

COWLITZ COUNTY, WASHINGTON



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2009

Mount St. Helens Visitor Center at Silver Lake

The photo on the cover is of the Mount St. Helens Visitor Center at Silver Lake. The Washington State Parks and Recreation Commission has operated the Mount St. Helens Visitor Center at Silver Lake as a result of a partnership agreement (under a special use permit) with the United States Forest Service. In May of 2007, Washington State Parks accepted ownership of the center from the U.S. Forest Service. The center, which opened in 1987, plays host to more than 200,000 visitors a year.

Built in the architectural mode known as Cascade style, the Silver Lake visitor center won a design award from President Ronald Reagan in 1988.

Its large windows and sweeping, upward lines contribute to the feeling of magnificence surrounding the mountain. Inside, visitors may enjoy a variety of interpretive displays that set the scene for all the visitor centers at Mount St. Helens. There are comprehensive presentations on the cultural and historical significance of the area, a chronology of events leading up to the volcanic blast on May 18, 1980, local geology, and the re-growth and recovery of the area in the years since the eruption. Displays include several interactive exhibits, life-size manikins, a large, step-in model of the volcano and a working seismograph. Theater programs are offered twice an hour.

Outdoors, visitors can explore Silver Lake via a mile-long trail, including boardwalks over wetlands where a variety of migratory waterfowl may be viewed at different times of the year.



COWLITZ COUNTY, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2009

Kristina K. Swanson, Cowlitz County Auditor

*Leo Kim, CPA, Chief Accountant
Teresa Johnson, CPA, Consultant
Lynn Ruffe, Fiscal Accountant
Kathy Sauer, Project Manager*

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

**TABLE OF CONTENTS
Year Ended
December 31, 2009**

Table of Contents	1
-------------------	---

INTRODUCTORY SECTION

Letter of Transmittal	7
List of Elected Officials	10
County Organization Chart	11
Map of Cowlitz County	12

FINANCIAL SECTION

Management's Discussion and Analysis	15
<u>Basic Financial Statements:</u>	
Description of Basic Financial Statements	27
Government-wide Financial Statements:	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds	31
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	32
Statement of Revenues, Expenditures, and Changes in Fund Balance- –Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Net Assets – Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Net Assets- Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Fiduciary Net Assets (Agency Funds)	38
Notes to Financial Statements	39
<u>Required Supplemental Information:</u>	
Description of Required Supplemental Information	79
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – General Fund	81
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - Other Major Funds:	
County Road Fund	82
Community Mental Health	83

<u>Nonmajor Funds:</u>	
Description of Non-major Governmental Funds	85
Combining Statement of Net Assets- Non-major Governmental Funds	87
Combining Statement of Revenues, Expenditures, & Changes in Fund Balance – Non-major Governmental Funds	88
Combining Balance Sheet- Non-major Special Revenue Funds	89
Combining Statement of Revenues, Expenditures & Changes in Fund Balance Non-major Special Revenue Funds	92
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Non-major Special Revenue Funds	95
Description Non-major Debt Service Funds	117
Combining Balance Sheet – Non-major Debt Service Funds	119
Combining Statement of Revenues, Expenditures and Changes in Fund Balance- Non-major Debt Service Funds	120
Description Non-major Enterprise Funds	121
Combining Statement of Net Assets-Non-major Enterprise Funds	123
Combining Statement of Revenues, Expenses and Change in Fund Net Assets-Non-major Enterprise Funds	124
Combining Statement of Cash Flows-Nonmajor Enterprise Funds	125
<u>Internal Service Funds:</u>	
Description of Internal Service Funds	127
Combining Statement of Net Assets	129
Combining Statement of Revenues, Expenses and Changes in Net Assets	130
Combining Statement of Changes in Cash Flows	131
<u>Agency Funds:</u>	
Description of Agency Funds	133
Combining Balance Sheet	135

STATISTICAL SECTION

Statistical Section Contents and Description	137
<u>Financial Trends:</u>	
Net Assets by Component – Last Five Years	140
Changes in Net Assets- Last Five Years	141
Fund Balances of Governmental Funds	143
Changes in Fund Balances of Governmental Funds -Last Five Years	144
General Governmental Tax Revenues by Source-Last Ten Years	145
<u>Revenue Capacity:</u>	
Assessed Value of Property and Levy Rate – Last Five Years	146
Property Tax Rates – Direct and Overlapping Governments	147
Principal Taxpayers-Last Two Years	148
Property Tax Levies & Collections – Last Ten Years	149
<u>Debt Capacity:</u>	
Ratios of Outstanding Debt	150
Legal Debt Margin	151

<u>Demographic and Economic Information</u>	
Demographic Statistics	152
Principal Employers	153
<u>Operating Information</u>	
Employees by Function – Last 4 Years	154

INTRODUCTORY SECTION



KRISTINA K. SWANSON
AUDITOR

County Administration Building
207 Fourth Avenue North
Kelso, WA 98626
TEL (360) 577-3002
FAX (360) 414-5552
www.co.cowlitz.wa.us/auditor

September 8, 2010

To the Commissioners and the Citizens of Cowlitz County:

The Comprehensive Annual Financial Report (CAFR) of Cowlitz County for the year ended December 31, 2009, 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, Basic 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 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, 2009, 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, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the Auditor's report. For the 2009 audit year, the State Auditor's Office performed an audit on the Basic Financial Statements and not a full CAFR (Comprehensive Annual Financial Report) 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 reported as a discretely 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 discretely 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. Personnel 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 2009 unemployment rate averaged 12.85% compared to 7.89% for 2008. July 2010 unemployment was 11.8% compared to 13.1% for July 2009. State unemployment average was 8.88% for 2009.

Taxable sales for 2009 totaled \$1.231 billion, a 3.75% decrease over the \$1.279 billion for 2008.

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. In addition, for 2009, the County added an additional layer of internal control by procuring a CPA consultant for additional review of

the financial statements. She also was instrumental in the preparation of the financial statements.

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
2009 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

Terry R. McLaughlin

Kristina K. Swanson

Roni A. Booth

Timothy J. Davidson

Susan Baur

Mark Nelson

William Mahoney

Judy Ainslie

County Treasurer

Superior Court Judges

Court One

Court Two

Court Three

Court Four

James E. Warme

Steve Warning

Jill Johanson

James Stonier

District Court Judges

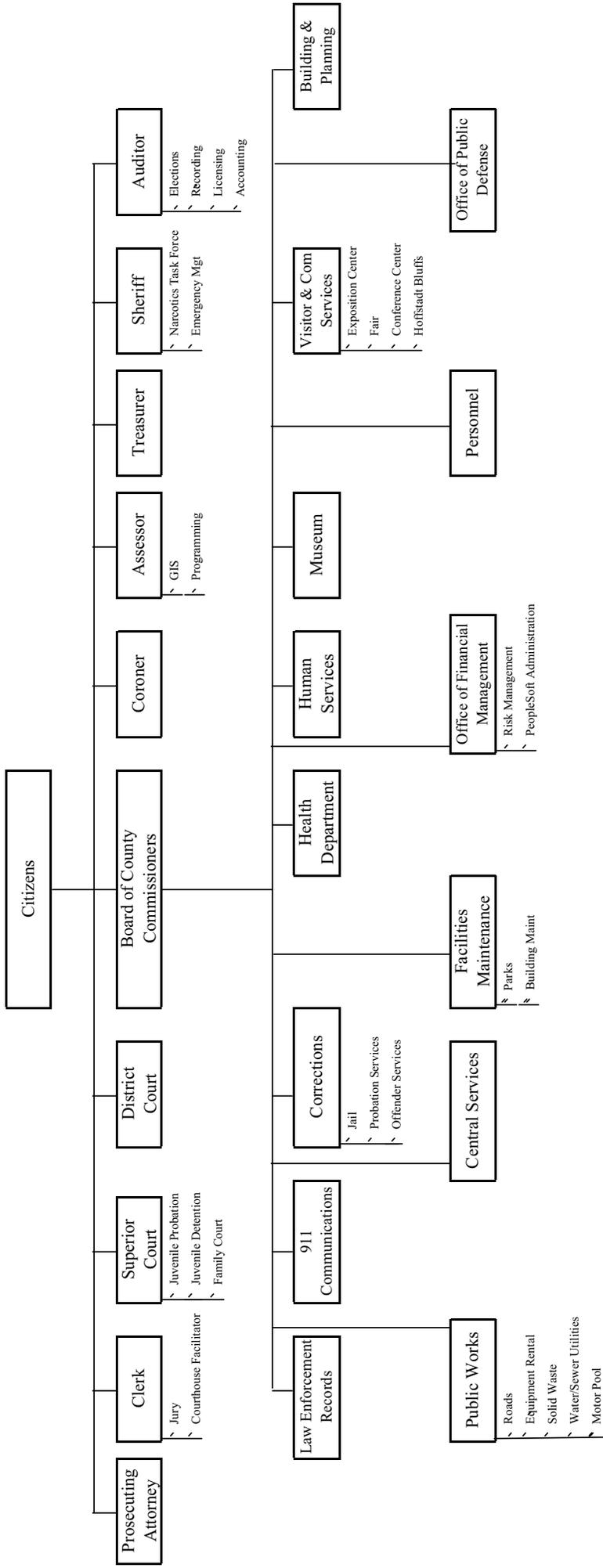
Court One

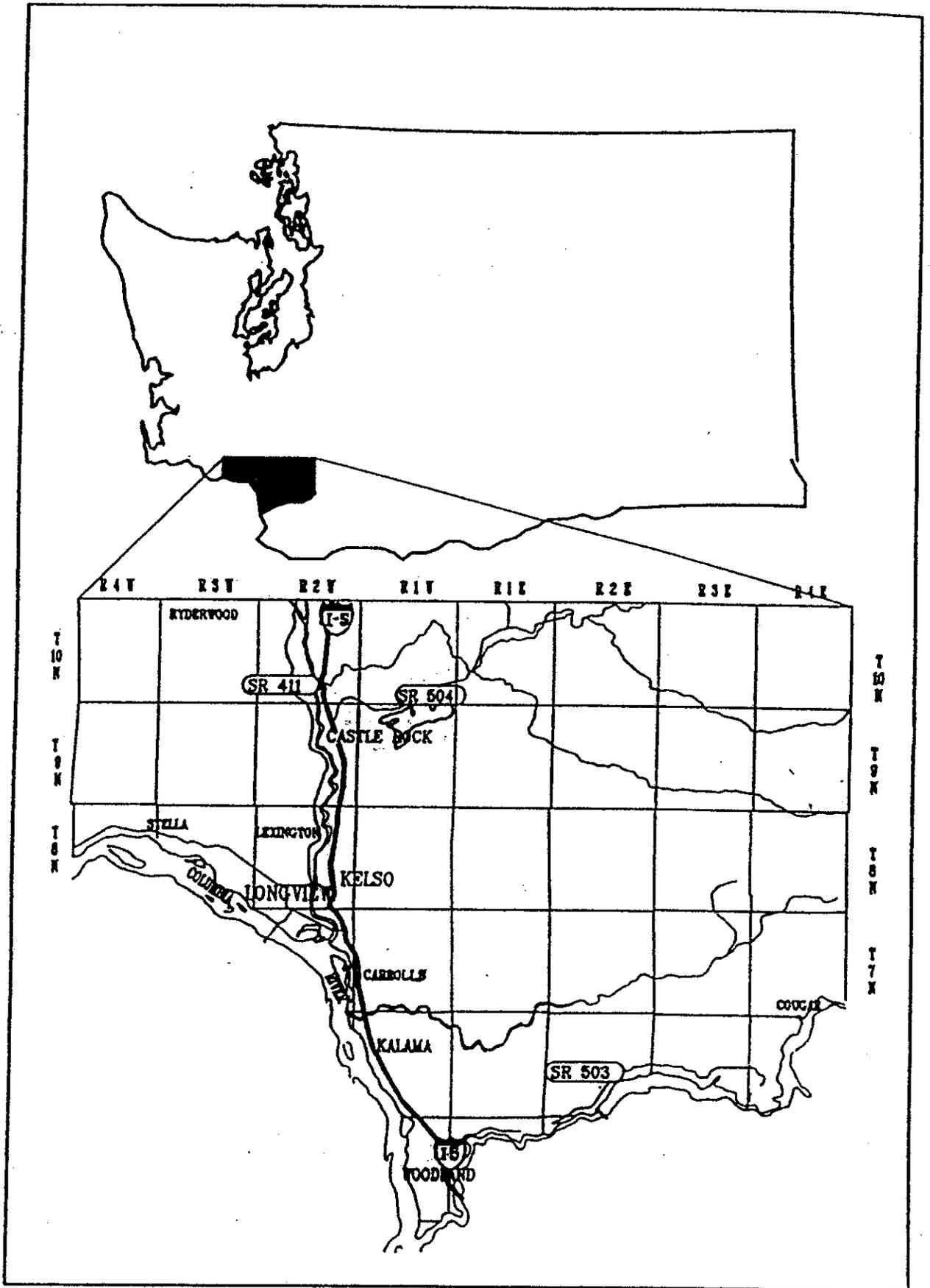
Court Two

David Koss

Ed Putka

COWLITZ COUNTY





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, 2009. The discussion emphasizes results for calendar year 2009 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 \$208.1 million. Net assets invested in capital assets (net of depreciation and related debt) accounts for 76.07% of this amount with a value of \$158.3 million. Of the remaining net assets, \$15.0 million of governmental activity net assets and \$19.6 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 \$4.5 million in 2009. The net assets of business-type activities decreased \$72.8 thousand and net assets of governmental activities increased \$4.5 million from 2009 operations.
- At December 31, 2009 Cowlitz County's governmental funds reported a combining ending fund balance of \$50.8 million, a decrease of \$2.7 million compared to the prior year.
- The General Fund unreserved fund balance at December 31, 2009 was \$6.4 million, a 20.75% increase compared to the December 31, 2008 total of \$5.3 million. The December 31, 2009 unreserved fund balance represents 17.88% of the 2009 General Fund expenditures and transfers out.
- The County Road Fund unreserved fund balance at December 31, 2009 totaled \$5.0 million, a decrease of 9.09% compared to the December 31, 2008 balance. The ending unreserved fund balance represents 24.63% of the 2009 Road Fund expenditures and transfers out.
- Cowlitz County's total long-term debt as of December 31, 2009 totaled \$51.2 million, a net increase of \$700 thousand over the previous year.
- At December 31, 2009 the County's remaining capacity for issuing non-voted debt is \$107.5 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 2009.)

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 within the Basic Financial Statements section of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds (general fund, special revenue funds, debt service funds and capital funds), proprietary funds (enterprise funds and internal service funds), and fiduciary funds (trust/agency funds). Fund financial statements explain how services are financed in the short-term as well as what remains available for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County are 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 33 individual governmental funds at the close of 2009. 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, 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 who's 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 27 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.

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

Fiduciary Funds of Cowlitz County are used to account for assets held by the county on behalf of other governmental entities 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 within the Basic Financial Statement section 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 \$208.1 million at December 31, 2009 compared to \$202.3 million at December 31, 2008.

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, 2009 net of depreciation totals \$72.3 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 71,948,859	\$ 69,792,424	32,376,235	30,837,762	\$ 104,325,094	\$ 100,630,186
Capital assets (net of depreciation)	144,560,273	141,263,011	15,790,997	16,400,625	160,351,270	157,663,636
Total assets	\$ 216,509,132	\$ 211,055,435	48,167,232	47,238,387	264,676,364	258,293,822
Long-term liabilities	36,778,917	37,626,103	14,315,620	12,917,305	51,094,537	50,543,408
Other liabilities	4,887,488	4,858,264	536,130	574,575	5,423,618	5,432,839
Total liabilities	41,666,405	42,484,367	14,851,750	13,491,880	56,518,155	55,976,247
Net Assets:						
Invested in capital assets, net of related debt	144,560,273	141,263,011	13,731,064	14,665,554	158,291,337	155,928,565
Restricted	15,188,345	13,286,578	19,060	18,377	15,207,405	13,304,955
Unrestricted	15,024,110	14,021,479	19,565,358	19,062,576	34,589,468	33,084,055
Total net assets	\$ 174,772,728	\$ 168,571,068	\$ 33,315,482	\$ 33,746,507	\$ 208,088,210	\$ 202,317,575

At December 31, 2009 the County has positive balances in governmental and business-type activities and in total net assets. The same situation existed for 2008. Cowlitz County's net assets increased \$4.5 million in 2009 to December 31, 2008.

Statement of Changes in Net Assets. Key elements in the net increase of \$4.5 million in net assets for 2009 along with comparative amounts for 2008 follows:

Cowlitz County –Changes in Net Assets

	Governmental Activities		Business-type activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 25,448,145	\$ 25,743,143	\$ 10,373,858	\$ 10,405,934	\$ 35,822,003	\$ 36,149,077
Operating grants & contributions	7,537,204	6,422,916	313,418	278,153	7,850,622	6,701,069
Capital grants and contributions	5,792,720	2,411,003	34,341	19,051	5,827,061	2,430,054
<i>General Revenues</i>						
Taxes	37,527,795	36,823,566	683,345	677,982	38,211,140	37,501,548
Gain (loss) on sale of assets	971,339	484,398	(275,085)	-	696,254	484,398
Interest earned on investments	888,565	1,135,932	187,196	698,406	1,075,761	1,834,338
Total revenues	78,165,768	73,020,958	11,317,073	12,079,526	89,482,841	85,100,484
Program Expenses						
General Government	9,858,724	11,139,284			9,858,724	11,139,284
Public Safety	21,240,814	22,454,119	4,091,832	3,837,226	25,332,646	26,291,345
Judicial	5,625,251	6,118,685			5,625,251	6,118,685
Physical environment	515,075	1,036,143			515,075	1,036,143
Transportation-roads	15,117,188	13,084,755			15,117,188	13,084,755
Economic environment	3,225,147	3,140,324			3,225,147	3,140,324
Health	14,523,771	14,558,930			14,523,771	14,558,930
Culture & recreation	1,125,292	1,312,264	1,918,642	1,446,012	3,043,934	2,758,276
Solid Waste			4,128,553	4,020,698	4,128,553	4,020,698
Water			933,121	841,908	933,121	841,908
Sewer			542,886	546,066	542,886	546,066
Interest on long-term debt	2,142,162	1,616,977			2,142,162	1,616,977
Total Expenses	73,373,424	74,461,481	11,615,034	10,691,910	84,988,458	85,153,391
Excess (deficiency) of revenues over (under) expenses	4,792,344	(1,440,523)	(297,961)	1,387,616	4,494,383	(52,907)
Transfers	(225,194)	(311,688)	225,194	311,688	-	-
Change in Net Assets	4,567,150	(1,752,211)	(72,767)	1,699,304	4,494,383	(52,907)
Net assets January 1	168,571,068	170,323,279	33,746,507	32,047,203	202,317,575	202,370,482
Prior period adjustment	1,704,510		(358,258)		1,346,252	-
Net assets -December 31	\$ 174,842,728	\$ 168,571,068	\$ 33,315,482	\$ 33,746,507	\$ 208,158,210	\$ 202,317,575

Cowlitz County revenue totaled \$89.5 million in 2009. Governmental activities provided \$78.2 million, 87.37%, while business activities provided \$11.3 million. Taxes - \$37.5 million account for 47.95% of the 2009 governmental activity revenues compared to \$36.8 million in 2008.

Governmental activities net assets of Cowlitz County increased by \$4.5 million in 2009. It consists of governmental revenues in excess of governmental expenditures by \$4.7 million decreased by \$225 thousand in governmental transfers out to business-type activities.

Charges for services revenue totaled \$25.4 million in 2009 compared to \$25.7 million in 2008. Charges for service revenue was up in five programs and down in three programs as shown on the Statement of Activities. Capital grants and capital contributions totaled \$5.8 million in 2009 compared to \$2.4 million in 2008. County governmental activity expenses in 2009 totaled \$73.4 million, a 1.48% decrease compared to 2008.

Business type expenses for Cowlitz County in 2009 totaled \$11.6 million compared to \$10.7 million in 2008. Expenses included public safety programs consisting of (911 communications,

law enforcement records and emergency management) - \$4.1 million; the solid waste landfill \$4.1 million; the water sewer utility \$1.5 million in expenses and the exposition center had \$1.9 million of expenses in 2009.

Business type activities net assets decreased \$72.8 thousand in 2009. Charges for services revenues of \$10.4 million accounted for 92.04% of total business revenues.

Other business revenues consisted of \$683 thousand in 911 communication taxes. And interest earnings on investments totaled \$187.2 thousand in 2009 compared to \$698 thousand in 2008.

The Solid Waste Utility revenue of \$4.4 million accounted for 38.94% of the business-type revenues reported in 2009. The Solid Waste charges for service revenues totaled \$4.1 million in 2009 a decrease of \$600 thousand, 12.77%, compared to 2008. Net assets of the Solid Waste Utility totaled \$20.4 million at December 31, 2009, a decrease of \$200 thousand in 2009. Interest income in 2009 totaled \$169.1 thousand versus \$628.5 thousand in 2008.

The Water-Sewer Utility charges for service revenues totaled \$1.4 million in 2009, virtually the same as 2008. The Water Sewer net assets decreased \$270.8 thousand in 2009 to \$7.5 million.

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 2003 Limited GO and Refunding Bond Debt Service, Debt Service -2006 Special Sewer Revenue, and the Capital Improvements Fund are the County’s major governmental funds. These funds account for 80.12% of the total governmental funds as of the December 31, 2009 ending fund balance.

	Balance	Percent
General Fund	\$ 6,391,369	13%
Road Fund	4,991,726	10%
Community Mental Health	2,633,645	5%
2003 Lmt. GO Refunding Bonds	5,610,000	11%
2006 Special Sewer Revenue Bonds	12,290,000	24%
Capital Improvement Fund	8,801,415	17%
Other Governmental Funds	10,073,323	20%
Total Governmental Fund Balance	\$ 50,791,478	100%

The Capital Improvements fund balance totaled \$8.8 million at December 31, 2009; this represents 17.32% of the governmental funds fund balance. Some of the fund balance is reserved consisting of \$609.4 thousand for Transportation, \$1.6 million for Economic Environment and \$231.6 thousand for Physical Environment.

The major debt service funds combined had \$17.9 million in fund balance at December 31, 2009. The non-major debt service funds had \$3.3 million in fund balance at December 31, 2009. 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 \$21.2 million of the governmental funds December 31, 2009 total fund balance of \$50.8 million is actually restricted to paying long-term debt. Excluding the debt service fund balances the governmental funds fund balance at December 31, 2009 was \$29.6 million compared to \$34.7 million at December 31, 2008.

Approximately 53.35% of the governmental fund's fund balance (\$27.1 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 2009:

	Revenues	Expenditures
General Fund	\$36,226,228	\$34,270,199
County Road	17,782,233	20,292,102
Community Mental Health	10,872,864	10,641,504
Debt Svc. -2003 Ltd. GO& Refunding	223,080	508,080
Debt Svc.- 2006 Special Sewer Rev. Bond	608,438	1,118,438
Capital Improvements	2,261,524	2,061,692
Other Governmental Funds	8,419,598	9,280,311

Governmental fund revenues in 2009 totaled \$76.4 million exceeding 2008 governmental fund revenues of \$71.6 million by \$4.8 million. The revenues above do not include the gain on sale of capital assets of \$966.6 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, 2009 the unreserved fund balance of the General Fund was \$6.4 million; this represents 12.60% of the governmental funds' fund balances total. The General Fund's 2009 fund balance increased \$1.1 million compared to a \$3.5 million decrease for 2008. The General Fund had \$36.2 million in revenues in 2009 compared to \$36.0 million in 2008. Property tax revenue totaled \$16.9 million compared to \$15.7 million in 2008. The 2009 General Fund sales tax revenues totaled \$5.3 million, \$700 thousand more than the \$4.6 million 2008. General Fund 2009 expenditures totaled \$34.3 million compared to \$37.9 million for 2008. Public Safety expenditures of the General Fund of \$17.6 million represent 51.31% of the General Fund expenditures.

The General Fund transfers out in 2009 to support other County funds totaled \$1.6 million compared to \$1.9 million in 2008.

The **Capital Improvements Fund's** 2009 revenues of \$2.3 million exceeded expenditures by \$200 thousand. The total of other financing sources (uses), which includes transfers in and transfers out coupled with revenue and expenditures resulted in a net decrease to the Capital Improvements fund balance of \$1.8 million for the year. The December 31, 2009 fund balance totaled \$8.8 million.

The **County Road's** fund balance decreased \$472 thousand to \$5.0 million at December 31, 2009. Total revenues in 2009 were \$17.8 million compared to \$13.4 million in 2008. Road Fund expenditures for 2009 totaled \$20.3 million compared to \$15.3 million in 2008. Road construction expenditures totaled \$7.0 million compared to \$3.8 million in 2008. Intergovernmental revenues of \$9.6 million in 2009 represents a \$5.1 million increase over 2008 intergovernmental revenues.

The **Community Mental Health's** fund balance at December 31, 2009 totaled \$2.6 million. This was an increase of \$200 thousand in 2009. Revenues were \$10.9 million in 2009 compared to \$10.6 million in 2008. Expenditures were \$10.6 million in 2009 as in 2008. The County contracts with outside parties to provide mental health, substance abuse and developmental disabilities programs.

The **2003 Lmt. GO Debt Service** fund expenditures exceeded revenues by \$285 thousand decreasing fund balance to \$5.6 million in 2009. 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 \$12.3 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, 2009 unrestricted fund balances and changes in unrestricted net assets of the enterprise funds for 2009 were:

	Unrestricted Fund Balance 12/31/09	Increase (Decrease) for Year
Water Sewer	\$ 1,105,083	\$ (412,589)
Solid Waste	16,431,004	315,605
Non-major Enterprise Funds	2,054,142	549,139

Net assets include restricted and unrestricted fund balance. In 2009 the enterprise funds combined net assets decreased \$1.3 million from operations.

Enterprise Funds Net Assets Analysis. Cowlitz County has two major enterprise funds, the Solid Waste Fund and the Water Sewer Fund, that account for 84.04% of the \$33.3 million net assets for all enterprise funds at December 31, 2009.

IV. Budget Analysis –General Fund Budgetary Highlights

The net difference between the original General Fund budget for 2009 and the final amended budget was \$3.2 million decrease in appropriations, a 7.84% increase over the original budget of \$40.8 million. The amended changes to appropriations for 2009 were as follows:

Increases (Decreases)	<u>To Budget</u>	<u>Activity</u>
	\$ (667,407)	General Government
	(1,405,710)	Public Safety
	(593,814)	Judicial
	(264,870)	Economic Environment
	(112,007)	Mental & Physical health
	(85,311)	Culture & Recreation
	(102,481)	Transfers Out

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, 2009 totals \$160.4 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 \$2.7 million in 2009. This consisted of \$3.3 million in governmental activity capital assets and a \$610 thousand decrease in business-type activity capital assets.

	COWLITZ COUNTY CAPITAL ASSETS (net of depreciation)					
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 10,113,495	\$ 9,549,234	\$ 1,148,600	\$ 1,148,600	\$ 11,262,095	\$ 10,697,834
Buildings & Syst.	29,200,127	29,941,796	7,599,670	8,166,003	36,799,797	38,107,799
Improve other than Buildings	3,595,901	3,136,655	4,019,135	4,654,605	7,615,036	7,791,260
Machinery & Equip.	5,782,373	6,521,209	2,010,104	1,891,091	7,792,477	8,412,300
Infrastructure	72,286,053	71,941,879	-	-	72,286,053	71,941,879
Construction in Progress	23,581,497	20,172,238	1,013,488	540,956	24,594,985	20,713,194
Total	\$ 144,559,446	\$ 141,263,011	\$ 15,790,997	\$ 16,401,255	\$ 160,350,443	\$ 157,664,266

Long-Term Debt. At December 31, 2009 Cowlitz County has \$37.5 million in long-term debt owed from *governmental activities* and \$14.0 million in long-term debt for *business type activities*.

	COWLITZ COUNTY OUTSTANDING DEBT General Obligation and Revenue Bonds					
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$28,777,410	\$29,903,690	\$0	\$0	\$28,777,410	\$29,903,690
Special assessment bonds with Govt. commitment	1,997,038	1,960,000	-	-	1,997,038	1,960,000
	\$30,774,448	\$31,863,690	\$0	\$0	\$30,774,448	\$31,863,690

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 4th 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, 2009

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Three Rivers Regional Wastewater Authority</u>	<u>Public Facilities District</u>
ASSETS					
Cash, cash equivalents & pooled investments	\$ 35,943,570	\$ 15,994,079	\$ 51,937,649	\$ 3,339,599	\$ 1,491,568
Investments	-	-	-	-	-
Receivables (net)	17,663,081	993,752	18,656,833	75,219	97,403
Internal Balances	52,426	(52,426)	0	-	-
Inventories	104,254	10,257	114,511	-	-
Loan Receivable	-	-	-	-	-
Prepaid items	121,734	57,756	179,490	23,433	15,801
Due from component unit	17,900,000	2,944,525	20,844,525	-	-
Deferred charges	139,175	-	139,175	2,159,792	68,328
Restricted cash, cash equivalents & pooled investments:					
Customer deposits	24,619	57,329	81,948	-	-
Debt service	-	-	-	5,567,224	-
Closure and postclosure	-	12,370,963	12,370,963	-	-
<i>Capital Assets:</i>					
Land	10,113,495	1,148,600	11,262,095	586,540	-
Depreciable assets (net)	38,579,228	13,628,909	52,208,137	63,977,021	6,227,751
Infrastructure (net)	72,286,053	-	72,286,053	-	-
Construction in progress	23,581,497	1,013,488	24,594,985	8,186,179	10,750,462
Total Assets	216,509,132	48,167,232	264,676,364	83,915,007	18,651,313
LIABILITIES					
Accounts payable & accrued exp.	2,735,995	286,637	3,022,632	569,198	867,723
Other current liabilities	2,126,874	211,224	2,338,098	84,680	-
Customer Deposits	24,619	38,269	62,888	-	-
<i>Noncurrent Liabilities:</i>					
Due within one year	1,994,289	133,695	2,127,984	2,930,107	82,983
Due primary gov. within one yr.	-	-	-	683,896	166,340
Due in more than one year	34,784,628	14,181,925	48,966,553	33,515,896	5,822,797
Due primary gov. more than one year	-	-	-	15,045,038	5,265,623
Total Liabilities	41,666,405	14,851,750	56,518,155	52,828,815	12,205,466
NET ASSETS					
Invested in capital assets, net of related debt	144,560,273	13,731,064	158,291,337	23,701,797	5,640,470
Restricted for:					
Economic environment	3,808,452	-	3,808,452	-	-
General government	597,000	-	597,000	-	-
Public safety	759,143	-	759,143	-	-
Judicial	64,941	-	64,941	-	-
Health	3,585,207	-	3,585,207	-	-
Physical environment	688,829	-	688,829	-	-
Transportation-roads	5,681,784	-	5,681,784	-	-
Culture & recreation	2,989	19,060	22,049	-	-
Restricted, for debt purposes	-	-	-	5,567,224	-
Unrestricted	15,094,110	19,565,358	34,659,468	1,817,171	805,377
Total Net Assets	\$ 174,842,728	\$ 33,315,482	\$ 208,158,210	\$ 31,086,192	\$ 6,445,847

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, 2009

	Net (Expense) Revenue and Changes in Net Assets									
	Primary Government					Component Units				
	Program Revenues		Capital Grants and Contributions		Governmental Activities	Business-type Activities		Regional Wastewater Authority		Public Facilities District
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total				
\$ 9,858,724	\$ 3,160,806	\$ 1,190,375	\$ 74,724	\$ (5,432,819)	\$ -	\$ (5,432,819)				
21,240,814	5,269,974	1,415,918	-	(14,554,922)	-	(14,554,922)				
5,625,251	3,067,644	203,715	-	(2,353,892)	-	(2,353,892)				
515,075	363,273	32,983	-	(118,819)	-	(118,819)				
15,117,188	934,774	1,170,347	5,717,996	(7,294,071)	-	(7,294,071)				
3,225,147	2,434,488	25,738	-	(764,921)	-	(764,921)				
14,523,771	10,147,232	3,498,128	-	(878,411)	-	(878,411)				
1,125,292	69,954	-	-	(1,055,338)	-	(1,055,338)				
2,142,162	-	-	-	(2,142,162)	-	(2,142,162)				
<u>73,373,424</u>	<u>25,448,145</u>	<u>7,537,204</u>	<u>5,792,720</u>	<u>(34,595,355)</u>	<u>-</u>	<u>(34,595,355)</u>				
<i>Business-type Activities:</i>										
Water	933,121	660,958	6,066	-	(244,955)	(244,955)				
Sewer	542,886	770,662	187,946	-	428,921	428,921				
Garbage & Solid Waste	4,128,553	4,070,439	80,632	-	22,518	22,518				
Public Safety	4,091,832	3,260,510	38,774	-	(792,548)	(792,548)				
Culture & Recreation	1,918,642	1,611,289	-	-	(307,353)	(307,353)				
Total business-type activities	11,615,034	10,373,858	313,418	34,341	(893,417)	(893,417)				
Total Primary Government	<u>\$ 84,988,458</u>	<u>\$ 35,822,003</u>	<u>\$ 7,850,622</u>	<u>\$ 5,827,061</u>	<u>\$ (34,595,355)</u>	<u>\$ (893,417)</u>				
Component Unit										
Three Rivers Reg. Wastewater	\$ 7,820,620	\$ 8,349,390	\$ -	\$ 95,776	\$ -	\$ -	\$ 624,546	\$ -	\$ -	\$ 1,418,352
Public Facilities District	623,904	12,323	-	2,029,933	-	-	-	-	-	1,418,352
Total Component Units	<u>\$ 8,444,524</u>	<u>\$ 8,361,713</u>	<u>\$ -</u>	<u>\$ 2,125,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,418,352</u>
GENERAL REVENUES:										
Property Taxes				25,368,306		25,368,306				
Sales Taxes				7,747,994		7,747,994				876,068
911 Taxes				-	683,345	683,345				-
Other Taxes				4,411,495		4,411,495				-
Investment Earnings				888,565	187,196	1,075,761		72,153		23,791
Gain (loss) on sale of capital assets				(225,194)	225,194	-				-
Total General Revenues & Transfers				39,162,505	820,650	39,983,155		72,153		899,859
Change in Net Assets				4,567,150	(72,767)	4,494,383		696,699		2,318,211
Net assets - January 1				168,571,068	33,746,507	202,317,575		30,389,493		3,964,224
Prior period adjustment				1,704,510	(358,258)	1,346,252				163,412
Net assets - December 31				<u>\$ 174,842,728</u>	<u>\$ 33,315,482</u>	<u>\$ 208,158,210</u>		<u>\$ 31,086,192</u>		<u>\$ 6,445,847</u>

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

Cowlitz County, Washington
Balance Sheet
Governmental Funds
December 31, 2009

	Major Funds										Total Governmental Funds
	General	County Road	Community Mental Health	Debt Service 2003 Lmt.		Debt Service 2006 Spec. Sewer Rev. Bonds	Capital Improvements	Other Governmental Funds	Total Governmental Funds		
				G.O. Bonds							
ASSETS											
<i>Current Assets:</i>											
Cash, cash equivalents & pooled investments	\$ 6,256,065	\$ 2,197,405	\$ 3,256,948	\$ -	\$ -	\$ -	\$ 7,628,730	\$ 6,562,060	\$ 25,901,208		\$
Receivables (net)	5,463,109	4,562,471	586,876	-	-	-	1,254,955	5,295,196	17,162,607		\$
Due from other funds	85,412	112,290	-	-	-	-	-	28,931	226,633		
<i>Noncurrent Assets:</i>											
Restricted cash & investments:											
Due from component unit	-	-	-	-	5,610,000	12,290,000	-	-	-	-	17,900,000
Customer deposits & seized	11,250	-	-	-	-	-	-	13,369	24,619		
Total assets	\$ 11,815,836	\$ 6,872,166	\$ 3,843,824	\$ 5,610,000	\$ 12,290,000	\$ 8,883,685	\$ 11,899,556	\$ 61,215,067			
LIABILITIES											
Accounts payable	\$ 304,123	\$ 800,483	\$ 899,341	\$ -	\$ -	\$ -	\$ 14,402	\$ 89,208	\$ 2,107,557		\$
Payable to other governments	74,660	16,571	279,664	-	-	-	1,225	71,954	444,074		
Due to other funds	72,329	226,607	31,174	-	-	-	66,643	92,366	489,119		
Deferred revenue	3,768,351	579,240	-	-	-	-	-	1,332,838	5,680,429		
Other current liabilities	1,193,754	257,539	-	-	-	-	-	226,498	1,677,791		
Customer deposits and seized payable	11,250	-	-	-	-	-	-	13,369	24,619		
Total liabilities	\$ 5,424,467	\$ 1,880,440	\$ 1,210,179	\$ -	\$ -	\$ 82,270	\$ 1,826,233	\$ 10,423,589			
FUND BALANCE											
<i>Reserved for:</i>											
Long-term loans receivable	\$ -	\$ -	\$ -	\$ 5,610,000	\$ 12,290,000	\$ -	\$ -	\$ 3,305,000	\$ 21,205,000		\$
Economic Environment	-	-	-	-	-	-	1,600,410	-	1,600,410		
Capital improvements	-	-	-	-	-	-	-	-	-		
Transportation	-	-	-	-	-	-	609,398	-	609,398		
Physical environment	-	-	-	-	-	-	231,649	-	231,649		
<i>Unreserved, reported in</i>											
General Fund	6,391,369	-	-	-	-	-	-	-	6,391,369		
Debt Service	-	-	-	-	-	-	-	-	-		
Special revenue funds	-	4,991,726	2,633,645	-	-	-	-	-	6,768,323		
Capital project funds	-	-	-	-	-	-	6,359,958	-	6,359,958		
Total fund balance	\$ 6,391,369	\$ 4,991,726	\$ 2,633,645	\$ 5,610,000	\$ 12,290,000	\$ 8,801,415	\$ 10,073,323	\$ 50,791,478			
Total liabilities and fund balance	\$ 11,815,836	\$ 6,872,166	\$ 3,843,824	\$ 5,610,000	\$ 12,290,000	\$ 8,883,685	\$ 11,899,556	\$ 61,215,067			

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, 2009

Total fund balances as shown on the Governmental Funds Balance Sheet	\$	50,791,478
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).		139,538,849
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.		13,930,176
Allocation to enterprise funds share of net (income) loss of internal service funds.		24,870
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.		139,175
Accrued interest receivable was less than interest receivable modified accrual		358,148
Assets deferred in governmental funds until they are available for current year expenditure.		5,680,429
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>(35,620,398)</u>
Net assets of governmental activities	\$	<u><u>174,842,727</u></u>

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

Cowlitz County, Washington
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009

Major Funds

	Major Funds							Total Governmental Funds
	General	County Road	Community Mental Health	Debt Service 2003 Lmt. G.O. Bonds	Debt Svc. 2006 Special Sewer Revenue Bonds	Capital Improvements	Other Governmental Funds	
REVENUES								
Taxes	\$ 22,659,016	\$ 7,918,914	\$ -	\$ -	\$ -	\$ 1,697,468	\$ 1,408,961	\$ 33,684,359
Licenses & Permits	68,418	-	-	-	-	-	1,419,600	1,488,018
Intergovernmental	6,418,731	9,603,032	10,855,890	-	-	449,122	2,905,550	30,232,325
Charges for Services	4,992,578	134,809	-	-	-	-	1,478,483	6,605,870
Fines & Forfeitures	1,347,879	-	-	-	-	-	137,026	1,484,905
Investment Earnings	267,432	25,774	14,564	-	-	99,532	76,176	483,478
Rents & Leases	290,095	5,618	-	-	-	14,480	-	310,193
Special Assessments	-	-	-	-	-	-	398,603	398,603
Insurance Premiums & Recoveries	-	198	-	-	-	-	-	198
See Intergovtl Category above	N/A	N/A	N/A	-	-	N/A	N/A	N/A
See Capital Grants above	N/A	N/A	N/A	-	-	N/A	N/A	N/A
Miscellaneous Revenues	182,079	93,888	2,410	223,080	608,438	922	595,199	1,706,016
Total revenues	36,226,228	17,782,233	10,872,864	223,080	608,438	2,261,524	8,419,598	76,393,965
EXPENDITURES								
<i>Current:</i>								
General Government	8,959,453	-	-	-	-	257,816	323,750	9,541,019
Public Safety	17,619,247	-	-	-	-	117	1,783,579	19,402,943
Judicial	5,461,030	-	-	-	-	-	-	5,461,030
Physical Environment	158,053	-	-	-	-	161,772	195,970	515,795
Economic Environment	1,032,593	-	-	-	-	197,118	1,929,158	3,158,869
Transportation	20,150	12,701,588	-	-	-	-	205,700	12,927,438
Health & Human Services	455,588	-	10,641,504	-	-	-	3,281,709	14,378,801
Culture & Recreation	564,085	-	-	-	-	11,805	229,449	805,339
<i>Debt Service:</i>								
Principal	-	-	-	285,000	510,000	-	750,000	1,545,000
Interest	-	9,000	-	223,080	608,438	-	559,749	1,400,267
Other	-	606,580	-	-	-	884	-	607,464
Capital Outlay								
	6,974,934	-	-	-	-	1,432,180	21,247	8,428,361
Total expenditures	34,270,199	20,292,102	10,641,504	508,080	1,118,438	2,061,692	9,280,311	78,172,326
Excess (deficiency) of revenues over (under) expenditures	1,956,029	(2,509,869)	231,360	(285,000)	(510,000)	199,832	(860,713)	(1,778,361)
OTHER FINANCING SOURCES (USES)								
Transfers in	204,696	1,541,013	14,109	-	-	20,350	2,010,783	3,790,951
Transfers out	(1,569,164)	0	-	-	-	(1,988,213)	(727,946)	(4,285,323)
Sale of capital assets	459,444	497,006	-	-	-	-	10,196	966,646
Special assessment bonds issued	-	-	-	-	-	-	172,038	172,038
Total other financing sources (uses)	(905,024)	2,038,019	14,109	-	-	(1,967,863)	1,465,071	644,312
Net change in fund balance	1,051,005	(471,850)	245,469	(285,000)	(510,000)	(1,768,031)	604,358	(1,134,049)
Fund balances--beginning	5,340,364	5,463,576	2,388,176	5,895,000	12,800,000	10,569,446	11,083,875	53,540,437
Prior period adjustment	-	-	-	-	-	-	(1,614,910)	(1,614,910)
Fund balances--ending	\$ 6,391,369	\$ 4,991,726	\$ 2,633,645	\$ 5,610,000	\$ 12,290,000	\$ 8,801,415	\$ 10,073,323	\$ 50,791,478

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

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2009**

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 \$ (1,134,049)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those capital outlays that benefit the county are posted as assets and are allocated over their estimated useful lives and reported as depreciation. Also, the disposition of capital assets (net book value) are deducted from the sale of fixed assets. The amount by which capital outlays exceeded depreciation and write off of net book value of assets disposed of in current period. 4,084,781

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. 1,298,416

Change in accrual interest earnings 2009 versus on modified accrual basis 358,148

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 2009. 253,635

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. (436,861)

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. 143,080

Change in net assets-governmental activities- on the Statement of Activities \$ 4,567,150

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

Cowlitz County, Washington
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities--Enterprise Funds				Governmental Activities- Internal
	Water Sewer	Solid Waste	Nonmajor	Total	
			Enterprise Funds	Enterprise Funds	
ASSETS					
<i>Current assets:</i>					
Cash, cash equivalents & pooled investments	\$ 1,144,721	\$ 12,577,404	\$ 2,271,954	\$ 15,994,079	\$ 10,042,362
Receivables (net)	102,983	461,782	180,879	745,644	210
Interest receivable	280	7,790	452	8,522	2,097
Due from other funds	16,679	974	433	18,086	308,924
Due from other governments	9,746	169,259	60,581	239,586	140,019
Inventories	-	10,257	-	10,257	124,065
Prepaid items	5,553	7,810	44,393	57,756	121,734
Customer deposits-restricted cash and cash equivalents	-	-	33,754	33,754	-
<i>Total Current Assets</i>	<u>1,279,962</u>	<u>13,235,276</u>	<u>2,592,446</u>	<u>17,107,684</u>	<u>10,739,411</u>
<i>Noncurrent assets:</i>					
Restricted cash, cash equivalents & investments:					
Customer deposits	23,575	-	-	23,575	-
Cash & equivalents for closure & postclosure	-	12,370,963	-	12,370,963	-
Interfund loan receivable	-	465,088	-	465,088	-
Due from component unit	-	2,944,525	-	2,944,525	-
<i>Capital assets:</i>					
Land	122,635	389,392	636,573	1,148,600	20,795
Buildings and system	11,977,964	3,925,948	555,865	16,459,777	422,920
Improvements and other than bldgs.	-	8,270,344	2,119,708	10,390,052	-
Machinery and equipment	-	1,979,191	3,859,120	5,838,311	13,745,698
Construction in progress	1,013,488	-	-	1,013,488	-
Less accumulated depreciation	(5,076,089)	(10,547,765)	(3,435,377)	(19,059,231)	(9,167,989)
Total capital assets (net of accum depr.)	<u>8,037,998</u>	<u>4,017,110</u>	<u>3,735,889</u>	<u>15,790,997</u>	<u>5,021,424</u>
Total assets	<u><u>9,341,535</u></u>	<u><u>33,032,962</u></u>	<u><u>6,328,335</u></u>	<u><u>48,702,832</u></u>	<u><u>15,760,835</u></u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	51,504	91,754	36,806	180,064	104,276
Payable to other governments	43,193	14,387	42,110	99,690	80,088
Due to other funds	27,605	15,325	2,712	45,642	18,882
Accrued interest payable	6,883	-	-	6,883	-
Claims and judgements	-	-	-	-	277,070
Notes Payable	133,695	-	-	133,695	13,008
Other current liabilities	22,370	30,143	158,711	211,224	90,935
Customer deposits payable from restricted assets	-	-	14,694	14,694	-
<i>Total current liabilities</i>	<u>285,250</u>	<u>151,609</u>	<u>255,033</u>	<u>691,892</u>	<u>584,259</u>
<i>Noncurrent liabilities:</i>					
Compensated absences	23,324	62,277	264,211	349,812	156,267
Customer deposits payable from restricted assets	23,575	-	-	23,575	-
Landfill closure and postclosure costs	-	12,370,963	-	12,370,963	-
Claims and judgements	-	-	-	-	990,824
Interfund loan payable	-	-	465,088	465,088	-
Notes Payable	1,461,150	-	-	1,461,150	79,498
<i>Total non current liabilities</i>	<u>1,508,049</u>	<u>12,433,240</u>	<u>729,299</u>	<u>14,670,588</u>	<u>1,226,589</u>
Total liabilities	<u><u>1,793,299</u></u>	<u><u>12,584,849</u></u>	<u><u>984,332</u></u>	<u><u>15,362,480</u></u>	<u><u>1,810,848</u></u>
NET ASSETS					
Invested in capital assets, net of related debt	6,443,153	4,017,110	3,270,801	13,731,064	4,928,918
Restricted-donations pigeon/horse purposes	-	-	19,060	19,060	-
Unrestricted	1,105,083	16,431,003	2,054,142	19,590,228	9,021,069
Total net assets	<u><u>\$ 7,548,236</u></u>	<u><u>\$ 20,448,113</u></u>	<u><u>\$ 5,344,003</u></u>	<u><u>33,340,352</u></u>	<u><u>\$ 13,949,987</u></u>
				(24,870)	
				<u><u>\$ 33,315,482</u></u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					
Net assets of business-type activities					

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, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Sewer	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES					
<i>Charges for Services:</i>					
Water	\$ 659,920	\$ -	\$ -	\$ 659,920	\$ -
Sewer	769,896	-	-	769,896	-
Garbage & Solid Waste	-	4,062,339	-	4,062,339	-
Public Safety	-	-	3,236,385	3,236,385	-
Culture & Recreation	-	-	1,600,406	1,600,406	-
Other services	-	-	-	-	6,472,331
Grant Revenue	-	-	-	-	-
Total operating revenues	1,429,816	4,062,339	4,836,791	10,328,946	6,472,331
OPERATING EXPENSES					
Maintenance & operations	1,157,032	2,420,264	5,449,649	9,026,945	5,498,022
Closure & postclosure care	-	1,193,574	-	1,193,574	-
Depreciation	309,765	622,539	492,666	1,424,970	1,245,781
Total operating expenses	1,466,797	4,236,377	5,942,315	11,645,489	6,743,803
Operating income (loss)	(36,981)	(174,038)	(1,105,524)	(1,316,543)	(271,472)
NONOPERATING REVENUES (EXPENSES)					
Taxes	-	-	683,345	683,345	-
Intergovernmental	6,066	187,946	119,406	313,418	60,541
Investment earnings	8,333	169,077	9,786	187,196	44,405
Interest expense	(14,678)	-	(5,494)	(20,172)	(3,698)
Debt issuance costs	-	-	-	-	-
Gain (loss) on disposition of assets	(269,650)	(5,435)	-	(275,085)	4,495
Write off of gas to energy construction in progress	-	-	-	-	-
Miscellaneous nonoperating revenues	1,804	8,100	35,008	44,912	15,532
Total nonoperating income (expense)	(268,125)	359,688	842,051	933,614	121,275
Income before contributions and transfers	(305,106)	185,650	(263,473)	(382,929)	(150,197)
Capital grants	-	-	-	-	-
Capital contributions	34,341	-	-	34,341	74,724
Transfers in	-	-	255,194	255,194	269,178
(Transfers out)	-	-	(30,000)	(30,000)	-
Change in net assets	(270,765)	185,650	(38,279)	(123,394)	193,705
Net assets--beginning	7,819,001	20,620,722	5,382,282		13,614,044
Prior period adjustment	-	(358,258)	-		122,427
Net assets--ending	\$ 7,548,236	\$ 20,448,114	\$ 5,344,003		\$ 13,930,176
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				50,628	
Change in net assets of business-type activities - (page 19)				\$ (72,766)	

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, 2009

	<u>Business-type Activities-Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Water Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities					
Cash received from customers	\$ 1,407,936	\$ 4,108,601	\$ 4,804,061	\$ 10,320,598	\$ 6,650,008
Cash payments for goods and services	(662,219)	(1,717,843)	(2,172,544)	(4,552,606)	(4,106,832)
Cash payments to employees for services	(493,131)	(757,395)	(3,298,036)	(4,548,562)	(1,683,307)
Miscellaneous revenue	5,633	155,573	40,930	202,136	14,418
<i>Net cash provided (used) by operating activities</i>	<u>258,219</u>	<u>1,788,936</u>	<u>(625,589)</u>	<u>1,421,566</u>	<u>874,287</u>
Cash flows from noncapital financing activities					
State fair funds received	-	-	116,563	116,563	-
Interfund loan made	-	(300,000)	-	(300,000)	-
Repayment (pmt) of interfund loan principal	-	396,506	-	396,506	-
Operating grants received	-	-	-	-	60,541
Receipts from 911 tax	-	-	681,597	681,597	-
Payments of claims liability recognized prior yrs.	-	-	-	-	(189,153)
Transfers in from other County fund	-	-	255,194	255,194	269,178
<i>Net cash provided by noncapital financing activities</i>	<u>-</u>	<u>96,506</u>	<u>1,053,354</u>	<u>1,149,860</u>	<u>140,566</u>
Cash flows from capital and related financing activities					
State funding for 911 capital outlays	-	-	-	-	-
System development fees & hookup fees	34,341	-	-	34,341	-
Payment on interfund loan	-	-	(96,506)	(96,506)	-
Acquisition and construction of capital assets	(665,834)	(139,761)	(369,653)	(1,175,248)	(453,767)
Principal paid on note/lease	(140,226)	-	-	(140,226)	(12,198)
Interest paid on capital debt	(14,433)	-	(5,494)	(19,927)	(3,698)
Contributed capital (to) county fund	-	-	-	-	39,050
Proceeds from sale of capital assets	-	11,547	-	11,547	201,178
<i>Net cash provided (used) for capital and related financing activities</i>	<u>(786,152)</u>	<u>(128,214)</u>	<u>(471,653)</u>	<u>(1,386,019)</u>	<u>(229,435)</u>
Cash flows from investing activities					
Purchase of investments	-	-	-	-	-
Proceeds from sale and maturities of investments	-	-	-	-	-
Interest on investments	8,086	186,639	9,410	204,135	45,646
<i>Net cash provided (used) by investment activities</i>	<u>8,086</u>	<u>186,639</u>	<u>9,410</u>	<u>204,135</u>	<u>45,646</u>
Net increase (decrease) in cash and cash equivalents	(519,847)	1,943,867	(34,478)	1,389,542	831,064
<i>Cash and cash equivalents, January 1 (including \$36,125 and \$9,307,584 for the Water Sewer and Solid Waste funds, respectively, reported in restricted accounts)</i>	1,688,143	23,004,500	2,370,186	27,062,829	9,211,298
<i>Cash and cash equivalents, December 31 (including \$23,575, \$12,370,963 and \$33,754 for the Water Sewer, Solid Waste funds and Nonmajor Enterprise funds, respectively, reported in restricted accounts)</i>	<u>\$ 1,168,296</u>	<u>\$ 24,948,367</u>	<u>\$ 2,335,708</u>	<u>\$ 28,452,371</u>	<u>\$ 10,042,362</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ (36,981)	\$ (174,038)	\$ (1,105,524)	\$ (1,316,543)	\$ (271,472)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	309,765	622,539	492,666	1,424,970	1,245,781
(Increase) decrease in accounts receivable	(23,635)	46,262	(43,376)	(20,749)	(26,095)
(Increase) decrease in due from other funds	(16,679)	(3,285)	(48)	(20,012)	190,150
(Increase) decrease in due from other governments	(2,237)	(37,188)	-	(39,425)	2,166
(Increase) decrease in due from component unit	-	-	-	-	1,439
(Increase) decrease in inventory	-	(628)	-	(628)	(14,605)
(Increase) decrease in prepaid expense	(1,033)	2,369	1,509	2,845	59,166
Increase (decrease) in accounts payable and other accrued liabilities	26,782	(41,673)	(15,450)	(30,341)	(283,494)
Increase (decrease) in employee leave benefits	(7,388)	(15,042)	(6,557)	(28,987)	(22,311)
Increase (decrease) in customer deposits	1,755	-	10,214	11,969	-
Increase (decrease) in estimated future claims payable	-	-	-	-	(21,970)
Provision for closure & postclosure care costs	-	1,193,574	-	1,193,574	-
Miscellaneous revenue	7,870	196,046	40,977	244,893	15,532
<i>Total adjustments</i>	<u>295,200</u>	<u>1,962,974</u>	<u>479,935</u>	<u>2,738,109</u>	<u>1,145,759</u>
<i>Net cash provided by operating activities</i>	<u>\$ 258,219</u>	<u>\$ 1,788,936</u>	<u>\$ (625,589)</u>	<u>\$ 1,421,566</u>	<u>\$ 874,287</u>
Noncash Investing, Capital and Financing Activities					
Contribution of infrastructure asset to City of Castle Rock	(269,650)	-	-	-	-
Contributions from other funds	-	-	-	-	35,674
Purchase of capital asset with lease	-	-	-	-	43,077

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

**Cowlitz County, Washington
Statement of Fiduciary Net Assets
December 31, 2009**

	Agency Funds
Assets	
Cash, cash equivalents & pooled & pooled investments	\$ 108,892,131
Taxes Receivable	4,930,101
Assessments receivable, current	58,000
Total assets	\$ 113,880,232
 Liabilities	
Due to other governments	\$ 103,979,260
Warrants payable	9,900,972
Total liabilities	\$ 113,880,232

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

COWLITZ COUNTY, WASHINGTON
NOTES TO FINANCIAL STATEMENTS

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	40
A. REPORTING ENTITY	40
B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	40
C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION	41
D. ASSET, LIABILITIES, AND NET ASSET OR EQUITY	43
NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	45
NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	46
NOTE 4 – DETAILED NOTES ON ALL FUNDS	47
A. DEPOSITS AND INVESTMENTS	47
B. PROPERTY TAXES	49
C. RECEIVABLES	50
D. CAPITAL ASSETS	51
E. TRANSFERS AND INTERFUND RECEIVABLES, PAYABLES	54
NOTE 5 – INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS	55
NOTE 6 – PENSION PLANS	56
NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT	62
NOTE 8 – RISK FINANCING	64
NOTE 9 – LONG-TERM DEBT AND CAPITAL LEASES	68
NOTE 10 – CLOSURE AND POSTCLOSURE CARE COSTS	76
NOTE 11 – CONTINGENT LIABILITIES	77
NOTE 12 – OTHER DISCLOSURES	77

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 \$13.76 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 issues by the County for TRRWA are the 2002 Special Revenue Refunding Bonds with \$22.34 million outstanding and the 2003 GO Refunding Bonds with \$130,000 outstanding at December 31, 2009. TRRWA pays 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. In addition in 2008, the Solid Waste ELF Fund made a loan to TRRWA for \$2.944 million for a reserve fund for the 2002 Revenue Bonds. 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 (PFD) 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. In 2008, the PFD obtained a loan from the City of Longview who issued bonds for \$6,130,000. The loan is to fund improvements to the Columbia Theater for the Performing Arts in Longview. Separate financial statements are available from Cowlitz County Auditor's Office at 207 Fourth Avenue North, Kelso, Washington 98626.

B. GOVERNMENT-WIDE

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 and its component units. 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period except 60 days for property taxes. 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. 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.
- *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.

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 and Pooled Investments

The county's cash and cash equivalents for proprietary and governmental funds are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the county to invest in obligations of the U.S. Treasury, U.S. Agencies, the State Treasurer's Investment Pool, and public funds investment pools. Investments for the county, as well as for its component units, are reported at fair value.

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, a non-major fund, as of December 31, 2009 is \$1,311,007. **N** The County has no delinquent special assessments at December 31, 2009.

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 \$3,808,452 consisting of \$866,017 for building and planning; \$278,889 is restricted for emergency financial assistance to veterans and their

surviving spouses; \$155,081 for victim witness; \$908,055 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; and \$1,600,410 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.

- b) for general government \$597,000 consisting of \$199,669 Treasurer’s Operation and Maintenance; \$351,511 Auditor’s Operation and Maintenance; and \$45,820 for cumulative reserve.
- c) for transportation \$5,681,784 consisting of Road Fund net assets of \$4,991,726; Paths & Trails Fund net assets of \$80,660; and \$609,398 in the capital improvements fund intended for Lexington Bridge construction and other road projects.
- d) for health \$3,585,207 consisting of \$2,633,645 in Community Mental Health Fund net assets, \$681,681 of net assets for public health purposes and \$269,881 in net assets of the Human Services Fund for the administrative services for mental health, drug abuse, alcoholism and developmental disabilities.
- e) for culture and recreation \$2,989 which is restricted for promotion of tourism.
- f) for public safety \$759,143 consisting of \$48,267 for boat safety purposes; \$157,055 for law and justice funding and the balance is to eradicate drug trafficking.
- g) for judicial \$64,941 for superior court law library.
- h) for physical environment \$688,829 consisting of \$223,875 for shorelines management, \$233,305 noxious weed programs and \$231,649 for capital improvement programs.

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 difference are as follows:

Gen'l. Obligation Bonds payable	\$ 16,360,000
Special Revenue Bonds payable	12,290,000
Less: deferred amounts for issuance/discounts	127,410
Special assessment bonds payable	1,997,038
Compensated absences	2,750,225
OPEB Liability	1,160,077
Notes Payable	577,500
Accrued interest payable	<u>358,148</u>

Net adjustment to reduce <i>fund balance governmental funds</i> to	
Arrive at <i>net assets-governmental activities</i>	<u>\$ 35,620,398</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 difference are as follows:

Capital Outlays (Net of amounts transferred to Internal Svc. Funds)	\$ 8,123,363
Depreciation expense	(4,038,582)
Net adjustment to increase <i>net changes in fund balances- total Governmental funds</i> to arrive at <i>change governmental activities</i>	\$ 4,084,781

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 (\$1,298,416) difference are as follows:

Amortization of deferred charge for issuance, discount and premium	144,546
Special Assessment bond issuance	172,038
Principal repayments:	
General obligation bonds	(900,000)
Special revenue bonds	(510,000)
Note Payable	(70,000)
Special assessment bonds	(135,000)
Net adjustments to decrease <i>fund balances-total governmental funds</i> To arrive at <i>changes in net assets of governmental activities</i>	\$ (1,298,416)

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.

Interest payable	\$ (23,023)
OPEB Expense	382,110
Compensated absences	77,774
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>	\$ 436,861

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 decrease in General Fund budgeted appropriations for expenditures by \$3,129,119 and a decrease in transfers out to support other County funds of \$102,481. 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.

e. Deficit Net Assets/Fund Balance

Industrial Accident Insurance had a deficit net asset balance of \$197,741 at December 31, 2009. The deficit is due to recognition of estimate for projected future year's pay out on the industrial accidents incurred of \$354,000. At December 31, 2009 the Fund had \$177,861 in cash and investments to meet current payables of \$21,643.

Tourism Development had a deficit fund balance of \$458 at December 31, 2009.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND 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). All of the county's investments are held in the County's name.

As of December 31, 2009, Cowlitz County had the following investments:

	Maturities- Weighted Average Days	Fair Value County Investments	Fair Value	
			Investments held by	
			County	County as agent for other local governments
				Total
U.S. Government Securites	914	\$ 508,438	\$ -	\$ 508,438
Wa. State Investment Pool	36	70,382,431	89,056,023	159,438,454
Total Investments		\$ 70,890,869	\$ 89,056,023	\$ 159,946,892

Internally Pooled Investments - County monies are invested by certain individual funds for the benefit of the respective fund. The remaining County monies are aggregated in a residual account, and invested in and internal pool for the benefit of the General fund.

Pooled investments, during 2009, included Certificates of Deposit, Federal Agencies, monies invested with the Washington State Local Government Investment Pool and money market accounts. The book value of the pooled investments on December 31, 2009 was \$29,587,617 of which \$29,337,617 is classified as deposits. The interest earned on the pooled investments accrues to the County General Fund in accordance with state law.

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, bankers 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.

As of December 31, 2009, the county’s investment in the state investment pool was not rated. The county’s investment in Federal Home Loan Bank bonds were AAAe by Standard & Poor’s.

Washington State Investment Pool - The State Treasurer’s Investment Pool was created by the Washington State Legislature in 1986 and is administered by the State Treasurer. Additionally, the State Finance Committee adopts and administers appropriate rules relating to the State Treasurer’s Investment Pool. The State Treasurer created the Local Government Investment Pool Advisory Committee to give advice on the operation of the pool. The committee is comprised of 12 members selected from active pool participants. Washington statutes and the federal Single Audit Act of 1984 require an annual single audit of the state including the State Treasurer’s Office. In addition, the pool contracts with the State Auditor’s Office for an outside independent audit of the pool’s financial statements.

Total Cash, Cash Equivalent and Pooled Investments - Total cash and investment fair value on December 31, 2009 of \$183,680,703.

A reconciliation of cash, cash equivalents and pooled investments and investments as shown on the fund statements is as follows:

Checking Accounts	\$ 3,358,527
Petty Cash	79,265
Deposits Held in Trust	836,796
Investments	508,438
Certificate of Deposits (classified as deposits)	4,787,598
State Investment Pool (classified as deposits)	159,393,801
Money Market (Pooled investments classified as deposits)	14,716,278
	<u>\$ 183,680,703</u>
Cash, cash equivalents, pooled investments	\$ 51,937,270
Cash, cash equivalents, pooled investments - restricted	12,452,911
Cash, cash equivalents, pooled investments - component units	4,831,167
Cash, cash equivalents, pooled investments - component units - restricted	5,567,224
Cash, cash equivalents, pooled investments - fiduciary	108,892,131
	<u>\$ 183,680,703</u>

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 2009 were:

<u>Purpose</u>	<u>Assessed Valuation</u>	<u>2009 Levy Rate Per \$1,000</u>	<u>Property Taxes 2009</u>
General Fund	\$ 9,391,876,540	\$1.627	\$ 15,277,802
Human Svcs/Mental Hlth	\$ 9,391,876,540	\$0.025	\$ 234,346
Veterans Relief	\$ 9,391,876,540	\$0.011	\$ 105,452
County Roads	\$ 4,871,413,762	\$1.760	\$ 8,571,837

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

In 2009 the General Fund for law enforcement purposes as permitted by state law codified in RCW 36.33.220 used \$837,309 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; and excluding interfund receivables, are as follows:

<u>Funds</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Special Assmnts</u>	<u>Due From Other Govts.</u>	<u>Interest & Penalties</u>	<u>Due From Component Unit</u>	<u>Total</u>
General	\$ 1,004,714	\$ 1,651,406		\$ 1,673,198	\$ 1,133,786		\$ 5,463,104
County Road	579,240	11,576		3,971,656			4,562,472
Community Mental Health		675		586,201			586,876
2003 Ltd GO Bond						5,610,000	5,610,000
2006 Sp.Rev Bond						12,290,000	12,290,000
Capital Improvements		1,839		1,253,116			1,254,955
Non-major govt	21,831	62,186	1,311,007	3,900,173			5,295,197
Internal Service Funds		2,308		140,019			142,327
Water/Sewer		103,263		9,746			113,009
Solid Waste		469,573		169,259		2,944,525	3,583,357
Nonmajor-business		181,332		60,581		-	241,913
Fiduciary	4,930,101		245,860				5,175,961
Total Receivables	\$ 6,535,886	\$ 2,484,158	\$ 1,556,867	\$11,763,949	\$ 1,133,786	\$ 20,844,525	\$44,319,171

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 \$962,890 at December 31, 2009. 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>12/31/2009 Balance</u>
Port of Woodland	3.20%	\$ 6,250.50	3/31/2026	\$337,470
Port of Woodland	4.00%	5,916.21	3/31/2022	225,297
Port of Longview	3.00%	22,954.79	7/1/2024	262,500
City of Kalama	1.00%	7,602.15	1/31/2022	87,623
City of Castle rock	1.00%	5,309.60	1/31/2019	50,000
Total Notes Receivable				\$962,890

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)	\$ 1,004,714	
Interest & penalty on taxes receivable (Gen. Fund)	1,133,786	
Court Receivables (Gen Fund)	1,629,851	
Property taxes receivable (Road Fund)	579,240	
Non major governmental funds		
Special Assessments receivable	1,311,007	
Property taxes receivable	21,831	

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Governmental Activities:				
Land	\$ 9,549,234	\$ 564,261	\$ -	\$ 10,113,495
Construction in progress	20,172,238	7,123,392	3,714,133	23,581,497
Total capital assets, not being depreciated	<u>29,721,472</u>	<u>7,687,653</u>	<u>3,714,133</u>	<u>33,694,992</u>
Capital Assets, being depreciated				
Buildings	43,286,609	389,185		43,675,794
Improvements other than buildings	5,802,270	712,451		6,514,721
Machinery and equipment	16,920,472	752,657	1,409,440	16,263,689
Infrastructure	106,357,671	2,866,396		109,224,067
Total capital assets being depreciated	<u>172,367,022</u>	<u>4,720,689</u>	<u>1,409,440</u>	<u>175,678,271</u>
Less accumulated depreciation for:				
Buildings	13,344,813	1,130,027		14,474,840
Improvements other than buildings	2,665,615	253,205		2,918,820
Machinery and equipment	10,399,893	1,411,509	1,330,086	10,481,316
Infrastructure	34,415,792	2,522,222		36,938,014
Total accumulated depreciation	<u>60,826,113</u>	<u>5,316,963</u>	<u>1,330,086</u>	<u>64,812,990</u>
Total capital assets being depreciated, net	<u>111,540,909</u>	<u>(596,274)</u>	<u>79,354</u>	<u>110,865,281</u>
Governmental capital assets, net	<u>\$ 141,262,381</u>	<u>\$ 7,091,379</u>	<u>\$ 3,793,487</u>	<u>\$ 144,560,273</u>

Business-type activities:	<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	540,956	\$ 474,253	\$ 1,721	1,013,488
Total capital assets , not being depreciated	<u>1,689,556</u>	<u>474,253</u>	<u>1,721</u>	<u>2,162,088</u>
Capital assets, being depreciated:				
Buildings and system	16,947,214	108,481	595,918	16,459,777
Improvements other than building	10,390,052	-		10,390,052
Machinery and equipment	5,431,942	509,414	103,045	5,838,311
Total capital assets, being depreciated	<u>32,769,208</u>	<u>617,895</u>	<u>698,963</u>	<u>32,688,140</u>
Less accumulated depreciation for:				
Buildings and system	8,781,211	404,533	325,637	8,860,107
Improvements other than buildings	5,735,457	635,460	-	6,370,917
Machinery and equipment	3,540,851	384,977	97,621	3,828,207
Total accumulated depreciation	<u>18,057,519</u>	<u>1,424,970</u>	<u>423,258</u>	<u>19,059,231</u>
Total capital assets, being depreciated, net	<u>14,711,689</u>	<u>(807,075)</u>	<u>275,705</u>	<u>13,628,909</u>
Business-type activities capital assets, net	<u>\$ 16,401,245</u>	<u>\$ (332,822)</u>	<u>\$ 277,426</u>	<u>\$ 15,790,997</u>

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

Governmental activities:

General Government	\$ 152,389
Public Safety	934,861
Judicial	61,470
Transportation	2,586,546
Economic Environment	2,490
Health	66,014
Culture & Recreation	234,812
Capital assets held by the government's Internal Service funds are charged to the various functions based on their usage of the assets	1,278,381
	<u>\$ 5,316,963</u>

Business-type activities:

Water	\$ 185,859
Sewer	123,906
Solid Waste-Landfill	622,539
Public Safety	461,957
Expo Center	30,709
Total depreciation expense-business-type activities	<u>\$ 1,424,970</u>

Discretely Presented Component Unit – Three Rivers Regional Wastewater Authority

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 586,540	-	\$ -	\$ 586,540
Construction in progress	20,112,954	-	11,926,775	8,186,179
Total capital assets not being depreciated	<u>20,699,494</u>	<u>-</u>	<u>11,926,775</u>	<u>8,772,719</u>
Capital Assets, being depreciated:				
Buildings & system	66,647,532	17,778,944		84,426,476
Improvements other than buildings	7,297			7,297
Machinery and equipment	921,788	25,843		947,631
Total capital assets being depreciated	<u>67,576,617</u>	<u>17,804,787</u>		<u>85,381,404</u>
Less: accumulated depreciation for				
Buildings & system	(18,656,301)	(2,049,417)		(20,705,718)
Improvements other than buildings	(7,297)			(7,297)
Machinery and equipment	(657,165)	(34,203)		(691,368)
Total accumulated depreciation	<u>(19,320,763)</u>	<u>(2,083,620)</u>	<u>-</u>	<u>(21,404,383)</u>
Total capital assets, being depreciated net	<u>48,255,854</u>	<u>15,721,167</u>		<u>63,977,021</u>
Central Sewer-capital assets net	<u>\$ 68,955,348</u>	<u>\$ 15,721,167</u>	<u>\$ 11,926,775</u>	<u>\$ 72,749,740</u>

Commitments The Three Rivers Regional Waste Water Authority had four construction projects ongoing at the end of 2009. The costs through December 2009 were \$8,186,179; N Plant Clarifier Replacement \$8,093,024, Outfall Study \$79,515, RDP Stairs \$8,142 and Parking Lot –Meeting Room \$5,498. The remaining commitment for those projects is nearly \$388,000. 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, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Construction in Progress	\$ 1,579,870	\$ 9,170,592	\$ -	\$ 10,750,462
Total capital assets not being depreciated	<u>1,579,870</u>	<u>9,170,592</u>	<u>-</u>	<u>10,750,462</u>
Capital Assets, being depreciated:				
Buildings	5,923,279			5,923,279
Improvements other than building	566,565			566,565
Machinery and Equipment	662,587			662,587
Total capital assets, being depreciated	<u>7,152,431</u>	<u>-</u>	<u>-</u>	<u>7,152,431</u>
Less: accumulated depreciation for:				
Buildings	(414,628)	(118,466)		(533,094)
Improvements other than buildings	(133,382)	(38,109)		(171,491)
Machinery and Equipment	(171,185)	(48,910)		(220,095)
Total accumulated depreciation	<u>(719,195)</u>	<u>(205,485)</u>	<u>-</u>	<u>(924,680)</u>
Total capital assets, being depreciated net	<u>\$ 6,433,236</u>	<u>\$ (205,485)</u>	<u>\$ -</u>	<u>\$ 6,227,751</u>
Public Facilities District capital assets net	<u>\$ 8,013,106.00</u>	<u>\$ 8,965,107.00</u>	<u>\$ -</u>	<u>\$ 16,978,213</u>

Commitments The PFD has spent \$10,750,462 on the Columbia Theater Renovation, which is classified as Construction in Progress. There is approximately \$350,000 remaining in commitments to complete this project.

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 2009:

	Transfers Out - 2009					
	General Fund	Roads	Capital Improv.	Non- major Govt.	Non- major Enterprise	Total
<u>Transfers in:</u>						
General Fund	\$ -		\$ 61,028	\$ 143,668	\$ -	\$ 204,696
Road Fund			1,289,711	251,302	-	1,541,013
Community Mental Hlth.	14,109					14,109
Capital Improvements				20,350	-	20,350
Nonmajor Governmental	1,120,877	-	637,474	222,432	30,000	2,010,783
Governmental	1,134,986	-	1,988,213	637,752	30,000	3,790,951
Nonmajor-Enterprise	165,000			90,194		255,194
Internal Service Funds	269,178					269,178
Total Transfers	\$ 1,569,164	\$ -	\$ 1,988,213	\$ 727,946	\$ 30,000	\$ 4,315,323

Interfund receivables and payables consisted of the following as of December 31, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road	5,149
	Community Mental Health	10,600
	Capital Improvements	7,085
	Nonmajor governmental funds	60,529
	Internal service funds	
	Water Sewer	124
	Solid Waste	1,925
	Nonmajor enterprise funds	
		85,412
Road	General	1,087
	Capital Improvements	59,558
	Nonmajor governmental funds	10,615
	Water Sewer	20,184
	Solid Waste	6,759
	Internal service funds	14,086
	112,289	
Water Sewer	Roads	16,668
	Nonmajor governmental funds	11
	16,679	
Solid Waste	General	508
	Road	424
	Nonmajor governmental funds	
	Nonmajor enterprise	43
	Internal service funds	
	975	
Nonmajor Enterprise Fund	Nonmajor governmental funds	173
	Internal service funds	260
	433	
Internal Svc Funds	General	70,634
	Road	204,242
	Community Mental Health	149
	Capital Improvements	
	Nonmajor governmental funds	13,373
	Water Sewer	7,250
	Solid Waste	6,070
	Nonmajor enterprise funds	2,670
	Internal service funds	4,536
	308,924	
Nonmajor Governmental	General	56
	Community Mental Health	20,425
	Nonmajor governmental funds	8,357
	Solid Waste	93
	28,931	
	Total	\$ 553,643

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 defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, Wa. 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures an Amendment of GASB Statements No. 25 and No 27*.

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 currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating 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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

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

PERS Plan 1 members are vested after the completion of 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 (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire 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 provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is

capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with 5 years of service, with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire 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 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 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 AFC 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 ten 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. Plan 3 members who retire 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) enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to 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 AFC. 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 would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75 percent of AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: 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.

Newly elected or appointed justices and judges who choose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: 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 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-Vested	56,456
Total	<u><u>262,057</u></u>

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees and 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the 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 portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee’s age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2009, were as follows.

Members not participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer*	5.31%	5.31%**	5.31%***
Employee	6.00%	5.45%	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.5% for Plan 1 and 3.90% for Plan 2.

*****Variable from 5% minimum to 15% maximum based on rate selected by the PERS 3 member.

Members participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer-State Agency*	7.81%	7.81%	7.81%**
Employer- Local Govt.	5.31%	5.31%	5.31%**
Employer-State Agency	9.76%	7.25%	7.50%***
Employee- Local Govt.	12.26%	9.75%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.16%.

**Plan 3 defined benefit portion only.

***Minimum rate.

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2009	\$ 94,008	\$ 1,272,637	\$ 263,358
2008	\$ 115,159	\$ 1,367,661	\$ 270,106
2007	\$ 105,266	\$ 1,007,104	\$ 176,736

B. LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective January 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state 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 1 members are eligible for retirement with five years of service at the age of 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 FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF 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 FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Non-Vested	3,927
Total	<u><u>26,965</u></u>

Funding Policy

Starting on July 1, 2000 Plan 1 employers and employee contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. 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 LEOFF 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, 2009 were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
Employer	0.16% *	5.24% **
Employee	0.00%	8.46%
State	N.A.	3.38%

* The employer rate includes .16% administrative fee.

** The employer rate for ports and universities is 8.99%.

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>
2009	\$ 109	\$ 153,662
2008	\$ 136	\$ 157,017
2007	\$ 295	\$ 143,867

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

Plan Description

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

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 those full-time employees, hired on or after July 1, 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, Department of Natural Resources, Parks 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.

PSERS 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 ten years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC 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 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarially valuation date for the plan of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members Vested	-
Active Plan Members Non-Vested	3,981
Total	<u><u>3,982</u></u>

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS 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, 2008, for PSERS Plan 2 were as follows:

Employer*	Employee
7.85%	6.55%

* 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:

	PSERS Plan 2
December 31, 2009	\$300,601
December 31, 2008	\$311,496
December 31, 2007	\$254,054

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT

LEOFF I OPEB

Plan Description

The County provides all health insurance benefits for retired public safety employees who are vested in LEOFF I under a single-employer defined benefit plan. 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 no LEOFF I members employed at the County who have not yet retired. 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.

The County does not issue a stand-alone financial report nor is the plan included in the report of another entity.

Funding Policy and Funding Status

The County has the authority to establish and amend contribution requirements. Plan members are not required to contribute to the plan.

This plan is not currently funded. The County was required to contribute \$665,076 but only contributed \$282,966 at December 31, 2009. The amount contributed differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go-basis. Since the County’s healthcare plan is experience rated, the annual required contributions can fluctuate. The difference between the OPEB costs and the required contribution is called the Net OPEB Obligation (NOO).

As of December 31, 2007, the most recent valuation date, the liability for benefits was \$7,772,118.

The County’s annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the current year and the two preceding years were as follows:

Fiscal year	Annual OPEB			Percentage of	Net OPEB
Ending	Cost	Contribution	Cost	Contributed	Obligation
December 31	Cost	Contribution	Contributed	Contributed	Obligation
2009	\$ 665,076	\$ 282,966	42.55%	\$ 1,160,077	
2008	703,146	384,383	54.67%	777,967	
2007	742,936	283,732	38.19%	459,204	

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, 2009, 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	35,008
Adjustments to the annual required contribution	(112,868)
Annual OPEB cost (expense)	<u>665,076</u>
Employer Contributions made	<u>282,966</u>
Increase in the net OPEB obligation	382,110
Net OPEB obligation, beginning of year	<u>777,967</u>
Net OPEB obligation, end of year	<u><u>\$ 1,160,077</u></u>

Methods and Assumptions

The County has used the alternative measurement method permitted under GASB Statement No. 45 to calculate the annual required contribution of the employer. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additionally, calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations

reflect a long-term perspective. The specific actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

Valuation Date	12/31/2007
Actuarial Cost Method	Projected Unit Credit
Method used to determine the actuarial value of assets	N/A
Interest Rate for Discounting Future Liabilities	4.50%
Projected Payroll Growth	N/A
Investment Return	N/A
Amortization Method	Level Percentage
Amortization Period - Open	15

Additionally, 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. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 8 - RISK FINANCING

A. WASHINGTON COUNTIES RISK POOL

Cowlitz County was one of the twenty-eight members of the Washington Counties Risk Pool (“Pool”) during 2009. Other members included: Adams, Benton, Chelan, Clallam and Clark, Columbia, Douglas and Franklin, Garfield, Grays Harbor, Island and Jefferson, Kitsap, Kittitas, Lewis and Mason, Okanogan, Pacific, Pend Oreille and San Juan, Skagit, Skamania, Spokane and Thurston, Walla Walla, Whatcom and Yakima Counties. Klickitat and Whitman Counties were former Pool members, but terminated their memberships effective October 2002 and 2003 respectively.

The Pool was formed August 18, 1988 when several Washington counties signed an Interlocal (Cooperative) Agreement. It was established to provide its member counties with “joint” programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management. The Pool operates under Washington’s “pooling” laws, more specifically Chapters 48.62 RCW and 82.60 WAC and implemented via Chapter 39.34 RCW. It is overseen by the State Risk Manager and is subject to fiscal audits performed annually by the State Auditor.

The enabling Interlocal Agreement was amended once in 2000 to add the Membership Compact, a commitment to strengthen the Pool by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support the best management of the Pool and its resources. The Compact established obligations to support these goals through three major elements; membership involvement, risk control practices, and a targeted risk management program.

The Pool’s mission is: To provide comprehensive and economical risk coverage; to reduce the frequency and severity of losses; and to decrease costs incurred in the managing and litigation of

claims. The Pool's core values include: being committed to learn, understand and respond to the member counties' insurance needs; being committed to establish working relationships with all members that identify business issues and jointly develop solutions; member counties commit to allocate necessary resources to risk management in their own operations; the Pool's board of directors and professional staff share a commitment to manage the organization based on sound business principles, benchmarked industry standards and measurable outcomes; and being committed to continuous planning and innovation in product development and service delivery.

New members are required to pay the Pool modest admittance fees to cover the members' share of organizational expenses and the costs to analyze their loss data and risk profile. Members contract initially to remain in the Pool for at least five years. Counties may terminate their memberships at the conclusion of any Pool fiscal year following the initial term if the county timely files its required advance written notice. Otherwise, the Interlocal Agreement is renewed automatically for another year. Even after termination, a former member remains responsible for reassessments from the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The Pool is governed by a board of directors consisting of one director (and at least one alternate director) designated by each member county. The Pool's board of directors, made up of both elected and appointed county officials, meets three times each year with the summer meeting being the Annual Meeting. The board of directors is responsible for determining the 3rd-party liability coverage to be offered (approving the insuring agreement or coverage document), the reinsurance program to acquire, the excess insurances to be jointly purchased or offered for optional purchase, and approving the Pool's annual operating budgets and work programs, and the member deposit assessment formulas.

Regular oversight of the Pool's operations is furnished by an 11-person executive committee. The committee members are elected by the Pool's board of directors from its membership to staggered 3-year terms during each Annual Meeting. The committee meets several times throughout the year to approve all Pool disbursements and examine the Pool's financial health; to approve case settlements exceeding the members' deductibles by at least \$50,000 and to review all claims with incurred loss estimates exceeding \$100,000; to evaluate the Executive Director and the Pool's operations and program deliverables; and to participate in the board's standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the organization's policies and coverage documents.

The following constitute the highlights from the Pool's most recently completed Policy (Fiscal) Year (October 2008 through September 2009):

- *Operating Income* was experienced during the year of \$1.15 million, a 40% increase from FY-2008.
- *Interest Income* slipped to just \$0.22 million (-65%) due to the nearly non-existent interest rates associated with the national and worldwide recession.
- *Total Assets* grew by \$4.64 million (15%) to more than \$35.71 million. Specifically, current assets increased \$4.69 million (16%) while non-current assets decreased \$0.05 million (-4%).
- 966 cases were added to the Risk Pool's claims-related database during the year which raised the to-date (Oct. 1988 – Sep. 2009) total of third-party liability claims and lawsuits submitted by WCRP member counties to 16,470. Only 492 cases remained classified as "open" at year's end. Independent actuarial estimates suggest another 553 claims may be filed for covered occurrences from all years-to-date through September 2009.
- *Net Assets* (also referred to as *Members' Equity*) increased nearly \$1.38 million to more than \$8.16 million at September 30, 2009. \$6.35 million is classified as 'Restricted' to satisfy the Section D provisions of the WCRP Underwriting Policy that were enhanced by the Board of Directors in March 2007. Another \$1.06 million is invested in *Capital Assets* (net of debt).

The remaining \$0.76 million is listed as 'Non-Restricted' and is available. The WCRP Board of Directors is the authority to decide if, how much, and when distributions of any (Non-Restricted) *Net Assets* are to be made.

Professionals from some of the most respected organizations worldwide are called upon regularly to address specific needs of the Pool. For example, independent actuarial services are furnished by PricewaterhouseCoopers, LLP; insurance brokerage and advanced loss control services are provided by Arthur J. Gallagher Risk Management Services, Inc.; coverage counsel is provided by Stafford Frey Cooper; and special claims audits are frequently performed by the Pool's insurers and re-insurers. These professionals are in addition to the many contracted and in-county counselors assigned to defend Pool cases, as well as the ongoing oversight provided by the State Risk Manager and the annual financial audits performed by the State Auditor.

Over half of the Pool's 9-person staff handles and/or manages the several hundred liability cases filed upon and submitted by the Pool's member counties each year. These claims professionals have more than eighty years combined claims-handling experience. The Pool's "open" file count remains fairly constant between 400 and 500 cases. Other staffers provide various member services including conducting risk assessments and compliance audits, coordinating numerous trainings, researching other coverages and marketing, with some simply supporting the organization's administrative needs.

Pool member counties presently acquire \$20 million (with another \$5 million optional) of joint liability coverage on a "per occurrence" basis for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, and includes public officials' errors and omissions. Annually, members select a per occurrence deductible amount of \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. The initial \$10 million of coverage, less the retention (the greater of the member's deductible or \$100,000), is fully reinsured by superior-rated commercial carriers. The remaining insurance, up to \$15 million, is acquired from superior-rated commercial carriers as "following form" excess insurance. There are no aggregate limits to the payments made for any one member county or all member counties combined.

Property insurance, with composite limits of \$500 million for normal ("All Other Perils") coverage and \$250 million for catastrophe coverage and participant deductibles between \$5,000 and \$50,000, was added to the Pool coverage lines a few years ago as an individual county option. Coverage is for structures, vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc. Participants are responsible for their claims' deductibles. The commercial insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy. Twenty-six counties purchased this program during 2009.

Additionally, many members use the Pool's producer (broker) services for other insurance placements, e.g. public officials bonds, and crime & fidelity, special events/concessionaires, and environmental hazards coverages.

The Washington Counties Risk Pool is a cooperative program, so there is joint liability amongst its participating members. Contingent liabilities are established when assets are not sufficient to cover liabilities. Pool member counties are required to timely submit their 3rd-party liability claims which are handled by the Pool's staff. This includes establishing reserves for both reported and unreported covered events, as well as estimates of the undiscounted future cash payments for losses and related claims adjustment expenses. Deficits resulting from any Pool fiscal year are financed by proportional reassessments against that year's membership. The Pool's reassessments receivable balance at December 31, 2009 remains at zero.

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 8 through the Washington Counties Risk Pool. The County based the liability on information provided in year-end information from the Insurance Risk Pool and management judgment. Total claims liability - \$913,894 as of December 31, 2009.

2) The Industrial Insurance Safety Fund provides payments for workers compensation. The estimated claims payable at December 31, 2009 based on information provided from State Industrial Tables - \$354,000.

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, 2009 were \$913,894 for general liability and \$354,000 for workers compensation.

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

	Risk Management	Industrial Insurance	Total
Claims Payable 12-31-07	\$ 882,752	\$ 554,000	\$ 1,436,752
Provision for 2008	276,624	150,349	426,973
Increase (Decrease) in Provision for Prior Years	(50,729)	179,942	129,213
Less:			
Payment of Claims in Current Year Events	22,131	63,645	85,776
Payment of Claims in Prior Year Events	177,499	250,646	428,145
Claims Payable 12-31-08	<u>909,017</u>	<u>570,000</u>	<u>1,479,017</u>
Provision for 2009	247,613	58,376	305,989
Increase (Decrease) in Provision for Prior Years	(165,838)	(121,168)	(287,006)
Less:			
Payment of Claims in Current Yr. Events	5,007	35,946	40,953
Payment of Claims in Prior Yr. Events	71,891	117,262	189,153
Claims Payable 12-31-09	<u>\$ 913,894</u>	<u>\$ 354,000</u>	<u>\$ 1,267,894</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 \$177,861 at December 31, 2009 available to help meet the projected future estimate of claims to be paid out of \$354,000. This results in a December 31, 2009 negative net assets balance of \$197,741.

The Risk Management Fund has \$1,396,602 at December 31, 2009 in net cash and investments to meet actual and projected claims to be paid of \$913,894.

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, 2009 the fund has a net assets balance of \$24,770 compared to \$335,348 at December 31, 2008.

NOTE 9 – LONG-TERM DEBT AND CAPITAL LEASES

A. LONG-TERM DEBT

Note 9 summarizes long-term debt as follows: 1) Description of primary government individual debt issues and related debt service requirements to maturity on general obligation bonds and notes 2) Debt Service Requirements to Maturity 3) Discretely Presented Component Units – Three Rivers Wastewater Authority, and Public Facilities District and their long-term debt, 4) summary of changes in long-term debt, 5) presents the County’s legal debt margin, and 6) Capital lease information.

1. Description of Primary Government Individual Long-term Liabilities

<i>Bonds and Other Long Term Liabilities – Governmental Activities</i>	<i>Debt Outstanding</i>
<p>\$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.</p>	<p>\$4,480,000</p>
<p>\$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.</p>	<p>\$5,610,000</p>
<p>\$700,000 Public Work Building Note Payable issued on May 15, 2008 for the purchase of the new Public Works facility. Principal payments are \$17,500</p>	

quarterly. Interest is equal to the published Monthly Net Earnings Rate of the Washington State Local Government Investment Pool for the month preceding such calendar quarter.	\$577,500
<p>\$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.</p> <p>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.</p>	\$8,095,000
<p>\$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 it full faith a credit to deposit into the bond fund.</p>	\$12,290,000
<i>Special Assessment Debt</i>	<i>Debt Outstanding</i>
<p>\$172,038 Road Improvement District Special Assessment Bond issued October 23, 2009 to finance road improvement. The interest rate on the bonds is 4.5%, with the entire principal payment due on October 1, 2021. The debt is paid from assessments collected from benefitted property owners; principal payments can be made annually on October 1, without pre-payment penalty, if assessments are collected. This County is required to establish a reserve to cover defaults by property owners.</p>	\$172,038
<i>Revenue Debt – Business Type Activity</i>	<i>Debt Outstanding</i>
<p>\$653,050 2002 Water Sewer Washington State Department of Community Development Public Works Trust Fund (PWTF) Loan. The funds were for improvements to the Toutle Wastewater Treatment Facility. Interest is 2 percent per annum through June 30, 2003, and 1% per annum thereafter with annual principal payments through June 30, 2020 of \$34,623.</p>	\$380,848
<p>\$1,084,158 2005 Water Sewer PWTF Loan. The funds were for improvements to the Ryderwood Water Treatment Plant. The loan has a 1% interest rate. Eighteen equal annual principal payments of \$60,231 are due beginning October 1, 2006 with final maturity October 1, 2023.</p>	\$843,234
<p>\$322,035 2008 Water-Sewer PWTF Loan. The funds were for County Water Systems Reservoir Coating The loan has an interest rate of .50% with annual principal payments of 16,949 through July 1, 2027. .</p>	\$305,086
<p>\$68,900 2008 Water-Sewer PWTF Loan. The funds were used for the Toutle Sewer Lift Station Rehabilitation. No interest is due on the loan, with annual payments of \$17,225 through July 1, 2012.</p>	\$51,675
<p>\$25,200 2008 Water-Sewer PWTF Loan. The funds were used for Water-Sewer Umbrella Plan. \$6,531 was returned as unspent in 2009. No interest is due on the loan, with annual payments of \$4,667.14 through July 1, 2012.</p>	\$14,001

2. DEBT SERVICE REQUIREMENTS TO MATURITY

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

Year Ending	Governmental Activities	
	Principal	Interest
December 31		
2010	955,000	741,646
2011	855,000	701,268
2012	905,000	662,511
2013	955,000	620,824
2014	990,000	575,499
2015-2019	5,735,000	2,134,845
2020-2024	4,760,000	857,003
2025-2027	1,205,000	94,968
Total	\$ 16,360,000	\$ 6,388,564

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

Annual debt service requirements for notes payables are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
December 31		
2010	70,000	6,891
2011	70,000	6,016
2012	70,000	5,141
2013	70,000	4,266
2014	70,000	3,391
2015-2018	227,500	4,977
Total	\$ 577,500	\$ 30,682

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

Year Ending	Special Assessment Debt	
	Principal	Interest
December 31		
2010	140,000	106,025
2011	150,000	98,792
2012	160,000	90,563
2013	165,000	81,742
2014	180,000	72,667
2015-2019	1,030,000	208,168
2020-2021	172,038	15,505
Total	\$ 1,997,038	\$ 673,462

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:

Special Sewer Revenue Bonds		
Year Ending December 31	Principal	Interest
2010	530,000	586,338
2011	555,000	563,281
2012	575,000	539,269
2013	605,000	514,194
2014	630,000	487,950
2015-2019	3,615,000	1,970,831
2020-2024	4,690,000	902,350
2025-2025	1,090,000	27,250
Total	\$ 12,290,000	\$ 5,591,463

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

Water Sewer - Notes Payable - St. of Wa.		
Year Ending December 31	Principal	Interest
2010	133,695	13,766
2011	133,695	12,733
2012	133,695	11,700
2013	111,803	10,666
2014	111,803	9,633
2015-2019	559,014	34,821
2020-2024	360,293	10,367
2025-2027	50,847	508
Total	\$ 1,594,845	\$ 104,194

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

TRRWA has issued revenue bonds, government loans and notes with its primary government to finance the construction, purchase and improvement of wastewater facilities, infrastructure and equipment. Current debt obligations are as follows:

TRRWA – Bonds Payable	Debt Outstanding
\$35,400,000 for bonds issued September 5, 2002 to pay the costs of the TRRWA’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 \$1.6 million to \$2.79 million through November 1, 2019. Up front money provided by TRRWA has paid for an insurance policy to fund the debt in case of default by the users.	\$ 22,340,000

TRRWA - Notes Payable (Government Loans)	Debt Outstanding
\$7,000,000 1999 Public Works Trust Fund Loan from State of Washington - \$6,300,000 issued August 23, 1999 and \$700,000 issued May 12, 2004 for improvements to the sewer facilities. Interest is 1% per annum with \$375,329 future annual principal payments on June 30, 2005 through June 30, 2019.	\$ 3,753,289

\$3,000,000 2001 Public Works Trust Fund Loan from State of Washington \$2,850,000 issued May 26, 2001 and \$150,000 issued May 10, 2004 for improvements to treatment plant. Interest is .05% per annum with \$158,333 future annual principal payments on June 30, 2005 through June 30 2021.	\$ 1,900,000
\$510,000 2006 Public Works Trust Fund Loan from State of Washington - \$382,500 issued through August 7, 2006 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.	\$ 121,474
\$776,287 2006 City of Longview , a public works trust fund loan. September 21, 2006 TRRWA received \$750,000 and \$26,387 from the City in June 2007. Interest is .05% per annum with future annual principal payments of \$40,487 beginning June 30, 2007 through June 30, 2025.	\$ 694,572
\$6,630,750 2008 Public Works Trust Fund Loan from State of Washington by TRRWA to replace two clarifiers and associated piping. Interest is 0.5% per annum with future annual principal payments of \$331,538 beginning July 1, 2009 through July 1, 2027.	\$ 6,299,213

TRRWA - Due to Primary Government	Debt Outstanding
\$2,944,525 from Cowlitz County Solid Waste ELF Fund on August 28, 2008 to provide a reserve fund for the 2002 Revenue Bonds. Interest is a variable rate equal to the monthly average rate of return on the State of Washington Local Government Investment Pool. The loan shall mature on the date that is five years after the date of the loan is made.	\$ 2,944,525
\$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.	\$ 12,290,000
\$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.	\$ 130,000

Annual debt service for the TRRWA is shown below:

	Notes		Due to Primary Government	
	Principal	Interest	Principal	Interest
2010	\$ 1,007,651	\$ 82,348	\$ 2,465,000	\$ 1,725,226
2011	966,794	75,433	2,425,000	1,632,837
2012	906,057	70,031	2,520,000	1,534,025
2013	906,057	62,614	5,579,525	1,428,719
2014	906,057	56,204	2,765,000	1,295,900
2015-2019	4,530,285	184,879	16,170,000	4,116,656
2020-2024	2,178,640	64,541	4,690,000	902,350
2025-2027	1,367,007	16,783	1,090,000	27,250
Total	\$ 12,768,548	\$ 612,833	\$ 37,704,525	\$ 12,662,963

Discretely Presented Component Unit – Public Facilities District

The Public Facilities District has issued government loans and notes with its primary government to finance the regional convention center and the Columbia Theater renovation. Current debt obligations are as follows:

Public Facilities Dist. – Due to Primary Government (Cowlitz County)	Debt Outstanding
\$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. This issue is paid from a share of the state sales tax collected.	\$5,480,000

Public Facilities Dist. - Notes Payable due to City of Longview	Debt Outstanding
\$6,130,000 from City of Longview, that issued bonds on December 27, 2007 to provide funding for improvements to Columbia Theater for the Performing Arts in Longview received by the District January 8, 2008. Interest varies from 4.0 % to 5.0% with future annual principal payments of \$85,000 to \$510,000 beginning December 01, 2008 through June 01, 2032. The loan will be repaid from a sales and use tax authorized under RCW 36.100 to provide funds to repay principal and interest payments on bonds issued for the purpose of remodeling and improving an existing regional center.	\$5,790,000

Annual Debt service for amounts Due to Primary Government (Cowlitz County) for the Public Facilities District follows:

Public Facilities District		
Due to Primary Government - Cowlitz County		
	Principal	Interest
2010	170,000	211,343
2011	180,000	206,243
2012	195,000	200,393
2013	210,000	193,568
2014	225,000	186,743
2015-2019	1,385,000	806,735
2019-2024	1,910,000	504,778
2025-2027	1,205,000	94,968
	\$ 5,480,000	\$ 2,404,771

Annual debt service requirements payable to the City of Longview are as follows:

Public Facilities District		
Due to City of Longview		
	Principal	Interest
2010	85,000	251,425
2011	95,000	247,825
2012	105,000	243,825
2013	120,000	239,325
2014	130,000	234,325
2015-2019	870,000	1,068,025
2020-2024	1,290,000	846,378
2025-2029	1,835,000	526,325
2030-2032	1,440,000	97,680
	\$ 5,970,000	\$ 3,755,133

The PFD’s bond covenants require the district to maintain a rate stabilization fund. At December 31, 2009, the rate stabilization account contained \$255,633.

4. CHANGES IN LONG-TERM DEBT

Changes in Governmental Activities General Long Term Debt

	Balance 1/1/2009	Additions	Reductions	Balance 12/31/2009	Due Within One Year
General Obligation Bonds	\$ 17,260,000	\$ -	(900,000)	\$ 16,360,000	\$ 955,000
Special Assessment Bonds with governmental commitment	1,960,000	172,038	(135,000)	1,997,038	140,000
Special Revenue Bonds	12,800,000	-	(510,000)	12,290,000	530,000
Less deferred amounts:					
for premium	136,621	-	(9,211)	127,410	9,211
on refunding	(118,698)	-	118,698	-	-
	<u>32,037,923</u>	<u>172,038</u>	<u>(1,435,513)</u>	<u>30,774,448</u>	<u>1,634,211</u>
Notes Payable	647,500	-	(70,000)	577,500	70,000
Other post employee benefits	777,967	665,076	(282,966)	1,160,077	-
Compensated Absences	2,672,450	2,813,943	(2,736,168)	2,750,225	-
Capital Lease - Int Svc.	61,629	43,076	(12,199)	92,506	13,008
Comp. Absences - Int Svc.	185,479	117,646	(146,858)	156,267	-
Claims/Judgements-Int Svc.	1,479,017	18,983	(230,106)	1,267,894	277,070
Total Gen'l Long-Term Debt	<u>\$ 37,861,965</u>	<u>\$ 3,830,762</u>	<u>\$ (4,913,810)</u>	<u>\$ 36,778,917</u>	<u>\$ 1,994,289</u>

Changes in Business Type Activities Long-Term Debt

	Balance 1/1/2009	Additions	Reductions	Balance 12/31/2009	Due Within One Year
Notes Payable State of Wa.	\$ 1,735,070	\$ -	\$ (140,225)	\$ 1,594,845	\$ 133,695
Compensated Absences	374,649	335,010	(359,847)	349,812	-
Landfill Closure and Postclosure Care	11,177,389	1,193,574	-	12,370,963	-
	<u>\$ 13,287,108</u>	<u>\$ 1,528,584</u>	<u>\$ (500,072)</u>	<u>\$ 14,315,620</u>	<u>133,695</u>

The Landfill Closure and Postclosure Care balance at 12/31/08 was restated by \$369,805 to correct error in calculation. See Prior period adjustment note.

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

	<u>Balance</u> <u>1/1/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Due Within</u> <u>One Year</u>
Revenue Refunding Bonds	\$ 24,085,000	\$ -	\$ (1,745,000)	\$ 22,340,000	\$ 1,805,000
Less: deferred amounts:					-
for premium	1,272,442	-	(117,456)	1,154,986	-
Total bonds payable	25,357,442	-	(1,862,456)	23,494,986	1,805,000
Notes Payable-Other Govts.	\$ 10,047,571	\$ 3,315,375	\$ (594,398)	\$ 12,768,548	\$ 1,007,651
Due to Primary Government	15,999,525	-	(635,000)	15,364,525	660,000
Less: deferred amounts:					
for premiums	388,305	-	(23,896)	364,409	141,352
Total Due to Primary Gov't	16,387,830	-	(658,896)	15,728,934	801,352
Compensated Absences	175,824	163,007	(156,362)	182,469	-
Total Component Unit	\$ 51,968,667	\$ 3,478,382	\$ (3,272,112)	\$ 52,174,937	\$ 3,614,003

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

	<u>Balance</u> <u>1/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/09</u>	<u>Due Within</u> <u>One Year</u>
Due to Primary Government	\$ 5,640,000		\$ (160,000)	\$ 5,480,000	\$ 170,000
Less deferred amounts:					
For issuance discounts	(69,523)	-	3,660	(65,863)	(3,660)
Due to Primary Government (net)	5,570,477	-	(156,340)	5,414,137	166,340
Notes Payable	6,045,000	-	(75,000)	5,970,000	85,000
Less deferred amounts:					
For issuance discounts	(48,411)	-	2,017	(46,394)	(2,017)
Due to Other Governments (net)	5,996,589	-	(72,983)	5,923,606	82,983
Total Long Term Debt	11,567,066	-	(229,323)	11,337,743	249,323

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</u> <u>INDEBTEDNESS</u>	<u>REMAINING</u> <u>CAPACITY</u>
General Government (No vote required)	\$ 107,498,313
General Government (Vote required)	\$ 201,417,079

6. CAPITALIZED LEASES

The County has entered into two separate lease agreements as lessee for computer servers and related equipment. These lease agreements qualify as capital leases for accounting purposes, as, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The value of assets acquired through capital lease for governmental activities is \$88,176 (\$111,607 less accumulated depreciation of \$23,431).

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

2010	\$	25,833
2011		25,833
2012		25,833
2013		17,885
2014		9,937
Total minimum lease payments		<u>105,321</u>
Less amount representing interest		<u>(12,816)</u>
Present value of minimum lease payments	\$	<u><u>92,505</u></u>

NOTE 10 –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 up to 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 County reported \$12,370,963 as landfill closure and post closure care liability at December 31, 2009. This represents the cumulative amount reported to date based on the capacity used. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County’s landfill consists of two separate regulatory units, the unlined landfill and the lined landfill.

The unlined landfill was at full capacity in 1992 and is monitored under WAC 173-304, which requires a twenty year monitoring period. This landfill was treated separately under Washington State regulations. As a result, 100% of the postclosure care costs have been included as a liability, in the amount of \$1.6 million. Although monitoring requirements for this section are 20 years, the County is recognizing 30 years of postclosure monitoring voluntarily, due to the difficulties of monitoring this site separately from the lined site. The voluntary postclosure costs for the additional ten years is included in the liability.

The lined landfill is at 80 percent of the estimated refuse capacity at December 31, 2009. As a result, \$10.8 million is reported as landfill closure and post closure care liability, related to this section of the landfill. The county will recognize the remaining estimated costs of closure and post closure care of \$2.7 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 2009. The estimated life for the landfill is 4 years, with final closure in 2013. This landfill will close under WAC 173-351 requirements implemented by the Washington State Department of Ecology and the Cowlitz County Environmental Health Department. The lined landfill is required to be monitored for 30 years after closure.

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, 2009 the County had \$12.4 million in cash and investments held for these purposes. The amounts are reported as restricted cash and investment on the balance sheet.

NOTE 11 – 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 12 – OTHER DISCLOSURES**A. PRIOR PERIOD ADJUSTMENTS**

The Other governmental funds column presents a prior period adjustment of \$1,614,910. This is a result of correcting the special assessment receivable which was closed to fund balance. Per GAAP, the special assessment receivable should have been offset to deferred revenue. As this is eliminated in the conversion from fund statements to government wide, this is not shown on the Government Wide Statement of Activities.

In the governmental column of the Statement of Activities, a prior period adjustment of \$1,704,510 is presented. This represents the internal service prior period adjustment discussed below and the addition of court receivables in the amount of \$1,582,083. During preparation of the 2009 financial statements, the court receivable and related allowance for uncollectible amounts was recognized. The 2008 net receivable of \$1,582,083 was recorded as a prior period adjustment.

A Prior period adjustment in the amount of \$358,258 is recognized in the Solid Waste Major Enterprise Fund. This is a result of the following:

- The Landfill closure and postclosure costs liability was understated in 2008 by \$369,805. This liability should be calculated based upon the remaining capacity of the landfill. There are two separate regulatory sections of the landfill: unlined and lined. The unlined section of the landfill is closed and at 100% capacity. In prior years, this sections liability was erroneously recognized on the combined capacity of the entire landfill, thereby, understating the liability.
- Equipment was sold in an auction and removed from the Statement of Net Assets in 2008. In 2009, cash in the amount of \$11,547 was received from the sale of this equipment. This should have been booked as a gain on disposal of equipment and a receivable in the 2008 financial statements.

The internal service fund statement column of the Statement of Revenues, Expenses and Changes in Fund Net Assets presents a prior period adjustment of \$122,427. Similarly, this represents equipment sold at auction and removed from the Statement of Net Assets in 2008. In 2009, cash in the amount of \$122,447 was received from the sale of this equipment. This should have been booked as a gain on disposal of equipment and a receivable in the 2008 financial statements.

The component unit column of the government-wide statement of activities presents a prior period adjustment of \$163,412. This represents capitalized interest from 2008 that should have been recorded in the 2008 statements but was overlooked.

B. SUBSEQUENT EVENTS

The County is unaware of any subsequent events that would materially effect the financial statement presentation.

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
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

General Fund				
2009				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 22,964,704	\$ 22,964,704	\$ 22,659,016	\$ (305,688)
Licenses & Permits	68,427	68,427	68,418	(9)
Intergovernmental	7,221,316	7,221,316	6,418,731	(802,585)
Charges for services	5,153,305	5,153,305	4,992,578	(160,727)
Fines and forfeits	1,545,155	1,545,155	1,347,879	(197,276)
Interest	1,026,790	1,026,790	267,432	(759,358)
Miscellaneous	383,882	383,882	472,174	88,292
<i>Total revenues</i>	<u>38,363,579</u>	<u>38,363,579</u>	<u>36,226,228</u>	<u>(2,137,351)</u>
<i>Expenditures:</i>				
General government	10,152,646	9,485,239	8,959,453	525,786
Public safety	19,864,948	18,459,238	17,619,247	839,991
Judicial	6,206,627	5,612,813	5,461,030	151,783
Physical environ. (animal cont./soil cons.)	586,974	322,104	158,053	164,051
Economic environment	1,100,000	1,100,000	1,032,593	67,407
Transportation (airport)	20,000	20,000	20,150	(150)
Mental & physical health	573,014	461,007	455,588	5,419
Culture & recreation	658,159	572,848	564,085	8,763
Debt Service - Principal	-	-	-	-
Capital outlay	50,000	50,000	-	50,000
<i>Total Expenditures</i>	<u>39,212,368</u>	<u>36,083,249</u>	<u>34,270,199</u>	<u>1,813,050</u>
Excess (deficiency) of revenues over expenditures	<u>(848,789)</u>	<u>2,280,330</u>	<u>1,956,029</u>	<u>(324,301)</u>
<i>Other financial sources (uses):</i>				
Proceeds-sale fixed assets	-	-	459,444	459,444
Transfers In	-	-	204,696	204,696
Transfers (out)	(1,566,251)	(1,463,770)	(1,569,164)	(105,394)
<i>Total Other financial sources (uses):</i>	<u>(1,566,251)</u>	<u>(1,463,770)</u>	<u>(905,024)</u>	<u>558,746</u>
Net change in fund balances	(2,415,040)	816,560	1,051,005	234,445
Fund balance, January 1	8,500,000	8,500,000	5,340,364	(3,159,636)
Prior Period Adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 6,084,960</u>	<u>\$ 9,316,560</u>	<u>\$ 6,391,369</u>	<u>\$ (2,925,191)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

County Road				
2009				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 8,528,641	\$ 8,528,641	\$ 7,918,914	\$ (609,727)
Licenses & Permits	-	-	-	-
Intergovernmental	8,224,007	8,224,007	9,603,032	1,379,025
Charges for services	103,500	103,500	134,809	31,309
Fines and forfeits	-	-	-	-
Interest	100,000	100,000	25,774	(74,226)
Miscellaneous	412,500	412,500	99,704	(312,796)
<i>Total revenues</i>	<u>17,368,648</u>	<u>17,368,648</u>	<u>17,782,233</u>	<u>413,585</u>
<i>Expenditures:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Physical environ. (animal cont./soil cons.)	-	-	-	-
Economic environment	-	-	-	-
Transportation (airport)	12,473,724	12,473,724	12,701,588	(227,864)
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Debt Service - Principal	-	-	615,580	(615,580)
Capital outlay	9,470,003	9,470,003	6,974,934	2,495,069
<i>Total Expenditures</i>	<u>21,943,727</u>	<u>21,943,727</u>	<u>20,292,102</u>	<u>1,651,625</u>
Excess (deficiency) of revenues over expenditures	<u>(4,575,079)</u>	<u>(4,575,079)</u>	<u>(2,509,869)</u>	<u>2,065,210</u>
<i>Other financial sources (uses):</i>				
Proceeds-sale fixed assets	250,000	250,000	497,006	247,006
Transfers In	500,000	500,000	1,541,013	1,041,013
Transfers (out)	(75,000)	(75,000)	-	75,000
<i>Total Other financial sources (uses):</i>	<u>675,000</u>	<u>675,000</u>	<u>2,038,019</u>	<u>1,363,019</u>
Net change in fund balances	(3,900,079)	(3,900,079)	(471,850)	3,428,229
Fund balance, January 1	6,250,000	6,250,000	5,463,576	(786,424)
Prior Period Adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 2,349,921</u>	<u>\$ 2,349,921</u>	<u>\$ 4,991,726</u>	<u>\$ 2,641,805</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

Community Mental Health				
2009				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-
Intergovernmental	10,305,831	10,305,831	10,855,890	550,059
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	90,000	90,000	14,564	(75,436)
Miscellaneous	500	500	2,410	1,910
<i>Total revenues</i>	<u>10,396,331</u>	<u>10,396,331</u>	<u>10,872,864</u>	<u>476,533</u>
<i>Expenditures:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Physical environ. (animal cont./soil cons.)	-	-	-	-
Economic environment	-	-	-	-
Transportation (airport)	-	-	-	-
Mental & physical health	12,237,900	12,237,900	10,641,504	1,596,396
Culture & recreation	-	-	-	-
Debt Service - Principal	-	-	-	-
Capital outlay	-	-	-	-
<i>Total Expenditures</i>	<u>12,237,900</u>	<u>12,237,900</u>	<u>10,641,504</u>	<u>1,596,396</u>
Excess (deficiency) of revenues over expenditures	<u>(1,841,569)</u>	<u>(1,841,569)</u>	<u>231,360</u>	<u>2,072,929</u>
<i>Other financial sources (uses):</i>				
Proceeds-sale fixed assets	-	-	-	-
Transfers In	14,109	14,109	14,109	-
Transfers (out)	-	-	-	-
<i>Total Other financial sources (uses):</i>	<u>14,109</u>	<u>14,109</u>	<u>14,109</u>	<u>-</u>
Net change in fund balances	(1,827,460)	(1,827,460)	245,469	2,072,929
Fund balance, January 1	1,827,460	1,827,460	2,388,176	560,716
Prior Period Adjustments	-	-	-	-
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,633,645</u>	<u>\$ 2,633,645</u>

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, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,725,462	\$ 836,598	\$ 6,562,060
Taxes Receivable	21,831	-	21,831
Accounts Receivable	60,438	-	60,438
Interest Receivable	1,522	226	1,748
Due from other funds	28,931	-	28,931
Prepaid Expense	-	-	-
Long Term Receivables	595,172	4,616,007	5,211,179
Restricted Cash Desposits	13,369	-	13,369
<i>Total Assets</i>	\$ 6,446,725	\$ 5,452,831	\$ 11,899,556
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Accounts Payable	\$ 89,208	\$ -	\$ 89,208
Due to other funds	92,366	-	92,366
Due to other Governments	71,954	-	71,954
Deferred Revenue	21,831	1,311,007	1,332,838
Other Accrued Liabilities	226,498	-	226,498
Customer Deposits-Confiscated	13,369	-	13,369
<i>Total Liabilities</i>	515,226	1,311,007	1,826,233
<i>Fund Balances</i>			
Reserved for long-term loans receivable		3,305,000	3,305,000
Unreserved fund balance	5,931,499	836,824	6,768,323
<i>Total Fund Balances</i>	5,931,499	4,141,824	10,073,323
<i>Total Liabilities and Fund Balances</i>	\$ 6,446,725	\$ 5,452,831	\$ 11,899,556

Cowlitz County, Washington
Combining Statement of Revenues, Expenditures & Changes Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 1,408,961	\$ -	\$ 1,408,961
Licenses & permits	1,419,600	-	1,419,600
Intergovernmental	2,905,550	-	2,905,550
Charges for services	1,478,483	-	1,478,483
Fines & forfeits	137,026	-	137,026
Special assessments	-	398,603	398,603
Interest	22,950	53,226	76,176
Miscellaneous	409,854	185,345	595,199
<i>Total revenues</i>	7,782,424	637,174	8,419,598
<u>Expenditures:</u>			
General government	317,300	6,450	323,750
Public safety	1,783,579	-	1,783,579
Physical environment	195,970	-	195,970
Transportation	205,700	-	205,700
Economic environment	1,929,158	-	1,929,158
Mental & physical health	3,281,709	-	3,281,709
Culture & recreation	229,449	-	229,449
Capital outlays	21,247	-	21,247
Debt service - principal	-	750,000	750,000
Debt service - interest	-	559,749	559,749
<i>Total expenditures</i>	7,964,112	1,316,199	9,280,311
Excess (deficiency) of revenues over expenditures	(181,688)	(679,025)	(860,713)
<u>Other financing sources (uses):</u>			
Special Assessment bonds issued	-	172,038	172,038
Premium on refunding bonds	-	-	-
Payment to refunded bond escrow	-	-	-
Sale of capital assets	10,196	-	10,196
Transfers in	1,274,559	736,224	2,010,783
Transfers (out)	(377,894)	(350,052)	(727,946)
<i>Total other financing sources (uses)</i>	906,861	558,210	1,465,071
Net Change in Fund Balances	725,173	(120,815)	604,358
Fund Balance, January 1	5,206,326	5,877,549	11,083,875
Prior period adjustment	-	(1,614,910)	(1,614,910)
<i>Fund Balance, December 31</i>	\$ 5,931,499	\$ 4,141,824	\$ 10,073,323

Cowlitz County, Washington
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2009

Assets	Paths & Trails	Stormwater	Noxious Weed	Bldg & Planning	Stadium Convention Center	Superior Court Law Library	Veterans Relief	Graphic Information Systems	Human Services
Cash, cash equivalents & pooled investments	\$ 74,284	\$ 226,464	\$ 237,264	\$ 887,419	\$ 3,447	\$ 67,493	\$ 282,664	\$ 257,580	\$ 270,242
Taxes receivable	-	-	-	-	-	-	6,776	-	15,055
Accounts receivable	-	-	-	30,308	-	-	-	-	-
Interest receivable	1	56	58	-	-	-	73	-	51
Due from other funds	-	-	-	-	-	-	-	-	425
Prepaid Expense	-	-	-	-	-	-	-	-	-
Due from other governments	9,122	-	8,841	-	-	-	-	-	-
Restricted Cash Deposits	-	-	-	-	-	-	-	-	57,460
Total assets	\$ 83,407	\$ 226,520	\$ 246,163	\$ 917,727	\$ 3,447	\$ 67,493	\$ 289,513	\$ 257,580	\$ 343,233

Liabilities									
Accounts Payable	\$ -	\$ 505	\$ 655	\$ 1,492	\$ -	\$ 2,514	\$ 3,720	\$ 490	\$ 2,985
Retainage payable	-	-	-	-	-	-	-	-	-
Due to other funds	2,217	1,202	8,160	509	-	-	128	208	4,751
Due to other governments	-	-	-	-	-	-	-	-	14,368
Deferred Revenue	-	-	-	-	-	-	6,776	-	15,055
Other accrued liabilities	530	938	4,043	49,709	-	38	-	6,183	36,193
Customer Deposits-Confiscated	-	-	-	-	-	-	-	-	-
Total liabilities	2,747	2,645	12,858	51,710	-	2,552	10,624	6,881	73,352

Fund Balances									
Reserved for interfund loans									
Unreserved fund balance	80,660	223,875	233,305	866,017	3,447	64,941	278,889	250,699	269,881
Total fund balance	80,660	223,875	233,305	866,017	3,447	64,941	278,889	250,699	269,881

Total liabilities and fund balance	\$ 83,407	\$ 226,520	\$ 246,163	\$ 917,727	\$ 3,447	\$ 67,493	\$ 289,513	\$ 257,580	\$ 343,233
---	------------------	-------------------	-------------------	-------------------	-----------------	------------------	-------------------	-------------------	-------------------

Cowlitz County, Washington
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2009

	Health Dept.	Treasurer's Oper. & Mtce.	Auditor's Oper. & Mtce.	PA Victim Witness	Tourism Develop	Drug Task Force	Boat Safety	County Drug	Affordable Housing
Cash, cash equivalents & pooled investments	\$ 419,158	\$ 199,031	\$ 353,265	\$ 162,123	\$ 16,486	\$ 492,042	\$ 48,267	\$ 105,926	\$ 98,760
Taxes receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	30,130	-	-	-	-	-	-	-	-
Interest receivable	53	648	73	-	-	127	-	-	24
Due from other funds	28,506	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-
Due from other governments	344,134	-	-	-	-	52,198	-	-	-
Restricted Cash Deposits	-	-	-	-	-	13,369	-	-	-
Total assets	\$ 821,981	\$ 199,679	\$ 353,338	\$ 162,123	\$ 16,486	\$ 557,736	\$ 48,267	\$ 105,926	\$ 98,784

Liabilities

Accounts Payable	\$ 18,958	\$ -	\$ 1,190	\$ -	\$ 14,203	\$ 1,210	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-	-	-
Due to other funds	14,219	10	-	304	-	3,830	-	56,805	-
Due to other governments	29,700	-	-	-	2,443	25,443	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-
Other accrued liabilities	77,423	-	637	6,738	298	9,184	-	-	-
Customer Deposits-Confiscated	-	-	-	-	-	13,369	-	-	-
Total liabilities	140,300	10	1,827	7,042	16,944	53,036	-	56,805	-

Fund Balances

Reserved for interfund loans	-	-	-	-	-	-	-	-	-
Unreserved fund balance	681,681	199,669	351,511	155,081	(458)	504,700	48,267	49,121	98,784
Total fund balance	681,681	199,669	351,511	155,081	(458)	504,700	48,267	49,121	98,784
Total liabilities and fund balance	\$ 821,981	\$ 199,679	\$ 353,338	\$ 162,123	\$ 16,486	\$ 557,736	\$ 48,267	\$ 105,926	\$ 98,784

Cowlitz County, Washington
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2009

	Low Income Housing	Law & Justice Funding	Benefits Admin.	Cumulative Reserve	Total
Cash, cash equivalents & pooled investments	\$ 847,055	\$ 67,989	\$ 562,684	\$ 45,819	\$ 5,725,462
Taxes receivable	-	-	-	-	21,831
Accounts receivable	-	-	-	-	60,438
Interest receivable	216	-	141	1	1,522
Due from other funds	-	-	-	-	28,931
Prepaid Expense	-	-	-	-	-
Due from other governments	-	123,417	-	-	595,172
Restricted Cash Deposits	-	-	-	-	13,369
Total assets	\$ 847,271	\$ 191,406	\$ 562,825	\$ 45,820	\$ 6,446,725

Liabilities

Accounts Payable	\$ 38,000	\$ -	\$ 3,286	\$ -	\$ 89,208
Retainage payable	-	-	-	-	-
Due to other funds	-	-	23	-	92,366
Due to other governments	-	-	-	-	71,954
Deferred Revenue	-	-	-	-	21,831
Other accrued liabilities	-	34,351	233	-	226,498
Customer Deposits-Confiscated	-	-	-	-	13,369
Total liabilities	38,000	34,351	3,542	-	515,226

Fund Balances

Reserved for interfund loans					
Unreserved fund balance	809,271	157,055	559,283	45,820	5,931,499
Total fund balance	809,271	157,055	559,283	45,820	5,931,499

Total liabilities and fund balance

\$ 847,271	\$ 191,406	\$ 562,825	\$ 45,820	\$ 6,446,725
------------	------------	------------	-----------	--------------

Cowlitz County, Washington
Combining Statement of Revenues, Expenditures Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2009

	Path & Trails	Stormwater	Noxious Weed	Bldg. & Planning	Convention Center	Superior Court Law Library	Veterans Relief	Graphic Information System
Revenues:								
Taxes	\$ -	\$ 491	\$ -	\$ -	\$ 36,744	\$ -	\$ 105,018	\$ -
Licenses & permits	-	-	-	1,122,570	-	-	-	-
Intergovernmental	63,409	32,983	8,867	-	-	-	40	-
Charges for services	-	-	-	625,513	-	55,332	-	5,383
Fines & forfeits	-	-	-	-	-	-	-	-
Interest	-	650	2,117	-	-	-	1,605	-
Miscellaneous	1,481	172,992	164,350	-	-	-	85	-
Total revenues	64,890	207,116	175,334	1,748,083	36,744	55,332	106,748	5,383
Expenditures:								
General government	-	-	-	-	-	60,872	-	156,636
Public safety	-	-	-	-	-	-	-	-
Physical environment	-	77,157	118,813	-	-	-	-	-
Transportation	205,700	-	-	-	-	-	-	-
Economic environment	-	-	-	1,510,270	-	-	103,598	-
Mental & physical health	-	-	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	13,500	-
Debt service -interest	-	-	-	-	-	-	-	-
Total expenditures	205,700	77,157	118,813	1,510,270	-	60,872	117,098	156,636
Excess (deficiency) of revenues over expenditures	(140,810)	129,959	56,521	237,813	36,744	(5,540)	(10,350)	(151,253)
Other financing sources (uses):								
Capital leases	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	3,164	-
Transfers in	-	-	-	315,000	-	-	-	48,313
Transfers (out)	-	-	-	(40,700)	(40,700)	(7,054)	-	-
Total other financing sources (uses)	-	-	-	315,000	(40,700)	(7,054)	3,164	48,313
Net Change in Fund Balances	(140,810)	129,959	56,521	552,813	(3,956)	(12,594)	(7,186)	(102,940)
Fund balance, January 1	221,470	93,916	176,784	313,204	7,403	77,535	286,075	353,639
Prior period adjustment	-	-	-	-	-	-	-	-
Fund Balance, December 31	\$ 80,660	\$ 223,875	\$ 233,305	\$ 866,017	\$ 3,447	\$ 64,941	\$ 278,889	\$ 250,699

Cowlitz County, Washington
Combining Statement of Revenues, Expenditures Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2009

	Human Services	Health Dept.	Treasurer's Oper. & Mtce.	Auditor's Oper. & Mtce.	P.A. Victim Witness	Tourism Develop.	Drug Task Force	Boat Safety
Revenues:								
Taxes	\$ 233,381	\$ -	\$ -	\$ -	\$ -	\$ 125,516	\$ -	\$ -
Licenses & permits	-	297,030	-	-	-	-	-	-
Intergovernmental	687,314	1,440,535	-	91,752	41,416	-	482,078	57,156
Charges for services	-	154,642	44,372	59,657	94,919	-	-	-
Fines & forfeits	-	-	-	-	2,823	-	82,805	-
Interest	688	1,452	4,409	1,236	-	6	2,852	-
Miscellaneous	146	65,908	-	-	1,015	-	3,430	-
Total revenues	921,529	1,959,567	48,781	152,645	140,173	125,522	571,165	57,156
Expenditures:								
General government	-	-	23,726	76,066	-	-	-	-
Public safety	-	-	-	-	-	-	628,919	28,306
Physical environment	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	125,028	-	-	-
Mental & physical health	864,031	2,417,678	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	229,449	-	-
Capital outlays	-	-	-	-	-	-	7,747	-
Debt service -interest	-	-	-	-	-	-	-	-
Total expenditures	864,031	2,417,678	23,726	76,066	125,028	229,449	636,666	28,306
Excess (deficiency) of revenues over expenditures	57,498	(458,111)	25,055	76,579	15,145	(103,927)	(65,501)	28,850
Other financing sources (uses):								
Capital leases	-	-	-	-	-	-	-	-
Sale of capital assets	7,032	-	-	-	-	-	-	-
Transfers in	-	295,759	-	-	-	99,350	56,805	-
Transfers (out)	-	-	(46,000)	-	-	-	-	-
Total other financing sources (uses)	7,032	295,759	(46,000)	-	-	99,350	56,805	-
Net Change in Fund Balances	64,530	(162,352)	(20,945)	76,579	15,145	(4,577)	(8,696)	28,850
Fund balance, January 1	205,351	844,033	220,614	274,932	139,936	4,119	513,396	19,417
Prior period adjustment	-	-	-	-	-	-	-	-
Fund Balance, December 31	\$ 269,881	\$ 681,681	\$ 199,669	\$ 351,511	\$ 155,081	\$ (458)	\$ 504,700	\$ 48,267

Cowlitz County, Washington
Combining Statement of Revenues, Expenditures Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2009

	County Drug	Affordable Housing	Low Income Housing	Law & Justice Funding	Benefits Admin.	Cumulative Reserve	Total
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ 782,295	\$ -	\$ 125,516	\$ 1,408,961
Licenses & permits	-	-	-	-	-	-	1,419,600
Intergovernmental	-	-	-	-	-	-	2,905,550
Charges for services	-	106,687	331,978	-	-	-	1,478,483
Fines & forfeits	51,398	-	-	-	-	-	137,026
Interest	28	-	3,975	-	3,912	20	22,950
Miscellaneous	-	282	-	-	165	-	409,854
Total revenues	51,426	106,969	335,953	782,295	4,077	125,536	7,782,424
Expenditures:							
General government	-	-	-	-	-	-	317,300
Public safety	-	-	-	843,389	282,965	-	1,783,579
Physical environment	-	-	-	-	-	-	195,970
Transportation	-	-	-	-	-	-	205,700
Economic environment	-	63,963	126,299	-	-	-	1,929,158
Mental & physical health	-	-	-	-	-	-	3,281,709
Culture & recreation	-	-	-	-	-	-	229,449
Capital outlays	-	-	-	-	-	-	21,247
Debt service -interest	-	-	-	-	-	-	-
Total expenditures	-	63,963	126,299	843,389	282,965	-	7,964,112
Excess (deficiency) of revenues over expenditures	51,426	43,006	209,654	(61,094)	(278,888)	125,536	(181,688)
Other financing sources (uses):							
Capital leases	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	10,196
Transfers in	-	-	54,332	205,000	200,000	-	1,274,559
Transfers (out)	(90,614)	(54,332)	-	(32,194)	-	(107,000)	(377,894)
Total other financing sources (uses)	(90,614)	(54,332)	54,332	172,806	200,000	(107,000)	906,861
Net Change in Fund Balances	(39,188)	(11,326)	263,986	111,712	(78,888)	18,536	725,173
Fund balance, January 1	88,309	110,110	545,285	45,343	638,171	27,284	5,206,326
Prior period adjustment	-	-	-	-	-	-	-
Fund Balance, December 31	\$ 49,121	\$ 98,784	\$ 809,271	\$ 157,055	\$ 559,283	\$ 45,820	\$ 5,931,499

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Paths & Trails			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	58,513	58,513	63,409	4,896
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	3,000	3,000	-	(3,000)
Miscellaneous	-	-	1,481	1,481
<i>Total revenues</i>	<u>61,513</u>	<u>61,513</u>	<u>64,890</u>	<u>3,377</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	70,000	220,000	205,700	14,300
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>70,000</u>	<u>220,000</u>	<u>205,700</u>	<u>14,300</u>
Excess (deficiency) of revenues over expenditures	(8,487)	(158,487)	(140,810)	17,677
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,487)	(158,487)	(140,810)	17,677
Fund balance, January 1	226,881	226,881	221,470	(5,411)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 218,394</u>	<u>\$ 68,394</u>	<u>\$ 80,660</u>	<u>\$ 12,266</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Stormwater			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ 491	\$ 491
Licenses and permits	-	-	-	-
Intergovernmental	-	-	32,983	32,983
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	2,000	2,000	650	(1,350)
Miscellaneous	400,000	400,000	172,992	(227,008)
<i>Total revenues</i>	402,000	402,000	207,116	(194,884)
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	257,346	257,346	77,157	180,189
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	257,346	257,346	77,157	180,189
Excess (deficiency) of revenues over expenditures	144,654	144,654	129,959	(14,695)
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	75,000	75,000	-	(75,000)
Transfer (out)	(59,000)	(59,000)	-	59,000
<i>Total other financing sources (uses)</i>	16,000	16,000	-	(16,000)
Net change in fund balances	160,654	160,654	129,959	(30,695)
Fund balance, January 1	90,741	90,741	93,916	3,175
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 251,395	\$ 251,395	\$ 223,875	\$ (27,520)

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Noxious Weed Program			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	25,000	25,000	8,867	(16,133)
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	4,500	4,500	2,117	(2,383)
Miscellaneous	148,250	148,250	164,350	16,100
<i>Total revenues</i>	<u>177,750</u>	<u>177,750</u>	<u>175,334</u>	<u>(2,416)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	144,022	144,022	118,813	25,209
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>144,022</u>	<u>144,022</u>	<u>118,813</u>	<u>25,209</u>
Excess (deficiency) of revenues over expenditures	33,728	33,728	56,521	22,793
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	33,728	33,728	56,521	22,793
Fund balance, January 1	200,000	200,000	176,784	(23,216)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 233,728</u>	<u>\$ 233,728</u>	<u>\$ 233,305</u>	<u>\$ (423)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

Building & Planning

Budgeted Amounts

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,530,500	915,395	1,122,570	207,175
Intergovernmental	-	-	-	-
Charges for services	733,600	358,600	625,513	266,913
Fines & forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,264,100</u>	<u>1,273,995</u>	<u>1,748,083</u>	<u>474,088</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	2,240,228	1,604,485	1,510,270	94,215
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>2,240,228</u>	<u>1,604,485</u>	<u>1,510,270</u>	<u>94,215</u>
Excess (deficiency) of revenues over expenditures	23,872	(330,490)	237,813	568,303
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	350,000	315,000	315,000	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>350,000</u>	<u>315,000</u>	<u>315,000</u>	<u>-</u>
Net change in fund balances	373,872	(15,490)	552,813	568,303
Fund balance, January 1	939,263	939,263	313,204	(626,059)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 1,313,135</u>	<u>\$ 923,773</u>	<u>\$ 866,017</u>	<u>\$ (57,756)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Stadium-Convention Center			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 28,000	\$ 28,000	\$ 36,744	\$ 8,744
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	28,000	28,000	36,744	8,744
Expenditures:				
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	28,000	28,000	36,744	8,744
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	(40,700)	(40,700)	(40,700)	-
<i>Total other financing sources (uses)</i>	(40,700)	(40,700)	(40,700)	-
Net change in fund balances	(12,700)	(12,700)	(3,956)	8,744
Fund balance, January 1	12,700	12,700	7,403	(5,297)
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ -	\$ -	\$ 3,447	\$ 3,447

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Superior Court Law Library			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	56,130	56,130	55,332	(798)
Fines & forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	56,130	56,130	55,332	(798)
Expenditures:				
General government	83,487	84,153	60,872	23,281
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	83,487	84,153	60,872	23,281
Excess (deficiency) of revenues over expenditures	(27,357)	(28,023)	(5,540)	22,483
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	-	(7,054)	(7,054)	-
<i>Total other financing sources (uses)</i>	-	(7,054)	(7,054)	-
Net change in fund balances	(27,357)	(35,077)	(12,594)	22,483
Fund balance, January 1	97,585	97,585	77,535	(20,050)
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 70,228	\$ 62,508	\$ 64,941	\$ 2,433

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Veterans Relief			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 113,333	\$ 113,333	\$ 105,018	\$ (8,315)
Licenses and permits	-	-	-	-
Intergovernmental	9	9	40	31
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	8,000	8,000	1,605	(6,395)
Miscellaneous	5,005	5,005	85	(4,920)
<i>Total revenues</i>	<u>126,347</u>	<u>126,347</u>	<u>106,748</u>	<u>(19,599)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	76,784	117,284	103,598	13,686
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	13,500	(13,500)
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>76,784</u>	<u>117,284</u>	<u>117,098</u>	<u>186</u>
Excess (deficiency) of revenues over expenditures	49,563	9,063	(10,350)	(19,413)
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	2,000	2,000	3,164	1,164
Transfer in	-	-	-	-
Transfer (out)	(10,500)	(10,500)	-	10,500
<i>Total other financing sources (uses)</i>	<u>(8,500)</u>	<u>(8,500)</u>	<u>3,164</u>	<u>11,664</u>
Net change in fund balances	41,063	563	(7,186)	(7,749)
Fund balance, January 1	298,184	298,184	286,075	(12,109)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 339,247</u>	<u>\$ 298,747</u>	<u>\$ 278,889</u>	<u>\$ (19,858)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Geographic Information System			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	15,500	15,500	5,383	(10,117)
Fines & forfeits	-	-	-	-
Interest	1,800	1,800	-	(1,800)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	17,300	17,300	5,383	(11,917)
Expenditures:				
General government	210,152	170,984	156,636	14,348
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	210,152	170,984	156,636	14,348
Excess (deficiency) of revenues over expenditures	(192,852)	(153,684)	(151,253)	2,431
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	89,122	53,674	48,313	(5,361)
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	89,122	53,674	48,313	(5,361)
Net change in fund balances	(103,730)	(100,010)	(102,940)	(2,930)
Fund balance, January 1	349,530	349,530	353,639	4,109
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 245,800	\$ 249,520	\$ 250,699	\$ 1,179

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Human Services			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 256,082	\$ 256,082	\$ 233,381	\$ (22,701)
Licenses and permits	-	-	-	-
Intergovernmental	886,151	886,151	687,314	(198,837)
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	10,000	10,000	688	(9,312)
Miscellaneous	2,647	2,627	146	(2,481)
<i>Total revenues</i>	<u>1,154,880</u>	<u>1,154,860</u>	<u>921,529</u>	<u>(233,331)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	1,104,380	1,048,816	864,031	184,785
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>1,104,380</u>	<u>1,048,816</u>	<u>864,031</u>	<u>184,785</u>
Excess (deficiency) of revenues over expenditures	50,500	106,044	57,498	(48,546)
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	2,281	2,281	7,032	4,751
Transfer in	-	-	-	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,281</u>	<u>2,281</u>	<u>7,032</u>	<u>4,751</u>
Net change in fund balances	52,781	108,325	64,530	(43,795)
Fund balance, January 1	167,137	274,035	205,351	(68,684)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 219,918</u>	<u>\$ 382,360</u>	<u>\$ 269,881</u>	<u>\$ (112,479)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Health Department			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes			\$ -	\$ -
Licenses and permits	250,800	250,800	297,030	46,230
Intergovernmental	1,679,837	1,679,837	1,440,535	(239,302)
Charges for services	193,520	193,520	154,642	(38,878)
Fines & forfeits	-	-	-	-
Interest	6,000	6,000	1,452	(4,548)
Miscellaneous	239,500	239,500	65,908	(173,592)
<i>Total revenues</i>	<u>2,369,657</u>	<u>2,369,657</u>	<u>1,959,567</u>	<u>(410,090)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	2,951,416	2,888,028	2,417,678	470,350
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>2,951,416</u>	<u>2,888,028</u>	<u>2,417,678</u>	<u>470,350</u>
Excess (deficiency) of revenues over expenditures	(581,759)	(518,371)	(458,111)	60,260
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	331,759	295,759	295,759	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>331,759</u>	<u>295,759</u>	<u>295,759</u>	<u>-</u>
Net change in fund balances	(250,000)	(222,612)	(162,352)	60,260
Fund balance, January 1	450,000	450,000	844,033	394,033
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 200,000</u>	<u>\$ 227,388</u>	<u>\$ 681,681</u>	<u>\$ 454,293</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Auditor's Operation & Maintenance			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	70,000	70,000	91,752	21,752
Charges for services	76,500	76,500	59,657	(16,843)
Fines & forfeits	-	-	-	-
Interest	5,200	5,200	1,236	(3,964)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	151,700	151,700	152,645	945
Expenditures:				
General government	99,211	97,574	76,066	21,508
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	25,000	25,000	-	25,000
Debt service interest	-	-	-	-
<i>Total expenditures</i>	124,211	122,574	76,066	46,508
Excess (deficiency) of revenues over expenditures	27,489	29,126	76,579	47,453
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	27,489	29,126	76,579	47,453
Fund balance, January 1	217,000	217,000	274,932	57,932
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 244,489	\$ 246,126	\$ 351,511	\$ 105,385

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	P.A. Victim Witness			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	62,806	32,806	41,416	8,610
Charges for services	114,174	114,174	94,919	(19,255)
Fines & forfeits	600	600	2,823	2,223
Interest	-	-	-	-
Miscellaneous	-	30,000	1,015	(28,985)
<i>Total revenues</i>	177,580	177,580	140,173	(37,407)
Expenditures:				
General government	186,122	180,585	-	180,585
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	125,028	(125,028)
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	186,122	180,585	125,028	55,557
Excess (deficiency) of revenues over expenditures	(8,542)	(3,005)	15,145	18,150
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	(8,542)	(3,005)	15,145	18,150
Fund balance, January 1	250,575	250,575	139,936	(110,639)
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 242,033	\$ 247,570	\$ 155,081	\$ (92,489)

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

Tourism Development

Budgeted Amounts

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 147,140	\$ 147,140	\$ 125,516	\$ (21,624)
Licenses and permits		12,650	-	(12,650)
Intergovernmental			-	-
Charges for services			-	-
Fines & forfeits			-	-
Interest			6	6
Miscellaneous	38,804	38,804	-	(38,804)
<i>Total revenues</i>	<u>185,944</u>	<u>198,594</u>	<u>125,522</u>	<u>(73,072)</u>
Expenditures:				
General government			-	-
Public safety			-	-
Physical environment			-	-
Transportation			-	-
Economic environment			-	-
Mental & physical health			-	-
Culture & recreation	212,371	240,534	229,449	11,085
Capital outlays			-	-
Debt service interest			-	-
<i>Total expenditures</i>	<u>212,371</u>	<u>240,534</u>	<u>229,449</u>	<u>11,085</u>
Excess (deficiency) of revenues over expenditures	(26,427)	(41,940)	(103,927)	(61,987)
Other financing sources (uses):				
Capital leases			-	-
Sale of capital assets			-	-
Transfer in	50,350	50,350	99,350	49,000
Transfer (out)			-	-
<i>Total other financing sources (uses)</i>	<u>50,350</u>	<u>50,350</u>	<u>99,350</u>	<u>49,000</u>
Net change in fund balances	23,923	8,410	(4,577)	(12,987)
Fund balance, January 1	17,542	17,542	4,119	(13,423)
Prior period adjustments	-	-	-	-
<i>Fund balance, December 31</i>	<u>\$ 41,465</u>	<u>\$ 25,952</u>	<u>\$ (458)</u>	<u>\$ (26,410)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Drug Task Force			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	425,044	425,044	482,078	57,034
Charges for services	-	-	-	-
Fines & forfeits	60,000	60,000	82,805	22,805
Interest	10,000	10,000	2,852	(7,148)
Miscellaneous	500	500	3,430	2,930
<i>Total revenues</i>	<u>495,544</u>	<u>495,544</u>	<u>571,165</u>	<u>75,621</u>
Expenditures:				
General government	-	-	-	-
Public safety	685,477	679,920	628,919	51,001
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	30,000	30,000	7,747	22,253
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>715,477</u>	<u>709,920</u>	<u>636,666</u>	<u>73,254</u>
Excess (deficiency) of revenues over expenditures	(219,933)	(214,376)	(65,501)	148,875
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	56,805	56,805	56,805	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>56,805</u>	<u>56,805</u>	<u>56,805</u>	<u>-</u>
Net change in fund balances	(163,128)	(157,571)	(8,696)	148,875
Fund balance, January 1	459,361	459,361	513,396	54,035
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 296,233</u>	<u>\$ 301,790</u>	<u>\$ 504,700</u>	<u>\$ 202,910</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Boat Safety			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	43,439	41,703	57,156	15,453
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	43,439	41,703	57,156	15,453
Expenditures:				
General government	-	-	-	-
Public safety	53,855	9,215	28,306	(19,091)
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	53,855	9,215	28,306	(19,091)
Excess (deficiency) of revenues over expenditures	(10,416)	32,488	28,850	(3,638)
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	-	(41,700)	-	41,700
<i>Total other financing sources (uses)</i>	-	(41,700)	-	41,700
Net change in fund balances	(10,416)	(9,212)	28,850	38,062
Fund balance, January 1	14,311	14,311	19,417	5,106
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 3,895	\$ 5,099	\$ 48,267	\$ 43,168

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	County Drug			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	12,500	12,500	51,398	38,898
Interest	-	-	28	28
Miscellaneous	100	100	-	(100)
<i>Total revenues</i>	<u>12,600</u>	<u>12,600</u>	<u>51,426</u>	<u>38,826</u>
Expenditures:				
General government	-	-	-	-
Public safety	8,420	8,420	-	8,420
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>8,420</u>	<u>8,420</u>	<u>-</u>	<u>8,420</u>
Excess (deficiency) of revenues over expenditures	4,180	4,180	51,426	47,246
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	(56,805)	(90,614)	(90,614)	-
<i>Total other financing sources (uses)</i>	<u>(56,805)</u>	<u>(90,614)</u>	<u>(90,614)</u>	<u>-</u>
Net change in fund balances	(52,625)	(86,434)	(39,188)	47,246
Fund balance, January 1	77,760	111,952	88,309	(23,643)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 25,135</u>	<u>\$ 25,518</u>	<u>\$ 49,121</u>	<u>\$ 23,603</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Affordable Housing			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	150,500	150,500	106,687	(43,813)
Fines & forfeits	-	-	-	-
Interest	3,000	3,000	-	(3,000)
Miscellaneous	-	-	282	282
<i>Total revenues</i>	<u>153,500</u>	<u>153,500</u>	<u>106,969</u>	<u>(46,531)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	87,100	87,100	63,963	23,137
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>87,100</u>	<u>87,100</u>	<u>63,963</u>	<u>23,137</u>
Excess (deficiency) of revenues over expenditures	66,400	66,400	43,006	(23,394)
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	(78,700)	(78,700)	(54,332)	24,368
<i>Total other financing sources (uses)</i>	<u>(78,700)</u>	<u>(78,700)</u>	<u>(54,332)</u>	<u>24,368</u>
Net change in fund balances	(12,300)	(12,300)	(11,326)	974
Fund balance, January 1	111,952	111,952	110,110	(1,842)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ 99,652</u>	<u>\$ 99,652</u>	<u>\$ 98,784</u>	<u>\$ (868)</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Low Income Housing			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	240,000	240,000	331,978	91,978
Fines & forfeits	-	-	-	-
Interest	25,787	25,787	3,975	(21,812)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>265,787</u>	<u>265,787</u>	<u>335,953</u>	<u>70,166</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	885,358	885,358	126,299	759,059
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	<u>885,358</u>	<u>885,358</u>	<u>126,299</u>	<u>759,059</u>
Excess (deficiency) of revenues over expenditures	(619,571)	(619,571)	209,654	829,225
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	60,787	60,787	54,332	(6,455)
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>60,787</u>	<u>60,787</u>	<u>54,332</u>	<u>(6,455)</u>
Net change in fund balances	(558,784)	(558,784)	263,986	822,770
Fund balance, January 1	558,784	558,784	545,285	(13,499)
Prior period adjustments	-	-	-	-
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809,271</u>	<u>\$ 809,271</u>

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

Law and Justice Funding

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 725,000	\$ 725,000	\$ 782,295	\$ 57,295
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	1,500	1,500	-	(1,500)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	726,500	726,500	782,295	55,795
Expenditures:				
General government	-	-	-	-
Public safety	976,311	895,596	843,389	52,207
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	976,311	895,596	843,389	52,207
Excess (deficiency) of revenues over expenditures	(249,811)	(169,096)	(61,094)	108,002
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	205,000	193,307	205,000	11,693
Transfer (out)	(32,194)	(32,194)	(32,194)	-
<i>Total other financing sources (uses)</i>	172,806	161,113	172,806	11,693
Net change in fund balances	(77,005)	(7,983)	111,712	119,695
Fund balance, January 1	81,073	81,073	45,343	(35,730)
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 4,068	\$ 73,090	\$ 157,055	\$ 83,965

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Benefits Administration			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	22,000	22,000	3,912	(18,088)
Miscellaneous	-	-	165	165
<i>Total revenues</i>	22,000	22,000	4,077	(17,923)
Expenditures:				
General government	-	-	-	-
Public safety	361,814	361,173	282,965	78,208
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental & physical health	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlays	-	-	-	-
Debt service interest	-	-	-	-
<i>Total expenditures</i>	361,814	361,173	282,965	78,208
Excess (deficiency) of revenues over expenditures	(339,814)	(339,173)	(278,888)	60,285
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	200,000	200,000	200,000	-
Transfer (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	200,000	200,000	200,000	-
Net change in fund balances	(139,814)	(139,173)	(78,888)	60,285
Fund balance, January 1	635,927	635,927	638,171	2,244
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ 496,113	\$ 496,754	\$ 559,283	\$ 62,529

Cowlitz County, Washington
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Cumulative Reserve			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 147,140	\$ 147,140	\$ 125,516	\$ (21,624)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest	1,500	1,500	20	(1,480)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	148,640	148,640	125,536	(23,104)
Expenditures:				
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	148,640	148,640	125,536	(23,104)
Other financing sources (uses):				
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer (out)	(193,448)	(193,448)	(107,000)	86,448
<i>Total other financing sources (uses)</i>	(193,448)	(193,448)	(107,000)	86,448
Net change in fund balances	(44,808)	(44,808)	18,536	63,344
Fund balance, January 1	44,808	44,808	27,284	(17,524)
Prior period adjustments	-	-	-	-
Fund balance, December 31	\$ -	\$ -	\$ 45,820	\$ 45,820

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.

1999 Limited General Obligation Bonds – a fund established to provide for the payment of principal and interest on a \$50,200,000 bond issue. A portion of the bond proceeds (\$1,910,000) were used as follows: a) City of Longview: design and construct street improvements; b) Port of Kalama: bridge for industrial park; c) Port of Woodland: restrooms; and d) County Exposition Center: improvements to commercial building. Funds to pay debt service come from state sales tax, rebated to Cowlitz County. The sales tax credit is designated for infrastructure to facilitate economic development in rural counties. The bonds were partially refunded in August 2005. Final payment on the un-refunded portion of this issue was paid in 2009.

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, 2009

	2005 Lmt.					Total
	GO Refunding Bonds	2002 Lmt. GO Bonds	1999 Lmt GO Bonds	1998 Lmt. GO Bonds	2009 Lmt. GO Bonds	
Assets						
Cash, cash equivalents & pooled investments	\$ -	\$ -	\$ 822,792	\$ -	\$ 13,806	\$ 836,598
Receivables	-	-	222	-	4	226
Due from other governments	3,305,000	-	-	-	-	3,305,000
Assessments receivable	-	-	1,311,007	-	-	1,311,007
<i>Total assets</i>	<u>\$ 3,305,000</u>	<u>\$ -</u>	<u>\$ 2,134,021</u>	<u>\$ -</u>	<u>\$ 13,810</u>	<u>\$ 5,452,831</u>
Liabilities						
Deferred revenues	\$ -	\$ -	\$ 1,311,007	\$ -	\$ -	\$ 1,311,007
<i>Total Liabilities</i>	-	-	1,311,007	-	-	1,311,007
Fund Balance						
Reserve for Long-Term Loan Receivable	3,305,000	-	-	-	-	3,305,000
Unreserved fund balance	-	-	823,014	-	13,810	836,824
<i>Total fund balance</i>	<u>3,305,000</u>	<u>-</u>	<u>823,014</u>	<u>-</u>	<u>13,810</u>	<u>4,141,824</u>
<i>Total liabilities and fund balance</i>	<u>\$ 3,305,000</u>	<u>\$ -</u>	<u>\$ 2,134,021</u>	<u>\$ -</u>	<u>\$ 13,810</u>	<u>\$ 5,452,831</u>

Cowlitz County, Washington
Combining Statement of Revenue, Expenditures and
Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2009

	2005 Lmt. GO Refunding Bonds	2002 Lmt. GO Bonds	1999 Lmt GO Bonds	2009 Lmt. GO Bonds	Total
Revenues:					
Special Assessments	\$ -	\$ -	\$ 303,903	\$ 94,700	\$ 398,603
Miscellaneous Revenues	178,825	-	6,520		185,345
Interest Earnings	-	-	53,152	74	53,226
Total Revenues	<u>178,825</u>	<u>-</u>	<u>363,575</u>	<u>94,774</u>	<u>637,174</u>
Expenditures:					
General Government			6,450		6,450
Debt Service					
Principal	155,000	185,000	410,000		750,000
Interest	333,588	204,781	19,680	1,700	559,749
Total Expenditures	<u>488,588</u>	<u>389,781</u>	<u>436,130</u>	<u>1,700</u>	<u>1,316,199</u>
Excess (deficiency) of revenues over expenditures	(309,763)	(389,781)	(72,555)	93,074	(679,025)
Other Financing Sources					
(Uses):					
Special Assessment bonds issued	-	-	-	172,038	172,038
Premium on bonds	-	-	-	-	-
Payment to refunded bond escrow	-	-	-	-	-
Transfers in	309,763	389,781	36,680	-	736,224
Transfers out			(98,750)	(251,302)	(350,052)
Total other financing sources (uses)	<u>309,763</u>	<u>389,781</u>	<u>(62,070)</u>	<u>(79,264)</u>	<u>558,210</u>
Net change in fund balances	-	-	(134,625)	13,810	(120,815)
Fund Balance, January 1	3,305,000	-	2,572,549	-	5,877,549
Prior Period Adjustment	-	-	(1,614,910)	-	(1,614,910)
Fund Balance, December 31	<u>\$ 3,305,000</u>	<u>\$ -</u>	<u>\$ 823,014</u>	<u>\$ 13,810</u>	<u>\$ 4,141,824</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, 2009

	911 Communications	Law Enforcement Records	Exposition Center	Emergency Mgmt.	Total
ASSETS					
<i>Current assets:</i>					
Cash, cash equivalents & pooled investments	\$ 1,684,120	\$ 368,982	\$ 34,790	\$ 184,062	\$ 2,271,954
Receivables (net)	128,137	-	52,742	-	180,879
Interest receivable	404	16	8	24	452
Due from other funds	-	-	-	433	433
Due from other governemtns	2,430	-	-	58,151	60,581
Prepaid items	21,816	13,945	5,632	3,000	44,393
Customer deposits-restricted cash and cash equivalents	-	-	33,754	-	33,754
<i>Total Current Assets</i>	<u>1,836,907</u>	<u>382,943</u>	<u>126,926</u>	<u>245,670</u>	<u>2,592,446</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.	1,852,380	9,262	258,066	-	2,119,708
Machinery and equipment	3,080,461	601,953	176,706	-	3,859,120
Construction in progress	-	-	-	-	-
Less accumulated depreciation	(2,149,809)	(553,894)	(731,674)	-	(3,435,377)
Total capital assets (net of accum depr.)	<u>2,783,032</u>	<u>57,321</u>	<u>895,536</u>	<u>-</u>	<u>3,735,889</u>
Total assets	<u><u>4,619,939</u></u>	<u><u>440,264</u></u>	<u><u>1,022,462</u></u>	<u><u>245,670</u></u>	<u><u>6,328,335</u></u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	8,500	708	24,814	2,784	36,806
Due to other government	30,910	-	11,185	15	42,110
Due to other funds	952	734	647	379	2,712
Other current liabilities	83,025	45,868	19,877	9,941	158,711
Customer deposits payable from restricted assets	-	-	14,694	-	14,694
<i>Total current liabilities</i>	<u>123,387</u>	<u>47,310</u>	<u>71,217</u>	<u>13,119</u>	<u>255,033</u>
<i>Noncurrent liabilities:</i>					
Compensated absences	152,084	60,462	39,162	12,503	264,211
Interfund loans payable	465,088	-	-	-	465,088
<i>Total non current liabilities</i>	<u>617,172</u>	<u>60,462</u>	<u>39,162</u>	<u>12,503</u>	<u>729,299</u>
Total liabilities	<u><u>740,559</u></u>	<u><u>107,772</u></u>	<u><u>110,379</u></u>	<u><u>25,622</u></u>	<u><u>984,332</u></u>
NET ASSETS					
Invested in capital assets, net of related debt	2,317,944	57,321	895,536	-	3,270,801
Restricted for club activities	-	-	19,060	-	19,060
Unrestricted	1,561,436	275,171	(2,513)	220,048	2,054,142
Total net assets	<u><u>\$ 3,879,380</u></u>	<u><u>\$ 332,492</u></u>	<u><u>\$ 912,083</u></u>	<u><u>\$ 220,048</u></u>	<u><u>\$ 5,344,003</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, 2009

	911 Communications	Law Enforcement Records	Exposition Center	Emergency Mgmt.	Total
OPERATING REVENUES					
<i>Charges for Services:</i>					
Public Safety	\$ 1,863,197	\$ 1,103,568	\$ -	\$ 269,620	\$ 3,236,385
Culture & Recreation	-	-	1,600,406	-	1,600,406
Total operating revenues	<u>1,863,197</u>	<u>1,103,568</u>	<u>1,600,406</u>	<u>269,620</u>	<u>4,836,791</u>
OPERATING EXPENSES					
Public Safety	2,250,432	1,055,625	-	282,178	3,588,235
Culture and Recreation	-	-	1,861,414	-	1,861,414
Depreciation	379,007	82,950	30,709	-	492,666
Total operating expenses	<u>2,629,439</u>	<u>1,138,575</u>	<u>1,892,123</u>	<u>282,178</u>	<u>5,942,315</u>
Operating income (loss)	<u>(766,242)</u>	<u>(35,007)</u>	<u>(291,717)</u>	<u>(12,558)</u>	<u>(1,105,524)</u>
NONOPERATING REVENUES (EXPENSES)					
Taxes	683,345	-	-	-	683,345
Intergovernmental	5,969	-	38,774	74,663	119,406
Investments earnings	8,372	198	728	488	9,786
Interest expense	(5,494)	-	-	-	(5,494)
Miscellaneous nonoperating revenues	22,248	1,830	10,883	47	35,008
Total nonoperating income (expense)	<u>714,440</u>	<u>2,028</u>	<u>50,385</u>	<u>75,198</u>	<u>842,051</u>
Income before contributions and transfers	<u>(51,802)</u>	<u>(32,979)</u>	<u>(241,332)</u>	<u>62,640</u>	<u>(263,473)</u>
Culture and recreation					
Transfers in	-	32,194	223,000	-	255,194
(Transfers out)	-	-	(30,000)	-	(30,000)
Capital Contributions	-	-	-	-	-
Change in net assets	<u>(51,802)</u>	<u>(785)</u>	<u>(48,332)</u>	<u>62,640</u>	<u>(38,279)</u>
Net assets-beginning	<u>3,931,182</u>	<u>333,277</u>	<u>960,415</u>	<u>157,408</u>	<u>5,382,282</u>
Net assets-ending	<u>\$ 3,879,380</u>	<u>\$ 332,492</u>	<u>\$ 912,083</u>	<u>\$ 220,048</u>	<u>\$ 5,344,003</u>

Cowlitz County, Washington
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2009

	911	Law Enforcement	Exposition	Emergency	Total
	Communications	Records	Center	Mgmt.	
Cash flows from operating activities					
Cash received from customers	\$ 1,839,301	\$ 1,103,568	\$ 1,591,525	\$ 269,667	\$ 4,804,061
Cash payments for goods and services	(449,220)	(158,111)	(1,486,732)	(78,481)	(2,172,544)
Cash payments to employees for services	(1,797,186)	(898,071)	(400,115)	(202,664)	(3,298,036)
Miscellaneous revenue	28,217	1,830	10,883	-	40,930
<i>Net cash provided (used) by operating activities</i>	<u>(378,888)</u>	<u>49,216</u>	<u>(284,439)</u>	<u>(11,478)</u>	<u>(625,589)</u>
Cash flows from noncapital financing a					
State fair funds received	-	-	38,774	77,789	116,563
Receipts from 911 tax	681,597	-	-	-	681,597
Transfers in from County Funds	-	32,194	223,000	-	255,194
Transfers out to other County funds	-	-	30,000	-	30,000
<i>Net cash provided by noncapital financing activities</i>	<u>681,597</u>	<u>32,194</u>	<u>291,774</u>	<u>77,789</u>	<u>1,083,354</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(309,686)	(59,967)	-	-	(369,653)
Payment on interfund loan	(96,506)	-	-	-	(96,506)
Interest paid on capital debt	(5,494)	-	-	-	(5,494)
<i>Net cash provided (used) for capital and related financing activities</i>	<u>(411,686)</u>	<u>(59,967)</u>	<u>-</u>	<u>-</u>	<u>(471,653)</u>
Cash flows from investing activities					
Interest on investments	7,976	182	788	464	9,410
<i>Net cash provided (used) by investment activities</i>	<u>7,976</u>	<u>182</u>	<u>788</u>	<u>464</u>	<u>9,410</u>
Net increase (decrease) in cash and cash equivalents	(101,001)	21,625	8,123	66,775	(4,478)
<i>Cash and cash equivalents, January 1</i>	1,785,121	347,357	120,421	117,287	2,370,186
<i>Cash and cash equivalents, December 31</i>	<u>\$ 1,684,120</u>	<u>\$ 368,982</u>	<u>\$ 128,544</u>	<u>\$ 184,062</u>	<u>\$ 2,365,708</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(766,242)	(35,007)	(291,717)	(12,558)	(1,105,524)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	379,007	82,950	30,709	-	492,666
(Increase) decrease in accounts receivable	(24,281)	-	(19,095)	-	(43,376)
(Increase) decrease in due from other funds	385	-	-	(433)	(48)
(Increase) decrease in prepaid expense	2,597	(647)	(291)	(150)	1,509
Increase (decrease) in accounts payable and other accrued liabilities	(7,701)	500	(8,404)	(859)	(16,464)
Increase (decrease) in due to other funds	538	(41)	(28,028)	136	(27,395)
Increase (decrease) in due to other gov	25,385	-	3,024	-	28,409
Increase (decrease) in employee leave benefits	(16,793)	(369)	8,266	2,339	(6,557)
Miscellaneous revenue	28,217	1,830	10,883	47	40,977
Increase (decrease) in customer deposits	-	-	10,214	-	10,214
<i>Total adjustments</i>	<u>387,354</u>	<u>84,223</u>	<u>7,278</u>	<u>1,080</u>	<u>479,935</u>
<i>Net cash provided by operating activities</i>	<u>\$ (378,888)</u>	<u>\$ 49,216</u>	<u>\$ (284,439)</u>	<u>\$ (11,478)</u>	<u>\$ (625,589)</u>

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, 2009

	Equipment Rental & Revolving	Central Services	Risk Management	Industrial Accident Insurance	Motor Pool	Unemploy. Comp.	Purchasing Services	Election Reserve	2009 Total
Assets									
Current assets:									
Cash, cash equivalents & pooled investments	\$ 3,538,931	\$ 1,238,002	\$ 1,398,602	\$ 177,861	\$ 2,845,973	\$ 82,540	\$ 120,170	\$ 640,283	\$ 10,042,362
Accounts receivable	-	38	-	-	-	-	172	-	210
Interest receivable	848	-	378	41	746	22	-	62	2,097
Due from other funds	212,194	30,914	-	-	592	8,903	56,321	-	308,924
Interfund loan governments	-	-	-	-	-	-	-	-	-
Due from other governments	1,684	319	-	-	-	-	6,715	131,301	140,019
Due from component unit	-	-	-	-	-	-	-	-	-
Inventories	69,879	-	-	-	31,824	-	22,362	-	124,065
Prepaid expenses	6,436	109,624	1,824	-	950	-	950	1,950	121,734
Total current assets	3,829,972	1,378,897	1,400,804	177,902	2,880,085	91,465	206,690	773,596	10,739,411
Noncurrent assets:									
Land	-	-	-	-	20,795	-	-	-	20,795
Buildings	-	-	-	-	422,920	-	-	-	422,920
Machinery & equipment	7,674,892	1,628,855	-	-	4,359,321	-	62,135	20,495	13,745,698
Accumulated depreciation	(4,701,035)	(1,295,525)	-	-	(3,104,350)	-	(59,665)	(7,414)	(9,167,989)
Total fixed assets	2,973,857	333,330	-	-	1,698,686	-	2,470	13,081	5,021,424
Total assets	\$ 6,803,829	\$ 1,712,227	\$ 1,400,804	\$ 177,902	\$ 4,578,771	\$ 91,465	\$ 209,160	\$ 786,677	\$ 15,760,835
Liabilities									
Current liabilities:									
Accounts payable	\$ 51,021	\$ 425	\$ -	\$ 21,643	\$ 15,157	\$ -	\$ 15,018	\$ 1,012	\$ 104,276
Due to other funds	6,846	2,202	494	-	8,176	-	-	1,164	18,882
Due to other governments	1,290	-	111	-	1,445	66,695	1,177	9,370	80,088
Other accrued liabilities	26,709	25,915	7,143	-	22,252	-	2,240	6,676	90,935
Notes /Lease Payable	-	13,008	-	-	-	-	-	-	13,008
Claims payable-current	-	-	102,233	174,837	-	-	-	-	277,070
Total current liabilities	85,866	41,550	109,981	196,480	47,030	66,695	18,435	18,222	584,259
Noncurrent liabilities									
Employee leave benefits	26,667	76,935	28,510	-	16,550	-	1,808	5,797	156,267
Notes/Lease Payable	-	79,498	-	-	-	-	-	-	79,498
Claims payable	-	-	811,661	179,163	-	-	-	-	990,824
Total noncurrent liabilities	26,667	156,433	840,171	179,163	16,550	-	1,808	5,797	1,226,589
Total liabilities	112,533	197,983	950,152	375,643	63,580	66,695	20,243	24,019	1,810,848
Net Assets									
Investment in Capital assets, net of related debt.	2,973,857	240,824	-	-	1,698,686	-	2,470	13,081	4,928,918
Unrestricted	3,717,439	1,273,420	450,652	(197,741)	2,816,505	24,770	186,447	749,577	9,021,069
Total net assets	\$ 6,691,296	\$ 1,514,244	\$ 450,652	\$ (197,741)	\$ 4,515,191	\$ 24,770	\$ 188,917	\$ 762,658	\$ 13,949,987

COWLITZ COUNTY, WASHINGTON
Combining Statement of Revenues, Expenses, and Changes in Net Assets
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2009

	Equipment Rental & Revolving	Central Services	Risk Management	Industrial Accident Insurance	Motor Pool	Unemp. Comp.	Purch. Services	Election Reserve	2009 Total
Operating revenues:									
Changes for services	\$ 2,513,257	\$ 1,035,212	\$ 975,386	\$ 435,931	\$ 773,311	\$ 34,154	\$ 413,428	\$ 291,652	\$ 6,472,331
<i>Total operating revenues</i>	<u>2,513,257</u>	<u>1,035,212</u>	<u>975,386</u>	<u>435,931</u>	<u>773,311</u>	<u>34,154</u>	<u>413,428</u>	<u>291,652</u>	<u>6,472,331</u>
Operating expenses:									
Personal services	478,695	682,218	148,690	-	148,656	-	48,172	149,578	1,656,009
Supplies	601,311	358,767	6,791	-	242,731	-	81,098	21,288	1,311,986
Other services and charges	269,057	398,728	721,501	66,417	248,818	346,338	325,370	153,798	2,530,027
Depreciation	500,294	187,576	-	-	504,506	-	2,363	51,042	1,245,781
<i>Total operating expenses</i>	<u>1,849,357</u>	<u>1,627,289</u>	<u>876,982</u>	<u>66,417</u>	<u>1,144,711</u>	<u>346,338</u>	<u>457,003</u>	<u>375,706</u>	<u>6,743,803</u>
Operating income (loss)	663,900	(592,077)	98,404	369,514	(371,400)	(312,184)	(43,575)	(84,054)	(271,472)
Non-operating revenues (expenses):									
Interest revenue	17,559	-	7,105	1,264	15,631	1,606	-	1,240	44,405
Interest expense	-	(3,698)	-	-	-	-	-	-	(3,698)
Operating grants	-	-	-	-	5,448	-	-	55,093	60,541
Gain (loss) on sale of equipment	49,654	(3,609)	-	-	27,395	-	-	(68,945)	4,495
Miscellaneous revenue	4,666	4	-	-	10,628	-	-	234	15,532
<i>Total non-operating revenues (expenses)</i>	<u>71,879</u>	<u>(7,303)</u>	<u>7,105</u>	<u>1,264</u>	<u>59,102</u>	<u>1,606</u>	<u>-</u>	<u>(12,378)</u>	<u>121,275</u>
Income (loss) before contributions and transfers in	735,779	(599,380)	105,509	370,778	(312,298)	(310,578)	(43,575)	(96,432)	(150,197)
Capital contribution-other	35,674	-	-	-	39,050	-	-	-	74,724
Transfers in	-	24,722	-	-	-	-	60,000	184,456	269,178
Change in net assets	<u>771,453</u>	<u>(574,658)</u>	<u>105,509</u>	<u>370,778</u>	<u>(273,248)</u>	<u>(310,578)</u>	<u>16,425</u>	<u>88,024</u>	<u>193,705</u>
Net assets-January 1	5,787,372	2,088,902	345,143	(568,519)	4,778,672	335,348	172,492	674,634	13,614,044
Prior period adjustment	112,660	-	-	-	9,767	-	-	-	122,427
<i>Net Assets-December 31</i>	<u>\$ 6,671,485</u>	<u>\$ 1,514,244</u>	<u>\$ 450,652</u>	<u>\$ (197,741)</u>	<u>\$ 4,515,191</u>	<u>\$ 24,770</u>	<u>\$ 188,917</u>	<u>\$ 762,658</u>	<u>\$ 13,930,176</u>

Cowlitz County, Washington
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2009

	Equipment Rental & Revolving	Central Services	Risk Management	Industrial Accident Insurance	Motor Pool	Unemp. Comp.	Purch. Services	Election Reserve	Total
Cash flows from operating activities:									
Receipts from customers and users	\$ 2,517,447	\$ 1,231,545	\$ 975,386	\$ 435,931	\$ 773,770	\$ 34,154	\$ 419,504	\$ 262,271	\$ 6,650,008
Payments for goods and services	(902,233)	(929,197)	(672,407)	(187,371)	(524,769)	(312,198)	(413,165)	(165,492)	(4,106,832)
Payment to employees	(480,756)	(698,144)	(148,169)	-	(150,263)	-	(47,727)	(158,246)	(1,683,307)
Miscellaneous revenue	3,552	4	-	-	10,628	-	-	234	14,418
<i>Net cash provided by operating activities</i>	1,138,008	(395,792)	154,810	248,560	109,366	(278,044)	(41,388)	(61,233)	874,287
Cash flows from noncapital financing activities:									
Transfers in from County Funds	-	24,722	-	-	-	-	60,000	184,456	269,178
Operating grant	-	-	-	-	5,448	-	-	55,093	60,541
Payment of claims liability recognized in prior years	-	-	(71,891)	(117,262)	-	-	-	-	(189,153)
<i>Net cash provided by noncapital financing activities</i>	-	24,722	(71,891)	(117,262)	5,448	-	60,000	239,549	140,566
Cash flows from capital and related financing activities:									
Acquisition and construction of capital assets	(305,119)	(23,528)	-	-	(125,120)	-	-	-	(453,767)
Contributed Capital	-	-	-	-	39,050	-	-	-	39,050
Principal paid on note/lease	-	(12,198)	-	-	-	-	-	-	(12,198)
Interest paid on capital debt	-	(3,698)	-	-	-	-	-	-	(3,698)
Capital Grants	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	164,017	-	-	-	37,161	-	-	-	201,178
<i>Net cash used for capital and related financing activities</i>	(141,102)	(39,424)	-	-	(48,909)	-	-	-	(229,435)
Cash flows from investing activities:									
Interest on investments	20,033	-	6,734	1,223	14,892	1,586	-	1,178	45,646
<i>Net cash provided (used) by investing activ.</i>	20,033	-	6,734	1,223	14,892	1,586	-	1,178	45,646
Net incr(decr) in cash and cash equivalents	1,016,939	(410,494)	89,653	132,521	80,797	(276,458)	18,612	179,494	831,064
Cash and cash equivalents at beginning of year	2,521,992	1,648,496	1,308,949	45,340	2,765,176	358,998	101,558	460,789	9,211,298
Cash and cash equivalents at end of year	\$ 3,538,931	\$ 1,238,002	\$ 1,398,602	\$ 177,861	\$ 2,845,973	\$ 82,540	\$ 120,170	\$ 640,283	\$ 10,042,362

Cowlitz County, Washington
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2009

	Equipment Rental & Revolving	Central Services	Risk Management	Industrial Accident Insurance	Motor Pool	Unemp. Comp.	Purch. Services	Election Reserve	Total
Operating income (loss)	\$ 663,900	\$ (592,077)	\$ 98,404	\$ 369,514	\$ (371,400)	\$ (312,184)	\$ (43,575)	\$ (84,054)	\$ (271,472)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation	500,294	187,576	-	-	504,506	-	2,363	51,042	1,245,781
(Increase) decrease in accounts receivable	-	2,905	-	-	-	-	381	(29,381)	(26,095)
(Increase) decrease in due from other funds	4,190	186,459	-	-	459	(8,903)	7,945	-	190,150
(Increase) decrease in due from other govts.	(1,114)	5,563	-	-	-	-	(2,283)	-	2,166
(Increase) decrease in due from component unit	-	1,406	-	-	-	-	33	-	1,439
(Increase) decrease in inventory	684	-	76	-	(11,146)	-	(4,219)	-	(14,605)
(Increase) decrease in prepaid items	(619)	58,030	-	-	950	-	-	805	59,166
Increase (decrease) in accounts payable and other accrued liabilities	94	(62,373)	(58)	5,399	(2,221)	-	(2,443)	(2,150)	(63,752)
Increase (decrease) in due to other governments	(1,330)	(181,794)	(20,834)	(27,615)	392	43,043	(240)	8,158	(180,220)
Increase (decrease) in due to other funds	(32,555)	(1,491)	(2)	-	(5,768)	-	-	294	(39,522)
Increase (decrease) in employee leave benefits	(202)	-	456	-	(17,034)	-	650	(6,181)	(22,311)
Increase (decrease) in estimated future claims payable	-	-	76,768	(98,738)	-	-	-	-	(21,970)
Miscellaneous revenue	4,666	4	-	-	10,628	-	-	234	15,532
Total adjustments	474,108	196,285	56,406	(120,954)	480,766	34,140	2,187	22,821	1,145,759
Net cash provided by operating activities	\$ 1,138,008	\$ (395,792)	\$ 154,810	\$ 248,560	\$ 109,366	\$ (278,044)	\$ (41,388)	\$ (61,233)	\$ 874,287

Non cash investing, capital and financing activities

Contributions from other funds	35,674	-	-	-	-	-	-	-	35,674
Purchase of capital assets with capital lease	-	43,077	-	-	-	-	-	-	43,077

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, 2009

	<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>
<u>Assets</u>									
Cash, cash equivalents & pooled & pooled investments	\$ 836,796	\$ 1,495,000	\$ 63,784	\$ 4,795,848	\$ 26,988	\$ -	\$ 424,889	\$ 26,077,639	\$ 4,959,958
Deposit with fiscal agent							1,305,434	2,226,742	408,431
Taxes receivable							44,545		
Assessments receivable, current									
<i>Total assets</i>	<u>\$ 836,796</u>	<u>\$ 1,495,000</u>	<u>\$ 63,784</u>	<u>\$ 4,795,848</u>	<u>\$ 26,988</u>	<u>\$ -</u>	<u>\$ 1,774,868</u>	<u>\$ 28,304,381</u>	<u>\$ 5,368,389</u>
<u>Liabilities</u>									
Due to other governments	\$ 836,796	\$ 1,495,000	\$ 63,784	\$ 4,795,848	\$ 26,988	\$ -	\$ 1,774,868	\$ 23,433,650	\$ 5,321,945
Warrants payable								4,870,731	46,444
<i>Total liabilities</i>	<u>\$ 836,796</u>	<u>\$ 1,495,000</u>	<u>\$ 63,784</u>	<u>\$ 4,795,848</u>	<u>\$ 26,988</u>	<u>\$ -</u>	<u>\$ 1,774,868</u>	<u>\$ 28,304,381</u>	<u>\$ 5,368,389</u>
	<u>EMS#1</u>	<u>Cemetery Districts</u>	<u>SWAA</u>	<u>Cities</u>	<u>Library Districts</u>	<u>Mosquito Control Districts</u>	<u>Port Districts</u>	<u>Beacon Hill Sewer District</u>	<u>Flood Ctr Districts</u>
Cash, cash equivalents & pooled & pooled investments	\$ 5,681	\$ 1,754,340	\$ 1,228,190	\$ 107,810	\$ 347,342	\$ 272,452	\$ 50,468,228	\$ 4,830,801	\$ 1,467,256
Deposit with fiscal agent									
Taxes receivable	8,757	21,058		713,568	44,851		201,260		
Assessments receivable, current						13,455			
<i>Total assets</i>	<u>\$ 14,438</u>	<u>\$ 1,775,398</u>	<u>\$ 1,228,190</u>	<u>\$ 821,378</u>	<u>\$ 392,193</u>	<u>\$ 285,907</u>	<u>\$ 50,669,488</u>	<u>\$ 4,830,801</u>	<u>\$ 1,467,256</u>
<u>Liabilities</u>									
Due to other governments	\$ 14,438	\$ 1,775,398	\$ 1,228,190	\$ 821,378	\$ 392,193	\$ 279,561	\$ 50,551,669	\$ 4,830,801	\$ 1,467,256
Warrants payable						6,346	117,819		
<i>Total liabilities</i>	<u>\$ 14,438</u>	<u>\$ 1,775,398</u>	<u>\$ 1,228,190</u>	<u>\$ 821,378</u>	<u>\$ 392,193</u>	<u>\$ 285,907</u>	<u>\$ 50,669,488</u>	<u>\$ 4,830,801</u>	<u>\$ 1,467,256</u>

	Diking & Drainage Districts	Cowlitz Co. Com Network	Woodland Swimming Pool & Recr. Dist.	Transit Authority	Lower Columbia Fish Recovery	Council of Governments	2009 Total
<u>Assets</u>							
Cash, cash equivalents & pooled & pooled investments	\$ 6,928,658	\$ 4,820	\$ 2,498	\$ 2,391,264	\$ 212,519	\$ 189,370	\$ 108,892,131
Deposit with fiscal agent							-
Taxes receivable							4,930,101
Assessments receivable, current							58,000
<i>Total assets</i>	\$ 6,928,658	\$ 4,820	\$ 2,498	\$ 2,391,264	\$ 212,519	\$ 189,370	\$ 113,880,232
<u>Liabilities</u>							
Due to other governments	\$ 6,928,658	\$ 4,820	\$ 2,498	\$ 2,391,264	\$ 212,519	\$ 189,370	\$ 103,979,260
Warrants payable							9,900,972
<i>Total liabilities</i>	\$ 6,928,658	\$ 4,820	\$ 2,498	\$ 2,391,264	\$ 212,519	\$ 189,370	\$ 113,880,232

STATISTICAL SECTION

COWLITZ COUNTY, WASHINGTON

STATISTICAL SECTION

December 31, 2009

Contents Page

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.

Net Assets By Component – Last 5 Years	140
Changes in Net Assets- Last 5 Years	141
Fund Balances of Governmental Funds	143
Changes in Fund Balances of Governmental Funds	144
General Governmental Tax Revenue Revenues by Source –Last 10 Years	147

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source property tax.

Assessed Value of Taxable Property and Levy Rate – last 5 Years	146
Property Tax Rates – Direct and Overlapping Governments	147
Principal Taxpayers – Last Two Years	148
Property Tax Levies and Collections – Last 10 years	149

Debt Capacity

These schedules help the reader assess the affordability of the government's current levels of outstanding debt and the governments ability to issue additional debt in the future.

Ratios of Outstanding Debt – Last 10 Years	150
Legal Debt Margin - Last 10 Years	151

Demographic and Economic Information

This schedule helps the reader understand the environment within which the government's activities take place.

Demographic Statistics – Last 10 Years	152
Principal Employers	153

Operating Information

This schedule shows the employees (full time equivalents) that are employed in specific activities of the County.

Employees by function – Last 4 years	154
--------------------------------------	-----

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

Schedule 1

	2005	2006	2007	2008	2009
Governmental Activities					
Invested in capital assets, net of related debt	\$ 123,471,098	\$ 129,836,308	\$ 137,230,538	\$ 141,263,011	\$ 144,560,273
Restricted	13,526,419	14,201,750	15,841,207	13,286,578	15,188,345
Unrestricted	9,845,096	13,070,068	17,251,534	14,021,479	15,094,110
Total Government activities net assets	\$ 146,842,613	\$ 157,108,126	\$ 170,323,279	\$ 168,571,068	\$ 174,842,728
Business-type activities					
Invested in capital assets, net of related debt	\$ 14,994,232	\$ 15,288,738	\$ 16,742,682	\$ 14,665,554	\$ 13,731,064
Restricted	16,811	17,534	18,377	18,377	19,060
Unrestricted	10,287,276	13,912,540	15,286,144	19,062,576	19,565,358
Total business-type activities net assets	\$ 25,298,319	\$ 29,218,812	\$ 32,047,203	\$ 33,746,507	\$ 33,315,482
Primary government					
Invested in capital assets, net of related debt	\$ 138,465,330	\$ 145,125,046	\$ 153,973,220	\$ 155,928,565	\$ 158,291,337
Restricted	13,543,230	14,219,284	15,859,584	13,304,955	15,207,405
Unrestricted	20,132,372	26,982,608	32,537,678	33,084,055	34,659,468
Total primary government net assets	\$ 172,140,932	\$ 186,326,938	\$ 202,370,482	\$ 202,317,575	\$ 208,158,210

Cowlitz County

Changes in Net Assets

(accrual basis of accounting)

Last Five Years - (amounts in thousands)

Schedule 2

Page 1 of 2

Expenses

Governmental Activities:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	\$ 9,292	\$ 10,301	\$ 10,713	\$ 11,139	\$ 9,859
Public safety	16,310	18,237	20,881	22,453	21,241
Judicial	4,438	4,735	5,506	6,119	5,625
Physical environment	493	284	518	1,036	515
Roads & bridges	11,515	13,288	13,765	13,085	15,117
Economic environment	1,883	2,228	4,138	3,140	3,225
Health	11,887	12,446	13,368	14,560	14,524
Culture & recreation	1,092	1,158	1,186	1,312	1,125
Interest on long-term debt	886	1,254	1,670	1,617	2,142
Total governmental activities expenses	57,796	63,931	71,745	74,461	73,373

Business-Type Activities

Water	687	603	864	842	933
Sewer	402	598	534	546	543
Solid waste landfill	2,991	3,857	3,946	4,021	4,129
Public safety	3,163	3,990	3,606	3,837	4,092
Culture & recreation	991	1,082	1,425	1,446	1,918
Total business-type activity expenses	8,234	10,130	10,375	10,692	11,615
Total primary government expenses	\$ 66,030	\$ 74,061	\$ 82,120	\$ 85,153	\$ 84,988

Program Revenues

Governmental Activities:

Charges for services:					
General government	\$ 2,844	\$ 3,090	\$ 4,772	\$ 3,906	\$ 3,161
Health	5,799	8,915	9,050	9,900	10,147
Public safety	2,628	3,314	4,056	5,275	5,270
Other activities	5,349	6,106	7,070	6,662	6,870
Operating grants & contributions	6,997	6,501	7,530	6,423	7,537
Capital grants & contributions	3,225	7,189	9,002	2,411	5,793
Total governmental activity program revenues	26,842	35,115	41,480	34,577	38,778

Business-Type Activities

Charges for services:					
Water	550	617	595	651	661
Sewer	570	689	637	749	771
Solid waste landfill	4,692	5,002	4,971	4,716	4,071
Public safety (911 Com., Law Enf.Records, Emerg. Mgt.)	2,997	2,748	3,207	3,116	3,261
Culture & recreation	643	835	1,177	1,174	1,611
Operating grants & contributions	125	307	105	278	313
Capital grants & contributions	196	1,748	491	19	34
Total business-type activities program revenues	9,773	11,946	11,183	10,703	10,722
Total primary government program revenues	\$ 36,615	\$ 47,061	\$ 52,663	\$ 45,280	\$ 49,500

Cowlitz County
Changes in Net Assets
 (accrual basis of accounting)
 Last Five Years - (amounts in thousands)

Page 2 of 2

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net (expense)/revenue					
Governmental activities	\$ (30,954)	\$ (28,816)	\$ (30,265)	\$ (39,884)	\$ (34,595)
Business-type activities	1,539	1,816	808	11	(893)
Total primary government net expense	<u>\$ (29,415)</u>	<u>\$ (27,000)</u>	<u>\$ (29,457)</u>	<u>\$ (39,873)</u>	<u>\$ (35,488)</u>

General Revenues & Other Changes in

Net Assets

Governmental activities

Taxes

Property taxes	\$ 20,871	\$ 21,584	\$ 22,872	\$ 23,889	\$ 25,368
Sales taxes	6,287	6,678	7,516	6,996	7,748
Other taxes	7,171	7,500	9,635	5,939	4,411
Investment earnings	1,606	2,854	2,791	1,136	889
Gain on sale of capital assets (primarily timber)	2,257	581	893	484	971
Transfers in (out)	(293)	(226)	(228)	(312)	(225)
Total governmental activities:	<u>37,899</u>	<u>38,971</u>	<u>43,479</u>	<u>38,132</u>	<u>39,162</u>

Business-type activities

911 Communication taxes

Investment earnings

Gain on sale of capital assets

Transfers

Total business-type activities

Total primary government

911 Communication taxes	568	619	654	678	683
Investment earnings	493	915	1,161	698	187
Gain on sale of capital assets	(14)		(23)	-	(275)
Transfers	293	226	228	312	225
Total business-type activities	<u>1,340</u>	<u>1,760</u>	<u>2,020</u>	<u>1,688</u>	<u>820</u>
Total primary government	<u>\$ 39,239</u>	<u>\$ 40,731</u>	<u>\$ 45,499</u>	<u>\$ 39,820</u>	<u>\$ 39,982</u>

Change in Net Assets

Governmental activities

Business-type activities

Total primary government

Governmental activities	\$ 6,945	\$ 10,155	\$ 13,214	\$ (1,752)	\$ 4,567
Business-type activities	2,879	3,576	2,828	1,699	(73)
Total primary government	<u>\$ 9,824</u>	<u>\$ 13,731</u>	<u>\$ 16,042</u>	<u>\$ (53)</u>	<u>\$ 4,494</u>

Prior period adjustment increase (decrease) net assets

Governmental activities

Business activities

Governmental activities	-	131	-	-	1,705
Business activities	-	386	-	-	(358)

Cowlitz County, Washington
Fund Balance of Governmental Funds
Last Ten Fiscal Years
Schedule 3

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund Reserved	\$ 5,089,085	\$ 4,439,808	\$ 5,105,114	\$ 5,929,025	\$ 4,699,512	\$ 8,362,395	\$ 9,834,130	\$ 8,861,399	\$ 5,340,364	\$ 6,391,369
Unreserved	\$ 5,089,085	\$ 4,439,808	\$ 5,105,114	\$ 5,929,025	\$ 4,699,512	\$ 8,362,395	\$ 9,834,130	\$ 8,861,399	\$ 5,340,364	\$ 6,391,369
Total general fund	\$ 10,178,170	\$ 8,879,616	\$ 10,200,228	\$ 11,858,050	\$ 9,399,024	\$ 16,724,790	\$ 19,668,260	\$ 17,722,798	\$ 10,680,728	\$ 12,782,738
All other governmental funds Reserved	\$ 5,215,007	\$ 4,328,777	\$ 5,531,201	\$ 14,699,324	\$ 15,068,059	\$ 15,344,582	\$ 28,259,868	\$ 27,014,866	\$ 27,564,564	\$ 23,646,457
Unreserved, reported in Special Revenue Funds	10,308,281	11,542,394	10,364,684	10,022,677	10,494,629	10,964,480	11,683,600	13,638,833	14,015,717	14,393,694
Debt Service Funds				225,000	651,183	805,873	1,405,782	1,586,086	-	-
Capital Project Funds	1,466,529	2,998,986	3,484,899	10,815,617	6,390,233	1,498,402	2,636,953	6,924,249	6,619,792	6,359,958
Total all other governmental funds	\$ 16,989,817	\$ 18,870,157	\$ 19,380,784	\$ 35,762,618	\$ 32,604,104	\$ 28,613,337	\$ 43,986,203	\$ 49,164,034	\$ 48,200,073	\$ 44,400,109
Total Fund Balance	\$ 27,168,000	\$ 27,749,773	\$ 29,581,012	\$ 47,620,668	\$ 42,003,128	\$ 45,338,127	\$ 63,654,463	\$ 66,886,832	\$ 58,880,801	\$ 57,182,847

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

Revenues	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Taxes	\$ 31,246	\$ 31,540	\$ 34,775	\$ 33,194	\$ 33,684
Licenses & permits	1,712	2,225	2,101	1,600	1,488
Intergovernmental	19,822	26,640	31,198	25,136	30,232
Charges for services	5,731	6,522	7,458	6,491	6,606
Fines	1,218	1,383	1,726	1,590	1,485
Investment earnings	1,444	2,645	2,791	1,361	483
Rents & leases	259	283	822	391	310
Special assessments	270	278	296	295	399
Miscellaneous	942	887	1,495	1,590	1,706
Total revenues	62,644	72,403	82,662	71,648	76,393
Expenditures					
General government	8,598	9,498	10,378	10,794	9,541
Public safety	15,932	17,653	20,061	20,995	19,403
Judicial	4,340	4,683	5,403	6,024	5,461
Physical environment	454	252	518	1,034	516
Economic environment	1,853	2,214	4,207	3,177	3,159
Roads & bridges	8,934	10,904	11,430	11,942	12,927
Health & human services	11,219	11,654	13,312	14,532	14,379
Culture and recreation	898	963	978	1,109	805
Capital outlay	10,141	9,901	9,527	5,119	8,428
Debt service:					
Principal	1,145	905	1,435	1,498	1,545
Interest	842	1,077	1,511	1,448	1,400
Other charges	127	2	1	1	607
	64,483	69,706	78,761	77,673	78,171
Excess of revenues over (under) expenditures	(1,839)	2,697	3,901	(6,025)	(1,778)
Other financing sources (uses)					
Transfers in	6,389	3,445	4,256	3,050	3,791
Transfers out	(7,130)	(3,882)	(4,754)	(3,639)	(4,285)
Refunding Bonds issued	8,565				
Premium on bonds issued	165				
Bonds issued		13,760			172
Discount on bonds issued					
Payments to refunded bond escrow agent	(8,600)				
Sales of capital assets	2,122	732	801	515	966
Total other financing sources (uses)	1,511	14,055	303	(74)	644
Net change in fund balances	\$ (328)	\$ 16,752	\$ 4,204	\$ (6,099)	\$ (1,134)
Debt service as a percentage of noncapital expenditures	3.89%	3.32%	4.26%	4.06%	5.09%

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 & Penalty on Delinquent Taxes</u>	<u>Total Taxes & Penalty</u>
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
2008	22,711	6,996	1,326	1,159	1,002	33,194
2009	23,809	7,748	242	836	1,049	33,684

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	Total Taxable Assessed Value	General Fund Levy Rate per thousand	Year of Levy
<u>County General Fund</u>					
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
2008	10,192,313	800,437	9,391,876	1.626654	2009
2009	10,444,074	1,080,888	9,363,186	1.654756	2010
<u>County Road Fund</u>					
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
2008	5,024,646	153,232	4,871,414	1.759620	2009
2009	5,280,692	360,933	4,919,759	1.696330	2010
<u>Veterans Relief</u>					
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
2008	10,192,313	800,437	9,391,876	0.01123	2009
2009	10,444,074	1,080,888	9,363,186	0.01107	2010
<u>Human Services (Mental Health)</u>					
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
2008	10,192,313	800,437	9,391,876	0.025	2009
2008	10,192,313	800,437	9,391,876	0.025	2009
2009	10,444,074	1,080,888	9,363,186	0.025	2010

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	Total	Total	Total	Total	Total	Total	Total	Total	Total
2000	1.80	1.85	1.85	1.85	3.65	2.67	0.44	1.07	0.36	0.09	3.42	3.69	0.46	15.85	
2001	1.80	2.00	2.00	2.00	3.80	2.76	0.42	1.11	0.36	0.09	3.07	3.67	0.44	15.72	
2002	1.80	2.10	2.10	2.10	3.90	2.95	0.42	1.11	0.37	0.09	2.91	4.25	0.44	16.44	
2003	1.80	2.10	2.10	2.10	3.90	2.84	0.40	1.19	0.78	0.09	2.76	3.66	0.40	16.02	
2004	1.80	2.10	2.10	2.10	3.90	2.81	0.40	1.09	0.39	0.09	2.76	3.77	0.42	15.63	
2005	1.87	1.99	1.99	1.99	3.86	2.80	0.41	1.09	0.40	0.09	2.76	3.77	0.44	15.62	
2006	1.87	1.99	1.99	1.99	3.86	2.77	0.39	1.08	0.40	0.09	2.57	3.68	0.42	15.26	
2007	1.76	2.05	2.05	2.05	3.81	2.52	0.37	1.01	0.70	0.09	2.39	3.65	0.38	14.92	
2008	1.68	1.90	1.90	1.90	3.58	2.33	0.34	0.97	0.36	0.08	2.23	3.58	0.37	13.84	
2009	1.66	1.76	1.76	1.76	3.42	2.10	0.31	0.89	0.31	0.07	2.06	3.29	0.35	12.80	

(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.

(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.

**COWLITZ COUNTY, WASHINGTON
PRINCIPAL TAXPAYERS**

Schedule 8

Taxpayer	2009 TAX YEAR			2010 TAX YEAR			
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	
Weyerhaeuser Company	\$ 505,547,263	1	5.38%	\$ 563,116,390	1	6.01%	
North Pacific Paper Corp	\$ 287,720,770	2	3.06%	\$ 290,832,980	2	3.11%	
Mint Farm Energy Center LL	\$ 140,000,000	3	1.49%	\$ 124,008,960	3	1.32%	
Longview Fibre	\$ 120,059,180	4	1.28%	\$ 90,115,760	4	0.96%	
Steelscape	\$ 91,850,010	6	0.98%	\$ 79,558,089	6	0.85%	
Pacificorp	\$ 56,052,432	5	0.60%	\$ 73,178,200	5	0.78%	
Kalama Export	\$ 47,529,420	7	0.51%	\$ 52,958,556	7	0.57%	
Emerald Kalama	\$ 45,036,260	8	0.48%	\$ 48,680,040	8	0.52%	
Solvay Interrox America	\$ 43,898,600	9	0.47%	\$ 47,790,160	9	0.51%	
Cameron Family Glass	\$ 35,000,000	10	0.37%	\$ 43,807,350	10	0.47%	
Totals	\$ 1,372,693,935		14.62%	\$ 1,414,046,485		15.10%	
Total District Assessed Value 2008 Taxes:			\$ 9,391,876,540	Total District Assessed Value 2009 Taxes:			\$ 9,363,185,718

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>Collections 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>
2000	17,599,370	16,930,620	96.20%	669,584	100.00%	17,600,204	100.00%
2001	18,730,497	17,975,995	95.97%	752,254	99.99%	18,728,249	99.99%
2002	18,935,373	18,247,363	96.37%	684,036	99.98%	18,931,399	99.98%
2003	19,502,219	18,710,413	95.94%	769,124	99.88%	19,479,537	99.88%
2004	19,664,600	19,029,680	96.77%	641,064	100.03%	19,670,744	100.03%
2005	20,017,651	19,360,691	96.72%	658,024	100.01%	20,018,715	100.01%
2006	20,555,827	19,924,738	96.93%	629,650	99.99%	20,554,388	99.99%
2007	22,264,366	21,277,640	95.57%	862,135	99.44%	22,139,775	99.44%
2008	22,608,229	21,910,082	96.91%	338,093	98.41%	22,248,175	98.41%
2009	24,175,712	23,073,465	95.44%		95.44%	23,073,465	95.44%

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>Water/Sewer Note Payable State of Washington</u>	<u>Capital Lease</u>				
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	1,069		16	23,235	242.28	0.92%
2006	18,970	2,215	13,760	-	-	40	1,509		-	36,494	377.00	1.41%
2007	18,130	2,090	13,290	-	-	20	1,354		-	34,884	356.69	1.22%
2008	17,260	1,960	12,800	648	-	-	1,735		-	34,403	347.51	1.17%
2009	16,360	1,997	12,290	578	-	-	1,595		-	32,820	329.52	

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.

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

Schedule 13

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit (without vote of people)										
1.5% of property value	95,323	95,821	100,325	100,622	100,626	103,472	115,545	127,053	140,878	140,878
Total net debt applicable to limit	<u>56,709</u>	<u>51,545</u>	<u>18,765</u>	<u>23,400</u>	<u>25,394</u>	<u>24,645</u>	<u>37,633</u> 1/	<u>36,862</u>	<u>34,876</u>	<u>33,380</u>
Legal debt margin	\$ <u>38,614</u>	\$ <u>44,276</u>	\$ <u>81,560</u>	\$ <u>77,222</u>	\$ <u>75,232</u>	\$ <u>78,827</u>	\$ <u>77,912</u>	\$ <u>90,191</u>	\$ <u>106,002</u>	\$ <u>107,498</u>
Total net debt applicable to the limit as a percentage of debt limit	59.49%	53.79%	18.70%	23.26%	25.24%	23.82%	32.57%	29.01%	24.76%	23.69%
Debt limit (with 3/5 vote of People)										
2.5% of property value	\$ 158,871	\$ 159,702	\$ 167,209	\$ 167,704	\$ 167,710	172,453	192,575	211,755	234,797	234,797
Total debt applicable to limit	<u>56,709</u>	<u>51,545</u>	<u>18,765</u>	<u>23,400</u>	<u>25,394</u>	<u>24,645</u>	<u>37,633</u>	<u>36,862</u>	<u>34,876</u>	<u>33,380</u>
Legal debt margin	\$ <u>102,162</u>	\$ <u>108,157</u>	\$ <u>148,444</u>	\$ <u>144,304</u>	\$ <u>142,316</u>	\$ <u>147,808</u>	\$ <u>154,942</u>	\$ <u>174,893</u>	\$ <u>199,921</u>	\$ <u>201,417</u>

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>Per Capita Income(4)</u>	<u>Median Age(1)</u>
2000	94,900	7.8%	17,711	23,454	36.9
2001	93,900	11.0%	17,537	24,633	37.5
2002	94,400	10.8%	17,599	25,104	37.4
2003	94,900	10.2%	17,645	24,476	37.8
2004	95,300	8.7%	17,587	25,298	38.1
2005	95,900	7.3%	17,830	26,268	38.5
2006	96,800	6.6%	17,956	26,781	38.6
2007	97,800	6.3%	18,063	29,170	38.8
2008	99,000	7.9%	17,930	29,703	39.0
2009	99,600	12.9%	17,245	**	39.3

(1) Data from Washington State Office of Financial Management

(2) Data from Washington State Employment Security Department (preliminary data for 2009 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
2009

Schedule 15

<u>Employers</u>	<u>Employees</u>	<u>Percent of Total County Employment</u>
Peace Health/St. John Medical Center	1,874	5.30%
Weyerhaeuser	1,580	4.47%
Longview Fibre	1,020	2.88%
Longview School District	900	2.55%
Foster Farms	800	2.26%
Lower Columbia College	738	2.09%
J.H. Kelly	600	1.70%
Cowlitz County	570	1.61%
Safeway Grocery Stores	550	1.56%
City of Longview	351	0.99%
	<u>8,983</u>	<u>25.41%</u>
 Total Employment in Cowlitz County	 35,359	

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

Full-time Equivalent Employees as of December 31

	Dept./Fd	2004	2005	2006	2007	2008	2009
General Government							
Boundary Review	001-010	0.5	0.5	0.5	0.5	0.5	0.5
Commissioners	001-015	6.0	6.0	6.0	6.5	7.0	6.0
Treasurer	001-050	9.0	9.0	9.0	9.5	10.0	9.0
Auditor and Auditor's O&M	001-055	13.3	13.3	13.3	14.3	14.3	13.3
Assessor	001-060	21.0	19.0	19.0	19.0	19.0	18.0
Admin Svcs	001-075	7.0	7.0	7.8	7.8	7.8	7.8
Prosecuting Atty	001-116	20.0	20.0	22.0	22.0	22.0	18.2
PA - Victim Witness	148	0.5	1.8	1.8	1.8	1.8	1.8
Child Support Svcs.	001-117	7.0	7.0	7.0	7.0	7.0	7.0
Civil Svc Commiss.	001-080	0.5	0.5	0.5	0.5	0.5	0.5
Admin Bldg Maint.	001-090	3.0	3.0	3.0	-	-	-
Hall of Justice Maint.	001-100	10.0	8.0	10.0	-	-	-
Facilities Maintenance	001-095	-	-	-	15.0	15.0	10.5
Law Library	122	0.5	0.5	0.5	0.5	0.5	0.5
Courthouse Facilitator	001-124	-	0.5	0.5	1.0	1.0	1.0
Graphic Info Syst.	135	5.0	5.0	4.0	4.0	4.0	2.0
Central Services	502	9.0	9.0	9.0	9.0	9.0	8.0
Risk Management	503	2.0	2.0	2.0	2.0	2.0	2.0
Purchasing	509	1.0	1.0	1.0	1.0	1.0	1.0
Elections	510	2.0	2.0	3.0	3.3	3.4	2.6
<i>Total Gen'l Govt.</i>		<u>117.3</u>	<u>115.1</u>	<u>119.9</u>	<u>124.7</u>	<u>125.8</u>	<u>109.7</u>
Public Safety							
Sheriff	001-105	50.0	52.0	52.0	56.0	57.0	47.0
Drug Task Force	160	3.0	3.0	3.0	3.0	3.0	3.0
Law & Justice Funding	190	-	4.0	7.0	10.8	11.0	11.0
Benefits Administration	196	0.5	0.5	0.5	0.5	0.5	0.5
911 Communications	412	26.5	26.5	26.5	28.0	28.0	27.0
Law Enforcement Records	413	13.0	13.0	14.0	14.0	14.0	14.0
Emergency Management	414	2.3	2.8	3.0	3.0	3.0	3.0
Motor Pool	505	2.0	2.0	2.0	2.0	2.0	2.0
Probation Svcs.	001-109	7.0	7.0	7.0	8.0	8.0	7.0
Jail	001-110	53.0	53.0	60.0	67.5	69.0	62.0
Offender Svcs	001-111	16.0	12.0	12.0	14.0	14.0	10.0
Jail Concessions	001-112	1.0	1.0	1.0	1.0	1.0	0.3
Juvenile Prob.	001-115	-	15.5	15.5	17.0	19.0	17.0
Juvenile Deten.	001-114	45.0	27.0	22.0	22.0	22.0	21.0
<i>Total Public Safety</i>		<u>219.3</u>	<u>219.3</u>	<u>225.5</u>	<u>246.8</u>	<u>251.5</u>	<u>224.8</u>
Judicial							
Superior Crt	001-120	7.0	6.0	6.0	6.0	6.0	7.0
District Crt	001-121	16.0	17.0	17.0	17.5	18.5	18.0
Clerk	001-122	16.0	16.5	16.5	18.0	18.0	14.0
Family Crt	001-101	3.5	3.5	3.5	4.0	4.0	2.5
Office of Public Defense	001-126	-	-	3.0	10.0	11.0	12.0
<i>Total Judicial</i>		<u>42.5</u>	<u>43.0</u>	<u>46.0</u>	<u>55.5</u>	<u>57.5</u>	<u>53.5</u>
Economic Environment							
Community Long Range Planning	001-165	18.0	23.0	28.0	31.0	12.0	9.8
Bldg & Plng.	108	-	-	-	-	20.0	14.3
<i>Total Economic Environment</i>		<u>18.0</u>	<u>23.0</u>	<u>28.0</u>	<u>31.0</u>	<u>32.0</u>	<u>24.1</u>
Health							
Coroner	001-135	1.5	1.5	1.5	2.5	3.0	2.5
Drug Crt Grt Prog	001-285	1.0	1.0	1.0	2.0	2.0	1.8
Human Svcs	140	12.0	12.0	10.0	12.0	11.8	11.0
Health Dept.	143	27.0	28.0	30.0	30.0	28.0	29.8
<i>Total Health</i>		<u>41.5</u>	<u>42.5</u>	<u>42.5</u>	<u>46.5</u>	<u>44.8</u>	<u>45.1</u>
Culture & Recreation							
WSU Coop. Extension	001-140	1.0	1.0	1.0	1.0	1.0	1.0
Museum	001-150	1.0	1.0	1.0	1.0	1.0	1.0
Park & Recreation	235-237	3.0	3.0	3.3	3.3	3.3	2.3
Tourism	158	2.0	2.0	0.2	0.2	0.2	0.1
Expo. & Conf. Center	411	4.8	6.0	8.3	6.3	6.3	6.0
<i>Total Culture & Rec.</i>		<u>11.8</u>	<u>13.0</u>	<u>13.8</u>	<u>11.8</u>	<u>11.8</u>	<u>10.4</u>
Roads & Bridges							
County Road	101	74.0	74.0	73.0	73.0	73.0	74.0
Equip Rental & Rev	501	8.0	8.0	7.0	7.0	7.0	7.0
<i>Total Roads & Bridges</i>		<u>82.0</u>	<u>82.0</u>	<u>80.0</u>	<u>80.0</u>	<u>80.0</u>	<u>81.0</u>
Utilities and Environment							
Noxious Weed	106	-	-	-	-	1.0	1.0
Water/Sewer	407	3.0	4.0	5.0	5.0	5.0	5.0
Storm Water	104	-	-	0.5	0.5	0.5	1.0
Solid Waste	408	11.5	10.0	10.0	10.0	10.0	9.8
<i>Total Utilities and Environment</i>		<u>14.5</u>	<u>14.0</u>	<u>15.5</u>	<u>15.5</u>	<u>16.5</u>	<u>16.8</u>
Total		<u><u>546.9</u></u>	<u><u>551.9</u></u>	<u><u>571.2</u></u>	<u><u>611.8</u></u>	<u><u>619.9</u></u>	<u><u>565.4</u></u>