000	2,000,000	2,000,000	-
Road Fund - Weed control	15,000	15,000	43,557	(28,557)
Parks Grant Program	10,000	-	-	-
<b>Total Other Financial (Uses)</b>	<b>2,161,024</b>	<b>3,662,269</b>	<b>3,686,952</b>	<b>(24,683)</b>
<b>TOTAL EXPENDITURES &amp; OTHER FINANCIAL (Uses)</b>	<b>\$ 40,724,949</b>	<b>\$ 43,678,983</b>	<b>\$ 40,893,365</b>	<b>\$ 2,785,618</b>

**COWLITZ COUNTY, WASHINGTON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**

	<i>County Road</i>			
	2007			
	<u>Budgeted Amounts</u>		<u>Actual Amt</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amt</u>	<u>Final Budget -</u>
<b><u>Revenues:</u></b>				
Taxes	\$ 8,246,553	\$ 8,246,553	8,604,539	\$ 357,986
Licenses and permits				
Intergovernmental	21,987,727	21,987,727	10,322,023	(11,665,704)
Charges for services	63,500	63,500	84,459	20,959
Interest	200,000	200,000	131,083	(68,917)
Miscellaneous	452,500	452,500	536,892	84,392
<i>Total revenues</i>	30,950,280	30,950,280	19,678,996	(11,271,284)
<b><u>Expenditures:</u></b>				
General government				
Public safety				
Physical environment				
Transportation	12,453,945	12,453,945	10,060,846	2,393,099
Economic environment				
Mental & physical health				
Culture & recreation				
Capital outlays	19,933,200	19,933,200	8,625,826	11,307,374
Debt service interest				
<i>Total expenditures</i>	32,387,145	32,387,145	18,686,672	13,700,473
Excess(deficiency) of revenues over expenditures	(1,436,865)	(1,436,865)	992,324	2,429,189
<b><u>Other financing sources (uses):</u></b>				
Capital leases				
Sale of capital assets	250,000	250,000	196,606	(53,394)
Transfers in	1,027,000	1,027,000	43,138	(983,862)
Transfers (out)			-	
<i>Total other financing sources (uses)</i>	1,277,000	1,277,000	239,744	(1,037,256)
Net change in fund balances	(159,865)	(159,865)	1,232,068	1,391,933
Fund balance, January 1	3,050,000	3,050,000	5,199,373	2,149,373
Prior period adjustments				
<i>Fund balance December 31</i>	\$ 2,890,135	\$ 2,890,135	\$ 6,431,441	\$ 3,541,306

**COWLITZ COUNTY, WASHINGTON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**

<i>Community Mental Health</i>				
2007				
	<u>Budgeted Amounts</u>		<u>Actual Amt</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Intergovernmental	\$ 9,740,135	\$ 9,740,135	\$ 10,158,187	\$ 418,052
Charges for services				
Fines & forfeits				
Interest	45,000	45,000	115,695	70,695
Miscellaneous	2,500	2,500	1,742	(758)
<i>Total revenues</i>	9,787,635	9,787,635	10,275,624	487,989
<b><u>Expenditures:</u></b>				
Mental & physical health	10,227,929	10,227,929	9,790,579	437,350
<i>Total expenditures</i>	10,227,929	10,227,929	9,790,579	437,350
Excess(deficiency) of revenues over expenditures	(440,294)	(440,294)	485,045	925,339
<b><u>Other financing sources (uses):</u></b>				
Transfers in	13,639	13,639	13,639	-
<i>Total other financing sources (uses)</i>	13,639	13,639	13,639	-
Net change in fund balances	(426,655)	(426,655)	498,684	925,339
Fund balance, January 1	426,655	426,655	1,726,127	1,299,472
Prior period adjustments				-
<i>Fund balance December 31</i>	\$ -	\$ -	\$ 2,224,811	\$ 2,224,811

## **Non-Major Special Revenue Funds**

These funds account for revenues derived from specific taxes, grants, or other sources, which are designated to finance particular activities of Cowlitz County. The county's twenty-one special revenue funds with descriptions are as follows:

**Paths and Trails** – a fund for the development of paths and trails in the county pursuant to RCW 47.30. Revenue is from required 1/2 of 1% of motorized fuel funds received.

**Stormwater** – fund established for development of a stormwater management plan in compliance with Federal Law (the Clean Water Act) for areas surrounding the Kelso-Longview urban area including educating the public on illegal discharges, reducing pollutants entering the storm drainage system through inspections and an enforcement strategy.

**Building and Planning** – A fund to accumulate building permit revenues and account for programs providing enforcement of building, plumbing, mechanical, and zoning codes; and comprehensive planning services; fire prevention and investigation.

**Noxious Weed** – A fund established to levy and use tax assessments and inter-governmental revenues to control noxious weeds.

**Stadium/Convention Center** – a fund established pursuant to RCW 67.28 to account for monies received from the motel/hotel transient tax of which 2% is restricted to construction or operation of stadium, convention or performing arts center facilities or to pay for distributing information to promote tourism.

**Superior Court Law Library** – a fund to acquire and maintain the county's law library.

**Veterans Relief** – a fund to finance emergency financial assistance to veterans and their surviving spouses.

**Graphic Information Systems** – a fund that provides a computerized mapping system for the county area.

**Human Services** – a fund to pay for county employees for the administration and services for mental health, substance abuse, and developmental disabilities.

**Health Department** - a fund to provide for enforcement of state rules promulgated by the state board of health and secretary of health; supervise the maintenance of health and sanitary measures for the protection of public health; and provide for the control and prevention of any dangerous, contagious or infectious diseases within the jurisdiction of the local health department.

**Treasurer's Operation and Maintenance** – a fund to account for costs of foreclosure, and the recovery of foreclosure costs.

**Auditor's Operation and Maintenance** – a fund established pursuant to RCW 36.22.170 to account for the preservation, recording, and indexing of historical documents financed by a document-recording surcharge.

**Prosecuting Attorney Victim Witness** – program to encourage and facilitate testimony by victims of crimes and witnesses to crimes and to assist victims in the restitution and adjudication process.

**Tourism Development** – a fund established to promote tourism in the county. Some of the funding comes from a 2% excise tax on hotels, motels and trailer camps used for temporary lodging. Funds also provide for capital outlay related to tourism.

**Drug Task Force** – a fund to account for federal grant monies spent controlling drug traffic.

**Boat Safety** – a fund to account for a portion of vessel registration fees collected and redistributed by the state for county boating safety education and enforcement.

**Cowlitz County Drug Fund** – a fund to account for money received from criminal defendants on court orders to contribute to the fund used for the investigation and or prosecution of suspected drug-related offenses.

**Affordable Housing** – a fund established per state law codified in RCW 36.22.178 from a surcharge on each document recorded in the county auditor's office. The funds are for use by the county and cities within the county for housing projects or units within housing projects for the low income.

**Low Income Housing and O&M** – a fund established for the counties share of the revenues from RCW 36.22.178 from the surcharge on each document recorded in the county auditor's office. The funds are for use by the county for housing projects, units within housing projects for the low income, operating costs for emergency shelters, and rental assistance.

**Law & Justice Funding** – funds are for criminal justice purposes and currently are used to help pay for additional law and justice employees. Revenue comes from a one tenth of 1% sales tax that became effective April 1, 2005.

**Benefits Administration** – fund provides health care benefits to county sheriff employees hired prior to October 1, 1977. It pays for all medical bills of those retirees including Medicare B Premiums. And it pays any medical expenses of the active sheriff employees that were hired prior to October 1977 that the employer provided medical insurance does not cover. Also, it provides for the salary of the disability board secretary.

**Cumulative Reserve** – a fund established for emergencies, purchases, public works and improvements, bond payments and grants.

**Cowlitz County, Washington  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2007**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,491,675	\$ -	\$ 1,491,675
Investments	3,623,008	-	3,623,008
Taxes receivable	12,097		12,097
Accounts receivable	58,874		58,874
Interest receivable	19,879		19,879
Due from other funds	253		253
Prepaid Expense	6,350		6,350
Due from other Governments	339,414	3,305,000	3,644,414
Restricted Cash Deposits	33,493		33,493
<i>Total Assets</i>	5,585,043	3,305,000	8,890,043
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities</i>			
Accounts payable	157,998		157,998
Retainage payable	-		-
Due to other funds	121,709		121,709
Due to other governments	14,368		14,368
Other Accrued Liabilities	274,894		274,894
Customer Deposits-Confiscated	33,493	-	33,493
<i>Total liabilities</i>	602,462	-	602,462
<i>Fund Balances</i>			
Reserved for interfund loans	-		-
Reserved for long-term loans receivable		3,305,000	3,305,000
Unreserved fund balance	4,982,581	-	4,982,581
<i>Total fund balance</i>	4,982,581	3,305,000	8,287,581
<i>Total liabilities and fund balances</i>	\$ 5,585,043	\$ 3,305,000	\$ 8,890,043

**Cowlitz County, Washington**  
**Combining Statement of Revenues, Expenditures & Changes Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2007**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>Revenues:</u></b>			
Taxes	\$ 1,397,292	\$ -	\$ 1,397,292
Licenses & permits	257,553		257,553
Intergovernmental	2,485,959		2,485,959
Charges for services	825,233		825,233
Fines & forfeits	160,782		160,782
Special assessments		-	
Interest	164,806	-	164,806
Miscellaneous	285,588	178,825	464,413
<i>Total revenues</i>	5,577,213	178,825	5,756,038
<b><u>Expenditures:</u></b>			
General government	605,498		605,498
Public safety	1,848,113		1,848,113
Physical environment	23,199		23,199
Transportation	318		318
Economic environment	386,027		386,027
Mental & physical health	3,096,758		3,096,758
Culture & recreation	218,920		218,920
Capital outlays	75,625		75,625
Deb service - principal		320,000	320,000
Debt service -interest	-	561,104	561,104
<i>Total expenditures</i>	6,254,458	881,104	7,135,562
Excess (deficiency) of revenues over expenditures	(677,245)	(702,279)	(1,379,524)
<b><u>Other financing sources (uses):</u></b>			
Bond proceeds	-	-	-
Premium on refunding bonds		-	-
Payment to refunded bond escrow		-	-
Sale of capital assets	3,483		3,483
Transfers in	1,226,576	702,276	1,928,852
Transfers (out)	(328,335)	-	(328,335)
<i>Total other financing sources (uses)</i>	901,724	702,276	1,604,000
Net Change in Fund Balances	224,479	(3)	224,476
Fund balance, January 1	4,758,102	3,305,000	8,063,102
Prior period adjustment	-		-
<i>Fund Balance, December 31</i>	\$ 4,982,581	\$ 3,304,997	\$ 8,287,578

Cowlitz County, Washington  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2007

	<u>Paths &amp; Trails</u>	<u>Stormwater</u>	<u>Noxious Weed</u>	<u>Bldg &amp; Planning</u>	<u>Stadium-Convention Center</u>	<u>Superior Court Law Library</u>	<u>Veterans Relief</u>	<u>Graphic Information Systems</u>	<u>Human Services</u>	<u>Health Dept.</u>	<u>Treasurer's Oper. &amp; Mfce.</u>	<u>Auditor's Oper. &amp; Mfce.</u>
Cash and petty cash	\$ 7,311	\$ 5,211	\$ 1,627		\$ 6,007	\$ 114,616	\$ 13,603	\$ 285,362	\$ 52,185	\$ 447,799	\$ 6,284	\$ 17,913
Investments-cash equivalents	158,000	57,100	139,700				233,000	40,000	150,000	300,000	202,302	270,000
Taxes receivable				30,639			3,755		8,342	28,235		
Accounts receivable	593	214	524				856	135	405	2,111	4,672	1,477
Interest receivable										253		
Due from other funds										6,350		
Prepaid Expense									46,045	258,903		
Due from other governments												
Restricted Cash Deposits												
<b>Total assets</b>	<b>\$ 165,904</b>	<b>\$ 62,525</b>	<b>\$ 141,851</b>	<b>\$ 30,639</b>	<b>\$ 6,007</b>	<b>\$ 114,616</b>	<b>\$ 251,214</b>	<b>\$ 325,497</b>	<b>\$ 256,977</b>	<b>\$ 1,043,651</b>	<b>\$ 213,258</b>	<b>\$ 289,390</b>

**Liabilities**

Accounts Payable	\$ 10,897					\$ 7,813	\$ 2,628	\$ 4,560	\$ 10,826	\$ 36,955		\$ 153
Retainage payable												
Due to other funds	175	287					10	316	359			
Due to other governments									14,368			
Other accrued liabilities		1,032				640	3,756	20,188	74,057	123,474		1,702
Customer Deposits-Confiscated												
<b>Total liabilities</b>	<b>175</b>	<b>12,216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,453</b>	<b>6,394</b>	<b>25,064</b>	<b>99,610</b>	<b>160,429</b>	<b>-</b>	<b>1,855</b>

**Fund Balances**

Reserved for interfund loans												
Unreserved fund balance	165,729	50,309	141,851	30,639	6,007	106,163	244,820	300,433	157,367	883,222	213,258	287,535
<b>Total fund balance</b>	<b>165,729</b>	<b>50,309</b>	<b>141,851</b>	<b>30,639</b>	<b>6,007</b>	<b>106,163</b>	<b>244,820</b>	<b>300,433</b>	<b>157,367</b>	<b>883,222</b>	<b>213,258</b>	<b>287,535</b>
<b>Total liabilities and fund balance</b>	<b>\$ 165,904</b>	<b>\$ 62,525</b>	<b>\$ 141,851</b>	<b>\$ 30,639</b>	<b>\$ 6,007</b>	<b>\$ 114,616</b>	<b>\$ 251,214</b>	<b>\$ 325,497</b>	<b>\$ 256,977</b>	<b>\$ 1,043,651</b>	<b>\$ 213,258</b>	<b>\$ 289,390</b>

Cowlitz County, Washington  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2007

	PA Victim Witness	Tourism Develop	Drug Task Force	Boat Safety	County Drug	Affordable Housing	Low Income Housing	Law & Justice Funding	Benefits Admin.	Cumulative Reserve	2007 Total
<b>Assets</b>											
Cash and petty cash	\$ 164,252	\$ 8,223	\$ 45,318	\$ 15,355	\$ 73,196	\$ 5,814	\$ 9,892	\$ 149,440	\$ 54,868	\$ 7,399	\$ 1,491,675
Investments-cash equivalents		50,065	425,000		133,841		375,000	275,000	775,000	39,000	3,623,008
Taxes receivable											12,097
Accounts receivable											58,874
Interest receivable											19,879
Due from other funds		352	1,594		1,440		1,401	1,014	2,948	143	253
Prepaid Expense											6,350
Due from other governments			\$ 34,466								339,414
Restricted Cash Deposits			33,493								33,493
<b>Total assets</b>	<b>\$ 164,252</b>	<b>\$ 58,640</b>	<b>\$ 539,871</b>	<b>\$ 15,355</b>	<b>\$ 73,196</b>	<b>\$ 141,095</b>	<b>\$ 386,293</b>	<b>\$ 425,454</b>	<b>\$ 832,816</b>	<b>\$ 46,542</b>	<b>\$ 5,585,043</b>
<b>Liabilities</b>											
Accounts payable	\$ 1,117	\$ 8,080	\$ 31,593				\$ 7,886	\$ 7,233	\$ 28,257		\$ 157,998
Retainage payable											-
Due to other funds	718		709					119,112	23		121,709
Due to other governments											14,368
Other accrued liabilities	8,607	959	7,050					32,971	458		274,894
Customer Deposits-Confiscated			33,493								33,493
<b>Total liabilities</b>	<b>10,442</b>	<b>9,039</b>	<b>72,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,886</b>	<b>159,316</b>	<b>28,738</b>	<b>-</b>	<b>602,462</b>
<b>Fund Balances</b>											
Reserved for interfund loans											-
Unreserved fund balance	153,810	49,601	467,026	15,355	73,196	141,095	378,407	266,138	804,078	46,542	4,982,581
<b>Total fund balance</b>	<b>153,810</b>	<b>49,601</b>	<b>467,026</b>	<b>15,355</b>	<b>73,196</b>	<b>141,095</b>	<b>378,407</b>	<b>266,138</b>	<b>804,078</b>	<b>46,542</b>	<b>4,982,581</b>
<b>Total liabilities and fund balance</b>	<b>\$ 164,252</b>	<b>\$ 58,640</b>	<b>\$ 539,871</b>	<b>\$ 15,355</b>	<b>\$ 73,196</b>	<b>\$ 141,095</b>	<b>\$ 386,293</b>	<b>\$ 425,454</b>	<b>\$ 832,816</b>	<b>\$ 46,542</b>	<b>\$ 5,585,043</b>

**COWLITZ COUNTY, WASHINGTON**  
**Combining Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2007**

	<u>Paths &amp; Trails</u>	<u>Stormwater</u>	<u>Noxious Weed</u>	<u>Bldg. &amp; Planning</u>	<u>Conven- tion Center</u>	<u>Superior Court Library</u>	<u>Veterans Relief</u>	<u>Graphic Information System</u>	<u>Human Services</u>	<u>Health Dept.</u>	<u>Treasurer's Oper. &amp; Mctce.</u>	<u>Auditor's Oper. &amp; Mctce.</u>
<b>Revenues:</b>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 33,377	\$ -	\$ 90,925	\$ -	\$ 202,056	\$ -	\$ -	\$ -
Licenses & permits	-	-	-	30,224	-	-	-	-	227,329	-	-	-
Intergovernmental	57,860	-	-	-	-	-	604	-	423,943	1,351,391	-	88,714
Charges for services	-	-	-	415.00	-	53,813	-	20,063	-	156,651	19,923	82,030
Fines & forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Interest	6,074	2,978	2,541	-	-	-	9,489	5,138	13,086	5,782	10,767	9,785
Miscellaneous	-	-	139,310	-	-	-	176	-	1,506	80,708	-	466
<b>Total revenues</b>	<b>63,934</b>	<b>2,978</b>	<b>141,851</b>	<b>30,639</b>	<b>33,377</b>	<b>53,813</b>	<b>101,194</b>	<b>25,201</b>	<b>640,591</b>	<b>1,821,861</b>	<b>30,690</b>	<b>180,995</b>
<b>Expenditures:</b>												
General government	-	-	-	-	-	69,163	-	292,924	-	-	15,079	98,393
Public safety-other	-	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	23,199	-	-	-	-	-	-	-	-	-	-
Transportation	318	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	39,123	-	-	-	-	-
Mental & physical health	-	-	-	-	-	-	-	-	815,559	2,281,199	-	-
Culture & recreation	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	64,057
Debt service -interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>318</b>	<b>23,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,163</b>	<b>39,123</b>	<b>292,924</b>	<b>815,559</b>	<b>2,281,199</b>	<b>15,079</b>	<b>162,450</b>
Excess (deficiency) of revenues over expenditures	63,616	(20,221)	141,851	30,639	33,377	(15,350)	62,071	(267,723)	(174,968)	(459,338)	15,611	18,545
<b>Other financing sources (uses):</b>												
Capital leases	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	1,081	-	2,402	-	-	-
Transfers in	-	-	-	-	-	-	-	317,954	-	525,725	-	34,626
Transfers (out)	-	-	-	-	(32,030)	-	(2,600)	-	-	-	-	(42,084)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,030)</b>	<b>-</b>	<b>(1,519)</b>	<b>317,954</b>	<b>2,402</b>	<b>525,725</b>	<b>-</b>	<b>(7,458)</b>
<b>Net Change in Fund Balances</b>	<b>63,616</b>	<b>(20,221)</b>	<b>141,851</b>	<b>30,639</b>	<b>1,347</b>	<b>(15,350)</b>	<b>60,552</b>	<b>50,231</b>	<b>(172,566)</b>	<b>66,387</b>	<b>15,611</b>	<b>11,087</b>
Fund balance, January 1	102,113	70,530	-	-	4,660	121,513	184,268	250,202	329,933	816,835	197,647	276,448
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Balance, December 31</b>	<b>\$ 165,729</b>	<b>\$ 50,309</b>	<b>\$ 141,851</b>	<b>\$ 30,639</b>	<b>\$ 6,007</b>	<b>\$ 106,163</b>	<b>\$ 244,820</b>	<b>\$ 300,433</b>	<b>\$ 157,367</b>	<b>\$ 883,222</b>	<b>\$ 213,258</b>	<b>\$ 287,535</b>

**COWLITZ COUNTY, WASHINGTON**  
**Combining Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2007**

	P.A.	Tourism Develop.	Drug Task Force	Boat Safety	County Drug	Affordable Housing	Low Income Housing	Law & Justice Funding	Benefits Admin.	Cumulative Reserve	Total 2007
<b>Revenues:</b>											
Taxes	\$ -	\$ 144,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 782,844	\$ -	\$ 144,045	\$ 1,397,292
Licenses & permits	-	-	-	-	-	-	-	-	-	-	257,553
Intergovernmental	18,256	-	501,751	43,440	-	-	-	-	-	-	2,485,959
Charges for services	108,382	-	-	-	-	150,229	233,727	-	-	-	825,233
Fines & forfeits	2,431	-	143,691	-	14,660	-	-	-	-	-	160,782
Interest	-	1,434	20,846	-	107	3,258	15,884	14,044	42,677	916	164,806
Miscellaneous	5,476	38,930	5,987	-	-	-	-	-	1,081	11,948	285,588
<b>Total revenues</b>	<b>134,545</b>	<b>184,409</b>	<b>672,275</b>	<b>43,440</b>	<b>14,767</b>	<b>153,487</b>	<b>249,611</b>	<b>796,888</b>	<b>43,758</b>	<b>156,909</b>	<b>5,577,213</b>
<b>Expenditures:</b>											
General government	129,939	-	-	-	-	-	-	-	-	-	605,498
Public safety	-	-	608,268	43,243	-	-	-	912,870	283,732	-	1,848,113
Physical environment	-	-	-	-	-	-	-	-	-	-	23,199
Transportation	-	-	-	-	-	-	-	-	-	-	318
Economic environment	-	-	-	-	-	87,089	259,815	-	-	-	386,027
Mental & physical health	-	-	-	-	-	-	-	-	-	-	3,096,758
Culture & recreation	-	203,920	-	-	-	-	-	-	-	15,000	218,920
Capital outlays	-	-	11,568	-	-	-	-	-	-	-	75,625
Debt service interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>129,939</b>	<b>203,920</b>	<b>619,836</b>	<b>43,243</b>	<b>-</b>	<b>87,089</b>	<b>259,815</b>	<b>912,870</b>	<b>283,732</b>	<b>15,000</b>	<b>6,254,458</b>
Excess (deficiency) of revenues over expenditures	4,606	(19,511)	52,439	197	14,767	66,398	(10,204)	(115,982)	(239,974)	141,909	(677,245)
<b>Other financing sources (uses):</b>											
Capital leases	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	3,483
Transfers in	-	16,015	53,544	-	-	-	78,712	-	200,000	-	1,226,576
Transfers (out)	-	-	-	-	-	(78,712)	-	(21,852)	-	(151,057)	(328,335)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>16,015</b>	<b>53,544</b>	<b>-</b>	<b>-</b>	<b>(78,712)</b>	<b>78,712</b>	<b>(21,852)</b>	<b>200,000</b>	<b>(151,057)</b>	<b>901,724</b>
<b>Net Change in Fund Balances</b>	<b>4,606</b>	<b>(3,496)</b>	<b>105,983</b>	<b>197</b>	<b>14,767</b>	<b>(12,314)</b>	<b>68,508</b>	<b>(137,834)</b>	<b>(39,974)</b>	<b>(9,148)</b>	<b>224,479</b>
Fund balance, January 1	149,204	53,097	361,043	15,158	58,429	153,409	309,899	403,972	844,052	55,690	4,758,102
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Balance, December 31</b>	<b>\$ 153,810</b>	<b>\$ 49,601</b>	<b>\$ 467,026</b>	<b>\$ 15,355</b>	<b>\$ 73,196</b>	<b>\$ 141,095</b>	<b>\$ 378,407</b>	<b>\$ 266,138</b>	<b>\$ 804,078</b>	<b>\$ 46,542</b>	<b>4,982,581</b>

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<u>Paths &amp; Trails</u>		Variance with Final Budget - Positive (Negative)	<u>Stormwater</u>		Variance with Final Budget - Positive (Negative)
	<u>Budgeted Amounts</u> Original	<u>Final</u> Amounts		<u>Budgeted Amounts</u> Original	<u>Final</u> Amounts	
<b><u>Revenues:</u></b>						
Taxes						
Licenses and permits						
Intergovernmental	61,562	61,562	57,860	75,000	75,000	(75,000)
Charges for services						
Fines & forfeits	4,500	4,500	6,074	1,000	1,000	1,978
Interest						
Miscellaneous						
<i>Total revenues</i>	66,062	66,062	63,934	76,000	76,000	(73,022)
<b><u>Expenditures:</u></b>						
General government						
Public safety						
Physical environment				101,560	101,560	78,361
Transportation	20,000	20,000	318			
Economic environment						
Mental & physical health						
Culture & recreation						
Capital outlays						
Debt service interest						
<i>Total expenditures</i>	20,000	20,000	318	101,560	101,560	78,361
Excess(deficiency) of revenues over expenditures	46,062	46,062	63,616	(25,560)	(25,560)	5,339
<b><u>Other financing sources (uses):</u></b>						
Capital leases						
Sale of capital assets						
Transfer in						
Transfer (out)						
<i>Total other financing sources (uses)</i>	-	-	-	-	-	-
Net change in fund balances	46,062	46,062	63,616	(25,560)	(25,560)	5,339
Fund balance, January 1	101,650	101,650	102,113	60,000	60,000	10,530
Prior period adjustments						
<i>Fund balance December 31</i>	147,712	147,712	165,729	34,440	34,440	15,869

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<i>Noxious Weed Program</i>			<i>Stadium-Convention Center</i>			
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b><u>Revenues:</u></b>							
Taxes				27,675	27,675	33,377	5,702
Licenses and permits			2,541				
Intergovernmental			139,310				
Charges for services			\$ 1,310				
Fines & forfeits							
Interest							
Capital Assessments			\$ 3,851				
<i>Total revenues</i>	138,000	138,000	141,851	27,675	27,675	33,377	5,702
<b><u>Expenditures:</u></b>							
General government							
Public safety							
Physical environment							
Transportation							
Economic environment							
Mental & physical health							
Culture & recreation							
Capital outlays							
Debt service interest							
<i>Total expenditures</i>							
Excess(deficiency) of revenues over expenditures	138,000	138,000	141,851	27,675	27,675	33,377	5,702
<b><u>Other financing sources (uses):</u></b>							
Capital leases							
Sale of capital assets							
Transfer in	15,000	15,000	-	(32,030)	(32,030)	(32,030)	-
Transfer (out)				(32,030)	(32,030)	(32,030)	-
<i>Total other financing sources (uses)</i>	15,000	15,000	-	(4,355)	(4,355)	1,347	5,702
Net change in fund balances	153,000	153,000	141,851	4,355	4,355	4,660	305
Fund balance, January 1	0	0	0				
Prior period adjustments							
<i>Fund balance December 31</i>	153,000	153,000	141,851	-	-	6,007	6,007

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<u>Superior Court Law Library</u>			<u>Veterans Relief</u>		
	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Final Budget -</u>	<u>Original</u>	<u>Final</u>	<u>Final Budget -</u>
			<u>Positive</u>			<u>Positive</u>
			<u>(Negative)</u>			<u>(Negative)</u>
<b><u>Revenues:</u></b>						
Taxes				93,181	93,181	(2,256)
Licenses and permits					90,925	
Intergovernmental					604	595
Charges for services	53,510	53,510	303			
Fines & forfeits						
Interest				1,005	1,005	8,484
Miscellaneous					176	176
<i>Total revenues</i>	53,510	53,510	303	94,195	94,195	6,999
<b><u>Expenditures:</u></b>						
General government						
Public safety	59,920	71,920	2,757			
Physical environment						
Transportation						
Economic environment						
Mental & physical health						
Culture & recreation				41,994	41,994	2,871
Capital outlays						
Debt service interest						
<i>Total expenditures</i>	59,920	71,920	2,757	41,994	41,994	2,871
Excess(deficiency) of revenues over expenditures	(6,410)	(18,410)	3,060	52,201	52,201	9,870
<b><u>Other financing sources (uses):</u></b>						
Capital leases						
Sale of capital assets						
Transfer in						
Transfer (out)				2,000	2,000	(919)
<i>Total other financing sources (uses)</i>	-	-	-	(2,600)	(2,600)	-
Net change in fund balances	(6,410)	(18,410)	3,060	(600)	(600)	(919)
Fund balance, January 1				51,601	51,601	8,951
Prior period adjustments	112,537	112,537	8,976	173,647	173,647	10,621
<i>Fund balance December 31</i>	106,127	94,127	12,036	225,248	225,248	19,572

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<i>Geographic Information System</i>			<i>Human Services</i>			
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b><u>Revenues:</u></b>							
Taxes				208,323	208,323	202,056	(6,267)
Licenses and permits							
Intergovernmental			20,063				(19,687)
Charges for services	39,750	39,750		650,931	650,931	423,943	(226,988)
Fines & forfeits							
Interest	2,775	2,775	5,138	4,000	4,000	13,086	9,086
Miscellaneous				1,160	1,160	1,506	346
<i>Total revenues</i>	42,525	42,525	25,201	864,414	864,414	640,591	(223,823)
<b><u>Expenditures:</u></b>							
General government							
Public safety	404,477	404,477	292,924				111,553
Physical environment							
Transportation							
Economic environment							
Mental & physical health				993,431	1,038,908	815,559	223,349
Culture & recreation							
Capital outlays							
Debt service interest							
<i>Total expenditures</i>	404,477	404,477	292,924	993,431	1,038,908	815,559	223,349
Excess(deficiency) of revenues over expenditures	(361,952)	(361,952)	(267,723)	(129,017)	(174,494)	(174,968)	(474)
<b><u>Other financing sources (uses):</u></b>							
Capital leases							
Sale of capital assets						2,402	2,402
Transfer in	317,954	317,954	317,954	5,123	5,123		(5,123)
Transfer (out)							
<i>Total other financing sources (uses)</i>	317,954	317,954	317,954	5,123	5,123	2,402	(2,721)
Net change in fund balances	(43,998)	(43,998)	50,231	(123,894)	(169,371)	(172,566)	(3,195)
Fund balance, January 1	336,370	336,370	250,202	250,000	295,477	329,933	34,456
Prior period adjustments							
<i>Fund balance December 31</i>	292,372	292,372	300,433	126,106	126,106	157,367	31,261

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<u>Health Department</u>		<u>Auditor's Operation &amp; Maintenance</u>		Variance with Final Budget - Positive (Negative)
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u> <u>Actual</u> <u>Amounts</u>	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u> <u>Actual</u> <u>Amounts</u>	
<u>Revenues:</u>					
Taxes					
Licenses and permits	235,400	227,329			(8,071)
Intergovernmental	2,557,105	1,351,391	82,000	88,714	(1,205,714)
Charges for services	130,000	156,651	88,100	82,030	26,651
Fines & forfeits	-	5,782			5,782
Interest	21,822	80,708	10,000	9,785	58,886
Miscellaneous				466	(1,122,466)
<b>Total revenues</b>	<b>2,944,327</b>	<b>1,821,861</b>	<b>180,100</b>	<b>180,995</b>	<b>895</b>
<u>Expenditures:</u>					
General government					
Public safety			168,157	98,393	69,764
Physical environment					
Transportation					
Economic environment					
Mental & physical health	3,028,801	2,281,199			793,080
Culture & recreation			55,750	64,057	93,958
Capital outlays					
Debt service interest					
<b>Total expenditures</b>	<b>3,028,801</b>	<b>2,281,199</b>	<b>223,907</b>	<b>162,450</b>	<b>163,722</b>
Excess(deficiency) of revenues over expenditures	(84,474)	(459,338)	(43,807)	18,545	164,617
<u>Other financing sources (uses):</u>					
Capital leases					
Sale of capital assets					
Transfer in	-	525,725	30,000	34,626	(3,874)
Transfer (out)	-	525,725	(42,084)	(42,084)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>525,725</b>	<b>(12,084)</b>	<b>(7,458)</b>	<b>(3,874)</b>
Net change in fund balances	(84,474)	66,387	(55,891)	11,087	160,743
Fund balance, January 1	321,363	816,835	186,387	275,632	816
Prior period adjustments					
<b>Fund balance December 31</b>	<b>236,889</b>	<b>883,222</b>	<b>130,496</b>	<b>287,535</b>	<b>161,559</b>

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<i>P.A. Victim Witness</i>			<i>Tourism Development</i>			
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
<b><u>Revenues:</u></b>							
Taxes				123,507	123,507	144,045	20,538
Licenses and permits							
Intergovernmental	18,256	18,256	18,256 \$	-	-	-	
Charges for services	82,597	82,597	108,382				25,785
Fines & forfeits	100	100	2,431				2,331
Interest				3,000	3,000	1,434	(1,566)
Miscellaneous	47,562	47,562	5,476	47,562	47,562	38,930	(8,632)
<i>Total revenues</i>	100,953	100,953	134,545	174,069	174,069	184,409	10,340
<b><u>Expenditures:</u></b>							
General government							
Public safety	135,478	135,478	129,939				5,539
Physical environment							
Transportation							
Economic environment							
Mental & physical health							
Culture & recreation							
Capital outlays				203,093	203,093	203,920	(827)
Debt service interest							
<i>Total expenditures</i>	135,478	135,478	129,939	203,093	203,093	203,920	(827)
Excess(deficiency) of revenues over expenditures	(34,525)	(34,525)	4,606	(29,024)	(29,024)	(19,511)	9,513
<b><u>Other financing sources (uses):</u></b>							
Capital leases							
Sale of capital assets							
Transfer in							
Transfer (out)				14,450	14,450	16,015	1,565
<i>Total other financing sources (uses)</i>	-	-	-	14,450	14,450	16,015	1,565
Net change in fund balances	(34,525)	(34,525)	4,606	(14,574)	(14,574)	(3,496)	11,078
Fund balance, January 1	132,290	132,290	149,204	57,869	57,869	53,097	(4,772)
Prior period adjustments							
<i>Fund balance December 31</i>	97,765	97,765	153,810	43,295	43,295	49,601	6,306



**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<u>County Drug</u>		<u>Affordable Housing</u>		
	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Amounts</u>	<u>Original</u>	<u>Amounts</u>	<u>Final Budget -</u>
					<u>Positive</u>
					<u>(Negative)</u>
<b>Revenues:</b>					
Taxes					
Licenses and permits					
Intergovernmental					
Charges for services	12,500	14,660	164,455	150,229	(14,226)
Fines & forfeits	420	107	2,890	3,258	368
Interest					
Miscellaneous					
<b>Total revenues</b>	<b>12,920</b>	<b>14,767</b>	<b>167,345</b>	<b>153,487</b>	<b>(13,858)</b>
<b>Expenditures:</b>					
General government					
Public safety	8,420	8,420			8,420
Physical environment					
Transportation					
Economic environment			93,902	87,089	6,813
Mental & physical health					
Culture & recreation					
Capital outlays					
Debt service interest					
<b>Total expenditures</b>	<b>8,420</b>	<b>-</b>	<b>93,902</b>	<b>87,089</b>	<b>6,813</b>
Excess(deficiency) of revenues over expenditures	4,500	14,767	73,443	66,398	(7,045)
<b>Other financing sources (uses):</b>					
Capital leases					
Sale of capital assets					
Transfer in					
Transfer (out)			(87,029)	(78,712)	8,317
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(87,029)</b>	<b>(78,712)</b>	<b>8,317</b>
Net change in fund balances	4,500	14,767	(13,586)	(12,314)	1,272
Fund balance, January 1	33,760	58,429	153,522	153,409	(113)
Prior period adjustments					
<b>Fund balance December 31</b>	<b>38,260</b>	<b>73,196</b>	<b>139,936</b>	<b>141,095</b>	<b>1,159</b>

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2007**

	<u>Low Income Housing</u>		<u>Law and Justice Funding</u>		Variance with Final Budget - Positive (Negative)
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Actual</u> <u>Amounts</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	
<b><u>Revenues:</u></b>					
Taxes			756,000	782,844	26,844
Licenses and permits					
Intergovernmental					
Charges for services	169,270	233,727			64,457
Fines & forfeits			26,460	14,044	(12,416)
Interest	15,525	15,884			359
Miscellaneous					
<i>Total revenues</i>	184,795	249,611	782,460	796,888	14,428
<b><u>Expenditures:</u></b>					
General government					
Public safety			1,151,032	912,870	238,162
Physical environment					
Transportation					
Economic environment	582,456	259,815			322,641
Mental & physical health					
Culture & recreation					
Capital outlays					
Debt service interest					
<i>Total expenditures</i>	582,456	259,815	1,151,032	912,870	238,162
Excess(deficiency) of revenues over expenditures	(397,661)	(10,204)	(368,572)	(115,982)	252,590
<b><u>Other financing sources (uses):</u></b>					
Capital leases					
Sale of capital assets					
Transfer in	87,029	78,712			(8,317)
Transfer (out)					
<i>Total other financing sources (uses)</i>	87,029	78,712	(21,852)	(21,852)	-
Net change in fund balances	(310,632)	68,508	(390,424)	(137,834)	252,590
Fund balance, January 1	310,632	309,899	476,259	403,972	(72,287)
Prior period adjustments					
<i>Fund balance December 31</i>	-	378,407	85,835	266,138	180,303

**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET(GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2006**

	<i>Benefits Administration</i>			<i>Cumulative Reserve</i>		Variance with Final Budget - Positive (Negative)
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	
<b><u>Revenues:</u></b>						
Taxes				126,511	144,045	17,534
Licenses and permits						
Intergovernmental						
Charges for services						
Fines & forfeits						
Interest	23,600	23,600	42,677	500	916	416
Miscellaneous			1,081		11,948	11,948
<i>Total revenues</i>	<u>23,600</u>	<u>23,600</u>	<u>43,758</u>	<u>127,011</u>	<u>156,909</u>	<u>29,898</u>
<b><u>Expenditures:</u></b>						
General government						
Public safety						
Physical environment	317,252	317,252	283,732			33,520
Transportation						
Economic environment						
Mental & physical health						
Culture & recreation				0	15,000	(15,000)
Capital outlays						
Debt service interest						
<i>Total expenditures</i>	<u>317,252</u>	<u>317,252</u>	<u>283,732</u>	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>
Excess(deficiency) of revenues over expenditures	(293,652)	(293,652)	(239,974)	127,011	141,909	14,898
<b><u>Other financing sources (uses):</u></b>						
Capital leases						
Sale of capital assets						
Transfer in	100,000	100,000	200,000			100,000
Transfer (out)						
<i>Total other financing sources (uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>	<u>(166,057)</u>	<u>(151,057)</u>	<u>15,000</u>
Net change in fund balances	(193,652)	(193,652)	(39,974)	(39,046)	(9,148)	29,898
Fund balance, January 1	765,414	765,414	844,052	39,046	55,690	16,644
Prior period adjustments						
<i>Fund balance December 31</i>	<u>571,762</u>	<u>571,762</u>	<u>804,078</u>	<u>-</u>	<u>46,542</u>	<u>46,542</u>

## **Nonmajor Debt Service Funds**

The debt service funds account for the accumulation of resources to pay principal, interest and related costs on certain general long-term bonded debt. A description of those debt service funds is as follows:

**1998 Limited General Obligation Bonds** - a fund established to provide for the payment of principal and interest on \$2,060,000 bond issue. The bond proceeds were used for the design and construction of a railroad spur for the Port of Woodland. Funds to pay the debt come from state sales tax designated for infrastructure to facilitate business growth in distressed areas.

**2002 Limited General Obligation Bonds** – this fund provides for the payment of principal and interest on a \$5,695,000 bond issue. The bond proceeds were used to finance part of the costs of expanding and existing wastewater treatment plant in the City of Castle Rock, upgrading and expanding and existing wastewater treatment plant in the City of Kalama, upgrading and existing water distribution system in the City of Longview, constructing a new rail line for the Port of Longview, constructing a commercial building for the Port of Woodland, designing and permitting a new shipping berth, designing and constructing a commercial building for the Port of Kalama, to carry out portions of the County’s Capital Facilities Plan, and for other lawful County purposes. State sales tax revenue collected in the Capital Improvements Rural County Public Facilities Department are transferred to this fund to pay the debt principal and interest.

**2005 Limited General Obligation Refunding Bonds**-this fund refunded certain of the 1998 Limited Tax General Obligation Bonds and the 1999 Limited Tax General Obligation Bonds.

**Cowlitz County, Washington**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
December 31 2007

	<b>2005 Lmt.</b>		<b>2002 Lmt.</b>		
	<b><u>GO Refunding</u></b>		<b><u>GO Bonds</u></b>		<b><u>1998 Lmt.</u></b>
	<b><u>Bonds</u></b>		<b><u>GO Bonds</u></b>		<b><u>GO Bonds</u></b>
					<b><u>Total</u></b>
<b><u>Assets</u></b>					
Cash	\$ -		\$ -		\$ -
Investments					-
Taxes receivable			-		-
Due from other governments	\$ 3,305,000		-		3,305,000
Assessments receivable					-
<i>Total assets</i>	<u>\$ 3,305,000</u>		<u>\$ -</u>		<u>\$ 3,305,000</u>
<b><u>Liabilities</u></b>					
Deferred revenues	\$ -		\$ -		\$ -
<i>Total liabilities</i>					-
<b><u>Fund Balance</u></b>					
Reserve for Long-Term Loan Receivable	3,305,000				3,305,000
Unreserved fund balance			\$ -		\$ -
<i>Total fund balance</i>	<u>3,305,000</u>		<u>-</u>		<u>3,305,000</u>
<i>Total liabilities and fund balance</i>	<u>\$ 3,305,000</u>		<u>\$ -</u>		<u>\$ 3,305,000</u>

**Combining Statement of Revenue, Expenditures and**  
**Changes in Fund Balance**

For the Year Ended December 31, 2007

	<b>2005 Lmt.</b>		<b>2002 Lmt.</b>		<b>1998 Lmt.</b>	
	<b><u>Go Refunding</u></b>		<b><u>GO Bond</u></b>		<b><u>GO Bond</u></b>	<b><u>Total</u></b>
	<b><u>Bonds</u></b>		<b><u>GO Bond</u></b>		<b><u>GO Bond</u></b>	<b><u>Total</u></b>
<b>Revenues:</b>						
Special Assessments	\$ -		\$ -		\$ -	\$ -
Miscellaneous Revenues	178,825					178,825
Interest Earnings						-
<i>Total Revenues</i>	<u>178,825</u>		<u>-</u>		<u>-</u>	<u>178,825</u>
<b>Expenditures:</b>						
<b>Debt Service</b>						
Principal	55,000		165,000		100,000	320,000
Interest	336,888		215,516		8,700	561,104
<i>Total Expenditures</i>	<u>391,888</u>		<u>380,516</u>		<u>108,700</u>	<u>881,104</u>
Excess (deficiency) of revenues over expenditures	(213,063)		(380,516)		(108,700)	(702,279)
<b>Other Financing Sources</b>						
<b>(Uses):</b>						
Refunding bonds issues						-
Premium on bonds						-
Payment to refunded bond escrow						-
Transfers in	213,063		380,513		108,700	702,276
Transfers out						-
<i>Total other financing sources (uses)</i>	<u>213,063</u>		<u>380,513</u>		<u>108,700</u>	<u>702,276</u>
Net change in fund balances	-		-		-	-
Fund Balance, January 1,	3,305,000		-		-	3,305,000
<i>Fund balance, December 31</i>	<u>\$ 3,305,000</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 3,305,000</u>

## Non-Major Enterprise Funds

Enterprise funds are used to account for operations:

- (a) Financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- (b) Where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accrual basis of accounting is applied. A description of each fund follows:

**County Exposition Center** – a fund to finance the production and promotion of the County Fair. Also, the buildings provide for the housing of the horses by private owners for a fee and the use of facilities on the grounds for various events.

**911 Communications** – this fund provides computerized aid for 911 dispatches. The dispatch center serves Cowlitz County for law enforcement and fire protection.

**Law Enforcement Records** – a fund that supports consolidated police records, which include the criminal justice database and computer system. The fund is supported by the City of Longview and Cowlitz County.

**Emergency Management** – a fund used for planning for and coordinating disaster relief. Support for operations comes from the counties and cities within the County along with intergovernmental funding.

**Cowlitz County, Washington**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2007**

	<b>911</b>	<b>Law</b>	<b>Exposition</b>	<b>Emergency</b>	<b>Total</b>
	<b>Communications</b>	<b>Enforcement</b>	<b>Center</b>	<b>Mgmt.</b>	
		<b>Records</b>			
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 1,473,863	\$ 359,887	\$ 92,508	\$ 102,390	\$ 2,028,648
Investments	-	-	-	-	-
Receivables (net)	65,013	-	43,738	55,197	163,948
Interest receivable	445	82	69	14	610
Due from other funds	11,233	-	-	-	11,233
Interfund loan receivable	-	-	-	-	-
Due from other governments	2,678	-	1,150	-	3,828
Inventories	-	-	-	-	-
Prepaid items	19,613	12,598	5,027	2,700	39,938
Customer deposits-restricted cash and cash equivalents			8,900		8,900
<i>Total Current Assets</i>	<u>1,572,845</u>	<u>372,567</u>	<u>151,392</u>	<u>160,301</u>	<u>2,257,105</u>
<i>Noncurrent assets:</i>					
Restricted cash & investments:					
Customer deposits-cash	-	-	-	-	-
<i>Capital assets:</i>					
Land	-	-	636,573	-	636,573
Buildings and system	-	-	555,865	-	555,865
Improvements other than bldgs.	-	9,262	258,066	-	267,328
Machinery and equipment	2,799,334	541,986	130,730	21,462	3,493,512
Construction in progress	1,820,933	-	-	-	1,820,933
Less accumulated depreciation	(1,563,072)	(366,625)	(670,769)	(21,462)	(2,621,928)
Total capital assets (net of accum depr.)	<u>3,057,195</u>	<u>184,623</u>	<u>910,465</u>	<u>-</u>	<u>4,152,283</u>
<b>Total assets</b>	<u><u>4,630,040</u></u>	<u><u>557,190</u></u>	<u><u>1,061,857</u></u>	<u><u>160,301</u></u>	<u><u>6,409,388</u></u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable and accrued exp.	158,149	63,240	113,019	21,433	355,841
Due to other funds	498	857	1,040	267	2,662
Notes payable	-	-	-	-	-
Customer deposits payable from restricted assets			8,900		8,900
Total current liabilities	<u>158,647</u>	<u>64,097</u>	<u>122,959</u>	<u>21,700</u>	<u>367,403</u>
<i>Noncurrent liabilities:</i>					
Compensated absences	141,369	55,602	25,591	6,221	228,783
Notes payable	633,000	-	-	-	633,000
Other noncurrent liabilities	-	-	-	-	-
Total non current liabilities	<u>774,369</u>	<u>55,602</u>	<u>25,591</u>	<u>6,221</u>	<u>861,783</u>
<b>Total liabilities</b>	<u><u>933,016</u></u>	<u><u>119,699</u></u>	<u><u>148,550</u></u>	<u><u>27,921</u></u>	<u><u>1,229,186</u></u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	3,057,195	184,623	910,465	-	4,152,283
Restricted for club activities			18,377		18,377
Unrestricted	639,829	252,868	(15,535)	132,380	1,009,542
<b>Total net assets</b>	<u><u>\$ 3,697,024</u></u>	<u><u>\$ 437,491</u></u>	<u><u>\$ 913,307</u></u>	<u><u>\$ 132,380</u></u>	<u><u>\$ 5,180,202</u></u>

**Cowlitz County, Washington**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2007**

	Law				Total
	911 Communications	Enforcement Records	Exposition Center	Emergency Mgmt.	
<b>OPERATING REVENUES</b>					
<i>Charges for Services:</i>					
Public Safety	\$ 2,009,495	\$ 889,483	\$ -	\$ 305,959	\$ 3,204,937
Culture & Recreation	-	-	1,150,779		1,150,779
Other services					
<b>Total operating revenues</b>	<b>2,009,495</b>	<b>889,483</b>	<b>1,150,779</b>	<b>305,959</b>	<b>4,355,716</b>
<b>OPERATING EXPENSES</b>					
Maintenance & operations	1,992,243	927,162	1,406,666	266,913	4,592,984
Depreciation	321,878	104,319	26,612		452,809
<b>Total operating expenses</b>	<b>2,314,121</b>	<b>1,031,481</b>	<b>1,433,278</b>	<b>266,913</b>	<b>5,045,793</b>
<b>Operating income (loss)</b>	<b>(304,626)</b>	<b>(141,998)</b>	<b>(282,499)</b>	<b>39,046</b>	<b>(690,077)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	654,318	-	-		654,318
Intergovernmental	-	-	38,105	-	38,105
Op Grants & Contrib- Culture & Recr			38,105		38,105
Investment earnings	45,533	8,871	5,396	2,033	61,833
Interest expense	-	-	-		-
Culture and Recreation					-
Gain (loss) on disposition of fixed assets	2,400				2,400
Interest expense	-		-		-
Miscellaneous nonoperating revenues Culture and Recreation	87	2,186	25,747	154	28,174
<b>Total nonoperating income (expense)</b>	<b>702,338</b>	<b>11,057</b>	<b>69,248</b>	<b>2,187</b>	<b>784,830</b>
<b>Income before contributions and transfers</b>	<b>397,712</b>	<b>(130,941)</b>	<b>(213,251)</b>	<b>41,233</b>	<b>94,753</b>
Culture and recreation					
Transfers in	-	21,852	206,318	-	228,170
(Transfers out)	-	-	-		-
Capital Contributions	63,836		2,000		65,836
<b>Change in net assets</b>	<b>461,548</b>	<b>(109,089)</b>	<b>(4,933)</b>	<b>41,233</b>	<b>388,759</b>
<b>Net assets-beginning</b>	<b>3,235,476</b>	<b>546,580</b>	<b>918,240</b>	<b>91,147</b>	<b>4,791,443</b>
Prior period adjustment					-
<b>Net assets-ending</b>	<b>\$ 3,697,024</b>	<b>\$ 437,491</b>	<b>\$ 913,307</b>	<b>\$ 132,380</b>	<b>\$ 5,180,202</b>

**Cowlitz County, Washington**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2007**

	<b>911</b>	<b>Law</b>	<b>Exposition</b>	<b>Emergency</b>	<b>Total</b>
	<b>Communications</b>	<b>Enforcement</b>	<b>Center</b>	<b>Mgmt.</b>	
<b><u>Cash flows from operating activities</u></b>					
Cash received from customers	\$ 2,000,324	\$ 889,483	\$ 1,105,891	\$ 250,762	\$ 4,246,460
Cash payments for goods and services	(476,393)	(167,155)	(1,014,469)	(88,644)	(1,746,661)
Cash payments to employees for services	(1,619,821)	(769,967)	(325,167)	(178,003)	(2,892,958)
Customer deposits			(21,808)		(21,808)
Miscellaneous revenue	87	2,186	25,747	154	28,174
<i>Net cash provided (used) by operating activities</i>	(95,803)	(45,453)	(229,806)	(15,731)	(386,793)
<b><u>Cash flows from noncapital financing activities</u></b>					
Payments for sewer construction on port property					
State fair funds received			38,105		38,105
Interfund loan received					-
Interfund loan repayment					-
Interest on interfund loan					-
Receipts from 911 tax	693,009				693,009
Payment of claims liability in other funds					-
Transfers in from County Funds		21,852	206,318		228,170
Transfer out to other County fund					-
Transfers out to other County Funds					-
<i>Net cash provided by noncapital financing activities</i>	693,009	21,852	244,423	-	959,284
<b><u>Cash flows from capital and related financing activities</u></b>					
System development fees & hookup fees					
Acquisition and construction of capital assets	(1,146,315)		(28,262)		(1,174,577)
State funding	63,836				63,836
Loan from County Fund	633,000				633,000
Proceeds from sale of capital assets	2,400				2,400
Interest paid on installment contract					-
Capital grant received					-
<i>Net cash provided (used) for capital and related financing activities</i>	(447,079)	-	(28,262)		(475,341)
<i>Prior period Adjustment</i>					
<b><u>Cash flows from investing activities</u></b>					
Purchase of investments	(7,720,950)	(2,225,000)	(300,000)	(541,000)	(10,786,950)
Sales & maturities of investments	7,720,950	2,225,000	300,000	541,000	10,786,950
Interest on investments	45,603	8,933	5,396	2,062	61,994
<i>Net cash provided (used) by investment activities</i>	45,603	8,933	5,396	2,062	61,994
Net increase (decrease) in cash and cash equivalents	195,730	(14,668)	(8,249)	(13,669)	159,144
<i>Cash and cash equivalents, January 1</i>	1,278,132	374,555	109,657	116,059	1,878,403
<i>Cash and cash equivalents, December 31</i>	\$ 1,473,862	\$ 359,887	\$ 101,408	\$ 102,390	\$ 2,037,547
<b><u>Reconciliation of operating income to net cash provided (used) by operating activities</u></b>					
Operating income (loss)	\$ (304,626)	\$ (141,998)	\$ (282,499)	\$ 39,046	\$ (690,077)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	321,878	104,319	26,612		452,809
(Increase) decrease in accounts receivable	(38,691)		(43,738)		(82,429)
(Increase) decrease in due from other funds	(9,483)		(1,150)		(10,633)
(Increase) decrease in due from other governments	312			(55,197)	(54,885)
(Increase) decrease in prepaid expense	1,469	(754)	(1,140)	(150)	(575)
Increase (decrease) in accounts payable and other accrued liabilities	(68,827)	(13,301)	63,969	(1,572)	(19,731)
Increase (decrease) in due to other funds	92	(9)	(207)	(21)	(145)
Increase (decrease) in employee leave benefits	1,986	4,104	4,408	2,009	12,507
Miscellaneous revenue	87	2,186	25,747	154	28,174
Increase (decrease) in customer deposits			(21,808)		(21,808)
<i>Total adjustments</i>	208,823	96,545	52,693	(54,777)	303,284
<i>Net cash provided by operating activities</i>	\$ (95,803)	\$ (45,453)	\$ (229,806)	\$ (15,731)	\$ (386,793)

## **Internal Service Funds**

These funds account for operations that provide goods or services to other departments or funds of the county or to other governmental units on a cost-reimbursement basis. The accrual basis of accounting is used. A description of the funds used under this category follows:

**Equipment Rental & Revolving** – a fund used to finance the acquisition, maintenance and operation of vehicles and equipment used by the public works department.

**Central Services** – a fund used to finance the operation of a data processing center and provide assistance to county departments in setting up personal computers, networking and programming.

**Risk Management** – a fund used to finance the operation of a department providing safety, general liability and insurance services to all county departments. The county is a member of a twenty-two county insurance risk pool and funds are paid from this fund to that pool.

**Industrial Accident Insurance** – a fund used to finance workers compensation claims against the county.

**Motor Pool** – a fund used to finance the acquisition, maintenance and operation of a fleet of vehicles and other equipment used by all county departments except public works.

**Unemployment Compensation** – a fund used to finance unemployment compensation claims against the county.

**Purchasing Services** – a fund used to finance the operation of telephone, postage and office supply services to all county departments.

**Election Reserve** – a fund used to finance voter registration and election services and to serve as a local depository for public disclosure filings and records.

**COWLITZ COUNTY, WASHINGTON**  
**COMBINING STATEMENT OF NET ASSETS**  
Internal Service Funds  
December 31, 2007

	<u>Equipment Rental &amp; Revolving</u>	<u>Central Services</u>	<u>Risk Management</u>	<u>Industrial Accident Insurance</u>	<u>Motor Pool</u>	<u>Unemploy. Comp.</u>	<u>Purchasing Services</u>	<u>Election Reserve</u>	<u>2007 Total</u>
<b>Assets</b>									
Current assets:									
Cash & petty cash	\$ 293,246	\$ 1,477,523	\$ 54,580	\$ 51,080	\$ 48,232	\$ 1	\$ 90,560	\$ 411,182	\$ 2,426,404
Investments (cash equivalent)	2,666,500	27	1,100,000	70,000	2,007,800	332,100	1,811	-	6,176,400
Accounts receivable	891	-	516	33	95	-	-	-	1,933
Interest receivable	143,844	186,599	-	671	120,796	155	76,169	-	2,266
Due from other funds	-	-	-	-	-	-	-	-	527,408
Interfund loan receivable	1,723	5,160	-	-	-	-	1,761	130,236	138,880
Due from other governments	-	2,049	-	-	-	-	-	-	2,049
Due from component unit	122,501	-	-	43,203	-	-	19,024	-	184,728
Inventory	4,600	53,087	1,800	1,800	1,800	-	900	2,610	64,797
Prepaid insurance	3,233,305	1,724,445	1,156,896	121,113	2,222,597	332,256	190,225	544,028	9,524,865
<b>Total current assets</b>									
Noncurrent assets:									
Land					20,795				20,795
Buildings					422,920				422,920
Other improvements									-
Machinery & equipment	7,509,242	2,011,261			4,120,510		62,135	304,866	14,008,014
Accumulated depreciation	(4,786,864)	(1,448,771)			(2,537,059)		(54,939)	(128,205)	(8,955,838)
<b>Total fixed assets</b>	2,722,378	562,490	-	-	2,027,166	-	7,196	176,661	5,495,891
<b>Total assets</b>	\$ 5,955,683	\$ 2,286,935	\$ 1,156,896	\$ 121,113	\$ 4,249,763	\$ 332,256	\$ 197,421	\$ 720,689	\$ 15,020,756
<b>Liabilities</b>									
Current liabilities:									
Accounts payable	\$ 273,029	\$ 43,271	\$ 42,520	\$ 59,177	\$ 51,299	\$ -	\$ 33,340	\$ 2,483	\$ 505,119
Due to other funds	51,141	4,116	772	-	11,010	-	-	745	67,784
Due to other governments	-	-	-	-	-	5,784	-	-	5,784
Contract retainage payable	26,239	52,264	10,352	-	-	-	4,356	12,832	106,043
Other accrued liabilities			257,648	137,459					395,107
Claims payable-current	350,409	99,651	311,292	196,636	62,309	5,784	37,696	16,060	1,079,837
<b>Total current liabilities</b>									
Noncurrent liabilities									
Employee leave benefits	29,766	76,435	27,230	-	31,468	-	296	9,127	174,322
Claims payable			625,104	416,541					1,041,645
<b>Total noncurrent liabilities</b>	29,766	76,435	652,334	416,541	31,468	-	296	9,127	1,215,967
<b>Total liabilities</b>	380,175	176,086	963,626	613,177	93,777	5,784	37,992	25,187	2,295,804
<b>Net Assets</b>									
Capital contributions									-
Investment in Capital assets, net of related debt.	2,722,378	562,490	-	-	2,027,166	-	7,196	176,661	5,495,891
Unrestricted	2,853,130	1,548,359	193,270	(492,064)	2,128,820	326,472	152,233	518,841	7,229,061
<b>Total net assets</b>	\$ 5,575,508	\$ 2,110,849	\$ 193,270	\$ (492,064)	\$ 4,155,986	\$ 326,472	\$ 159,429	\$ 695,502	\$ 12,724,952

**COWLITZ COUNTY, WASHINGTON**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

	<u>Equipment Rental &amp; Revolving</u>	<u>Central Services</u>	<u>Risk Management</u>	<u>Industrial Accident Insurance</u>	<u>Motor Pool</u>	<u>Unemp. Comp.</u>	<u>Purch. Services</u>	<u>Election Reserve</u>	<u>2007 Total</u>
<u>Operating revenues:</u>									
Charges for services	\$ 2,048,317	\$ 1,472,842	\$ 998,442	\$ 340,112	\$ 1,380,216	\$ 56,026	\$ 440,623	\$ 279,818	\$ 7,016,396
Total operating revenues	<u>2,048,317</u>	<u>1,472,842</u>	<u>998,442</u>	<u>340,112</u>	<u>1,380,216</u>	<u>56,026</u>	<u>440,623</u>	<u>279,818</u>	<u>7,016,396</u>
<u>Operating expenses:</u>									
Personal services	434,667	668,483	138,939		145,032		48,989	165,665	1,601,775
Supplies	643,659	65,426	10,343		309,297		106,298	42,941	1,177,964
Other services and charges	311,955	594,055	770,891	661,443	170,829	26,260	319,725	145,131	3,000,289
Depreciation	416,597	161,786		438,650			2,363	52,393	1,071,789
Total operating expenses	<u>1,806,878</u>	<u>1,489,750</u>	<u>920,173</u>	<u>661,443</u>	<u>1,063,808</u>	<u>26,260</u>	<u>477,375</u>	<u>406,130</u>	<u>6,851,817</u>
Operating income (loss)	241,439	(16,908)	78,269	(321,331)	316,408	29,766	(36,752)	(126,312)	164,579
<u>Non-operating revenues(expenses):</u>									
Interest revenue	124,075		45,520	7,778	99,138	15,633			292,144
Interest expense									-
Operating grants								56,326	56,326
Gain(loss) on sale of equipment	43,531				48,345				91,876
Miscellaneous revenue	3,779	46,033	341	25,115	11,863		157	658	87,946
Total non-operating revenues (expenses)	<u>171,385</u>	<u>46,033</u>	<u>45,861</u>	<u>32,893</u>	<u>159,346</u>	<u>15,633</u>	<u>157</u>	<u>56,984</u>	<u>528,292</u>
Income(loss) before contributions and transfers in	412,824	29,125	124,130	(288,438)	475,754	45,399	(36,595)	(69,328)	692,871
Capital contribution -grant									-
Capital contribution-other		112,133			127,898				240,031
Transfers in							60,000	231,589	291,589
Transfers (out)		(21,331)							(21,331)
Change in net assets	<u>412,824</u>	<u>119,927</u>	<u>124,130</u>	<u>(288,438)</u>	<u>603,652</u>	<u>45,399</u>	<u>23,405</u>	<u>162,261</u>	<u>1,203,160</u>
Net assets- January 1,	5,162,684	1,990,922	69,140	(203,626)	3,552,334	281,073	136,024	533,241	11,521,792
Prior period adjustment									
Net Assets - December 31	<u>5,575,508</u>	<u>\$ 2,110,849</u>	<u>\$ 193,270</u>	<u>\$ (492,064)</u>	<u>\$ 4,155,986</u>	<u>\$ 326,472</u>	<u>\$ 159,429</u>	<u>\$ 695,502</u>	<u>\$ 12,724,952</u>

**Cowlitz County, Washington**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2007**

	<b>Equipment Rental &amp; Revolving</b>	<b>Central Services</b>	<b>Risk Management</b>	<b>Industrial Accident Insurance</b>	<b>Motor Pool</b>	<b>Unemploy. Comp.</b>	<b>Purchasing Services</b>	<b>Election Reserve</b>	<b>2007 Total</b>
<b>Cash flows from operating activities:</b>									
Receipts from customers and users	\$ 2,023,427	\$ 1,453,540	\$ 998,442	\$ 340,112	\$ 1,381,203	\$ 56,026	\$ 432,107	\$ 235,490	\$ 6,920,347
Receipts from operating grants	(944,969)	(579,707)	(629,640)	(283,086)	(485,028)	(28,491)	(414,214)	(\$186,838)	(186,838)
Payments for goods and services	(440,738)	(640,922)	(138,693)		(141,008)		(48,376)	(162,165)	(3,527,300)
Payments to employees	3,779	52,761	341	25,115	11,323		157	658	(1,409,737)
Miscellaneous revenue	641,499	285,672	230,450	82,141	766,490	27,535	(30,326)	(112,855)	94,134
<i>Net cash provided by operating activities</i>									1,890,606
<b>Cash flows from noncapital financing activities:</b>									
Transfers in from County Funds							60,000	231,589	291,589
Transfer out		(21,331)							(21,331)
Operating grant								70,817	70,817
Payment of claims liability recognized in prior years			(235,505)	(114,492)					(349,997)
Interfund Loan principal repayment rec'd.	100,556								100,556
Interest received on interfund loan	4,705								4,705
Loan principal repayment from other govt.									-
Interest received on loan to other govts.									-
<i>Net cash provided by noncapital financing activities</i>							60,000	302,406	96,339
<b>Cash flows from capital and related financing activities:</b>									
Acquisition and construction of capital assets	105,261	(21,331)	(235,505)	(114,492)					
Cash contribution other County Fund	(428,404)	(40,949)			(946,608)				(1,415,961)
Capital Grants	43,531				48,345				
Proceeds from sale of capital assets									
<i>Net cash used for capital and related financing activities</i>	(384,873)	(40,949)	-	-	(898,263)	-	-	-	(1,324,085)
Prior period adjustments									
<b>Cash flows from investing activities:</b>									
Purchase of investment securities	(28,725,000)		(11,060,000)	(1,930,000)	(23,634,039)	(3,869,990)			(69,219,029)
Proceeds from sale and maturities of investment securities	28,725,000	11,060,000	1,930,000	23,634,039	3,869,990				69,219,029
Interest on investments	119,437	45,523	7,811	99,353	15,645				287,769
<i>Net cash provided/(used) by investing activities</i>	119,437	-	45,523	7,811	99,353	15,645			287,769
<i>Net incr(decr) in cash and cash equivalents</i>	481,324	223,392	40,468	(24,540)	(32,420)	43,180	29,674	189,551	950,629
<i>Cash and cash equivalents at beginning of year</i>	2,478,422	1,254,131	1,114,112	145,620	2,088,452	288,921	60,886	221,631	7,652,175
<i>Cash and cash equivalents at end of year</i>	\$ 2,959,746	\$ 1,477,523	\$ 1,154,580	\$ 121,080	\$ 2,056,032	\$ 332,101	\$ 90,560	\$ 411,182	\$ 8,602,804

Cowlitz County, Washington  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 For the Year Ended December 31, 2007

	Equipment Rental & Revolving	Central Services	Risk Management	Industrial Accident Insurance	Motor Pool	Unemploy. Comp.	Purchasing Services	Election Reserve	2007 Total
Operating income (loss)	\$ 241,439	\$ (16,908)	\$ 78,269	\$ (321,331)	\$ 316,408	\$ 29,766	\$ (36,752)	\$ (126,312)	\$ 164,579
<u>Adjustments to reconcile operating income to net cash provided by operating activities:</u>									
Depreciation	416,597	161,786			438,650		2,363	52,393	1,071,789
(Increase)decrease in accounts receivable		139					(1,811)		(1,672)
(Increase)decrease in due from other funds	(24,052)	(12,345)			987		(6,314)		(41,724)
(Increase)decrease in due from other govts.	(838)	(5,048)				(2,231)	(391)		(52,836)
(Increase)decrease in due from component unit		(2,049)							(2,049)
(Increase)decrease in inventory	(63,248)				(15,712)		(3,454)		(82,414)
(Increase)decrease in prepaid expenses	1,027	43,011	(100)		(202)		(101)		43,284
Increase (decrease) in accounts payable	22,901	34,099	(89,460)	30,865	(45)		15,263		14,728
Increase (decrease) in due to other governments									-
Increase (decrease) in due to other funds	50,991	675	263		10,855			129	62,913
Increase (decrease) in contract retainage payable									-
Increase (decrease) in other accrued liabilities	(5,263)	13,141	686		2,672		1,129	(455)	11,910
Increase (decrease) in employee leave benefits	(1,834)	16,410	(270)		1,554		(415)	4,306	19,751
Increase(decrease) in estimated future claims payable			240,721	347,492					588,213
Miscellaneous revenue	3,779	52,761	341	25,115	11,323		157	658	94,134
<u>Total adjustments</u>	400,060	302,580	152,181	403,472	450,082	(2,231)	6,426	13,457	1,726,027
<u>Net cash provided by operating activities</u>	\$ 641,499	\$ 285,672	\$ 230,450	\$ 82,141	\$ 766,490	\$ 27,535	\$ (30,326)	\$ (112,855)	\$ 1,890,606

## **Agency Funds**

Agency Funds are used to account for monies held by Cowlitz County in an agency capacity. Many independent districts are required by state statute to process all monies with the county treasurer who serves as a public depository. Such funds represent a fiduciary responsibility of Cowlitz County and are not representative of county assets or financial operations.

Agency funds are custodial in nature and do not involve the measurement of results of operations. Each independent district is responsible to prepare its own annual report. The modified accrual basis of accounting is applied. The funds used under this category follow:

**Court Clearing** – consists of aggregation of the superior and district courts. The courts act as the collection and disbursement agent. District court accounts for collections and disbursements for the cities of Kalama, Kelso, and Longview and the county.

**Suspense** – a fund used by the treasurer to record monies received prior to allocating those monies to the appropriate department or fund.

**Salary Control** – a clearing fund used for the issuance and redemption of payroll warrants of employees of the county and other districts paid via the county.

**Claims Control** – a clearing fund used for the issuance and redemption of claim warrants.

**Advance Tax** – a fund used to accumulate property tax monies received prior to the distribution date of February 15.

**TAV Reserve** – a fund accounting for monies received from the state for timber harvest tax, which is distributed to various taxing districts based on distribution procedures required by state law codified in RCW 89.033.081.

**State Funds** – funds used to accumulate and remit tax monies owing to the State of Washington.

**School Districts** – this presentation is the aggregate of seven school districts funds for which Cowlitz County performs collection and disbursement functions.

**Fire Districts** – this presentation is the aggregate of seven fire district funds for which Cowlitz County performs collection and disbursement functions.

**EMS #1** – a fund used to accumulate and remit tax monies owing to the rural ambulance service.

**Cemetery Districts** – this presentation is the aggregate of seven cemetery district funds for which Cowlitz County provides collection and disbursement functions.

**Cities** – a fund used to accumulate and remit tax monies owing to five cities.

**Library Districts** – districts formed in some unincorporated areas of the county to obtain library services from the Fort Vancouver Library District or the Longview Public Library.

**Mosquito Control District** – this district was formed in August 1990 for the abatement or extermination of mosquitoes. Consists of all incorporated cities of Cowlitz County except Kalama and Woodland.

**Ports** – this presentation is the aggregate of three port districts for which Cowlitz County provides collection and disbursement functions.

**Beacon Hill Sewer District** – the district deposits its funds with the Cowlitz County Treasurer. Cowlitz County acts as their collection and disbursement agent.

**Flood Control Districts** – is the aggregate of three flood control districts. Cowlitz County provides collection and disbursement functions.

**Diking & Drainage Districts** – is the aggregate of four dike districts and one drainage district for which Cowlitz County provides collection and disbursement functions.

**Cowlitz County Community Network** – agency established to reduce child abuse and neglect, domestic violence, youth violence, substance abuse, and teen pregnancy. Funding comes from grants with most of the work contracted out to other entities.

**Woodland Swimming Pool & Recreation District** – district established for the future construction of a public swimming pool in Woodland.

**Transit Authority** – a separately established entity providing public transportation to the Longview-Kelso area. The Regional Transit Authority operating and capital budgets are financed by grants, taxes and fares. Cowlitz County provides collection and disbursement functions.

**Lower Columbia Fish Recovery** – a separately established entity providing for habitat and restoration of endangered species such as steelhead and future listings by the federal government. Funding is primarily from grants received.

**Council of Governments** – (Formerly titled Governmental Conference) a separately established municipal corporation providing coordinated planning for the governing bodies within Cowlitz County and adjoining areas. Cowlitz County provides collection and disbursement functions.

COWLITZ COUNTY, WASHINGTON  
AGENCY FUNDS  
COMBINING BALANCE SHEET

December 31, 2007

	<u>Court Clearing</u>	<u>Suspense</u>	<u>Salary Control</u>	<u>Claims Control</u>	<u>Advance Tax</u>	<u>T.A.V. Reserve</u>	<u>State Funds</u>	<u>School Districts</u>	<u>Fire Districts</u>
<b><u>Assets</u></b>									
Cash & petty cash	\$ 225,708	\$ 649,818	\$ 286,939	\$ 4,079,968	\$ 72,544	\$ 501,477	\$ 371,193	\$ 6,120,857	\$ 1,597,948
Deposit with fiscal agent								10,000	
Investments	664,000							19,469,898	3,385,329
Taxes receivable							954,313	1,651,703	277,763
Assessments receivable, current							27,787		
<b>Total assets</b>	<b>\$ 889,708</b>	<b>\$ 649,818</b>	<b>\$ 286,939</b>	<b>\$ 4,079,968</b>	<b>\$ 72,544</b>	<b>\$ 501,477</b>	<b>\$ 1,353,293</b>	<b>\$ 27,252,458</b>	<b>\$ 5,261,040</b>
<b><u>Liabilities</u></b>									
Due to other governments	\$ 889,708	\$ 649,818	\$ 286,939	\$ 4,079,968	\$ 72,544	\$ 501,477	\$ 1,353,293	\$ 21,325,972	\$ 5,159,582
Warrants payable								5,926,486	101,458
<b>Total liabilities</b>	<b>\$ 889,708</b>	<b>\$ 649,818</b>	<b>\$ 286,939</b>	<b>\$ 4,079,968</b>	<b>\$ 72,544</b>	<b>\$ 501,477</b>	<b>\$ 1,353,293</b>	<b>\$ 27,252,458</b>	<b>\$ 5,261,040</b>
<b><u>Assets</u></b>									
Cash & petty cash	\$ 10,131	\$ 290,052	\$ 101,164	\$ 24,022	\$ 127,493	\$ 3,406,937	\$ 70,309	\$ 152,882	\$ 131,760
Deposit with fiscal agent									
Investments		1,452,853			180,000	41,152,866	3,137,430	613,000	6,093,307
Taxes receivable	10,022	11,765	512,624	23,355		154,448			
Assessments receivable, current					15,539			27,166	136,634
<b>Total assets</b>	<b>\$ 20,153</b>	<b>\$ 1,754,670</b>	<b>\$ 613,788</b>	<b>\$ 47,377</b>	<b>\$ 323,032</b>	<b>\$ 44,714,251</b>	<b>\$ 3,207,739</b>	<b>\$ 793,048</b>	<b>\$ 6,361,701</b>
<b><u>Liabilities</u></b>									
Due to other governments	\$ 20,153	\$ 1,754,670	\$ 613,788	\$ 47,377	\$ 316,696	\$ 44,560,211	\$ 3,207,739	\$ 793,048	\$ 6,361,701
Warrants payable					6,336	154,040			
<b>Total liabilities</b>	<b>\$ 20,153</b>	<b>\$ 1,754,670</b>	<b>\$ 613,788</b>	<b>\$ 47,377</b>	<b>\$ 323,032</b>	<b>\$ 44,714,251</b>	<b>\$ 3,207,739</b>	<b>\$ 793,048</b>	<b>\$ 6,361,701</b>

COWLITZ COUNTY, WASHINGTON  
 AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2007

		<u>Woodland Swimming Pool &amp; Recr. Dist.</u>	<u>Transit Authority</u>	<u>Lower Columbia Fish Recovery</u>	<u>Council of Governments</u>	<u>2007 Total</u>
<b><u>Assets</u></b>						
Cash & petty cash	\$	5,769	\$ 298	\$ 87,658	\$ 96,551	\$ 18,584,381
Deposit with fiscal agent						10,000
Investments			2,267,000		100,000	78,515,683
Taxes receivable						3,595,993
Assessments receivable, current						207,126
<b>Total assets</b>	<b>\$</b>	<b>5,769</b>	<b>\$ 2,439,903</b>	<b>\$ 87,658</b>	<b>\$ 196,551</b>	<b>\$ 100,913,183</b>
<b><u>Liabilities</u></b>						
Due to other governments	\$	5,769	\$ 2,439,903	\$ 87,658	\$ 196,551	\$ 90,357,956
Warrants payable						10,555,227
<b>Total liabilities</b>	<b>\$</b>	<b>5,769</b>	<b>\$ 2,439,903</b>	<b>\$ 87,658</b>	<b>\$ 196,551</b>	<b>\$ 100,913,183</b>

COWLITZ COUNTY, WASHINGTON  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 For the Year Ended December 31, 2007

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
<b><u>Court Clearing</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 181,037	\$ 9,003,381	\$ 8,958,710	\$ 225,708
Investments	605,298	827,144	768,442	664,000
<b>Total assets</b>	<b>\$ 786,335</b>	<b>\$ 9,830,525</b>	<b>\$ 9,727,152</b>	<b>\$ 889,708</b>
<b><u>Liabilities</u></b>				
Due to other govern.	786,335	9,830,525	9,727,152	889,708
<b>Total liabilities</b>	<b>\$ 786,335</b>	<b>\$ 9,830,525</b>	<b>\$ 9,727,152</b>	<b>\$ 889,708</b>
<hr/>				
<b><u>Suspense</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 48,389	\$ 12,532,156	\$ 11,930,727	\$ 649,818
<b>Total assets</b>	<b>\$ 48,389</b>	<b>\$ 12,532,156</b>	<b>\$ 11,930,727</b>	<b>\$ 649,818</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 48,389	\$ 12,532,156	\$ 11,930,727	\$ 649,818
<b>Total liabilities</b>	<b>\$ 48,389</b>	<b>\$ 12,532,156</b>	<b>\$ 11,930,727</b>	<b>\$ 649,818</b>
<hr/>				
<b><u>Salary Control</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 252,102	\$ 43,351,845	\$ 43,317,008	\$ 286,939
<b>Total assets</b>	<b>\$ 252,102</b>	<b>\$ 43,351,845</b>	<b>\$ 43,317,008</b>	<b>\$ 286,939</b>
<b><u>Liabilities</u></b>				
Warrants payable	\$ 252,102	\$ 43,351,845	\$ 43,317,008	\$ 286,939
<b>Total liabilities</b>	<b>\$ 252,102</b>	<b>\$ 43,351,845</b>	<b>\$ 43,317,008</b>	<b>\$ 286,939</b>
<hr/>				
<b><u>Claims Control</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 5,285,228	\$ 79,670,561	\$ 80,875,821	\$ 4,079,968
<b>Total assets</b>	<b>\$ 5,285,228</b>	<b>\$ 79,670,561</b>	<b>\$ 80,875,821</b>	<b>\$ 4,079,968</b>
<b><u>Liabilities</u></b>				
Warrants payable	\$ 5,285,228	\$ 79,670,561	\$ 80,875,821	\$ 4,079,968
<b>Total liabilities</b>	<b>\$ 5,285,228</b>	<b>\$ 79,670,561</b>	<b>\$ 80,875,821</b>	<b>\$ 4,079,968</b>
<hr/>				
<b><u>Advance Tax</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 64,365	\$ 188,950	\$ 180,771	\$ 72,544
<b>Total assets</b>	<b>\$ 64,365</b>	<b>\$ 188,950</b>	<b>\$ 180,771</b>	<b>\$ 72,544</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 64,365	\$ 188,950	\$ 180,771	\$ 72,544
<b>Total liabilities</b>	<b>\$ 64,365</b>	<b>\$ 188,950</b>	<b>\$ 180,771</b>	<b>\$ 72,544</b>
<hr/>				
<b><u>T.A.V. Reserve</u></b>				
Cash	\$ 542,303	\$ 501,477	\$ 542,303	\$ 501,477
Taxes receivable				
<b>Total assets</b>	<b>\$ 542,303</b>	<b>\$ 501,477</b>	<b>\$ 542,303</b>	<b>\$ 501,477</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 542,303	\$ 501,477	\$ 542,303	\$ 501,477
<b>Total liabilities</b>	<b>\$ 542,303</b>	<b>\$ 501,477</b>	<b>\$ 542,303</b>	<b>\$ 501,477</b>

COWLITZ COUNTY, WASHINGTON  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 For the Year Ended December 31, 2007

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
<b><u>State Funds</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 314,729	\$ 30,053,722	\$ 29,997,258	\$ 371,193
Taxes receivable	913,962	18,421,383	18,381,032	954,313
Assessment rec current	29,912	373,303	375,428	27,787
<b>Total assets</b>	<b>\$ 1,258,603</b>	<b>\$ 48,848,408</b>	<b>\$ 48,753,718</b>	<b>\$ 1,353,293</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 1,258,603	\$ 48,848,408	\$ 48,753,718	\$ 1,353,293
<b>Total liabilities</b>	<b>\$ 1,258,603</b>	<b>\$ 48,848,408</b>	<b>\$ 48,753,718</b>	<b>\$ 1,353,293</b>

<b><u>School Districts</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 5,909,487	\$ 292,145,834	\$ 291,934,464	\$ 6,120,857
Cash with fiscal agent	10,000			10,000
Investments	19,205,657	107,136,800	106,872,559	19,469,898
Taxes receivable	1,578,388	29,345,820	29,272,505	1,651,703
<b>Total assets</b>	<b>\$ 26,703,532</b>	<b>\$ 428,628,454</b>	<b>\$ 428,079,528</b>	<b>\$ 27,252,458</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 21,422,206	\$ 273,403,086	\$ 273,499,320	\$ 21,325,972
Warrants payable	5,281,326	155,225,368	154,580,208	5,926,486
<b>Total liabilities</b>	<b>\$ 26,703,532</b>	<b>\$ 428,628,454</b>	<b>\$ 428,079,528</b>	<b>\$ 27,252,458</b>

<b><u>Fire Districts</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 1,098,095	\$ 34,137,451	\$ 33,637,598	\$ 1,597,948
Cash with fiscal agent	-			-
Investments	3,988,206	25,446,989	26,049,866	3,385,329
Taxes receivable	286,388	4,868,075	4,876,700	277,763
<b>Total assets</b>	<b>\$ 5,372,689</b>	<b>\$ 64,452,515</b>	<b>\$ 64,564,164</b>	<b>\$ 5,261,040</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 5,288,621	\$ 59,586,323	\$ 59,715,362	\$ 5,159,582
Warrants Payable	84,068	4,866,192	4,848,802	101,458
<b>Total liabilities</b>	<b>\$ 5,372,689</b>	<b>\$ 64,452,515</b>	<b>\$ 64,564,164</b>	<b>\$ 5,261,040</b>

<b><u>Emergency Medical Service District #1</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 1,101	\$ 430,201	\$ 421,171	\$ 10,131
Taxes receivable	4,194	206,307	200,479	10,022
<b>Total assets</b>	<b>\$ 5,295</b>	<b>\$ 636,508</b>	<b>\$ 621,650</b>	<b>\$ 20,153</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 5,295	\$ 636,508	\$ 621,650	\$ 20,153
<b>Total liabilities</b>	<b>\$ 5,295</b>	<b>\$ 636,508</b>	<b>\$ 621,650</b>	<b>\$ 20,153</b>

<b><u>Cemetery Districts</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 254,765	\$ 4,253,901	\$ 4,218,614	\$ 290,052
Investments	1,357,284	3,951,888	3,856,319	1,452,853
Taxes receivable	12,257	240,959	241,451	11,765
<b>Total assets</b>	<b>\$ 1,624,306</b>	<b>\$ 8,446,748</b>	<b>\$ 8,316,384</b>	<b>\$ 1,754,670</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 1,624,306	\$ 8,446,748	\$ 8,316,384	\$ 1,754,670
<b>Total liabilities</b>	<b>\$ 1,624,306</b>	<b>\$ 8,446,748</b>	<b>\$ 8,316,384</b>	<b>\$ 1,754,670</b>

COWLITZ COUNTY, WASHINGTON  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 For the Year Ended December 31, 2007

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
<b><u>Cities</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 160,275	\$ 11,312,953	\$ 11,372,064	\$ 101,164
Taxes receivable	\$ 532,873	9,929,368	9,949,617	\$ 512,624
<b>Total assets</b>	<b>\$ 693,148</b>	<b>\$ 21,242,321</b>	<b>\$ 21,321,681</b>	<b>\$ 613,788</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 693,148	\$ 21,242,321	\$ 21,321,681	\$ 613,788
<b>Total liabilities</b>	<b>\$ 693,148</b>	<b>\$ 21,242,321</b>	<b>\$ 21,321,681</b>	<b>\$ 613,788</b>
<hr/>				
<b><u>Library Districts</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 42,519	\$ 577,691	\$ 596,188	\$ 24,022
Taxes receivable	\$ 25,615	479,827	482,087	\$ 23,355
<b>Total assets</b>	<b>\$ 68,134</b>	<b>\$ 1,057,518</b>	<b>\$ 1,078,275</b>	<b>\$ 47,377</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 68,134	\$ 1,057,518	\$ 1,078,275	\$ 47,377
<b>Total liabilities</b>	<b>\$ 68,134</b>	<b>\$ 1,057,518</b>	<b>\$ 1,078,275</b>	<b>\$ 47,377</b>
<hr/>				
<b><u>Mosquito Control District</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 100,217	\$ 669,207	\$ 641,931	\$ 127,493
Investments	\$ 205,949	336,366	362,315	180,000
Assessment rec current	\$ 13,683	299,708	297,852	\$ 15,539
<b>Total assets</b>	<b>\$ 319,849</b>	<b>\$ 1,305,281</b>	<b>\$ 1,302,098</b>	<b>\$ 323,032</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 319,234	\$ 993,963	\$ 996,501	\$ 316,696
Warrants payable	615	311,318	305,597	6,336
<b>Total liabilities</b>	<b>\$ 319,849</b>	<b>\$ 1,305,281</b>	<b>\$ 1,302,098</b>	<b>\$ 323,032</b>
<hr/>				
<b><u>Ports</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 5,374,883	\$ 105,103,631	\$ 107,071,577	\$ 3,406,937
Cash with fiscal agent	20,000			20,000
Investments	35,209,332	62,615,197	56,671,663	41,152,866
Taxes receivable	139,373	2,981,306	2,966,231	154,448
<b>Total assets</b>	<b>40,743,588</b>	<b>\$ 170,700,134</b>	<b>\$ 166,709,471</b>	<b>\$ 44,734,251</b>
<b><u>Liabilities</u></b>				
Due to other govern.	40,698,130	\$ 133,834,982	\$ 129,952,901	\$ 44,580,211
Warrants Payable	45,458	36,865,152	36,756,570	154,040
<b>Total liabilities</b>	<b>40,743,588</b>	<b>170,700,134</b>	<b>166,709,471</b>	<b>44,734,251</b>
<hr/>				
<b><u>Beacon Hill Sewer District</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 260	\$ 23,356,792	\$ 23,286,743	\$ 70,309
Investments	2,637,008	21,066,336	20,565,914	3,137,430
<b>Total assets</b>	<b>\$ 2,637,268</b>	<b>\$ 44,423,128</b>	<b>\$ 43,852,657</b>	<b>\$ 3,207,739</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 2,637,268	\$ 44,423,128	\$ 43,852,657	\$ 3,207,739
<b>Total liabilities</b>	<b>\$ 2,637,268</b>	<b>\$ 44,423,128</b>	<b>\$ 43,852,657</b>	<b>\$ 3,207,739</b>

COWLITZ COUNTY, WASHINGTON  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 For the Year Ended December 31, 2007

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
<b><u>Flood Control Districts</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 28,422	\$ 7,014,024	\$ 6,889,564	\$ 152,882
Investments	522,100	6,487,531	6,396,631	613,000
Assessment rec current	27,660	508,714	509,208	27,166
<b>Total assets</b>	<b>\$ 578,182</b>	<b>\$ 14,010,269</b>	<b>\$ 13,795,403</b>	<b>\$ 793,048</b>
<b><u>Liabilities</u></b>				
Due to other govern.	578,182	14,010,269	13,795,403	793,048
<b>Total liabilities</b>	<b>\$ 578,182</b>	<b>\$ 14,010,269</b>	<b>\$ 13,795,403</b>	<b>\$ 793,048</b>
<hr/>				
<b><u>Diking/Drainage Districts</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 269,721	\$ 59,327,158	\$ 59,465,119	\$ 131,760
Investments	5,554,200	56,831,462	56,292,355	6,093,307
Assessment rec current	121,670	2,707,427	2,692,463	136,634
<b>Total assets</b>	<b>\$ 5,945,591</b>	<b>\$ 118,866,047</b>	<b>\$ 118,449,937</b>	<b>\$ 6,361,701</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 5,945,591	\$ 118,866,047	\$ 118,449,937	\$ 6,361,701
<b>Total liabilities</b>	<b>\$ 5,945,591</b>	<b>\$ 118,866,047</b>	<b>\$ 118,449,937</b>	<b>\$ 6,361,701</b>
<hr/>				
<b><u>Cowlitz County Community Network</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 3,666	\$ 58,443	\$ 56,340	\$ 5,769
<b>Total assets</b>	<b>\$ 3,666</b>	<b>\$ 58,443</b>	<b>\$ 56,340</b>	<b>\$ 5,769</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 3,666	\$ 58,443	\$ 56,340	\$ 5,769
<b>Total liabilities</b>	<b>\$ 3,666</b>	<b>\$ 58,443</b>	<b>\$ 56,340</b>	<b>\$ 5,769</b>
<hr/>				
<b><u>Woodland Swimming Pool &amp; Recreation</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 298			\$ 298
<b>Total assets</b>	<b>\$ 298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 298</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 298	\$ -	\$ -	\$ 298
<b>Total liabilities</b>	<b>\$ 298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 298</b>
<hr/>				
<b><u>Transit Authority</u></b>				
<b><u>Assets</u></b>				
Cash & petty cash	\$ 260,354	\$ 28,788,141	\$ 28,875,592	\$ 172,903
Investments	2,406,000	27,402,294	27,541,294	2,267,000
<b>Total assets</b>	<b>\$ 2,666,354</b>	<b>\$ 56,190,435</b>	<b>\$ 56,416,886</b>	<b>\$ 2,439,903</b>
<b><u>Liabilities</u></b>				
Due to other govern.	\$ 2,666,354	\$ 56,190,435	\$ 56,416,886	\$ 2,439,903
<b>Total liabilities</b>	<b>\$ 2,666,354</b>	<b>\$ 56,190,435</b>	<b>\$ 56,416,886</b>	<b>\$ 2,439,903</b>

COWLITZ COUNTY, WASHINGTON  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 For the Year Ended December 31, 2007

	<u>Balance</u> <u>Jan. 1, 2007</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u> <u>Dec. 31, 2007</u>
<b><u>Lower Columbia Fish Recovery</u></b>							
<b><u>Assets</u></b>							
Cash & petty cash	\$ 179,984	\$	903,107	\$	995,433	\$	87,658
Investments	-						-
<b>Total assets</b>	<b>\$ 179,984</b>	<b>\$</b>	<b>903,107</b>	<b>\$</b>	<b>995,433</b>	<b>\$</b>	<b>87,658</b>
<b><u>Liabilities</u></b>							
Due to other govern.	\$ 179,984	\$	903,107	\$	995,433	\$	87,658
<b>Total liabilities</b>	<b>\$ 179,984</b>	<b>\$</b>	<b>903,107</b>	<b>\$</b>	<b>995,433</b>	<b>\$</b>	<b>87,658</b>

<b><u>Council of Governments</u></b>							
<b><u>Assets</u></b>							
Cash & petty cash	\$ 79,584	\$	1,813,728	\$	1,796,761	\$	96,551
Investments	65,000		330,000		295,000		100,000
<b>Total assets</b>	<b>\$ 144,584</b>	<b>\$</b>	<b>2,143,728</b>	<b>\$</b>	<b>2,091,761</b>	<b>\$</b>	<b>196,551</b>
<b><u>Liabilities</u></b>							
Due to other govern.	\$ 144,584	\$	2,143,728	\$	2,091,761	\$	196,551
<b>Total liabilities</b>	<b>\$ 144,584</b>	<b>\$</b>	<b>2,143,728</b>	<b>\$</b>	<b>2,091,761</b>	<b>\$</b>	<b>196,551</b>

<b><u>TOTAL AGENCY FUNDS</u></b>							
<b><u>Assets</u></b>							
Cash & petty cash	\$ 20,451,784	\$	745,194,354	\$	747,061,757	\$	18,584,381
Cash with fiscal agent	30,000						
Investments	71,756,034		312,432,007		305,672,358		78,515,683
Taxes receivable	3,493,053		66,473,045		66,370,105		3,595,993
Assessment rec current	192,925		3,889,152		3,874,951		207,126
<b>Total assets</b>	<b>\$ 95,923,796</b>	<b>\$</b>	<b>1,127,988,558</b>	<b>\$</b>	<b>1,122,979,171</b>	<b>\$</b>	<b>100,933,183</b>
<b><u>Liabilities</u></b>							
Due to other govern.	\$ 84,974,999	\$	807,698,122	\$	802,295,165	\$	90,377,956
Warrants payable	10,948,797		320,290,436		320,684,006		10,555,227
<b>Total liabilities</b>	<b>\$ 95,923,796</b>	<b>\$</b>	<b>1,127,988,558</b>	<b>\$</b>	<b>1,122,979,171</b>	<b>\$</b>	<b>100,933,183</b>

**STATISTICAL SECTION**

# COWLITZ COUNTY, WASHINGTON

## STATISTICAL SECTION

December 31, 2007

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### Financial Trends

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

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**Cowlitz County**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
 (accrual basis of accounting)

Schedule 1

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>Restated</b>				
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 105,871,755	\$ 115,591,462	\$ 123,471,098	\$ 129,836,308	\$ 137,230,538
Restricted	11,230,942	12,396,168	13,526,419	14,201,750	15,841,207
Unrestricted	15,374,486	12,190,230	9,845,096	13,070,068	17,251,534
<b>Total Government activities net assets</b>	<b>\$ 132,477,183</b>	<b>\$ 140,177,860</b>	<b>\$ 146,842,613</b>	<b>\$ 157,108,126</b>	<b>\$ 170,323,279</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 14,875,430	\$ 15,085,008	\$ 14,994,232	\$ 15,288,738	\$ 16,742,682
Restricted	26,478	16,811	17,534	18,377	18,377
Unrestricted	7,854,569	7,307,926	10,287,276	13,912,540	15,286,144
<b>Total business-type activities net assets</b>	<b>\$ 22,729,999</b>	<b>\$ 22,419,412</b>	<b>\$ 25,298,319</b>	<b>\$ 29,218,812</b>	<b>\$ 32,047,203</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 120,747,185	\$ 130,676,470	\$ 138,465,330	\$ 145,125,046	\$ 153,973,220
Restricted	11,230,942	12,422,646	13,543,230	14,219,284	15,859,584
Unrestricted	23,229,055	19,498,156	20,132,372	26,982,608	32,537,678
<b>Total primary government net assets</b>	<b>\$ 155,207,182</b>	<b>\$ 162,597,272</b>	<b>\$ 172,140,932</b>	<b>\$ 186,326,938</b>	<b>\$ 202,370,482</b>

1/ Restricted net assets for governmental activities were restated - increased for 2002 and 2003 while unrestricted net assets were decreased by the same amount. Restricted net assets for business were restated for 2002 and 2003 eliminating the restricted net assets and increasing the unrestricted net assets by the same amount. Total net assets for governmental

**Cowlitz County**

**Changes in Net Assets**

(accrual basis of accounting)

Last Five Years - (amounts in thousands)

Schedule 2

Page 1 of 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>					
<i>Governmental Activities:</i>					
General government	\$ 9,762	\$ 8,821	\$ 9,292	\$ 10,301	\$ 10,713
Public safety -corrections	6,098	6,430	6,337	7,569	9,027
Public safety -juvenile	3,459	3,515	3,354	3,280	3,438
Public safety -other	6,628	6,122	6,619	7,388	8,416
Judicial	4,041	4,305	4,438	4,735	5,506
Physical environment	1,113	632	493	284	518
Roads & bridges	9,367	9,766	11,515	13,288	13,765
Economic environment	1,358	1,965	1,883	2,228	4,138
Health	10,623	11,906	11,887	12,446	13,368
Culture & recreation	1,831	1,351	1,092	1,158	1,186
Interest on long-term debt	981	1,042	886	1,254	1,670
Total governmental activities expenses	<u>55,261</u>	<u>55,855</u>	<u>57,796</u>	<u>63,931</u>	<u>71,745</u>
<i>Business-Type Activities</i>					
Water	593	561	687	603	864
Sewer	458	416	402	598	534
Solid waste landfill	2,708	2,670	2,991	3,857	3,946
Public safety	3,023	3,047	3,163	3,990	3,606
Culture & recreation	607	641	991	1,082	1,425
Total business-type activity expenses	<u>7,389</u>	<u>7,335</u>	<u>8,234</u>	<u>10,130</u>	<u>10,375</u>
Total primary government expenses	<u>\$ 62,650</u>	<u>\$ 63,190</u>	<u>\$ 66,030</u>	<u>\$ 74,061</u>	<u>\$ 82,120</u>
<b>Program Revenues</b>					
<i>Governmental Activities:</i>					
Charges for services:					
General government	\$ 2,861	\$ 2,785	\$ 2,844	\$ 3,090	\$ 4,772
Health	4,192	6,215	5,799	8,915	3,324
Public safety-corrrections	1,972	1,948	2,088	2,310	9,050
Other activities	4,910	4,837	5,589	7,110	7,802
Operating grants & contributions	7,016	7,044	6,997	6,501	7,530
Capital grants & contributions	2,213	4,157	3,225	7,189	9,002
Total governmental activity program revenues	<u>23,164</u>	<u>26,986</u>	<u>26,542</u>	<u>35,115</u>	<u>41,480</u>
<i>Business-Type Activities</i>					
Charges for services:					
Water	517	504	550	617	595
Sewer	416	468	570	689	637
Solid waste landfill	3,859	3,954	4,692	5,002	4,971
Public safety (911 Com., Law Enf.Records, Emerg. Mgt.)	2,599	2,679	2,997	2,748	3,207
Culture & recreation	305	425	643	835	1,177
Operating grants & contributions	198	202	125	307	105
Capital grants & contributions	34	30	196	1,748	491
Total business-type activities program revenues	<u>7,928</u>	<u>8,262</u>	<u>9,773</u>	<u>11,946</u>	<u>11,183</u>
Total primary government program revenues	<u>\$ 31,092</u>	<u>\$ 35,248</u>	<u>\$ 36,315</u>	<u>\$ 47,061</u>	<u>\$ 52,663</u>

**Cowlitz County**

**Changes in Net Assets**

(accrual basis of accounting)

Last Five Years - (amounts in thousands)

Schedule 2

Page 2 of 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (expense)/revenue					
<i>Governmental activities</i>	\$ (32,097)	\$ (28,869)	\$ (31,254)	\$ (28,816)	\$ (30,265)
<i>Business-type activities</i>	539	927	1,539	1,816	808
Total primary government net expense	<u>\$ (31,558)</u>	<u>\$ (27,942)</u>	<u>\$ (29,715)</u>	<u>\$ (27,000)</u>	<u>\$ (29,457)</u>

**General Revenues & Other Changes in**

**Net Assets**

*Governmental activities*

Taxes					
Property taxes	\$ 21,205	\$ 21,210	\$ 20,871	\$ 21,584	\$ 22,872
Sales taxes	4,758	4,753	6,287	6,678	7,516
Other taxes	5,513	6,156	7,171	7,500	9,635
Investment earnings	773	902	1,606	2,854	2,791
Gain on sale of capital assets (primarily timber)	990	151	2,257	581	893
Transfers in (out)	8,130	2,204	(293)	(226)	(228)
Total governmental activities:	<u>41,369</u>	<u>35,376</u>	<u>37,899</u>	<u>38,971</u>	<u>43,479</u>
<i>Business-type activities</i>					
911 Communication taxes	492	511	568	619	654
Investment earnings	191	198	493	915	1,161
Gain on sale of capital assets	(8,130)	(2,204)	(14)	226	(23)
Transfers	(7,447)	(1,375)	293	226	228
Total business-type activities	<u>\$ 33,922</u>	<u>\$ 34,001</u>	<u>\$ 39,239</u>	<u>\$ 40,731</u>	<u>\$ 45,499</u>

**Change in Net Assets**

Governmental activities	\$ 9,272	\$ 6,507	\$ 6,645	\$ 10,155	\$ 13,214
Business-type activities	<u>(6,908)</u>	<u>(448)</u>	<u>2,879</u>	<u>3,576</u>	<u>2,828</u>
Total primary government	<u>\$ 2,364</u>	<u>\$ 6,059</u>	<u>\$ 9,524</u>	<u>\$ 13,731</u>	<u>\$ 16,042</u>

**Prior period adjustment increase (decrease) net assets**

Governmental activities	\$ (1,689)	\$ 1,193	\$ -	\$ 131	\$ -
Business activities	605	137	-	386	-

Note: Business type activities show a negative change in net assets in 2003 of \$6.9 million, that year \$8.5 million was transferred from Solid Waste to the Governmental Funds to fund jail construction. And in 2004 \$2.75 million was transferred from the Solid Waste Fund to fund jail construction. Had those transfers not occurred business type activities would have had positive changes in net assets in 2003 & 2004.

Cowlitz County, Washington  
Fund Balance of Governmental Funds  
Last Ten Fiscal Years

Schedule 3

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund Reserved	\$ 4,374,099	\$ 5,172,969	\$ 5,089,085	\$ 4,439,808	\$ 5,105,114	\$ 5,929,025	\$ 4,699,512	\$ 8,362,395	\$ 9,834,130	\$ 8,861,399
Unreserved	\$ 4,374,099	\$ 5,172,969	\$ 5,089,085	\$ 4,439,808	\$ 5,105,114	\$ 5,929,025	\$ 4,699,512	\$ 8,362,395	\$ 9,834,130	\$ 8,861,399
Total general fund	\$ 8,748,198	\$ 10,345,938	\$ 10,178,170	\$ 8,879,616	\$ 10,205,228	\$ 11,858,050	\$ 9,399,024	\$ 16,724,790	\$ 19,668,260	\$ 17,722,798
All other governmental funds Reserved	\$ 5,234.00	\$ 5,410,316	\$ 5,215,007	\$ 4,328,777	\$ 5,531,201	\$ 14,699,324	\$ 15,068,059	\$ 15,344,582	\$ 28,259,868	\$ 27,014,866
Unreserved, reported in Special Revenue Funds	9,550,452	9,557,802	10,308,281	11,542,394	10,364,684	10,022,677	10,494,629	10,964,480	11,683,600	13,638,833
Debt Service Funds	2,769					225,000	651,183	805,873	1,405,782	1,586,086
Capital Project Funds	1,128,402	1,384,255	1,466,529	2,998,986	3,484,899	10,815,617	6,390,233	1,498,402	2,636,953	6,924,249
Total all other governmental funds	\$ 10,686,857	\$ 16,352,373	\$ 16,989,817	\$ 18,870,157	\$ 19,380,784	\$ 35,762,618	\$ 32,604,104	\$ 28,613,337	\$ 43,986,203	\$ 49,164,034
Total Fund Balance	\$ 15,060,956	\$ 21,525,342	\$ 22,078,902	\$ 23,309,965	\$ 24,485,898	\$ 41,691,643	\$ 37,303,616	\$ 36,975,732	\$ 53,820,333	\$ 58,025,433

December 31, 2006 reserved fund balance includes \$23.2 million that is reserved for long-term loan receivable from other governments for the payment of bond principal which was issued on their behalf that they agreed to pay the debt as it becomes due. Also, \$2.5 million of the December 31, 2006 balance is reserved for capital improvements to promote economic development, and \$2.5 million is reserved for road and bridge purposes.

**Cowlitz County**  
**Changes in Fund Balances of Governmental Funds**  
**Last Five Fiscal Years**  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Schedule 4

<b>Revenues</b>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>
Taxes	\$ 27,299	\$ 27,860	\$ 31,246	\$ 31,540	\$ 34,775
Licenses & permits	1,126	1,398	1,712	2,225	2,101
Intergovernmental	17,037	20,062	19,822	26,640	31,198
Charges for services	5,021	5,030	5,731	6,522	7,458
Fines	1,260	1,153	1,218	1,383	1,726
Investment earnings	742	808	1,444	2,645	2,791
Rents & leases	283	314	259	283	822
Special assessments	-	262	270	278	296
Miscellaneous	1,031	958	942	887	1,495
<b>Total revenues</b>	<b>53,799</b>	<b>57,845</b>	<b>62,644</b>	<b>72,403</b>	<b>82,662</b>
<b>Expenditures</b>					
General government	9,123	8,355	8,598	9,498	10,378
Public safety-corrections	5,832	6,244	6,158	7,105	8,305
Public safety-juvenile	3,135	3,272	3,053	3,055	3,232
Public safety-other	6,630	6,251	6,721	7,493	8,524
Judicial	3,961	4,268	4,340	4,683	5,403
Physical environment	1,088	602	454	252	518
Economic environment	1,325	1,945	1,853	2,214	4,207
Roads & bridges	6,899	7,253	8,934	10,904	11,430
Health & human services	9,845	11,302	11,219	11,654	13,312
Culture and recreation	1,587	1,133	898	963	978
Capital outlay	5,138	11,326	10,141	9,901	9,527
Debt service:					
Principal	925	1,305	1,145	905	1,435
Interest	924	1,045	842	1,077	1,511
Other charges	1	6	127	2	1
	<b>56,413</b>	<b>64,307</b>	<b>64,483</b>	<b>69,706</b>	<b>78,761</b>
Excess of revenues over (under) expenditures	(2,614)	(6,462)	(1,839)	2,697	3,901
<b>Other financing sources (uses)</b>					
Transfers in	18,803	7,263	6,389	3,445	4,256
Transfers out	(10,936)	(5,332)	(7,130)	(3,882)	(4,754)
Refunding Bonds issued	860		8,565		
Premium on bonds issued			165		
Bonds issued	6,565			13,760	
Discount on bonds issued					
Payments to refunded bond escrow agent			(8,600)		
Sales of capital assets	967	112	2,122	732	801
<b>Total other financing sources (uses)</b>	<b>16,259</b>	<b>2,043</b>	<b>1,511</b>	<b>14,055</b>	<b>303</b>
<b>Net change in fund balances</b>	<b>\$ 13,645</b>	<b>\$ (4,419)</b>	<b>\$ (328)</b>	<b>\$ 16,752</b>	<b>\$ 4,204</b>
Debt service as a percentage of noncapital expenditures	3.61%	4.45%	3.89%	3.32%	4.26%

**Cowlitz County**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years - (amounts in thousands)**  
**(modified accrual basis)**

**Schedule 5**

<u>Year</u>	<u>Property Tax</u>	<u>Sales Tax *</u>	<u>Private Harvest Timber Tax</u>	<u>Other Taxes</u>	<u>Interest &amp; Penalty on Delinquent Taxes</u>	<u>Total Taxes &amp; Penalty</u>
1998	17,944	3,163	2,255	740	911	25,013
1999	16,765	3,331	2,082	708	714	23,600
2000	17,323	4,099	1,554	844	886	24,706
2001	18,623	4,477	1,481	735	1,047	26,363
2002	19,252	4,408	1,101	928	1,077	26,766
2003	19,499	4,758	862	864	1,316	27,299
2004	19,742	4,753	1,059	1,099	1,207	27,860
2005	20,527	6,287	1,367	1,546	1,519	31,246
2006	20,623	6,679	1,524	1,578	1,136	31,540
2007	21,922	7,516	1,573	2,814	950	34,775

Includes General, Special Revenue, Debt Service and Capital Project Fund Tax Revenues.

\* Includes distressed County sales tax effective July 1, 1999 of .04% which increased to .08% effective January 1, 2000. The .08% is restricted for public facilities construction/acquisition and the payment of debt on same. And effective April 1, 2005 the Board approved a .01% a .01% increase in sales tax for criminal justice purposes.

Other taxes included a one quarter of one percent real estate excise tax on the sale of real property in the unincorporated areas of Cowlitz County. This tax is for capital purposes or the County's facilities plan.

**REVENUE BASE  
LAST FIVE YEARS**

**Schedule 6**

**Assessed Value of Taxable Property**

**(Assessed Value in thousands of dollars)**

Assessment Year	Total Assessed Value	Less: Exempt Property (1)	Total Taxable Assessed Value	General Fund Levy Rate per thousand	Year of Levy
<b><u>County General Fund</u></b>					
2003	6,795,728	87,557	6,708,171	1.800000	2004
2004	7,382,764	674,346	6,708,418	1.871484	2005
2005	7,593,608	695,490	6,898,118	1.835191	2006
2006	8,350,715	647,729	7,702,986	1.720177	2007
2007	9,183,061	712,857	8,470,204	1.639373	2008
<b><u>County Road Fund</u></b>					
2004	3,867,108	164,579	3,702,529	1.988547	2005
2005	3,974,905	162,404	3,812,501	1.988516	2006
2006	4,225,349	116,730	4,108,619	2.054442	2007
2007	4,569,788	121,499	4,448,289	1.901268	2008
<b><u>Veterans Relief</u></b>					
2005	7,593,608	695,490	6,898,118	0.01125	2006
2006	8,350,715	647,729	7,702,986	0.01125	2007
2007	9,183,061	712,857	8,470,204	0.01125	2008
<b><u>Human Services ( Mental Health)</u></b>					
2005	7,593,608	695,490	6,898,118	0.025	2006
2006	8,350,715	647,729	7,702,986	0.025	2007
2007	9,183,061	712,857	8,470,204	0.025	2008

(1) For 2003 assessment year & prior, this value represents only the value exempt under the Senior Citizen/Disabled Persons Property Tax Exemption program.

For 2004 assessment year and on, this value represents Public & Private Exempt property value, parcels with value less than \$500 as well as value exempt under the Senior Citizen/Disabled Persons Property Tax Exemption program.

**COWLITZ COUNTY, WASHINGTON**  
**REVENUE RATES**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (1)**  
**(PER \$1,000 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

Schedule 7

Calendar Year	County General Fund		County Road Fund		County Total		Cities & Towns	Ports	Fire Districts	Emergency Service Districts	Cemeteries	State of WA Schools	Local Levies Schools	Rural Partial Library Dist.	Total (2)
	Fund	Fund	Fund	Fund	Total	Total	Districts	Districts	Districts	Districts	Schools	Schools	Schools	Library Dist.	Total
1998	1.80	1.85	1.85	1.85	3.65	2.67	.42	1.04	.32	.08	3.53	3.45	.45		14.34
1999	1.80	1.85	1.85	1.85	3.65	2.67	.43	1.10	.35	.08	3.27	3.11	.46		13.80
2000	1.80	1.85	1.85	1.85	3.65	2.67	.44	1.07	.36	.09	3.42	3.69	.46		14.50
2001	1.80	2.00	2.00	2.00	3.80	2.76	.42	1.11	.36	.09	3.07	3.67	.44		14.41
2002	1.80	2.10	2.10	2.10	3.90	2.95	.42	1.11	.37	.09	2.91	4.25	.44		15.12
2003	1.80	2.10	2.10	2.10	3.90	2.84	.40	1.19	.78	.09	2.76	3.66	.40		14.35
2004	1.80	2.10	2.10	2.10	3.90	2.81	.40	1.09	.39	.09	2.76	3.77	.42		14.33
2005	1.87	1.99	1.99	1.99	3.86	2.80	.41	1.09	.40	.09	2.76	3.77	.44		14.28
2006	1.87	1.99	1.99	1.99	3.86	2.77	.39	1.08	.40	.09	2.57	3.68	.42		13.96
2007	1.76	2.05	2.05	2.05	3.81	2.52	.37	1.01	.70	.09	2.39	3.65	.38		13.38

(1) Includes special levies.

(2) Property located in cities and towns are not subject to County Road Fund taxes, Cemetery District taxes and Rural Partial Library District taxes. Likewise, property located outside of cities and towns are not subject to city and town taxes. Therefore total column overstates tax on parcels. There are 71 tax code areas in the county that have a unique mix of taxing districts for regular and excess levy purposes that for each code area will have its distinct rate. The 2006 tax rates varied from a low of \$8.69 to a high of \$14.20 per thousand assessed valuation. The 2007 tax rates varied from a low of \$8.69 to \$14.20 per thousand assessed valuation.

(3) The port levy excludes Port of Kalama which has not had a levy since 1996.

(4) Excludes annual assessments for diking, drain and flood districts.

\* The column represents the average of the districts. Some may be significantly higher or lower. The schools average excludes Rydenwood School District which had no levy in 2007. The other schools ranged from \$2.09 for Kalama School District to \$5.23 for Kelso school District in 2007. The local school levies are dependent on voter approval.

\*\* In 2006 and 2007 part of General Fund levy as presented includes .01 for Veterans Relief Fund, and .025 that is deposited to the Human Services Fund for Mental Health.

**COWLITZ COUNTY, WASHINGTON  
PRINCIPAL TAXPAYERS**

Schedule 8

2007 TAX YEAR				2008 TAX YEAR			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Weyerhaeuser Company	\$ 443,942,210	1	5.76%	Weyerhaeuser Company	\$ 535,944,820	1	6.33%
North Pacific Paper corp	\$ 319,624,390	2	4.15%	North Pacific Paper corp	\$ 386,670,610	2	4.57%
Longview Fibre	\$ 188,861,680	3	2.45%	Longview Fibre	\$ 146,307,300	3	1.73%
Steelscape	\$ 100,998,990	4	1.31%	Steelscape	\$ 73,910,010	4	0.87%
Emerald Kalama Chemical L	\$ 47,544,270	6	0.62%	Mint Farm Energy Center LLC	\$ 63,631,640	6	0.75%
Solvay Intertox Inc.	\$ 46,629,610	5	0.61%	Pacificcorp	\$ 47,566,121	5	0.56%
Kalama Export - Conagra	\$ 43,803,470	7	0.57%	Solvay	\$ 46,629,610	7	0.55%
Pacificorp	\$ 49,642,404	8	0.64%	Kalama Export	\$ 44,098,780	8	0.52%
Foster Poultry Farms	\$ 36,496,990	9	0.47%	Emerald Kalama	\$ 43,958,170	9	0.52%
MB Longview Triangel LLC	\$ 35,286,530	10	0.46%	Foster Poultry Farms	\$ 33,116,110	10	0.39%
<b>Totals</b>	<b>\$ 1,312,830,544</b>		<b>17.04%</b>	<b>Totals</b>	<b>\$ 1,421,833,171</b>		<b>16.79%</b>
<b>Total District Assessed Value 2006 Taxes: \$ 7,702,986,076</b>				<b>Total District Assessed Value 2007 Taxes: \$ 8,470,203,553</b>			

**Source: Cowlitz County Assessor's Office**

**COWLITZ COUNTY, WASHINGTON  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

**Schedule 9**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent Years</u>		<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Tax Collected</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>
<b>1997</b>	16,719,371	16,321,936	97.62%	397,729	100.00%	16,719,665	100.00%
<b>1998</b>	17,737,383	17,346,299	97.80%	393,563	100.01%	17,739,862	100.01%
<b>1999</b>	16,977,494	16,357,033	96.35%	621,015	100.00%	16,978,048	100.00%
<b>2000</b>	17,597,204	16,930,620	96.21%	668,774	100.01%	17,599,394	100.01%
<b>2001</b>	18,731,207	17,975,995	95.97%	752,079	99.98%	18,728,074	99.98%
<b>2002</b>	18,935,997	18,247,363	96.36%	683,269	99.97%	18,930,632	99.97%
<b>2003</b>	19,502,916	18,710,413	95.94%	767,899	99.87%	19,478,312	99.87%
<b>2004</b>	19,665,917	19,029,680	96.76%	637,539	100.01%	19,667,219	100.01%
<b>2005</b>	20,028,359	19,360,691	96.67%	563,164	99.48%	19,923,855	99.48%
<b>2006</b>	20,581,580	19,924,738	96.81%	459,183	99.04%	20,383,921	99.04%
<b>2007</b>	22,052,287	21,277,640	96.49%		96.49%	21,277,640	96.49%

*Total tax levy adjusted for taxes omitted or that were reduced from original levy.*

**Cowlitz County**  
**Ratios of Outstanding Debt**

**Schedule 10**  
**(dollars in thousands except per capita)**

<u>Fiscal Year</u>	<u>Governmental Activities</u>					<u>Business Type Activities</u>					<u>Total Primary Government</u>	<u>Per Capita</u>	<u>Percent of Personal Income</u>
	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Special Sewer Revenue Bonds</u>	<u>Note Payable</u>	<u>Capital Lease</u>	<u>Water G.O. Bond</u>	<u>Sewer Note Payable State of Washington</u>	<u>Water Note Payable St. of Wa.</u>	<u>Capital Lease</u>				
1997						190				37	227	2.47	0.01%
1998	2,060	1/			317	175					2,552	27.41	0.13%
1999	11,925	1/			245	160				12	12,342	131.16	0.58%
2000	11,855	1/		700	168	145		102			12,970	136.67	0.58%
2001	11,490	1/		700	87	130		102			12,509	133.22	0.54%
2002	16,800			700	-	115		580		58	18,253	193.36	0.77%
2003	20,075			700	-	100		547		45	21,467	226.21	0.92%
2004	20,075	2,445		175	-	80		554		31	23,360	245.12	0.97%
2005	19,755	2,335		-	-	60		519		16	23,235	242.28	0.92%
2006	18,970	2,215	13,760	-	-	40		485		-	36,494	377.00	1.41%
2007	18,130	2,090	13,290	-	-	20		450		-	34,884	356.69	3/

1/ Prior to 2002 the Central Sewer District (now titled Three Rivers Wastewater Authority) had been presented as a utility of the County. In 2002 GASB 34 was implemented it was presented as a discretely presented component unit. Because it has its own board it should never have been presented as a County fund. Therefore, for comparative purpose the debt of the Central Sewer is eliminated from this presentation.

2/ The 2006 outstanding debt of the County of \$34.279 million includes \$26.3 million that went to other governments that have agreed to pay the debt principal and interest on as it come due.

3/ Personal Income data not available for 2006.

**Cowlitz County, Washington**  
**Ratios of General Bonded Debt Outstanding**

**Schedule 11**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Special Revenue Bonds</u>	<u>Special Assessment Bonds with Govt. Commitment</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1998	\$ 2,060,000			0.04%	22.13
1999	11,925,000			0.20%	126.73
2000	11,855,000			0.19%	124.92
2001	11,490,000			0.18%	122.36
2002	16,800,000			0.25%	177.97
2003	20,750,000		\$ 2,550,000	0.35%	245.52
2004	20,075,000		2,445,000	0.34%	236.31
2005	19,755,000		2,335,000	0.32%	230.34
2006	18,970,000	\$ 13,760,000	2,215,000	0.45%	361.00
2007	18,130,000	\$ 13,290,000	2,090,000	0.40%	342.64

1/ The special revenue bonds are paid from users of the Three Rivers Wastewater Authority, a discretely presented component unit of Cowlitz County.

2/ The special assessment bonds with governmental commitment are paid from owners of Port of Longview Industrial Development property.

**Cowlitz County, Washington**  
**Legal Debt Margin**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

**Schedule 13**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit (without vote of people)										
1.5% of property value	88,134	91,724	95,323	95,821	100,325	100,622	100,626	103,472	115,545	127,053
Total net debt applicable to limit	5,908	56,116	56,709	51,545	18,765	23,400	25,394	24,645	37,633	1/ 36,862
Legal debt margin	\$ 82,226	\$ 35,608	\$ 38,614	\$ 44,276	\$ 81,560	\$ 77,222	\$ 75,232	\$ 78,827	\$ 77,912	\$ 90,191
Total net debt applicable to the limit as a percentage of debt limit	6.70%	61.18%	59.49%	53.79%	18.70%	23.26%	25.24%	23.82%	32.57%	29.01%
Debt limit (with 3/5 vote of People)										
2.5% of property value	\$ 146,889	\$ 152,874	\$ 158,871	\$ 159,702	\$ 167,209	\$ 167,704	\$ 167,710	172,453	192,575	211,755
Total debt applicable to limit	5,908	56,116	56,709	51,545	18,765	23,400	25,394	24,645	37,633	36,862
Legal debt margin	\$ 140,981	\$ 96,758	\$ 102,162	\$ 108,157	\$ 148,444	\$ 144,304	\$ 142,316	\$ 147,808	\$ 154,942	\$ 174,893

Note - There was a significant decrease in the debt applicable to County limit in 2002. This was due to the issuance of \$35.4 million in Special Sewer Revenue Refunding Bonds to advance refund a portion of the County's 1999 Limited General Obligation Bonds. The 2002 issue is paid by Three Rivers Wastewater Treatment Authority and the County has no liability on that issue.

1/ The \$37.6 million of debt outstanding at December 31, 2006 that was issued by the County includes \$26.3 that other governments have been the recipient of the bond proceeds and those governments are obligated to pay that debt with the County as a backer of the debt in case of default.

**COWLITZ COUNTY, WASHINGTON  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

Schedule 14

<u>Year</u>	<u>Population(1)</u>	<u>Unemployment Rate(2)</u>	<u>School Enrollment(3)</u>	<u>Annual Avg. Wage(2)</u>	<u>Per Capita Income(4)</u>	<u>Median Age(1)</u>
1996	90,800	8.7%	17,483	26,868	20,335	35.8
1997	92,000	7.1%	17,608	27,649	21,057	36.1
1998	93,100	7.9%	17,740	28,131	21,851	36.5
1999	94,100	6.9%	17,547	29,081	22,783	36.8
2000	94,900	7.8%	17,711	30,211	23,454	36.9
2001	93,900	11.0%	17,537	31,077	24,633	37.5
2002	94,400	10.8%	17,599	31,848	25,104	37.4
2003	94,900	10.2%	17,645	32,034	24,476	37.8
2004	95,300	8.7%	17,587	32,749	25,298	38.1
2005	95,900	7.3%	17,830	36,525	26,268	38.5
2006	96,800	6.6%	17,956	37,084	26,781	38.6
2007	97,800	6.3%	18,063	37,642	**	38.8

(1) Data from Washington State Office of Financial Management

(2) Data from Washington State Employment Security Department (preliminary data for 2005 on average annual wage)

(3) Data from Educational Service District 112

(4) Data from Washington State Forecast Council.

\*\* Information not readily available.

Cowlitz County, Washington  
Principal Employers  
2007

Schedule 15

<u>Employers</u>	<u>Employees</u>	<u>Percent of Total County Employment</u>
Weyerhaeuser	1,850	4.52%
Longview Fibre	1,743	4.26%
Pacific Health/St. John Medical Center	1,500	3.66%
Longview School District	925	2.26%
Kelso School District	850	2.08%
Foster Farms	700	1.71%
Cowlitz County	559	1.37%
J.H. Kelly	500	1.22%
Safeway Grocery Stores	475	1.16%
Norpac	450	1.10%
	<u>9,552</u>	<u>23.33%</u>
 Total Employment in Cowlitz County	 40,950	

Source: Principal Employers - Kelso Longview Chamber of Commerce  
Total Employment - Wa. State Employment Security Department

**Full-time Equivalent County Government Employees by Function**  
**Schedule 16**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Government</b>					
Commissioners	6.0	6.0	6.0	6.0	6.0
Treasurer	9.0	9.0	9.0	8.0	10.0
Auditor and Auditor's O&M	13.0	13.4	13.1	13.2	14.7
Assessor	21.0	20.0	18.0	16.5	18.0
Admin Svcs	7.0	6.0	7.0	8.0	8.0
Prosecuting Atty	13.5	17.7	22.0	24.1	24.1
PA - Victim Witness	2.0	1.8	2.2	2.1	2.0
Child Support Svcs.	7.0	6.0	7.0	7.0	7.0
Admin Bldg Maint.	4.0	3.0	3.1	3.2	
Hall of Justice Maint.	9.0	7.5	9.6	11.5	
Facilities Maintenance					15.9
Courthouse Facilitator	-	0.2	0.5		1.0
Graphic Info Syst.	5.0	5.0	3.0	4.2	4.0
Central Services	9.0	8.0	8.0	6.0	8.0
Risk Management	2.0	2.0	2.0	2.0	2.0
Purchasing	-	1.0	1.0	1.0	1.0
Elections	4.0	5.7	4.7	5.6	4.0
<i>Total Gen'l Govt.</i>	<u>111.5</u>	<u>112.3</u>	<u>116.2</u>	<u>118.5</u>	<u>125.7</u>
<b>Public Safety-Other</b>					
Sheriff	49.0	52.0	52.0	54.0	59.0
Drug Task Force	3.0	3.0	3.0	3.0	3.0
Boat Safety					
911 Communcations	23.8	23.8	21.8	25.2	22.2
Law Enforcement Records	13.0	13.0	13.0	14.0	14.0
Emergency Management	3.0	3.0	3.0	3.0	3.0
Motor Pool	2.0	2.0	2.0	2.0	2.0
<i>Total Pub. Safety-Other</i>	<u>93.8</u>	<u>96.8</u>	<u>94.8</u>	<u>101.2</u>	<u>103.2</u>
<b>Pub. Safety-Corrections</b>					
Probation Svcs.	7.0	7.0	7.1	7.1	8.0
Jail	51.0	53.0	52.6	60.9	66.0
Offender Svcs	17.0	15.5	12.3	13.2	15.3
Jail Concessions	1.0	1.0	1.0	1.0	1.0
<i>Total Pub. Safety-Corrections</i>	<u>76.0</u>	<u>76.5</u>	<u>73.0</u>	<u>82.2</u>	<u>90.3</u>
<b>Pub. Safety- Juvenile Prob.</b>					
- Juvenile Deten.			25.0	15.3	16.0
<i>Total Public Safety-Juvenile</i>	<u>45.0</u>	<u>43.6</u>	<u>40.8</u>	<u>38.9</u>	<u>39.8</u>
<b>Judicial</b>					
Superior Crt	9.0	8.5	8.3	8.5	8.8
District Crt	19.0	19.1	17.7	18.9	20.7
Clerk	16.0	16.7	17.1	17.7	19.0
Family Crt	3.8	3.8	3.8	3.8	4.1
Office of Public Defense				4.0	10.0
<i>Total General Government</i>	<u>47.8</u>	<u>48.1</u>	<u>46.9</u>	<u>52.8</u>	<u>62.6</u>
<b>Economic Environment</b>					
Bldg & Plng.	16.0	20.1	20.6	25.0	27.2
<i>Total Economic Environment</i>	<u>16.0</u>	<u>20.1</u>	<u>20.6</u>	<u>25.0</u>	<u>27.2</u>
<b>Health</b>					
Coroner	1.0	1.0	1.5	1.8	2.8
Drug Crt Grt Prog	1.0	1.0	1.0	1.4	2.0
Human Svcs	9.0	11.0	9.8	9.0	11.0
Health Dept.	23.8	24.8	28.4	27.9	26.5
<i>Total Health</i>	<u>34.8</u>	<u>37.8</u>	<u>40.7</u>	<u>40.1</u>	<u>42.3</u>
<b>Culture &amp; Recreation</b>					
WSU Coop. Extension	1.0	1.1	1.2	1.1	1.1
Museum	1.0	1.0	1.0	1.0	1.0
Park & Recreation	3.0	3.0	3.0	3.6	3.0
Tourism	2.0	2.0	2.0	1.0	1.0
Expo. & Conf. Center	3.0	5.0	5.0	3.5	5.5
<i>Total Culture &amp; Rec.</i>	<u>10.0</u>	<u>12.1</u>	<u>12.2</u>	<u>10.2</u>	<u>11.6</u>
<b>Roads &amp; Bridges</b>					
County Road	71.0	71.0	68.0	68.0	72.0
Equip Rental & Rev	7.0	7.0	6.0	7.0	5.0
<i>Total Roads &amp; Bridges</i>	<u>78.0</u>	<u>78.0</u>	<u>74.0</u>	<u>75.0</u>	<u>77.0</u>
<b>Water</b>					
	1.5	2.5	2.5	2.5	2.5
<b>Sewer</b>					
	1.5	2.5	2.5	2.5	2.5
<b>Solid Waste</b>					
	10.0	10.0	10.0	10.0	9.8
<b>Total</b>	<u>525.9</u>	<u>540.3</u>	<u>534.2</u>	<u>558.8</u>	<u>594.5</u>