

CHELAN COUNTY WASHINGTON



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Prepared by:

Skip Moore – Chelan County Auditor
Brad Posenjak, CPA – Chief Deputy Auditor

CHELAN COUNTY, WASHINGTON

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2011

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CHELAN COUNTY

~ AUDITOR ~

Skip Moore

June 30, 2012

To the Honorable Board of Commissioners and Citizens of Chelan County:

In accordance with the provision of Chapter 36.22 of the Revised Code of Washington, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Chelan County for the fiscal year ended December 31, 2011. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by independent auditors from the Washington State Auditor's Office.

This report consists of management's representations concerning the finances of Chelan County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Chelan 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 Chelan County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Chelan County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Chelan County's financial statements have been audited by the Washington State Auditor's Office. The goal of the independent audit was to provide reasonable assurance that the financial statements of Chelan County for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Chelan County's financial statements for the year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component on the financial section of this report.

The independent audit of the financial statements of Chelan County was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing the single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on Chelan County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available from the Washington State Auditor's Office in their Report on Financial Statements and Federal Single Audit.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Chelan County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Chelan County, incorporated in 1899, is located in the north-central part of the state with the Columbia River forming the eastern border and the crest of the Cascade Mountains forming the western border. Chelan County occupies a land area of 2920 square miles, of which, approximately 90 percent of the geographic area is Wenatchee National Forest.

Being situated on the eastern slope of the Cascade Range and containing the Columbia and Wenatchee Rivers has been conducive to an agricultural economy, hydro-electric power, and numerous recreational activities.

Chelan County is a non-charter county, which means that the organization of the County is prescribed by state law. The organizational chart, directly following this letter, provides a view of the structure of the County, including its elected officials, administrators, and major departments. As the chart shows, the voters of Chelan County elect fifteen officials, including three County Commissioners, three Superior Court Judges, two District Court Judges, an Assessor, Treasurer, Auditor, Prosecutor, Sheriff, Clerk, and a Coroner.

Chelan County provides a full range of services, including police protection; criminal and civil courts; appraisal of property values for property tax purposes; construction of county roads and other infrastructure; administration of elections; issuance of motor vehicle licenses; land use planning and building review; as well as development of parks and recreation.

The annual budget serves as the foundation for Chelan County's financial planning and control. State law (RCW 36.40) establishes the general requirements of Chelan County's budget process. The law requires the County to initiate the budget process on or before the second Monday in July, by requesting budget estimates for the ensuing year from each County department. These estimates must be filed on or before the second Monday in August. The County is required to present a compilation of these estimates, including revenue projections, to the Board of Commissioners upon or before the first Tuesday in September. A compilation of submissions is then prepared and copies are made available to the public. The Commissioners must schedule a hearing on the budget for the first Monday in October. At the conclusion of the hearing, the Board of Commissioners adopts the budget. However, according to the RCW, the Board of Commissioners is allowed to set alternate dates relating to the budget process. Accordingly, Chelan County usually modifies the budget dates from those prescribed by RCW. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated budget has been adopted.

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 Chelan County operates.

Local economy. Like much of the rest of the nation, Chelan County has experienced a downturn in the economic environment. From 2003 through mid-2008, both residential and commercial construction thrived in Chelan County. In the middle of 2008 the construction industry slowed in a slightly delayed response to the national economic recession. This has made a significant impact to the construction related revenues on which the County relies. In the past two years, the local economy seems to have flattened out after the steep decline. Major industries with headquarters or divisions located within the county's boundaries or in close proximity consist mainly of agricultural related packing and processing plants.

Long-term financial planning. During the period of economic downturn, Chelan County's fund balance decreased significantly to a level which prompted sharp general fund budget reductions, including many layoffs. The 2010 general fund expenditure budget was reduced by almost \$3 million (9%) from where the 2009 budget started out. For 2010, expenditures were brought back in balance with the revenues that had dropped off from the slowing of the building industry. The 2011 and 2012 general fund budgets have been built to continue this balancing of expenditures and revenues to grow the fund balance back to a comfortable level.

The county adopts a 5-year capital improvement plan which outlines the counties major road and building projects as well as other planned capital improvements. The county has recently undergone a remodel of the Auditorium, Courthouse, and Regional Justice Center buildings. The County has used bonds and real estate excise tax and criminal justice sales tax proceeds to finance much of these construction projects.

Financial policies and practices. The Chelan County Treasurer is empowered by state law to invest cash holdings as directed on behalf of Chelan County and other taxing districts. Investments are made in certificates of deposit, bankers' acceptances, and other authorized investments within guidelines established by the Office of State Treasurer. The Chelan County Treasurer also invests much of the county's holdings in the State Treasurer's Investment Pool. This investment pool allows the counties to utilize the expertise of the State Treasurer's Office and its staff to obtain competitive rates of return as well as security of funds.

Other financial policies are revised and adopted annual by the Board of County Commissioners at the recommendation of the Financial Policies Committee. This document includes budgetary, revenue receipting, expenditure, travel, and capital asset policies.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chelan County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. This was the seventh consecutive year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We express our appreciation to those who have devoted their time to the preparation of this report; especially the accounting staff in the Chelan County Auditor and Treasurer's offices.

We would also like to express our appreciation to the Board of County Commissioners for their efforts in working for the betterment of the community and in making Chelan County a great place to live.

Respectfully submitted,



Skip Moore
Chelan County Auditor



Bradley J. Posenjak, CPA
Chief Deputy Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chelan County
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Egan

Executive Director

CHELAN COUNTY, WASHINGTON

List of Elected Officials

CHELAN COUNTY ELECTED OFFICIALS

		<u>Term</u>	<u>Expiration</u>
Board of Commissioners			
District 1	Ron Walter	4	December 31, 2012
District 2	Keith Goehner	4	December 31, 2014
District 3	Doug England	4	December 31, 2012
Assessor	Deanna Walter	4	December 31, 2014
Auditor	Skip Moore	4	December 31, 2014
Clerk	Kim Morrison	4	December 31, 2014
Coroner	Wayne Harris	4	December 31, 2014
Prosecuting Attorney	Gary A. Riesen	4	December 31, 2014
Sheriff	Brian Burnett	4	December 31, 2014
Treasurer	David Griffiths	4	December 31, 2014
District Court Judges	Alicia Nakata	4	January 11, 2015
	Nancy Harmon	4	January 11, 2015
Superior Court Judges	Chip Small	4	December 31, 2012
	Lesley Allan	4	December 31, 2012
	John E. Bridges	4	December 31, 2012

INDEPENDENT AUDITOR'S REPORT

June 21, 2012



Board of Commissioners
Chelan County
Wenatchee, Washington

Washington State Auditor Brian Sonntag

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chelan County, Washington, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chelan County, Washington, as of December 31, 2011, and the changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and County Roads funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the County has implemented the Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 21, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the County's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 14 and other post-employment benefits information on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements and schedules on pages 52 through 99 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR



MANAGEMENT'S DISCUSSION AND ANALYSIS

Chelan County's discussion and analysis presents the readers of the County's annual financial report a narrative overview and analysis of the County's financial performance during the fiscal year that ended on December 31, 2011. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of Chelan County exceeded its liabilities at the close of the most recent fiscal year by \$81,043,711. Of this amount, \$7,386,858 may be used to meet the government's general ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4,562,983.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$14,592,589, an increase of \$790,384 in comparison with the prior year. Approximately 15% of the fund balance is available for spending at the government's discretion. The rest is either restricted by outside sources or committed by the County for specific purposes.
- At the end of the current fiscal year unreserved fund balance for the general fund was \$2,231,455, which is 7.5% of total general fund expenditures.
- The County's total non-current debt decreased by \$771,277 during the current fiscal year. This was due, in part, to regular principal payments of general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction of Chelan County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic statements themselves.

Government-wide Statements. The government-wide financial statements are designed to provide readers with a broad overview of Chelan County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accounts receivable, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental 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 the County include general government, security of persons & property, utilities & environment, transportation, economic environment, mental health & physical health, and culture and recreation. The business-type activities of the County include utilities, recreation, education, and prisoner housing.

The County has no separately identified component units included in the government-wide financial statements. The government-wide financial statements can be found on pages 16-17.

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. Chelan 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, proprietary funds, and fiduciary funds.

Governmental funds. 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 spendable resources,

as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 39 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund and County Roads fund, which are both considered major funds. Data from the other 37 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund on a departmental level and the other governmental funds on a fund level. A budgetary comparison statement has been provided for the general fund and major special revenue funds.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds. Chelan County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Solid Waste, Wenatchee River County Park, Expo Center, Fair, Public Education, Surface and Storm Water Utility, and Regional Justice Center. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal services funds to account for its fleet of vehicles and for its insurance administration. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Solid Waste and Regional Justice Center as major funds, and aggregate all other nonmajor proprietary funds of the County. All internal service funds are aggregated into a single presentation in the basic proprietary fund financial statements. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the Financial Statements. The notes 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 on pages 28-50 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Chelan County's progress in funding its obligation to provide other post employment benefits to its LEOFF 1 retirees. Required supplementary information can be found on page 51 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds are presented immediately following the notes to the financial statements. Combining and individual statements and schedules can be found on pages 52-104 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Chelan County, assets exceeded liabilities by \$81,043,711 at the close of the most recent fiscal year. This increased by \$4,562,983 over the previous year. Some of the growth was a reaction to the recent recession that drove the County to tighten the budgets of the General fund and County Roads fund to replenish the fund balances. Other net asset growth was due to large infrastructure assets being capitalized.

Chelan County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current & other assets	23,983,509	23,034,005	3,583,123	3,201,109	27,566,632	26,235,114
Capital assets (net of depr.)	75,765,185	73,035,991	2,403,544	2,634,337	78,168,729	75,670,328
Total assets	99,748,694	96,069,996	5,986,667	5,835,445	105,735,361	101,905,442
Long-term liabilities	19,071,764	19,870,938	536,570	508,672	19,608,334	20,379,610
Other liabilities	4,347,136	4,398,445	736,181	646,659	5,083,316	5,045,104
Total liabilities	23,418,899	24,269,383	1,272,751	1,155,331	24,691,650	25,424,714
Net assets:						
Invested in capital assets						
Net of related debt	60,286,575	57,752,757	2,403,453	2,634,337	62,690,027	60,387,094
Restricted	10,966,825	10,345,113	-	-	10,966,825	10,345,113
Unrestricted	5,076,395	3,702,742	2,310,463	2,045,777	7,386,858	5,748,519
Total net assets	76,329,795	71,800,613	4,713,916	4,680,114	81,043,711	76,480,727

Chelan County's Changes in Net Assets

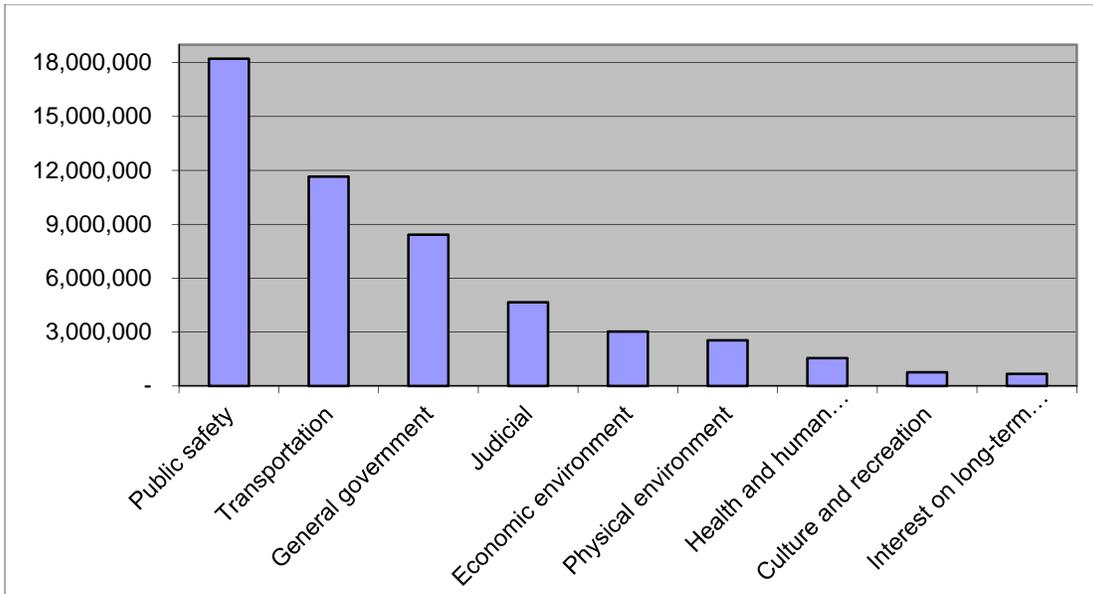
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	10,099,974	10,330,072	10,582,422	10,528,880	20,682,396	20,858,952
Operating grants and contrib.	7,697,637	10,589,492	487,631	384,400	8,185,268	10,973,892
Capital grants and contributions	4,297,107	1,717,337	-	-	4,297,107	1,717,337
General revenues:						
Taxes	34,235,229	31,813,903	9,420	8,925	34,244,649	31,822,827
Interest earnings on invest.	158,001	328,537	969	1,548	158,970	330,085
Sale of asset	270,320	-	-	-	270,320	-
Total revenues	56,758,268	54,779,341	11,080,442	10,923,753	67,838,710	65,703,094
Program Expenses						
General government	8,419,537	11,921,365	-	-	8,419,537	11,921,365
Judicial	4,655,371	3,055,970	-	-	4,655,371	3,055,970
Public safety	18,938,202	17,703,729	-	-	18,938,202	17,703,729
Physical environment	2,536,994	3,431,739	-	-	2,536,994	3,431,739
Transportation	11,651,801	10,162,953	-	-	11,651,801	10,162,953
Health and human services	1,551,060	1,624,062	-	-	1,551,060	1,624,062
Economic environment	3,023,289	2,911,280	-	-	3,023,289	2,911,280
Culture and recreation	760,314	713,204	-	-	760,314	713,204
Utilities	-	-	1,414,523	1,528,671	1,414,523	1,528,671
Regional justice center	-	-	8,951,729	8,538,243	8,951,729	8,538,243
Other	-	-	700,388	644,281	700,388	644,281
Interest on long term debt	672,520	523,852	-	-	672,520	523,852
Total expenses	52,209,087	52,048,154	11,066,640	10,711,195	63,275,727	62,759,349
Excess (deficiency) revenues over (under) expenses	4,549,181	2,731,187	13,802	212,558	4,562,983	2,943,745
Transfers	(20,000)	30,000	20,000	(30,000)	-	-
Change in net assets	4,529,181	2,761,187	33,802	182,558	4,562,983	2,943,745
Net assets as of Jan 1	71,800,613	69,039,427	4,680,114	4,497,556	76,480,727	73,536,982
Net assets as of Dec 31	76,329,795	71,800,613	4,713,916	4,680,114	81,043,711	76,480,727

A large portion of the County's net assets (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to 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 pay repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

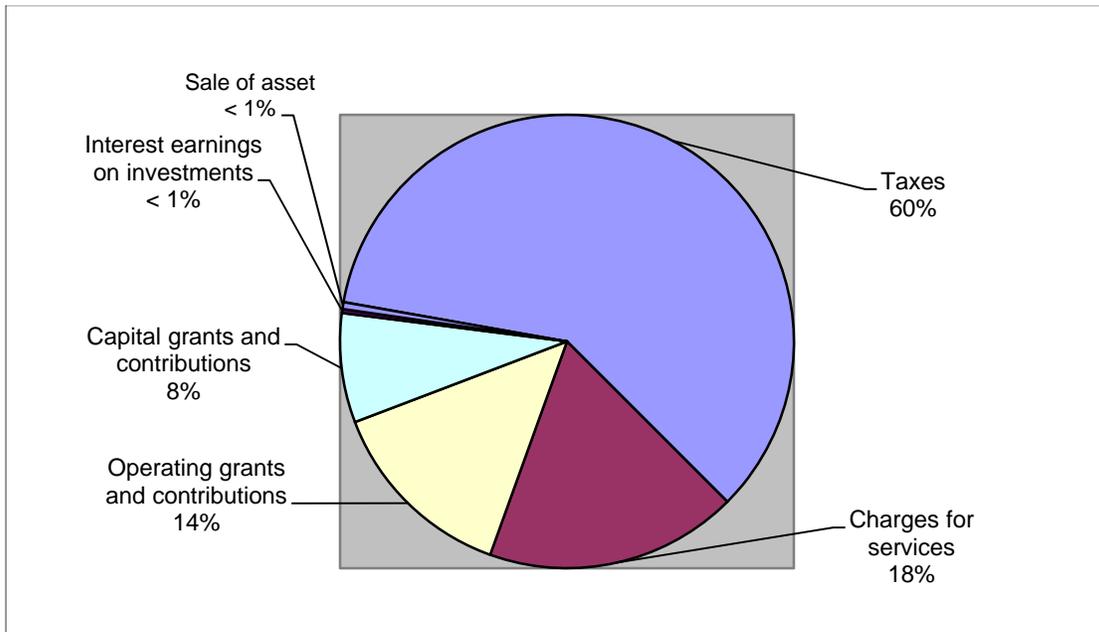
An additional portion of the County's net assets (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (9%) may be used to meet the county's general ongoing obligations to citizens and creditors.

Governmental Activities. Chelan County's governmental activities increased the County's net assets by \$4,529,181. This was due largely to the capitalization of a large infrastructure asset and budget reductions across the General and County Roads funds. The fund balances of these funds were hit hard during the economic downturn and expenditures were reduced across all functions to rebuild the fund balances.

Expenses – Governmental Activities

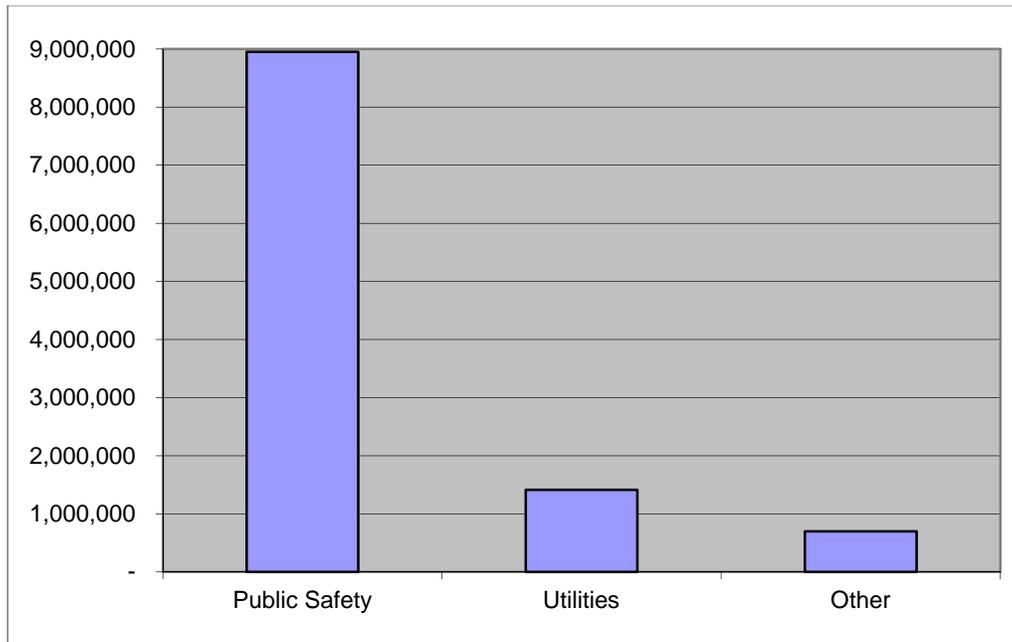


Revenues by Source – Governmental Activities

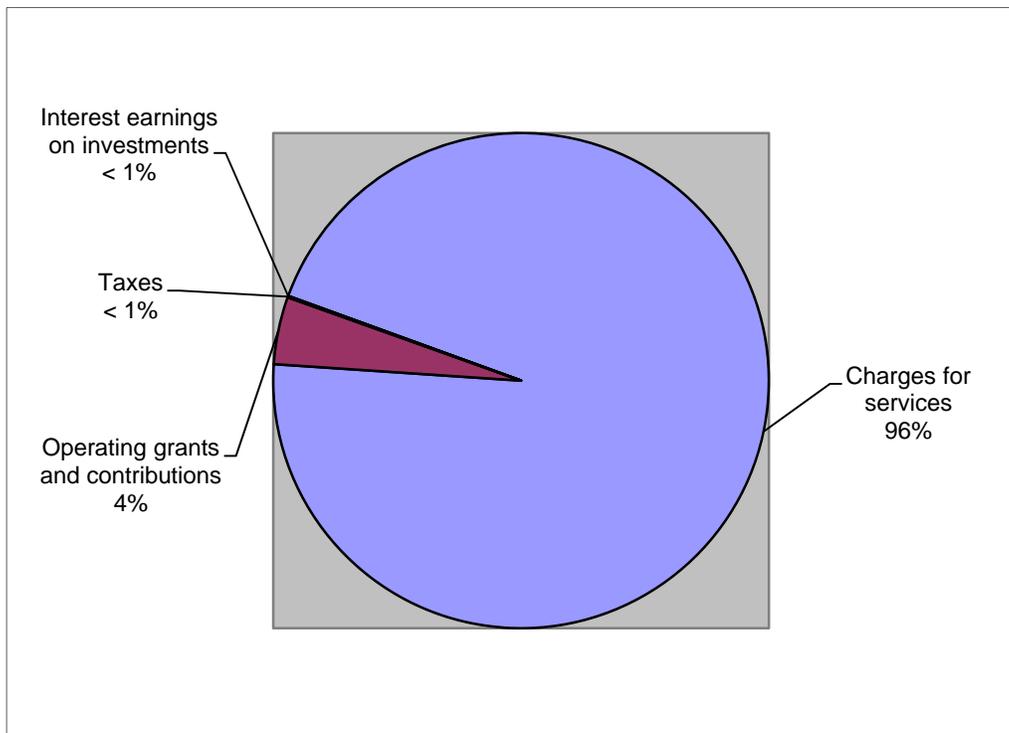


Business-type Activities. Business-type activities slightly increased Chelan County's net assets by \$33,802. The factor in this growth was due to the Surface & Storm Water Utility building its net assets from its utility service fee. It has been building a fund balance since it was created in 2008 without beginning any major infrastructure outlays.

Expenses– Business-type Activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Chelan County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The General fund and County Roads fund were the County's major funds during the most recent fiscal year. Together these three funds account for 52% of total governmental fund assets and 42% of total government fund balance.

The focus of Chelan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. While restricted and committed fund balances are set aside for specific purposes, the total of all the fund balance categories the County reports may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,592,589, an increase of \$790,384 in comparison with the prior year. An overall tightening of budgets in the General and County Roads funds was the driving factor in the overall increase. The majority of the fund balances are restricted to specific purposes by state law or contracts, which allows the funds to be available for spending within the designated funds. The general fund balance is unassigned and can be used for any County purposes established by statute.

The General fund is the chief operating fund of Chelan County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,231,455. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.5% of total general fund expenditures.

The fund balance of Chelan County's General fund increased by \$1,087,153 during the current fiscal year. Between 2006 and 2009 the General fund lost almost \$2.5 million from its funds balance going from \$2.7 million down to \$230,000. This was due to the economic recession that slowed the building industry in the County. To remedy the downturn, significant budget reductions had to be made. Between 2009 and 2010, General fund expenditures were reduced by almost \$3 million, a 10% expenditure reduction. These budget reductions allowed the General fund to start successfully rebuilding its fund balance in 2010 and continue that into 2011.

The fund balance of the County Roads special revenue fund increased by \$296,578 during the current fiscal year. In the past few years, several major projects have been completed that used up much of the fund balance. From 2009 through 2011, the major projects utilized more outside funds and less property tax revenues. This allowed the fund balance to grow.

Proprietary funds. Chelan County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of the Solid Waste fund at the end of the year amounted to \$1,350,477. The total decrease in net assets for this fund was \$208,373. This decrease in fund balance reflects a decrease in customers using the Solid Waste services and an increase in hauling costs.

Total net assets of the Regional Justice Center fund at the end of the year amounted to \$1,299,552. The total decrease in net assets for this fund was \$15,465. Despite a slow-down in customer revenues, expenditures were held match the decrease in revenues, allowing for the net assets to remain level.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual expenditures are generally less than final budgeted expenditures because the county typically budgets conservatively. One main reason for this is the effect of employee turnover on salaries and benefits. The budget is based on current employees filling a position. However, when turnover of a position, the new employee is typically paid at a lower step than the previous employee. In additions, since elected officials are legally required to operate within their given budget, they typically try to spend a couple percent less than budget in case something unexpected comes up. The actual revenues were less than budgeted revenues due to the stagnant economy. Almost every revenue category was affected by the recession.

Differences between the original budget and the final amended budget amounted to \$393,747 of increases in appropriations. Of this budget increase, \$47,857 was to be funded out of an unexpected grant and increases in various revenues. The remaining \$345,890 was to be budgeted from available fund balance.

Department	Amount	Explanation
Sheriff	187,000	To account for unanticipated medical, overtime, and vehicle costs. From available fund balance.
Extension	10,754	To increase wages and benefits. From additional intergovernmental reimbursement.
Commissioners	36,520	For historical preservation projects. From available fund balance.
Coroner	18,800	For contractual indigent services and autopsies. From available fund balance.
District Court	5,571	For increased salaries. From available fund balance.
Non-departmental	60,000	For salary severance and leave payouts. From available fund balance.
Prosecuting Attorney	44,102	For increased salaries. From additional revenue and available fund balance.
Superior Court Judges	31,000	For increased salaries, investigations, and juror fees. From additional revenue and fund balance.
Total	393,747	

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Chelan County's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$78,168,729 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways, and bridges. The total increase in the County's investment in capital assets for the current fiscal year was 3% (a 4% increase for governmental activities and a 9% decrease for business-type activities). In business-type activities, the decrease was due to the annual depreciation of the assets. In governmental activities, the increase was driven by major construction of new infrastructure, upgrades to the law and justice building, and the purchase of heavy machinery and law enforcement vehicles.

Major capital asset events during the current fiscal year included the following:

- \$1,195,500 for the bonded L&J building mechanical improvement.
- \$3,742,449 for the Eagle Creek Road infrastructure improvement.
- \$785,243 for the West Monitor Bridge infrastructure rehabilitation.

Chelan County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	3,351,064	3,240,629	209,348	209,348	3,560,412	3,449,977
Other improvements	1,115,349	1,287,749	157,378	157,378	1,272,727	1,445,127
Construction in progress	5,655,330	4,350,224	-	-	5,655,330	4,350,224
Buildings & structures	28,208,671	28,008,691	1,188,585	1,240,576	29,397,256	29,249,266
Machinery & equipment	5,650,857	6,225,290	848,233	1,027,035	6,499,090	7,252,326
Infrastructure	31,783,914	29,923,408	-	-	31,783,914	29,923,408
Total	75,765,185	73,035,991	2,403,544	2,634,337	78,168,729	75,670,328

Additional information on the County's capital assets can be found in note 5 on page 36.

Long-term Debt. At the end of the current fiscal year, Chelan County had total bonded debt outstanding of \$16,205,000. The total amount of this debt is backed by the full faith and credit of the government.

Chelan County's total bonded debt decreased by \$998,328 (6%) during the current fiscal year. This was due solely to the regularly scheduled bond payments. See note 8 on page 46 for further information about long term debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Chelan 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 Chelan County Auditor's Office, PO Box 400, Wenatchee, WA 98807. Financial information requests can also be emailed to accounting@co.chelan.wa.us

CHELAN COUNTY, WASHINGTON

Description of Basic Financial Statements

BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosure comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). The basic financial statements are designed to be "liftable" from the Financial Section of the Annual Financial Report for widespread distribution to users requiring less detailed information than is contained in the full Annual Financial Report. The basic financial statements include:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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.

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

Balance Sheet – Governmental Funds – presents the balance sheets for major funds and aggregated amounts for all other governmental funds.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – presents information for each major fund and aggregated information for all other governmental funds.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – presents budget information, along with actual results, on separate statements for the general fund and each major special revenue fund. Departmental information is included for the general fund, in accordance with the County's legally adopted budget.

Statement of Net Assets – Proprietary Funds – presents information on all proprietary fund assets and liabilities, with the difference reported as change in net assets for the major enterprise funds and aggregated amounts for all other enterprise funds, as well as a separate column of information for internal service funds.

Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds – presents information for each major proprietary fund and aggregated information for all other proprietary funds.

Statement of Cash Flows – Proprietary Funds – presents information on the sources and uses of cash for the major enterprise funds, aggregated information for all other enterprise funds, and for internal service funds.

Statement of Fiduciary Net Assets – presents information on private-purpose trust fund and agency fund assets and liabilities, with the difference reported as change in net assets.

Notes to Financial Statements – presents disclosure and further detailed information to assist the reader in a better understanding of the financial statements and the data presented within them.

CHELAN COUNTY, WASHINGTON

Statement of Net Assets December 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	12,152,330	2,634,738	14,787,068
Deposits with fiscal agents	54,557	16,122	70,679
Investments	6,652,081	558,661	7,210,742
Accounts receivable	270,672	27,673	298,345
Taxes receivable	1,038,883	-	1,038,883
Court judgements receivable	426,997	-	426,997
Interest receivable	43,098	-	43,098
Due from other governments	2,618,397	352,055	2,970,452
Internal balances	6,125	(6,125)	-
Inventory	720,369	-	720,369
Capital assets not being depreciated:			
Land	3,351,064	209,348	3,560,412
Other improvements	-	157,378	157,378
Construction in progress	5,655,330	-	5,655,330
Capital assets net of accumulated depreciation:			
Other improvements	1,115,349	-	1,115,349
Buildings	28,208,671	1,188,585	29,397,256
Equipment	5,650,857	848,233	6,499,090
Infrastructure	31,783,914	-	31,783,914
Total capital assets	75,765,185	2,403,544	78,168,729
Total assets:	99,748,694	5,986,667	105,735,361
Liabilities			
Accounts payable	1,706,208	95,878	1,802,086
Due to other governments	257,428	25,015	282,443
Retainage payable	276,932	-	276,932
Accrued payroll liabilities	2,090,810	599,166	2,689,977
Deposits payable	15,757	16,122	31,879
Noncurrent liabilities:			
Due within one year	1,202,064	207,473	1,409,537
Due in more than one year	17,869,700	329,097	18,198,797
Total liabilities	23,418,899	1,272,751	24,691,650
Net Assets			
Invested in capital assets, net of related debt	60,286,575	2,403,453	62,690,027
Restricted for:			
Capital projects	3,214,867	-	3,214,867
Security of persons and property	1,668,304	-	1,668,304
Transportation	3,606,530	-	3,606,530
Other purposes	2,477,124	-	2,477,124
Unrestricted	5,076,395	2,310,463	7,386,858
Total net assets	76,329,795	4,713,916	81,043,711

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

CHELAN COUNTY, WASHINGTON

Statement of Activities

For the Year Ended December 31, 2011

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets - Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	8,419,537	2,613,536	187,137	-	(5,618,863)	-	(5,618,863)
Judicial	4,655,371	3,009,945	1,099,558	-	(545,868)	-	(545,868)
Public safety	18,938,202	2,279,255	2,212,560	-	(14,446,387)	-	(14,446,387)
Physical environment	2,536,994	342,901	2,987,227	-	793,135	-	793,135
Transportation	11,651,801	333,048	31,673	4,297,107	(6,989,973)	-	(6,989,973)
Health and human services	1,551,060	198	977,172	-	(573,691)	-	(573,691)
Economic environment	3,023,289	1,256,726	157,445	-	(1,609,117)	-	(1,609,117)
Culture and recreation	760,314	264,364	44,866	-	(451,084)	-	(451,084)
Interest on long-term debt	672,520	-	-	-	(672,520)	-	(672,520)
Total governmental activities	52,209,087	10,099,974	7,697,637	4,297,107	(30,114,369)	-	(30,114,369)
Business-type activities:							
Utilities	1,414,523	1,239,716	258,876	-	-	84,070	84,070
Public safety	8,951,729	8,832,550	103,714	-	-	(15,465)	(15,465)
Recreation	700,388	510,156	125,040	-	-	(65,192)	(65,192)
Total business-type activities	11,066,640	10,582,422	487,631	-	-	3,413	3,413
Total primary government	63,275,727	20,682,396	8,185,268	4,297,107	(30,114,369)	3,413	(30,110,955)
General revenues							
Taxes:							
Property					18,364,467	-	18,364,467
Sales and use					6,783,250	-	6,783,250
Motor vehicle fuel tax					2,169,193	-	2,169,193
Other taxes					6,918,320	9,420	6,927,740
Interest and investment earnings					158,001	969	158,970
Sale of asset					270,320	-	270,320
Transfers					(20,000)	20,000	-
Total general revenues and transfers					34,643,550	30,389	34,673,939
Change in net assets					4,529,181	33,802	4,562,983
Net assets - beginning					71,800,613	4,680,114	76,480,727
Net assets - ending					76,329,795	4,713,916	81,043,711

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

CHELAN COUNTY, WASHINGTON

Balance Sheet
 Governmental Funds
 December 31, 2011

	General Fund	County Roads	Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents	2,999,210	2,890,467	3,289,319	9,178,996
Deposits with fiscal agents	-	15,757	-	15,757
Investments	300,506	253,132	5,844,491	6,398,128
Accounts receivable	101,365	-	107,520	208,886
Taxes receivable	607,781	411,279	19,823	1,038,883
Court judgements receivable	426,997	-	-	426,997
Interest receivable	43,098	-	-	43,098
Due from other funds	254,281	400,337	2,983	657,601
Due from other governments	390,319	1,496,316	731,762	2,618,397
Total assets	<u>5,123,557</u>	<u>5,467,287</u>	<u>9,995,898</u>	<u>20,586,743</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	239,311	384,423	565,755	1,189,489
Due to other funds	8,049	204,379	549,984	762,412
Due to other governments	29,569	41,884	185,484	256,937
Retainage payable	-	268,069	8,863	276,932
Accrued payroll liability	1,580,396	357,919	88,431	2,026,747
Deposits payable	-	15,757	-	15,757
Deferred revenue	1,034,778	411,279	19,823	1,465,880
Total Liabilities	<u>2,892,103</u>	<u>1,683,710</u>	<u>1,418,340</u>	<u>5,994,153</u>
Fund balances:				
Restricted	-	3,783,577	8,316,212	12,099,789
Committed	-	-	261,346	261,346
Unassigned	2,231,455	-	-	2,231,455
Total fund balances	<u>2,231,455</u>	<u>3,783,577</u>	<u>8,577,558</u>	<u>14,592,589</u>
Total liabilities and fund balances	<u>5,123,557</u>	<u>5,467,287</u>	<u>9,995,898</u>	<u>20,586,743</u>

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

CHELAN COUNTY, WASHINGTON

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets December 31, 2011

Fund balances of governmental funds:		14,592,589
Amounts reported for the governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	127,164,011	
Depreciation	<u>(56,376,983)</u>	
Capital assets net of depreciation		70,787,028
Liabilities for earned but deferred revenues are removed from governmental activities.		
Property tax	1,038,883	
Court judgements	<u>426,997</u>	
Liabilities for earned revenues		1,465,880
Long-term debt and compensated absences that have not been included in the governmental fund activity		
Bonds payable	(16,205,000)	
Compensated absences	(1,626,976)	
OPEB benefit for LEOFF	(1,085,598)	
Working capital loan for Substance Abuse	<u>(110,394)</u>	
Long-term debt		(19,027,968)
Internal service funds are used by management to charge the cost of certain activities, such as equipment management and insurance to individual funds. These assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		
Assets	9,204,743	
Liabilities	<u>(692,478)</u>	
Internal service net assets		8,512,265
Net assets of governmental activities		<u><u>76,329,795</u></u>

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

CHELAN COUNTY, WASHINGTON

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2011

	General Fund	County Roads	Nonmajor Governmental Funds	Total
Revenues				
Taxes	16,450,624	6,619,615	5,860,964	28,931,203
Licenses and permits	632,712	-	-	632,712
Intergovernmental revenues	8,116,336	7,361,280	4,230,061	19,707,676
Charges for services	3,759,789	18,726	1,129,648	4,908,162
Fees and fines	1,083,274	-	38,993	1,122,267
Miscellaneous	415,256	10,420	515,485	941,162
Total revenues	<u>30,457,992</u>	<u>14,010,041</u>	<u>11,775,151</u>	<u>56,243,183</u>
Expenditures				
Current:				
General government	12,518,221	15,520	195,421	12,729,161
Security of persons and property	14,876,847	-	3,198,633	18,075,481
Utilities and environment	110,000	-	2,488,373	2,598,373
Transportation	-	8,515,445	36,784	8,552,229
Economic environment	1,376,005	-	1,686,292	3,062,297
Mental and physical health	482,263	-	1,189,292	1,671,555
Culture and recreation	279,923	-	232,240	512,163
Debt Service:				
Principal	-	-	878,375	878,375
Interest and other charges	527	-	671,907	672,434
Capital outlay	-	5,607,032	1,371,022	6,978,055
Total expenditures	<u>29,643,786</u>	<u>14,137,997</u>	<u>11,948,340</u>	<u>55,730,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>814,205</u>	<u>(127,956)</u>	<u>(173,189)</u>	<u>513,060</u>
Other Financing Sources (Uses)				
Sale of capital assets	272,790	24,534	-	297,324
Transfers in	30,158	400,000	37,000	467,158
Transfers out	(30,000)	-	(457,158)	(487,158)
Total other financing sources and uses	<u>272,948</u>	<u>424,534</u>	<u>(420,158)</u>	<u>277,324</u>
Net change in fund balances	<u>1,087,153</u>	<u>296,578</u>	<u>(593,347)</u>	<u>790,384</u>
Fund balances - beginning	<u>1,144,302</u>	<u>3,486,998</u>	<u>9,170,905</u>	<u>13,802,205</u>
Fund balances - ending	<u>2,231,455</u>	<u>3,783,577</u>	<u>8,577,558</u>	<u>14,592,589</u>

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

CHELAN COUNTY, WASHINGTON

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2011

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net change in fund balances - total governmental funds (page 20)		790,384
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. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	6,978,738	
Disposition of capital assets	(225,889)	
Depreciation expense	<u>(3,590,242)</u>	
		3,162,607
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Decreases in governmental fund court judgements receivable	(26,124)	
Decreases in governmental fund taxes receivable	<u>(47,037)</u>	
		(73,161)
The issuance of long-term debt (e.g. bonds, leases) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Decreases in governmental fund bonds payable	998,328	
Increase in liability for OPEB benefit for LEOFF	(557,814)	
Contributions toward OPEB benefit for LEOFF	320,402	
Increases in governmental fund compensated absences payable	(13,877)	
Decreases in governmental fund compensated absences payable	<u>51,914</u>	
		798,952
The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>(149,601)</u>
Change in net assets of governmental activities (page 17)		<u><u>4,529,181</u></u>

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

CHELAN COUNTY, WASHINGTON

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual

For the Year Ended December 31, 2011

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Reserve	2,000	2,000	270,470	268,470
Assessor	1,040	1,040	40	(1,000)
Auditor	951,570	951,570	976,403	24,833
Community Development	1,087,030	1,087,030	1,089,465	2,435
Civil Service Commission	500	500	-	(500)
Clerk	815,324	815,324	799,672	(15,652)
Commissioners	9,094,004	9,094,004	9,031,559	(62,445)
Coroner	15,000	15,000	23,219	8,219
Information Technology	112,300	112,300	108,700	(3,600)
Facilities Maintenance	707,156	707,156	706,879	(277)
District Court	1,412,353	1,412,353	1,334,357	(77,996)
District Court Probation	327,277	327,277	304,202	(23,075)
Extension	45,631	56,385	54,471	(1,914)
Juvenile	644,132	644,132	626,471	(17,661)
Non-Departmental	198,557	198,557	163,900	(34,657)
Child Support Enforcement	445,000	445,000	382,623	(62,377)
Prosecuting Attorney	528,651	556,091	546,110	(9,981)
Sheriff	2,674,585	2,674,585	2,530,641	(143,944)
Superior Court	89,081	98,744	84,019	(14,725)
Treasurer	987,605	987,605	1,338,239	350,634
Taxes	10,684,517	10,684,517	10,389,500	(295,017)
Total revenues	<u>30,823,313</u>	<u>30,871,170</u>	<u>30,760,939</u>	<u>(110,231)</u>
Expenditures				
Assessor	1,096,741	1,097,841	1,026,908	70,933
Auditor	1,051,552	1,052,352	963,006	89,346
Board of Equalization	6,964	6,964	4,720	2,244
Community Development	1,450,201	1,454,601	1,369,830	84,771
Civil Service Commission	11,097	11,097	6,459	4,638
Clerk	1,026,071	1,027,271	977,840	49,431
Commissioners	631,105	646,625	632,682	13,943
Coroner	156,703	175,503	176,854	(1,351)
Information Technology	591,242	591,642	556,249	35,393
Facilities Maintenance	1,448,234	1,449,234	1,376,127	73,107
District Court	1,109,885	1,134,456	1,107,217	27,239
District Court Probation	397,650	398,050	394,407	3,643
Extension	261,572	272,426	270,022	2,404
Juvenile	2,564,998	2,567,398	2,436,712	130,686
Non-Departmental	7,070,071	7,118,871	7,049,300	69,571
Child Support Enforcement	394,495	394,695	341,181	53,514
Prosecuting Attorney	1,667,472	1,712,374	1,674,836	37,538
Sheriff	7,618,397	7,805,397	7,839,621	(34,224)
Superior Court	951,422	982,422	927,997	54,425
Treasurer	568,563	568,963	541,818	27,145
Taxes	336,630	336,630	-	336,630
Total expenditures	<u>30,411,065</u>	<u>30,804,812</u>	<u>29,673,786</u>	<u>1,131,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>412,248</u>	<u>66,358</u>	<u>1,087,153</u>	<u>1,020,795</u>
Fund balances - beginning	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,144,302</u>	<u>144,302</u>
Fund balances - ending	<u>1,412,248</u>	<u>1,066,358</u>	<u>2,231,455</u>	<u>1,165,097</u>

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

CHELAN COUNTY, WASHINGTON

County Roads Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	6,820,802	6,820,802	6,619,615	(201,187)
Intergovernmental revenues	7,084,427	7,084,427	7,361,280	276,853
Charges for services	22,000	22,000	18,726	(3,274)
Miscellaneous	500	500	10,420	9,920
Total revenues	<u>13,927,729</u>	<u>13,927,729</u>	<u>14,010,041</u>	<u>82,312</u>
Expenditures				
Current:				
General government	-	-	15,520	(15,520)
Transportation	8,924,391	8,924,391	8,515,445	408,946
Capital outlay	<u>7,101,000</u>	<u>7,101,000</u>	<u>5,607,032</u>	<u>1,493,968</u>
Total expenditures	<u>16,025,391</u>	<u>16,025,391</u>	<u>14,137,997</u>	<u>1,887,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,097,662)</u>	<u>(2,097,662)</u>	<u>(127,956)</u>	<u>1,969,706</u>
Other Financing Sources (Uses)				
Sale of capital assets	4,800	4,800	24,534	19,734
Transfers in	400,000	400,000	400,000	-
Total other financing sources and uses	<u>404,800</u>	<u>404,800</u>	<u>424,534</u>	<u>19,734</u>
Net change in fund balances	(1,692,862)	(1,692,862)	296,578	1,989,440
Fund balances - beginning	<u>4,164,620</u>	<u>4,164,620</u>	<u>3,486,998</u>	<u>(677,622)</u>
Fund balances - ending	<u><u>2,471,758</u></u>	<u><u>2,471,758</u></u>	<u><u>3,783,577</u></u>	<u><u>1,311,819</u></u>

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

CHELAN COUNTY, WASHINGTON

Statement of Net Assets
 Proprietary Funds
 December 31, 2011

	Business-Type Activities Enterprise Funds			Totals	Governmental Activities
	Solid Waste	Regional	Nonmajor		Internal Service Funds
		Justice Center	Enterprise Funds		
Assets					
Current assets:					
Cash and cash equivalents	45,150	1,195,205	1,394,383	2,634,738	2,973,334
Deposits with fiscal agents	16,122	-	-	16,122	38,800
Investments	378,097	-	180,563	558,661	253,953
Accounts receivable	22,541	5,102	30	27,673	61,786
Due from other funds	2,385	1,468	-	3,853	178,344
Due from other governments	17,742	289,644	44,669	352,055	-
Inventory	-	-	-	-	720,369
Total current assets	<u>482,038</u>	<u>1,491,418</u>	<u>1,619,645</u>	<u>3,593,101</u>	<u>4,226,586</u>
Noncurrent assets:					
Capital assets: net of accumulated depreciation)					
Land	8,096	-	201,252	209,348	-
Buildings	422,623	711,357	54,605	1,188,585	32,984
Other improvements	157,378	-	-	157,378	-
Equipment	354,340	231,314	262,579	848,233	4,945,172
Total noncurrent assets	<u>942,437</u>	<u>942,671</u>	<u>518,436</u>	<u>2,403,544</u>	<u>4,978,157</u>
Total assets	<u>1,424,475</u>	<u>2,434,089</u>	<u>2,138,081</u>	<u>5,996,645</u>	<u>9,204,743</u>
Liabilities					
Current liabilities:					
Accounts payable	37,281	47,668	10,929	95,878	516,719
Due to other funds	1,329	7,527	1,122	9,978	67,408
Due to other governments	391	1,379	23,244	25,015	492
Accrued payroll liability	14,211	553,082	31,874	599,166	64,063
Deposits payable	16,122	-	-	16,122	-
Compensated absences	1,803	202,953	2,716	207,473	5,690
Total current liabilities	<u>71,137</u>	<u>812,609</u>	<u>69,885</u>	<u>953,631</u>	<u>654,372</u>
Noncurrent liabilities:					
Compensated absences	2,861	321,929	4,308	329,097	38,106
Total noncurrent liabilities	<u>2,861</u>	<u>321,929</u>	<u>4,308</u>	<u>329,097</u>	<u>38,106</u>
Total liabilities	<u>73,997</u>	<u>1,134,538</u>	<u>74,194</u>	<u>1,282,729</u>	<u>692,478</u>
Net Assets					
Invested in capital assets	942,346	942,671	518,436	2,403,453	4,978,157
Unrestricted	408,131	356,881	1,545,451	2,310,463	3,534,108
Total net assets	<u>1,350,477</u>	<u>1,299,552</u>	<u>2,063,887</u>	<u>4,713,916</u>	<u>8,512,265</u>

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

CHELAN COUNTY, WASHINGTON

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For the Year Ending December 31, 2011

	Business-Type Activities Enterprise Funds			Totals	Governmental Activities
	Solid Waste	Regional Justice Center	Nonmajor Enterprise Funds		Internal Service Fund
Operating Revenues					
Intergovernmental revenues	-	3,696,862	-	3,696,862	-
Charges for services	790,140	3,948,776	568,697	5,307,613	637,887
Fines & forfeits	-	14,927	-	14,927	-
Miscellaneous	5,512	1,168,091	361,706	1,535,309	9,794,005
Total operating revenues	<u>795,651</u>	<u>8,828,656</u>	<u>930,403</u>	<u>10,554,711</u>	<u>10,431,892</u>
Operating Expenses					
Salaries	131,008	5,042,819	300,199	5,474,026	531,679
Personnel benefits	39,260	2,096,824	93,395	2,229,480	177,885
Supplies	11,093	542,912	78,541	632,546	1,307,862
Other services & charges	642,026	308,603	532,228	1,482,857	7,019,063
Intergovernmental/interfund services and taxes	24,681	-	4,531	29,212	-
Interfund payments for services	98,358	836,855	53,334	988,547	407,852
Depreciation	64,892	123,716	41,365	229,972	1,176,895
Total operating expenses	<u>1,011,318</u>	<u>8,951,729</u>	<u>1,103,593</u>	<u>11,066,640</u>	<u>10,621,236</u>
Operating income (loss)	<u>(215,666)</u>	<u>(123,073)</u>	<u>(173,190)</u>	<u>(511,929)</u>	<u>(189,344)</u>
Nonoperating Revenues (Expenses)					
Grants and assistance	7,293	103,714	410,830	521,837	-
Gain on sale of capital assets	-	3,894	-	3,894	39,743
Total nonoperating revenues (expenses)	<u>7,293</u>	<u>107,608</u>	<u>410,830</u>	<u>525,731</u>	<u>39,743</u>
Income (loss) before transfers	<u>(208,373)</u>	<u>(15,465)</u>	<u>237,640</u>	<u>13,802</u>	<u>(149,601)</u>
Transfers in	-	-	20,000	20,000	-
Change in net assets	<u>(208,373)</u>	<u>(15,465)</u>	<u>257,640</u>	<u>33,802</u>	<u>(149,601)</u>
Total net assets - beginning	<u>1,558,851</u>	<u>1,315,016</u>	<u>1,806,247</u>	<u>4,680,114</u>	<u>8,661,866</u>
Total net assets - ending	<u>1,350,477</u>	<u>1,299,552</u>	<u>2,063,887</u>	<u>4,713,916</u>	<u>8,512,265</u>

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

CHELAN COUNTY, WASHINGTON

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds			Totals	Governmental
	Solid Waste	Regional	Nonmajor		Internal
		Justice Center	Enterprise Funds		Service Funds
Cash Flows From Operating Activities:					
Cash received from customers and users	862,580	8,848,810	921,610	10,632,999	10,719,220
Cash payments to suppliers	(791,260)	(1,674,295)	(651,551)	(3,117,106)	(8,537,369)
Cash payments to employees and retirees	(165,070)	(7,074,486)	(383,553)	(7,623,109)	(706,831)
Net cash provided (used) by operating activities	<u>(93,751)</u>	<u>100,028</u>	<u>(113,494)</u>	<u>(107,217)</u>	<u>1,475,020</u>
Cash Flows From Noncapital Financing Activities					
Grants and assistance	7,293	103,714	410,830	521,837	-
Transfers in	-	-	20,000	20,000	-
Net cash provided (used) by noncapital financing activities	<u>7,293</u>	<u>103,714</u>	<u>430,830</u>	<u>541,837</u>	<u>-</u>
Cash Flows From Capital Financing Activities					
Proceeds from sale of equipment	-	4,715	-	4,715	39,743
Acquisition and construction of capital assets	-	-	-	-	(743,482)
Net cash provided (used) by capital financing activities	<u>-</u>	<u>4,715</u>	<u>-</u>	<u>4,715</u>	<u>(703,739)</u>
Cash Flows From Investing Activities					
Proceeds from sales and maturities of investments	1,301	-	21	1,322	114,567
Purchase of investments	(780)	-	(372)	(1,152)	(627)
Interest on investments	81	-	38	119	78
Net cash provided (used) by investing activities	<u>602</u>	<u>-</u>	<u>(313)</u>	<u>289</u>	<u>114,018</u>
Net increase (decrease) in cash and cash equivalents	<u>(85,856)</u>	<u>208,457</u>	<u>317,023</u>	<u>439,624</u>	<u>885,299</u>
Cash and cash equivalents, January 1	<u>131,007</u>	<u>986,748</u>	<u>1,077,360</u>	<u>2,195,115</u>	<u>2,088,035</u>
Cash and cash equivalents, December 31	<u>45,150</u>	<u>1,195,205</u>	<u>1,394,383</u>	<u>2,634,738</u>	<u>2,973,334</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(215,666)	(123,073)	(173,190)	(511,929)	(189,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:					
Depreciation and amortization of deferred charge	64,892	123,716	41,365	229,972	1,176,895
(Increase) decrease in accounts receivable	14,939	(4,334)	(30)	10,575	(19,016)
(Increase) decrease in due from other funds/gov	51,989	24,487	(8,763)	67,713	306,344
(Increase) decrease in inventory/prepaid expenses	-	-	-	-	(111,183)
Increase (decrease) in vouchers/contracts payable	(16,240)	32,662	(5,434)	10,988	311,709
Increase (decrease) in due to other funds/gov	1,138	(18,587)	22,516	5,067	(3,117)
Increase (decrease) in accrued payroll liabilities	3,593	38,812	10,092	52,498	2,956
Increase (decrease) in accrued employee leave benefits	1,604	26,344	(50)	27,899	(222)
Total adjustments	<u>121,915</u>	<u>223,101</u>	<u>59,696</u>	<u>404,712</u>	<u>1,664,364</u>
Net cash provided (used) by operating activities	<u>(93,751)</u>	<u>100,028</u>	<u>(113,494)</u>	<u>(107,217)</u>	<u>1,475,020</u>

The County is not aware of any material noncash transactions.

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

CHELAN COUNTY, WASHINGTON

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2011

	<u>Agency Funds</u>
Assets	
Cash	14,584,537
Investments	75,880,889
Deposits with fiscal agents	1,386,860
Taxes receivable	3,997,467
Total assets	<u>95,849,754</u>
Liabilities	
Accounts payable	443,385
Other accrued liabilities	511,766
Custodial accounts	94,894,603
Total liabilities	<u>95,849,754</u>

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

CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2011

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CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Chelan County, Washington, was incorporated in 1899 and operates under the laws of the State of Washington applicable to third-class counties with commissioner form of government. As required by the generally accepted accounting principles the financial statements present Chelan County, the primary government.

Chelan County is a general purpose government and provides the following services: law enforcement and public safety; juvenile, superior and district court systems; legal prosecution and indigent defense; jails and corrections; construction and maintenance of county roads, bridges, and drainage systems; community planning, development, and code compliance; and parks and recreation activities management. In addition, the County provides general government services such as property assessment, tax services, issuance of permits and licenses, and elections.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. Our policy is to allocate indirect costs to 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 or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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 imposed by the 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, Chelan County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County

considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a 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.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by Chelan County.

Chelan County reports the following major governmental funds:

- The General fund (Current Expense) is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Roads special revenue fund accounts for the finance, design, construction, and maintenance of Chelan County roads. The majority of its funding comes from property taxes, motor vehicle fuel taxes, and state and federal grants.

Chelan County reports the following major proprietary funds:

- The Solid Waste fund accounts for the operations of solid waste disposal and management.
- The Regional Justice Center fund accounts for the operation of the Chelan County regional correction facility.

Additionally, Chelan County reports the following fund types:

- Internal service funds account for equipment and fleet management as well as insurance management services to other departments or funds of the County or to other governmental units on a cost-reimbursement basis.
- Agency funds account for the cash balances maintained by the local taxing districts. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. An exception to this rule is that interfund charges for services are not excluded when elimination would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Solid Waste are from charges for services and state grants, the principal operating revenues of the Expo Center and Fair are from event admission fees and off-season rentals, the principal operating revenues of the Surface and Storm Water Utility are from user fees, and the principal operating revenues from the Regional Justice Center are from Chelan County, other governments, and charges for detention services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Equities

1. Deposits and Investments

It is the County's policy to invest all temporary cash surpluses. At December 31, 2011, the Treasurer was holding \$20,352,189 in residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is credited to the general fund.

For purposes of the statement of cash flows, the county considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, and certain other government agency obligations. Investments are reported at fair value.

2. Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 4). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Court judgments receivable consist of fines and penalties assessed by the Superior Court Judges.

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

3. Amounts Due To and From Other Funds and Governmental Units, Interfund Loans and Advances Receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." A separate schedule of interfund loans receivable and payable is furnished in Note 12.

4. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary. Inventories in proprietary funds are valued by the FIFO method (which approximates the market value).

5. Capital Assets – See Note 5

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000, or in the case of infrastructure assets with an initial cost of more than \$100,000, and for all categories of assets, an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The cost for normal maintenance and repairs are not capitalized.

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

Assets	Years
Buildings and structures	31.5
Land improvements	10
Machinery and equipment	3 - 10
Infrastructure	20-45

6. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave, sick leave, and compensation time. All vacation pay is accrued when earned in the government-wide, proprietary, and fiduciary fund financial statements. Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement or death.

Chelan County allows employees to accumulate up to 960 hours of sick leave after which time it lapses or is paid out at year-end (depending on union affiliation). Upon setting an official date of retirement, an employee is paid out all accumulated sick leave hours in excess of 720 hours to a maximum of 240 hours.

The County also allows 80 or 120 hours (depending on union affiliation) of compensatory leave after which time it is paid out month by month. In addition, any compensatory leave accumulated in excess of 40 or 80 hours (depending on union affiliation) is paid out at year-end.

7. Other Accrued Liabilities

These accounts consist of accrued wages, accrued employee benefits, and accrued use tax.

8. Long-term Debt – See Note 8

9. Deferred Revenues

Deferred revenues in the fund financial statements include amounts collected before revenue recognition criteria are met and receivables for delinquent taxes that are not yet available under the modified accrual basis of accounting. Unearned revenues in the government-wide financial statements are resources received but are not yet earned.

10. Fund Balance Classification

During 2011 Chelan County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This has changed how the governmental fund balances are displayed on the financial statements.

Chelan County fund balances are classified into five categories in accordance with Statement 54 from the Governmental Accounting Standards Board: nonspendable, restricted, committed, assigned, and unassigned. Committed, assigned, and unassigned categories are considered to be “unrestricted.”

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

The fund balance is committed when the Board of County Commissioners commits a revenue source to a specific purpose by formal resolution. The fund balance is assigned when the Board of County Commissioners approve in writing, other than formal resolution, an intended use for a revenue source. The approved budget does not create committed or assigned amounts.

11. Minimum Fund Balance Policy

Maintenance of an adequate fund balance for each fund to ensure sufficient resources for cash flow and to mitigate revenue shortages or emergencies shall be a priority.

The General fund (010), County Roads (110), Farm Worker Housing (124), and all enterprise funds (400 series funds) shall maintain a minimum year-end unrestricted fund balance of 8% of its estimated annual expenditures. In the event the fund balance is not at that level, the county shall create a plan to restore the fund balance 8% within two years.

The county’s long-term fund balance target is a 15% year-end unrestricted fund balance.

12. Detailed Fund Balance Constraints

Fund Balances:	<u>Special Revenue Funds</u>				Total
	General Fund	County Roads	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	
Restricted for:					
Transportation	-	3,783,577	67,869	-	3,851,445
Public safety	-	-	1,668,304	-	1,668,304
Archiving	-	-	238,306	-	238,306
Housing	-	-	282,342	-	282,342
Pest control	-	-	35,859	-	35,859
Technology	-	-	242,898	-	242,898
Weed control	-	-	11,449	-	11,449
Judicial	-	-	259,216	-	259,216
Veterans	-	-	343,824	-	343,824
Foreclosure costs	-	-	131,642	-	131,642
Tourism	-	-	555,875	-	555,875
Natural resources	-	-	418,768	-	418,768
Substance abuse	-	-	118,602	-	118,602
L&J renovation	-	-	-	726,390	726,390
Other capital projects	-	-	1,897,483	1,317,384	3,214,867
Committed to:					
Public safety	-	-	33,952	-	33,952
Parks	-	-	89,797	-	89,797
Parent education	-	-	27,158	-	27,158
Transportation	-	-	14,539	-	14,539
Elections	-	-	95,900	-	95,900
Unassigned	2,231,455	-	-	-	2,231,455
	<u>2,231,455</u>	<u>3,783,577</u>	<u>6,533,784</u>	<u>2,043,774</u>	<u>14,592,589</u>

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for general, special revenue, debt service, capital project, and proprietary funds on the modified accrual basis of accounting. These budgets are adopted at the fund and department levels. Appropriations for all budgeted funds lapse at year-end. Major capital projects are also included in the County's capital financing plan, which carries forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

2. Procedures for Adopting the Original Budget

The County's budget procedures are mandated by RCW 36.40. The steps in the budget process are as follows:

By the first Tuesday in September, the County Auditor submits 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 balanced with each department. The County Commission conducts public hearings on the proposed budget between November and December. The Board makes its adjustments to the proposed budget and adopts by resolution a final balanced budget no later than December 31st.

3. Amending the Budget

Any revisions that alter the total expenditures of the County, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the County Commission. Transfers of appropriations were not material in relation to original appropriations.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

4. Excess of Expenditures Over Appropriations

The following excess of expenditures over appropriations were not anticipated in the original 2011 budget and the expenditures occurred late in 2011 after any supplemental budget appropriations could be legally made.

In the General fund, the Coroner department expenditures exceeded appropriations by \$1,351. The excess expenditures were covered with the General fund balance.

In the General fund, the Sheriff department expenditures exceeded appropriations by \$34,224. The excess expenditures were covered with the General fund balance.

The 911 Communications fund expenditures exceeded appropriations by \$727,415. The excess expenditures were covered with revenue that was passed on to the regional 911 center.

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits

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

B. Investments

As of December 31, 2011 the County had the following investments:

Investments	Weighted average maturity of Chelan County's own investments	Fair value of Chelan County's own investments	Fair value of investments held by Chelan County as an agent for other local governments	Total
State investment pool	less than 90 days	6,948,747	73,809,871	80,758,618
U.S. Government Securities	N/A	-	600,000	600,000
Certificate of deposit	N/A	-	1,733,013	1,733,013
Total		6,948,747	76,142,884	83,091,631

Surplus cash pooled and invested, listed as cash and cash equivalents in the financial statements		
See Note 1(D)		
State investment pool	less than 90 days	8,411,945
U.S. Government Securities	42 months	11,940,244
		20,352,189

State investment pool. The Local Government Investment Pool (LGIP) is an unrated 2a-7 like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Through its investment policy, the County manages its exposure to the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The policy also states that no single security will be purchased with a maturity date of more than five years from the date of purchase.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The state investment pool does not have a credit rating. Chelan County holds municipal bonds with Moody's ratings of A2 and A3. The County also holds federal securities all holding a Moody's rating of Aaa and S&P rating of AA+. Chelan County does not have a policy related to credit risk.

NOTE 4 - 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 installment payments is due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

In governmental funds, property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections expected to occur within 60 days. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

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

The County's regular levy for 2011 was \$1.118 per \$1,000 on an assessed valuation of \$9,264,829,844 for a total regular levy of \$10,360,700.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County's road levy for 2011 was \$1.241 per \$1,000 on an assessed valuation of \$5,309,111,847 for a total road levy of \$6,590,475.

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

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2011 was as follows:

Governmental Activities	Beginning Balance 01/01/2011	Increases	Decreases	Ending Balance 12/31/2011
Capital assets, not being depreciated:				
Land	3,240,629	110,435	-	3,351,064
Construction in progress	4,350,224	3,896,629	2,591,523	5,655,330
Total capital assets, not being depreciated	7,590,853	4,007,064	2,591,523	9,006,394
Capital assets, being depreciated:				
Other improvements	2,141,035	-	-	2,141,035
Buildings and structures	49,226,869	1,218,184	-	50,445,053
Machinery and equipment	20,328,640	872,723	879,069	20,322,295
Infrastructure	58,446,846	4,252,940	126,534	62,573,252
Total capital assets being depreciated	130,143,390	6,343,848	1,005,603	135,481,635
Less accumulated depreciation for:				
Other improvements	853,285	172,401	-	1,025,686
Buildings and structures	21,218,178	1,018,204	-	22,236,382
Machinery and equipment	14,103,350	1,370,034	801,946	14,671,438
Infrastructure	28,523,438	2,268,479	2,578	30,789,338
Total accumulated depreciation	64,698,251	4,829,118	804,524	68,722,845
Total capital assets, being depreciated, net	65,445,138	1,514,731	201,079	66,758,790
Governmental activities capital assets, net	73,035,991	5,521,795	2,792,601	75,765,185

Depreciation expense was charged to functions as follows:

General government	670,993
Judicial	8,782
Public safety	485,116
Physical environment	14,118
Transportation	3,367,651
Economic environment	30,136
Culture and recreation	252,322
Total depreciation - governmental activities	4,829,118

Business-Type Activities	Beginning Balance 01/01/2011	Increases	Decreases	Ending Balance 12/31/2011
Capital assets, not being depreciated:				
Land	209,348	-	-	209,348
Other improvements	157,378	-	-	157,378
Total capital assets, not being depreciated	366,726	-	-	366,726
Capital assets, being depreciated:				
Buildings and structures	2,461,993	-	-	2,461,993
Machinery and equipment	1,852,885	-	8,210	1,844,675
Total capital assets being depreciated	4,314,878	-	8,210	4,306,668
Less accumulated depreciation for:				
Buildings and structures	1,221,417	51,991	-	1,273,408
Machinery and equipment	825,850	177,981	7,389	996,442
Total accumulated depreciation	2,047,267	229,972	7,389	2,269,850
Total capital assets, being depreciated, net	2,267,611	(229,972)	821	2,036,818
Business-type activities capital assets, net	2,634,337	(229,972)	821	2,403,544
Depreciation expense was charged to functions as follows:				
Public safety		123,716		
Utilities		97,109		
Culture and recreation		9,147		
Total depreciation - business-type activities		229,972		

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 from the 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 System (PERS) Plans 1, 2 and 3

1. Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement Systems); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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.

PERS members 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 members 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 Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased 3 percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. 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 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

PERS 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 monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS 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 for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, 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.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and 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 (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

2. Judicial Benefit Multiplier

During January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM). 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 average financial compensation. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who chose 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 chose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, are required to participate in the 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 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and beneficiaries receiving benefits	76,899
Terminated plan members entitled to but not yet receiving benefits	28,860
Active plan members vested	105,521
Active plan members nonvested	51,005
Total	262,285

3. Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 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 Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. 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, 2011 are as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.25%	7.25%	7.25% **
Employee	6.00%	4.64%	***

* The employer rates include an employer administrative expense fee of 0.16%.

** Plan 3 defined benefit portion only.

*** Variable from 5.0% minimum to 15.0% maximum based on rate selected by PERS 3 member.

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.25%	7.25%	7.25% **
Employee	12.26%	11.60%	7.50%***

* The employer rates include an employer administrative expense fee of 0.16%.

** Plan 3 defined benefit portion only.

*** Minimum rate.

Both Chelan County and the employees made the required contributions. The County's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	70,719	800,020	184,509
2010	69,498	685,258	151,177
2009	107,154	983,745	222,692

B. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

1. Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. 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. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members 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.

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.

Effective July 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 the LEOFF Plan 2 retirement plan.

LEOFF Plan 2 members are vested after the completion of 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 two percent of the FAS per year of service. (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 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, 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 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption. LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries. Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and beneficiaries receiving benefits	9,647
Terminated plan members entitled to but not yet receiving benefits	782
Active plan members vested	13,420
Active plan members nonvested	3,656
Total	27,505

2. Funding Policy

LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the 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 current year covered payroll, as of December 31, 2011, were as follows:

	LEOFF Plan 2
Employer*	5.24%
Employee	8.46%
State	3.38%

* The employer rates include an employer administrative expense fee of 0.16%.

Both Chelan County and the employees made the required contributions. The County's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 2
2011	198,894
2010	203,320
2009	222,073

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

1. Plan Description

The Legislature created PSERS in 2004 and the system 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 the PSERS eligibility criteria, and elected membership during the election period of 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 one of the PSERS eligibility criteria. PSERS retirement benefit provisions are established in Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

A "covered employer" is one that participates in PSERS. Covered employers include the following:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Corrections departments of Washington State counties;
- Corrections departments of Washington State cities except for Seattle, Tacoma and Spokane;
- Interlocal corrections agencies.

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 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 Chapter 41.37 RCW 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 10 years of PSERS service credit, with an allowance of 2 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 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 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 a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is 2 percent of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year

that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years).

PSERS Plan 2 members can receive service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2010:

Retirees and beneficiaries receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members vested	-
Active plan members nonvested	4,210
Total	4,217

2. Funding Policy

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

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2011, were as follows:

	PSERS Plan 2
Employer*	8.86%
Employee	6.36%

* The employer rates include an employer administrative expense fee of 0.16%.

Both Chelan County and the employees made the required contributions. The County's required contributions for the years ended December 31 were:

	PSERS Plan 2
2011	128,106
2010	105,751
2009	111,712

NOTE 7 - RISK MANAGEMENT

A. Risk Pool

Chelan County was one of the twenty-seven county members of the Washington Counties Risk Pool ("Pool") during 2011. 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.

New members may be 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.

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.

As an individual county option, the Pool provides property insurance, with composite limits of \$500 million for normal (all other perils) exposures and \$200 million for catastrophe (flood / earthquake) exposures and participant deductibles between \$5,000 and \$50,000. Coverage is for structures, vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc. Participants are responsible for their claims' deductibles. Commercial insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy.

The Washington Counties Risk Pool is a cooperative program, so there is joint liability amongst its participating members. Contingent liabilities occur 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 as of December 31, 2011 was zero, as no contingent liabilities were known to exist at that time.

B. Risk Management

The County maintains insurance against most normal hazards such as torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Claim settlements and loss expenses are accrued in the Insurance Admin & Purchasing 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. Settlements have not exceeded insurance coverage during the past three years.

NOTE 8 - LONG-TERM DEBT

A. Long-Term Debt

The County issues general obligation bonds to finance the purchase and construction of buildings and other capital assets. Bonded indebtedness has also been entered into to advance refund general obligation bonds. General obligation bonds have been issued for general government activities and are being repaid from the Criminal Justice Sales Tax, Distressed Counties Tax, and REET funds. These bonds are set to mature between 2012 and 2036.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount Outstanding
2002 LTGO E911 bonds for acquisition and construction of a multi-jurisdictional public safety answering point for use by the county and other governmental agencies, original issue \$2,560,000	Not to exceed 5.0%	1,695,000
2003 LTGO 2003A bonds to make improvements to certain county facilities, original issue \$3,445,000	2.0% - 4.5%	2,335,000
2007 LTGO and refunding bonds to advance refund the county's 1998 and 2000 G.O. bonds and \$1,200,000 for technology projects, original issue \$5,735,000	4.0% - 5.0%	4,125,000
2009 LTGO bonds for the law and justice facility renovation, original issue \$8,150,000	2.0% - 5.0%	8,050,000
Total		16,205,000

The annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2012	985,000	715,124
2013	755,000	678,594
2014	780,000	650,890
2015	805,000	621,308
2016	835,000	585,859
2017-2021	4,095,000	2,381,912
2022-2026	2,415,000	1,627,171
2027-2031	2,450,000	1,095,013
2031-2036	3,085,000	449,250
Total	16,205,000	8,805,120

B. Refunded Debt

In 2003 Chelan County issued the 2003 LTGO 2003A bonds to defease the 1997 LTGO bonds. In 2007 Chelan County issued the 2007 LTGO refunding bonds to defease the 1998 and 2000 G.O bonds. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the county's financial statements.

NOTE 9 – CAPITAL LEASES

The County has entered into lease agreements for financing equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. As of December 31, 2011, all capital lease obligations were paid. The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-Type Activities
Office equipment	11,891	-
Tractor	-	22,451
Vehicles	27,498	-
Less accumulated depreciation	33,919	18,859
Total	5,470	3,592

NOTE 10 – CHANGES IN LONG TERM LIABILITIES

During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/11	Additions	Reductions	Ending Balance 12/31/11	Due Within One Year
Governmental Activities:					
Bonds payable	17,203,328	-	998,328	16,205,000	985,000
OPEB benefit for LEOFF	848,186	557,814	320,402	1,085,598	-
Working capital loan	110,394	-	-	110,394	-
Compensated absences	1,709,030	177,527	215,786	1,670,771	217,064
Governmental activity long-term liabilities:	19,870,938	735,341	1,534,516	19,071,763	1,202,064
Business-Type Activities:					
Compensated absences	508,672	246,464	218,566	536,570	207,473
Business-type activity long-term liabilities:	508,672	246,464	218,566	536,570	207,473

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$43,796 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general and county roads funds. The OPEB benefit for LEOFF is liquidated by the general fund. The majority of the business-type activities compensated absences are liquidated by the regional justice center fund.

NOTE 11 – CONTINGENCIES AND LITIGATIONS

Chelan County is named as defendant in a few legal actions. Although the outcomes of these lawsuits are not presently known, the County is of the opinion that the present insurance policy and reserves are adequate to cover the potential settlements without adversely affecting the financial viability of the County.

Chelan County participates in several federal and state grant programs. These grants are subject to an annual audit examination which includes compliance with granting agency terms and provisions, and with pertinent federal and state regulations. Failure to adequately comply with these provisions could result in a requirement to repay funds to the granting agency. Disallowed expenditures cannot be determined at this time, although it is expected that such amounts, if any, to be immaterial.

During 2008 and 2009, Chelan County received a total of \$773,203 from the Department of Community, Trade and Economic Development (CTED) for the express purpose of the construction of restroom, shower, and laundry

facilities for the Monitor Park temporary farm worker camp. Repayment of the non-interest bearing loan principal shall be deferred until the change of use, noncompliance with agreement, or December 31, 2022, whichever occurs first. The loan is forgiven at a rate of 1/15th per year over the 15 year deferral period. Upon completion of the deferral period, the entire loan will be forgiven. Since the probability of repayment is remote, loan proceeds were recorded as a capital grant in 2008 and 2009. The potential liability for the unamortized balance on December 31, 2011 was \$567,016.

NOTE 12 - INTERFUND BALANCES AND TRANSFERS

A. Due To/From Other Funds

"Due from other funds" and "due to other funds" are created from interfund transactions which usually involve the exchange of goods or services in a normal business relationship. The majority of these are due to interfund billing of equipment rental and motor pool charges.

Due from other funds and due to other funds as of December 31, 2011 are as follows:

Due To	Due From							Total
	General Fund	County Roads	Nonmajor Govern-mental	Solid Waste	Regional Justice Center	Nonmajor Enterprise Funds	Internal Service	
General Fund	-	35,650	143,569	-	6,905	877	67,280	254,281
County Roads	337	-	400,000	-	-	-	-	400,337
Nonmajor governmental	-	-	2,983	-	-	-	-	2,983
Solid Waste	-	2,385	-	-	-	-	-	2,385
Regional Justice Center	1,098	80	-	163	-	-	128	1,468
Internal service	6,614	166,265	3,432	1,166	621	245	-	178,344
Total	8,049	204,379	549,984	1,329	7,527	1,122	67,408	839,798

B. Interfund Loans Payable/Receivable

Interfund loans have arisen from certain funds requiring cash flow to manage their operations. The following table displays interfund loan activity during 2011:

Borrowing Fund	Lending Fund	Interfund Loans and Advances Payable			
		1/1/2011	New Loans	Repayments	12/31/2011
General Fund	Criminal Justice Sales Tax	-	620,000	620,000	-
General Fund	Distressed Counties Tax	-	600,000	600,000	-
General Fund	REET I	-	309,000	309,000	-
Noxious Weed	Equipment Rental & Revolving	-	14,000	14,000	-
Noxious Weed	Equipment Rental & Revolving	-	15,000	15,000	-
Natural Resources	REET I	-	48,000	48,000	-
Natural Resources	REET I	-	39,000	39,000	-
Expo Center	REET I	-	9,000	9,000	-
Expo Center	REET I	-	2,000	2,000	-
	Total	-	1,656,000	1,656,000	-

C. Interfund Transfers

During 2011, interfund transfers were used to move General funds property tax revenues to support Law Library operations. Transfers from nonmajor governmental funds were to reimburse Superior Court law library costs, supplant Superior Court's General fund budget reductions, support General Fund drug enforcement work, and support event promotion at Ohme Gardens and Expo Center. Some REET funds were transferred to County Roads so that some of the road property tax levy could be shifted to the General fund.

The following table displays interfund transfers during 2011:

Transfers In	Transfers Out		
	General	Nonmajor Governmental	Total
General	-	30,158	30,158
County Roads	-	400,000	400,000
Nonmajor governmental	30,000	7,000	37,000
Nonmajor enterprise	-	20,000	20,000
Total transfers	30,000	457,158	487,158

NOTE 13 – JOINT VENTURES

A. Rivercom

Chelan County participates in Rivercom, a joint venture, which was created with an interlocal agreement to build and operate a regional 911 communications center. The other participants in this venture include: Douglas County, the City of East Wenatchee and the City of Wenatchee. Rivercom charges the participants a fee based on the volume of calls generated by each participant. The fees are designed to cover Rivercom's costs. In addition to the fees, the participants provide their 911 tax revenues to the organization. Although Chelan County does have an equity interest in Rivercom, the agreement does not explicitly specify a method for measuring each partner's interest. During 2011, Rivercom received total revenues of \$6,263,431 and incurred total expenses of \$4,956,635 resulting in an increase in net assets of \$1,306,796, and ending fund balance of \$2,950,471. A copy of Rivercom's financial statements can be obtained from Rivercom at: PO Box 3344, Wenatchee, WA 98807 or (509) 662-4650.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Plan Description

In addition to the pension benefits described in Note 6, the County provides single-employer defined benefit health insurance for retired public safety employees who are vested in LEOFF 1. All the County's LEOFF 1 employees retired and became eligible for these benefits when they reached normal retirement age while working for the County. There are 24 participants eligible to receive these benefits. The benefits are 100 percent provided by the County in order to meet state statutory requirements under the LEOFF 1 system whereby the County pays for their medical and dental premiums and out-of-pocket medical costs for life.

B. Funding Policy

The County has the authority to establish and amend OPEB contribution policy. The County funds its OPEB obligation on a pay-as-you-go basis, i.e., the cost of retiree medical benefits is recognized as an expense as premiums and medical expenses are paid. For the fiscal year ending December 31, 2011, the County's combined plan contributions were \$320,402.

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on an annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. 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 actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB costs for the fiscal year ending December 31, 2011, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual required contribution	598,624
Interest on net OPEB contribution	38,168
Adjustments to the annual required contribution	<u>(78,978)</u>
Annual OPEB cost (expense)	557,814
Contributions made	<u>(320,402)</u>
Increase in the net OPEB obligation	237,412
Net OPEB obligation, beginning of year	<u>848,186</u>
Net OPEB obligation, end of year	1,085,598

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Actual Plan Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$557,815	\$320,402	57%	\$1,085,598
12/31/2010	\$550,517	\$312,630	57%	\$848,186
12/31/2009	\$587,091	\$310,103	53%	\$610,299

D. Funding Status and Funding Progress

The funded status of the plan as of December 31, 2011, was as follows:

Actuarial accrued liability (AAL)	6,428,952
Actuarial value of plan assets	0
Unfunded actuarial accrued liability	6,428,952
Funded ratio (actuarial value of plan assets / AAL)	0%

E. Methods and Assumptions

Due to the size of the plan (less than 100 participants) the County elected to use the alternative measurement method permitted under GASB Statement No. 45. Actuarial valuations involve estimates of the value of benefits and assumptions about the probability of events far into the future. Calculations are based on the current level of benefits provided by the employer. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and as new estimates are made about the future. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2009 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 2011. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. Medical inflation rates were expected to start at 7% and decreasing to an ultimate rate of 5.0% in 2083. A return on investment earnings rate of 4.5% was assumed. General inflation was projected at 3.5%. General salary increases (including inflation) were projected at 4.0%. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

CHELAN COUNTY, WASHINGTON

Required Supplementary Information

Chelan County LEOFF 1 Retiree Health Insurance Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2011	0	6,428,952	6,428,952	0%	0	N/A
12/31/2010	0	6,227,653	6,227,653	0%	0	N/A
12/31/2009	0	6,472,713	6,472,713	0%	0	N/A

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets			
Cash and cash equivalents	2,649,927	639,392	3,289,319
Investments	4,034,656	1,809,835	5,844,491
Accounts receivable	107,520	-	107,520
Taxes receivable	19,823	-	19,823
Due from other funds	2,983	-	2,983
Due from other governments	731,762	-	731,762
Total assets	<u>7,546,671</u>	<u>2,449,227</u>	<u>9,995,898</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	560,688	5,067	565,755
Due to other funds	149,984	400,000	549,984
Due to other governments	185,484	-	185,484
Retainage payable	8,863	-	8,863
Accrued payroll liability	88,046	386	88,431
Deferred revenue	19,823	-	19,823
Total liabilities	<u>1,012,888</u>	<u>405,453</u>	<u>1,418,340</u>
Fund balances:			
Restricted	6,272,438	2,043,774	8,316,212
Committed	261,346	-	261,346
Total fund balances	<u>6,533,784</u>	<u>2,043,774</u>	<u>8,577,558</u>
Total liabilities and fund balances	<u>7,546,671</u>	<u>2,449,227</u>	<u>9,995,898</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
Revenues			
Taxes	5,148,589	712,375	5,860,964
Intergovernmental	4,230,061	-	4,230,061
Charges for services	1,129,648	-	1,129,648
Fees and fines	38,993	-	38,993
Miscellaneous	511,384	4,101	515,485
Total revenues	<u>11,058,675</u>	<u>716,477</u>	<u>11,775,151</u>
Expenditures			
Current:			
General government	195,421	-	195,421
Security of persons and property	3,198,633	-	3,198,633
Utilities and environment	2,488,373	-	2,488,373
Transportation	36,784	-	36,784
Economic environment	1,686,292	-	1,686,292
Mental and physical health	1,189,292	-	1,189,292
Culture and recreation	232,240	-	232,240
Debt service:			
Principal	830,000	48,375	878,375
Interest and other charges	499,488	172,419	671,907
Capital outlay	-	1,371,022	1,371,022
Total expenditures	<u>10,356,523</u>	<u>1,591,817</u>	<u>11,948,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>702,152</u>	<u>(875,341)</u>	<u>(173,189)</u>
Other Financing Sources (Uses)			
Transfers in	37,000	-	37,000
Transfers out	<u>(57,158)</u>	<u>(400,000)</u>	<u>(457,158)</u>
Total other financing sources and uses	<u>(20,158)</u>	<u>(400,000)</u>	<u>(420,158)</u>
Net change in fund balances	<u>681,994</u>	<u>(1,275,341)</u>	<u>(593,347)</u>
Fund balances - beginning	<u>5,851,790</u>	<u>3,319,115</u>	<u>9,170,905</u>
Fund balances - ending	<u>6,533,784</u>	<u>2,043,774</u>	<u>8,577,558</u>

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Paths & Trails Reserve: accounts for the state share of revenue on the fuel tax for the paths and trails.

Drug Enforcement Reserve: accounts for financing of ongoing efforts on the investigation and prosecution of illegal drug cases.

Felony Seizure and Forfeiture: accounts for the proceeds from felony arrests and forfeiture cases worked by the Chelan County Sheriff's Office.

Auditors Operation & Maintenance: accounts for the fees charged for recording in Auditor's office and the cost of maintaining and upgrading system for copying, preserving, and indexing documents recorded in Chelan County.

ORV Educational & Enforcement: accounts for the portion vehicle license revenue designated for the maintenance and law enforcement of Off Road Vehicle recreational activities.

Boating Safety: accounts for the Chelan County portion of state allocation of vessel registration fees for boating safety program.

Ohme Gardens: accounts for the operation of Ohme Gardens, a recreational park facility owned by the State of Washington and operated by Chelan County.

Sheriff Donation: accounts for donations to the Sheriff's department.

Farm Worker Housing: accounts for the activities for the housing of farm workers at the County's Wenatchee River Park.

Horticulture Pest & Disease: accounts for the financing of the pest control activities.

R.E.E.T. Technology: accounts for funds used to develop and implement an automated system for electronic processing of real estate excise tax, set up by House Bill 1240.

Juvenile Donation: accounts for the individual donations for Juvenile programs.

Noxious Weeds: accounts for the funds collected from an assessment used for noxious weed eradication and control.

Trial Court Improvement: accounts for the improvement of superior and district court staffing, programs, facilities, or services.

911 Communications: accounts for the 911 program funded by the 911 excise tax on the telephone service within Chelan County.

Parent Education: accounts for the operation of a divorce support program that is court mandated if children are involved.

Cashmere-Dryden Airport: accounts for the financing of operation of Cashmere-Dryden Airport.

Columbia River Drug Task Force: accounts for the finances of the Columbia River Drug Task Force, a multijurisdictional narcotics control program and task force.

Law Library: accounts for the operation and the upkeep of the Chelan County Law Library.

Veteran's Relief: accounts for the funds used to finance emergency financial assistance to veterans and their survivors.

Mental Health & Retardation: accounts for the financing of the County program for mental health and retardation.

Community Services and Housing: accounts for the collection of a specific fee that is to be used for the operation and maintenance of low-income housing projects.

Treasurer's Operation & Maintenance: accounts for the Treasurer's fees and costs from sale of foreclosed properties.

Tourist & Convention: accounts for the sales and excise tax on the hotel and motel revenues within Chelan County.

Election Reserve: accounts for the financing of the election equipment replacement as mandated by the state statute.

Natural Resources Program: accounts for the grant revenue and expenditures regarding the natural resources program.

RJC Prisoner: accounts for the grant received from the state for the education of the prisoners.

Forest Title III: accounts for the Forest Title III grant funds received from the state and disbursed to other county funds.

Criminal Justice Sales Tax: accounts for monies collected from the sales and use tax allocated for "criminal justice" purposes.

CASA: accounts for the funding from the state to the Court Appointed Special Advocates (CASA) program.

Network Grant: accounts for the funds received from the legislature to deal with various community risk factors and passed through to the Community Action Council.

Substance Abuse: accounts for funds received from the state Department of Social and Health Services and passed through to The Center for Alcohol and Drug Treatment.

Distressed Counties Tax: accounts for monies collected from the sales and use tax allocated to "distressed and rural" counties.

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2011

	<u>Paths & Trails</u>	<u>Drug Enforce- ment Reserve</u>	<u>Felony Seizure & Forfeiture</u>	<u>Auditor O&M</u>	<u>ORV Ed. & Enforce- ment</u>	<u>Boating Safety</u>	<u>Ohme Gardens</u>
Assets							
Cash and cash equivalents	42,695	6,000	5,072	112,829	13,625	72,950	15,960
Investments	25,173	6,658	-	130,603	-	-	81,405
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>67,869</u>	<u>12,658</u>	<u>5,072</u>	<u>243,432</u>	<u>13,625</u>	<u>72,950</u>	<u>97,364</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	-	-	-	5,126	2,441	245	1,550
Due to other funds	-	5,000	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	213
Retainage payable	-	-	-	-	-	-	-
Accrued payroll liability	-	-	-	-	-	-	5,805
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,126</u>	<u>2,441</u>	<u>245</u>	<u>7,568</u>
Fund balances:							
Restricted	67,869	-	5,072	238,306	-	72,705	-
Committed	-	7,658	-	-	11,185	-	89,797
Total fund balances	<u>67,869</u>	<u>7,658</u>	<u>5,072</u>	<u>238,306</u>	<u>11,185</u>	<u>72,705</u>	<u>89,797</u>
Total liabilities and fund balances	<u>67,869</u>	<u>12,658</u>	<u>5,072</u>	<u>243,432</u>	<u>13,625</u>	<u>72,950</u>	<u>97,364</u>

<u>Sheriff Donation</u>	<u>Farm Worker Housing</u>	<u>Horti- culture Pest & Disease</u>	<u>R.E.E.T. Tech- nology</u>	<u>Juvenile Donation</u>	<u>Noxious Weeds</u>	<u>Trial Court Improve- ment</u>	<u>911 Comm.</u>	<u>Parent Education</u>	<u>Cashmere Dryden Airport</u>
34,194	98,439	28,740	242,898	907	22,993	127,933	-	28,225	-
-	-	-	-	-	-	-	-	-	16,269
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	12,743	-	-	3,741	-	-	2,537	-
<u>34,194</u>	<u>98,439</u>	<u>41,483</u>	<u>242,898</u>	<u>907</u>	<u>26,734</u>	<u>127,933</u>	<u>-</u>	<u>30,761</u>	<u>16,269</u>
-	-	99	-	-	481	-	-	589	7
-	-	34	-	-	1,603	-	-	342	-
-	1,320	-	-	-	44	-	-	1,555	311
-	-	-	-	-	-	-	-	-	-
-	-	5,491	-	-	13,158	-	-	1,117	1,412
-	-	-	-	-	-	-	-	-	-
<u>-</u>	<u>1,320</u>	<u>5,624</u>	<u>-</u>	<u>-</u>	<u>15,285</u>	<u>-</u>	<u>-</u>	<u>3,603</u>	<u>1,730</u>
34,194	97,120	35,859	242,898	907	11,449	127,933	-	-	-
-	-	-	-	-	-	-	-	27,158	14,539
<u>34,194</u>	<u>97,120</u>	<u>35,859</u>	<u>242,898</u>	<u>907</u>	<u>11,449</u>	<u>127,933</u>	<u>-</u>	<u>27,158</u>	<u>14,539</u>
<u>34,194</u>	<u>98,439</u>	<u>41,483</u>	<u>242,898</u>	<u>907</u>	<u>26,734</u>	<u>127,933</u>	<u>-</u>	<u>30,761</u>	<u>16,269</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2011

	Drug Task Force	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treasurer O&M	Tourist & Convention
Assets							
Cash and cash equivalents	600	115,057	321,322	1,615	212,746	11,692	748,337
Investments	455,395	-	26,883	-	-	119,950	7,951
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	-	19	6,162	13,642	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	18,302	-	-
Total assets	455,995	115,076	354,367	15,257	231,048	131,642	756,289
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	11,960	5,759	381	-	33,674	-	68,311
Due to other funds	101,464	-	4,000	-	-	-	-
Due to other governments	12,460	-	-	1,615	12,151	-	132,103
Retainage payable	-	-	-	-	-	-	-
Accrued payroll liability	-	1,409	-	-	-	-	-
Deferred revenue	-	19	6,162	13,642	-	-	-
Total liabilities	125,884	7,186	10,543	15,257	45,825	-	200,414
Fund balances:							
Restricted	330,111	107,889	343,824	-	185,223	131,642	555,875
Committed	-	-	-	-	-	-	-
Total fund balances	330,111	107,889	343,824	-	185,223	131,642	555,875
Total liabilities and fund balances	455,995	115,076	354,367	15,257	231,048	131,642	756,289

Election Reserve	Natural Resources Program	RJC Prisoner	Forest Title III	Criminal Justice Sales Tax	CASA	Network Grant	Sub-stance Abuse	Distressed Counties Tax	Total
64,054	141,530	8,000	41,563	-	5,670	-	124,281	-	2,649,927
20,833	8,863	7,769	-	1,229,118	-	-	-	1,897,785	4,034,656
-	89,796	-	-	-	17,724	-	-	-	107,520
-	-	-	-	-	-	-	-	-	19,823
-	2,983	-	-	-	-	-	-	-	2,983
11,013	480,269	7,140	100,216	-	-	-	95,802	-	731,762
<u>95,900</u>	<u>723,441</u>	<u>22,908</u>	<u>141,779</u>	<u>1,229,118</u>	<u>23,394</u>	<u>-</u>	<u>220,083</u>	<u>1,897,785</u>	<u>7,546,671</u>
-	312,952	5,736	9,793	3,803	-	-	97,481	302	560,688
-	1,184	-	32,357	-	-	-	4,000	-	149,984
-	23,713	-	-	-	-	-	-	-	185,484
-	8,863	-	-	-	-	-	-	-	8,863
-	57,590	2,064	-	-	-	-	-	-	88,046
-	-	-	-	-	-	-	-	-	19,823
<u>-</u>	<u>404,302</u>	<u>7,799</u>	<u>42,150</u>	<u>3,803</u>	<u>-</u>	<u>-</u>	<u>101,481</u>	<u>302</u>	<u>1,012,888</u>
-	319,139	-	99,629	1,225,316	23,394	-	118,602	1,897,483	6,272,438
<u>95,900</u>	<u>-</u>	<u>15,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,346</u>
<u>95,900</u>	<u>319,139</u>	<u>15,109</u>	<u>99,629</u>	<u>1,225,316</u>	<u>23,394</u>	<u>-</u>	<u>118,602</u>	<u>1,897,483</u>	<u>6,533,784</u>
<u>95,900</u>	<u>723,441</u>	<u>22,908</u>	<u>141,779</u>	<u>1,229,118</u>	<u>23,394</u>	<u>-</u>	<u>220,083</u>	<u>1,897,785</u>	<u>7,546,671</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2011

	Paths & Trails	Drug Enforce- ment Reserve	Felony Seizure & Forfeiture	Auditor O&M	ORV Ed. & Enforce- ment	Boating Safety	Ohme Gardens
Revenues							
Taxes	-	-	-	-	-	-	-
Intergovernmental	10,846	-	-	59,283	-	78,379	-
Charges for services	-	-	-	42,528	-	-	172,591
Fees and fines	-	5,148	-	-	-	-	-
Miscellaneous	44	7	1,541	226	-	-	22,179
Total revenues	<u>10,890</u>	<u>5,155</u>	<u>1,541</u>	<u>102,038</u>	<u>-</u>	<u>78,379</u>	<u>194,770</u>
Expenditures							
Current:							
General government	-	-	-	52,072	-	-	-
Security of persons and property	-	-	-	-	4,584	31,459	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	5,041	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	176,893
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	<u>5,041</u>	<u>-</u>	<u>-</u>	<u>52,072</u>	<u>4,584</u>	<u>31,459</u>	<u>176,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,849</u>	<u>5,155</u>	<u>1,541</u>	<u>49,966</u>	<u>(4,584)</u>	<u>46,920</u>	<u>17,876</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	7,000
Transfers out	-	(5,000)	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Net change in fund balances	<u>5,849</u>	<u>155</u>	<u>1,541</u>	<u>49,966</u>	<u>(4,584)</u>	<u>46,920</u>	<u>24,876</u>
Fund balances - beginning	<u>62,020</u>	<u>7,503</u>	<u>3,531</u>	<u>188,340</u>	<u>15,769</u>	<u>25,785</u>	<u>64,920</u>
Fund balances - ending	<u>67,869</u>	<u>7,658</u>	<u>5,072</u>	<u>238,306</u>	<u>11,185</u>	<u>72,705</u>	<u>89,797</u>

Sheriff Donation	Farm Worker Housing	Horti- culture Pest & Disease	R.E.E.T. Tech- nology	Juvenile Donation	Noxious Weeds	Trial Court Improve- ment	911 Comm.	Parent Educ.	Cashmere Dryden Airport
-	-	-	-	-	-	-	2,010,769	-	-
-	74,097	43,466	-	-	35,982	47,300	431,286	45,065	-
-	-	68,707	-	-	205,542	-	-	13,415	-
-	-	-	-	-	-	-	-	-	-
24,748	110,171	15,087	-	-	-	-	360	1,597	39,879
<u>24,748</u>	<u>184,268</u>	<u>127,260</u>	<u>-</u>	<u>-</u>	<u>241,523</u>	<u>47,300</u>	<u>2,442,415</u>	<u>60,076</u>	<u>39,879</u>
-	-	-	-	-	-	22,909	-	-	-
4,846	-	-	-	-	-	-	2,442,415	-	-
-	-	96,941	-	-	236,185	-	-	-	-
-	-	-	-	-	-	-	-	-	31,743
-	278,432	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	55,347	-
-	-	-	-	-	-	-	-	-	-
<u>4,846</u>	<u>278,432</u>	<u>96,941</u>	<u>-</u>	<u>-</u>	<u>236,185</u>	<u>22,909</u>	<u>2,442,415</u>	<u>55,347</u>	<u>31,743</u>
<u>19,902</u>	<u>(94,164)</u>	<u>30,318</u>	<u>-</u>	<u>-</u>	<u>5,339</u>	<u>24,391</u>	<u>-</u>	<u>4,730</u>	<u>8,136</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(5,000)	-	-	-
-	-	-	-	-	-	(5,000)	-	-	-
<u>19,902</u>	<u>(94,164)</u>	<u>30,318</u>	<u>-</u>	<u>-</u>	<u>5,339</u>	<u>19,391</u>	<u>-</u>	<u>4,730</u>	<u>8,136</u>
<u>14,292</u>	<u>191,284</u>	<u>5,541</u>	<u>242,898</u>	<u>907</u>	<u>6,110</u>	<u>108,542</u>	<u>-</u>	<u>22,428</u>	<u>6,403</u>
<u>34,194</u>	<u>97,120</u>	<u>35,859</u>	<u>242,898</u>	<u>907</u>	<u>11,449</u>	<u>127,933</u>	<u>-</u>	<u>27,158</u>	<u>14,539</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2011

	Drug Task Force	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treas- urer's O&M	Tourist & Convention
Revenues							
Taxes	-	-	104,945	232,917	-	-	906,982
Intergovernmental revenues	250,492	-	89	198	80,948	-	-
Charges for services	-	30,418	-	-	413,689	25,525	21,988
Fees and fines	33,845	-	-	-	-	-	-
Miscellaneous	141,575	-	47	-	-	214	14
Total revenues	<u>425,912</u>	<u>30,418</u>	<u>105,081</u>	<u>233,115</u>	<u>494,637</u>	<u>25,739</u>	<u>928,984</u>
Expenditures							
Current:							
General government	-	37,582	-	-	-	26,181	-
Security of persons and prop	473,500	-	-	-	-	-	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	35,770	-	527,510	-	824,612
Mental and physical health	-	-	-	234,006	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	<u>473,500</u>	<u>37,582</u>	<u>35,770</u>	<u>234,006</u>	<u>527,510</u>	<u>26,181</u>	<u>824,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,589)</u>	<u>(7,164)</u>	<u>69,311</u>	<u>(891)</u>	<u>(32,873)</u>	<u>(442)</u>	<u>104,372</u>
Other Financing Sources (Uses)							
Transfers in	-	30,000	-	-	-	-	-
Transfers out	-	(20,158)	-	-	-	-	(27,000)
Total other financing sources and uses	<u>-</u>	<u>9,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,000)</u>
Net change in fund balances	<u>(47,589)</u>	<u>2,678</u>	<u>69,311</u>	<u>(891)</u>	<u>(32,873)</u>	<u>(442)</u>	<u>77,372</u>
Fund balances - ending	<u>377,700</u>	<u>105,212</u>	<u>274,513</u>	<u>891</u>	<u>218,095</u>	<u>132,085</u>	<u>478,503</u>
Fund balances - ending	<u>330,111</u>	<u>107,889</u>	<u>343,824</u>	<u>(0)</u>	<u>185,223</u>	<u>131,642</u>	<u>555,875</u>

Election Reserve	Natural Resources Program	RJC Prisoner	Forest Title III	Criminal Justice Sales Tax	CASA	Network Grant	Substance Abuse	Distressed Counties Tax	Total
-	-	-	-	662,855	-	-	-	1,230,120	5,148,589
42,044	1,834,126	59,465	100,266	-	66,984	16,226	953,519	-	4,230,061
18,540	6,073	110,633	-	-	-	-	-	-	1,129,648
-	-	-	-	-	-	-	-	-	38,993
36	141,032	6,982	-	2,234	-	-	-	3,412	511,384
60,620	1,981,231	177,080	100,266	665,089	66,984	16,226	953,519	1,233,533	11,058,675
2,162	-	-	-	-	54,516	-	-	-	195,421
-	-	183,608	-	58,221	-	-	-	-	3,198,633
-	2,057,553	-	97,694	-	-	-	-	-	2,488,373
-	-	-	-	-	-	-	-	-	36,784
-	-	-	-	-	-	16,226	-	3,743	1,686,292
-	-	-	-	-	-	-	955,286	-	1,189,292
-	-	-	-	-	-	-	-	-	232,240
-	-	-	-	100,000	-	-	-	730,000	830,000
-	-	-	-	366,184	-	-	-	133,304	499,488
2,162	2,057,553	183,608	97,694	524,405	54,516	16,226	955,286	867,047	10,356,523
58,458	(76,322)	(6,529)	2,573	140,685	12,468	-	(1,767)	366,486	702,152
-	-	-	-	-	-	-	-	-	37,000
-	-	-	-	-	-	-	-	-	(57,158)
-	-	-	-	-	-	-	-	-	(20,158)
58,458	(76,322)	(6,529)	2,573	140,685	12,468	-	(1,767)	366,486	681,994
37,442	395,460	21,638	97,057	1,084,631	10,926	-	120,369	1,530,997	5,851,790
95,900	319,139	15,109	99,629	1,225,316	23,394	-	118,602	1,897,483	6,533,784

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Paths & Trails	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	11,300	10,846	(454)
Miscellaneous	-	44	44
Total revenues	<u>11,300</u>	<u>10,890</u>	<u>(410)</u>
Expenditures			
Current:			
Transportation	25,041	5,041	20,000
Total expenditures	<u>25,041</u>	<u>5,041</u>	<u>20,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,741)</u>	<u>5,849</u>	<u>19,590</u>
Fund balances - beginning	<u>60,560</u>	<u>62,020</u>	<u>1,460</u>
Fund balances - ending	<u><u>46,819</u></u>	<u><u>67,869</u></u>	<u><u>21,050</u></u>

Drug Enforcement Reserve	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Fees and fines	4,000	5,148	1,148
Miscellaneous	13,750	7	(13,743)
Total revenues	<u>17,750</u>	<u>5,155</u>	<u>(12,595)</u>
Expenditures			
Current:			
Security of persons and property	15,000	-	15,000
Total expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,750</u>	<u>5,155</u>	<u>2,405</u>
Other Financing Sources (Uses)			
Sale of capital assets	1,500	-	(1,500)
Transfers out	(25,000)	(5,000)	20,000
Total other financing sources and uses	<u>(23,500)</u>	<u>(5,000)</u>	<u>18,500</u>
Net change in fund balances	<u>(20,750)</u>	<u>155</u>	<u>20,905</u>
Fund balances - beginning	<u>23,983</u>	<u>7,503</u>	<u>(16,480)</u>
Fund balances - ending	<u><u>3,233</u></u>	<u><u>7,658</u></u>	<u><u>4,425</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Felony Seizure & Forfeiture	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	5,000	1,541	(3,459)
Total revenues	5,000	1,541	(3,459)
Expenditures			
Security of persons and property	5,000	-	5,000
Total expenditures	5,000	-	5,000
Excess (deficiency) of revenues over (under) expenditures	-	1,541	1,541
Fund balances - beginning	-	3,531	3,531
Fund balances - ending	-	5,072	5,072

Auditor's O&M	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	60,000	59,283	(717)
Charges for services	52,650	42,528	(10,122)
Miscellaneous	350	226	(124)
Total revenues	113,000	102,038	(10,962)
Expenditures			
Current:			
General government	62,036	52,072	9,964
Capital outlay	10,000	-	10,000
Total expenditures	72,036	52,072	19,964
Excess (deficiency) of revenues over (under) expenditures	40,964	49,966	9,002
Fund balances - beginning	210,000	188,340	(21,660)
Fund balances - ending	250,964	238,306	(12,658)

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

ORV Educational & Enforcement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Total revenues	-	-	-
Expenditures			
Current:			
Security of persons and property	19,811	4,584	15,227
Total expenditures	19,811	4,584	15,227
Excess (deficiency) of revenues over (under) expenditures	(19,811)	(4,584)	15,227
Fund balances - beginning	26,833	15,769	(11,064)
Fund balances - ending	7,022	11,185	4,163

Boating Safety	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	66,000	78,379	12,379
Miscellaneous	45,900	-	(45,900)
Total revenues	111,900	78,379	(33,521)
Expenditures			
Current:			
Security of persons and property	123,932	31,459	92,473
Total expenditures	123,932	31,459	92,473
Excess (deficiency) of revenues over (under) expenditures	(12,032)	46,920	58,952
Fund balances - beginning	71,098	25,785	(45,313)
Fund balances - ending	59,066	72,705	13,639

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Ohme Gardens	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for services	170,200	172,591	2,391
Miscellaneous	28,530	22,179	(6,351)
Total revenues	<u>198,730</u>	<u>194,770</u>	<u>(3,960)</u>
Expenditures			
Current:			
Culture and recreation	206,434	176,893	29,541
Total expenditures	<u>206,434</u>	<u>176,893</u>	<u>29,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,704)</u>	<u>17,876</u>	<u>25,580</u>
Other Financing Sources (Uses)			
Transfers in	2,000	7,000	5,000
Total other financing sources and uses	<u>2,000</u>	<u>7,000</u>	<u>5,000</u>
Net change in fund balances	(5,704)	24,876	30,580
Fund balances - beginning	69,232	64,920	(4,312)
Fund balances - ending	<u>63,528</u>	<u>89,797</u>	<u>26,269</u>

Sheriff Donation	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	3,140	24,748	21,608
Total revenues	<u>3,140</u>	<u>24,748</u>	<u>21,608</u>
Expenditures			
Current:			
Security of persons and property	9,174	4,846	4,328
Total expenditures	<u>9,174</u>	<u>4,846</u>	<u>4,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,034)</u>	<u>19,902</u>	<u>25,936</u>
Fund balances - beginning	6,722	14,292	7,570
Fund balances - ending	<u>688</u>	<u>34,194</u>	<u>33,506</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Farm Worker Housing	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	254,401	74,097	(180,304)
Miscellaneous	82,000	110,171	28,171
Total revenues	<u>336,401</u>	<u>184,268</u>	<u>(152,133)</u>
Expenditures			
Current:			
Economic environment	338,413	278,432	59,981
Total expenditures	<u>338,413</u>	<u>278,432</u>	<u>59,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,012)</u>	<u>(94,164)</u>	<u>(92,152)</u>
Fund balances - beginning	150,000	191,284	41,284
Fund balances - ending	<u>147,988</u>	<u>97,120</u>	<u>(50,868)</u>

Horticulture Pest & Disease	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	60,879	43,466	(17,413)
Charges for services	60,879	68,707	7,828
Miscellaneous	-	15,087	15,087
Total revenues	<u>121,758</u>	<u>127,260</u>	<u>5,502</u>
Expenditures			
Current:			
Utilities and environment	121,758	96,941	24,817
Total expenditures	<u>121,758</u>	<u>96,941</u>	<u>24,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>30,318</u>	<u>30,318</u>
Fund balances - beginning	-	5,541	5,541
Fund balances - ending	<u>-</u>	<u>35,859</u>	<u>35,859</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

REET Technology	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	20,000	-	(20,000)
Total revenues	20,000	-	(20,000)
Expenditures			
Capital outlay	242,635	-	242,635
Total expenditures	242,635	-	242,635
Excess (deficiency) of revenues over (under) expenditures	(222,635)	-	222,635
Fund balances - beginning	246,895	242,898	(3,997)
Fund balances - ending	24,260	242,898	218,638

Juvenile Donation	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Total revenues	-	-	-
Expenditures			
Current:			
Security of persons and property	972	-	972
Total expenditures	972	-	972
Excess (deficiency) of revenues over (under) expenditures	(972)	-	(972)
Fund balances - beginning	972	907	(65)
Fund balances - ending	-	907	907

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Noxious Weed			
Revenues			
Intergovernmental revenues	34,000	35,982	1,982
Charges for services	212,951	205,542	(7,409)
Total revenues	<u>246,951</u>	<u>241,523</u>	<u>(5,428)</u>
Expenditures			
Current:			
Utilities and environment	257,041	236,185	20,856
Total expenditures	<u>257,041</u>	<u>236,185</u>	<u>20,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,090)</u>	<u>5,339</u>	<u>15,429</u>
Fund balances - beginning	10,090	6,110	(3,980)
Fund balances - ending	<u><u>-</u></u>	<u><u>11,449</u></u>	<u><u>11,449</u></u>

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Trial Court Improvement			
Revenues			
Intergovernmental revenues	47,488	47,300	(188)
Total revenues	<u>47,488</u>	<u>47,300</u>	<u>(188)</u>
Expenditures			
Current:			
General government	162,951	22,909	140,042
Total expenditures	<u>162,951</u>	<u>22,909</u>	<u>140,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(115,463)</u>	<u>24,391</u>	<u>139,854</u>
Other Financing Sources (Uses)			
Transfers out	-	(5,000)	(5,000)
Total other financing sources and uses	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Net change in fund balances	<u>(115,463)</u>	<u>19,391</u>	<u>134,854</u>
Fund balances - beginning	115,463	108,542	(6,921)
Fund balances - ending	<u><u>-</u></u>	<u><u>127,933</u></u>	<u><u>127,933</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

911 Communications	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	1,566,000	2,010,769	444,769
Intergovernmental revenues	149,000	431,286	282,286
Miscellaneous	-	360	360
Total revenues	<u>1,715,000</u>	<u>2,442,415</u>	<u>727,415</u>
EXPENDITURES			
Current:			
Security of persons and property	1,715,000	2,442,415	(727,415)
Total expenditures	<u>1,715,000</u>	<u>2,442,415</u>	<u>(727,415)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	-	-	-
Fund balances - ending	<u>-</u>	<u>-</u>	<u>-</u>

Parent Education	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	52,707	45,065	(7,643)
Charges for services	25,150	13,415	(11,735)
Miscellaneous	27,349	1,597	(25,752)
Total revenues	<u>105,206</u>	<u>60,076</u>	<u>(45,130)</u>
EXPENDITURES			
Current:			
Culture and recreation	69,793	55,347	14,446
Total expenditures	<u>69,793</u>	<u>55,347</u>	<u>14,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,413</u>	<u>4,730</u>	<u>(30,683)</u>
Fund balances - beginning	27,000	22,428	(4,572)
Fund balances - ending	<u>62,413</u>	<u>27,158</u>	<u>(35,255)</u>

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Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Cashmere-Dryden Airport	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	37,511	39,879	2,368
Total revenues	37,511	39,879	2,368
Expenditures			
Current:			
Transportation	33,255	31,743	1,512
Total expenditures	33,255	31,743	1,512
Excess (deficiency) of revenues over (under) expenditures	4,256	8,136	3,880
Fund balances - beginning	-	6,403	6,403
Fund balances - ending	4,256	14,539	10,283

Columbia River Drug Task Force	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	367,285	250,492	(116,793)
Fees and fines	32,000	33,845	1,845
Miscellaneous	143,000	141,575	(1,425)
Total revenues	542,285	425,912	(116,373)
Expenditures			
Current:			
Security of persons and property	556,056	473,500	82,556
Total expenditures	556,056	473,500	82,556
Excess (deficiency) of revenues over (under) expenditures	(13,771)	(47,589)	(33,818)
Fund balances - beginning	250,000	377,700	127,700
Fund balances - ending	236,229	330,111	93,882

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Law Library			
Revenues			
Intergovernmental	21,099	-	(21,099)
Charges for services	31,450	30,418	(1,032)
Total revenues	<u>52,549</u>	<u>30,418</u>	<u>(22,131)</u>
Expenditures			
Current:			
General government	61,874	37,582	24,292
Total expenditures	<u>61,874</u>	<u>37,582</u>	<u>24,292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,325)</u>	<u>(7,164)</u>	<u>2,161</u>
Other Financing Sources (Uses)			
Transfers in	30,000	30,000	-
Transfers out	(20,158)	(20,158)	-
Total other financing sources and uses	<u>9,842</u>	<u>9,842</u>	<u>-</u>
Net change in fund balances	<u>517</u>	<u>2,678</u>	<u>2,161</u>
Fund balances - beginning	<u>116,500</u>	<u>105,212</u>	<u>(11,289)</u>
Fund balances - ending	<u><u>117,017</u></u>	<u><u>107,889</u></u>	<u><u>(9,128)</u></u>
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Veteran's Relief			
Revenues			
Taxes	2,025	104,945	102,920
Intergovernmental	-	89	89
Miscellaneous	175	47	(128)
Total revenues	<u>2,200</u>	<u>105,081</u>	<u>102,881</u>
Expenditures			
Current:			
Economic environment	104,129	35,770	68,359
Total expenditures	<u>104,129</u>	<u>35,770</u>	<u>68,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,929)</u>	<u>69,311</u>	<u>171,240</u>
Other Financing Sources (Uses)			
Transfers in	108,389	-	(108,389)
Total other financing sources and uses	<u>108,389</u>	<u>-</u>	<u>(108,389)</u>
Net change in fund balances	<u>6,460</u>	<u>69,311</u>	<u>62,851</u>
Fund balances - beginning	<u>185,000</u>	<u>274,513</u>	<u>89,513</u>
Fund balances - ending	<u><u>191,460</u></u>	<u><u>343,824</u></u>	<u><u>152,364</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Mental Health & Retardation	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	500	232,917	232,417
Intergovernmental	-	198	198
Total revenues	<u>500</u>	<u>233,115</u>	<u>232,615</u>
Expenditures			
Current:			
Mental and physical health	234,327	234,006	321
Total expenditures	<u>234,327</u>	<u>234,006</u>	<u>321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(233,827)</u>	<u>(891)</u>	<u>232,936</u>
Other Financing Sources (Uses)			
Transfers in	238,480	-	(238,480)
Total other financing sources and uses	<u>238,480</u>	<u>-</u>	<u>(238,480)</u>
Net change in fund balances	4,653	(891)	(5,544)
Fund balances - beginning	700	891	191
Fund balances - ending	<u>5,353</u>	<u>(0)</u>	<u>(5,353)</u>

Community Services & Housing	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	120,000	80,948	(39,052)
Charges for services	465,000	413,689	(51,311)
Total revenues	<u>585,000</u>	<u>494,637</u>	<u>(90,363)</u>
Expenditures			
Current:			
Economic environment	615,000	527,510	87,490
Total expenditures	<u>615,000</u>	<u>527,510</u>	<u>87,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,000)</u>	<u>(32,873)</u>	<u>(2,873)</u>
Fund balances - beginning	30,000	218,095	188,095
Fund balances - ending	<u>-</u>	<u>185,223</u>	<u>185,223</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
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Treasurer's O&M	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for services	16,000	25,525	9,525
Miscellaneous	500	214	(286)
Total revenues	<u>16,500</u>	<u>25,739</u>	<u>9,239</u>
Expenditures			
Current:			
General government	112,730	26,181	86,549
Total expenditures	<u>112,730</u>	<u>26,181</u>	<u>86,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(96,230)</u>	<u>(442)</u>	<u>95,788</u>
Fund balances - beginning	123,000	132,085	9,085
Fund balances - ending	<u><u>26,770</u></u>	<u><u>131,642</u></u>	<u><u>104,872</u></u>
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Tourist & Convention			
Revenues			
Taxes	600,000	906,982	306,982
Charges for services	40,000	21,988	(18,012)
Miscellaneous	20	14	(6)
Total revenues	<u>640,020</u>	<u>928,984</u>	<u>288,964</u>
Expenditures			
Current:			
Economic environment	849,890	824,612	25,278
Total expenditures	<u>849,890</u>	<u>824,612</u>	<u>25,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(209,870)</u>	<u>104,372</u>	<u>314,242</u>
Other Financing Sources (Uses)			
Transfers out	(22,000)	(27,000)	(5,000)
Total other financing sources and use	<u>(22,000)</u>	<u>(27,000)</u>	<u>(5,000)</u>
Net change in fund balances	<u>(231,870)</u>	<u>77,372</u>	<u>309,242</u>
Fund balances - beginning	320,000	478,503	158,503
Fund balances - ending	<u><u>88,130</u></u>	<u><u>555,875</u></u>	<u><u>467,745</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
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Election Reserve	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	-	42,044	42,044
Charges for services	17,000	18,540	1,540
Miscellaneous	50	36	(14)
Total revenues	<u>17,050</u>	<u>60,620</u>	<u>43,570</u>
Expenditures			
Current:			
General government	7,187	2,162	5,025
Total expenditures	<u>7,187</u>	<u>2,162</u>	<u>5,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,863</u>	<u>58,458</u>	<u>48,595</u>
Fund balances - beginning	<u>35,000</u>	<u>37,442</u>	<u>2,442</u>
Fund balances - ending	<u><u>44,863</u></u>	<u><u>95,900</u></u>	<u><u>51,037</u></u>

Natural Resources	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	1,920,192	1,834,126	(86,066)
Charges for services	6,675	6,073	(602)
Miscellaneous	191,279	141,032	(50,247)
Total revenues	<u>2,118,146</u>	<u>1,981,231</u>	<u>(136,915)</u>
Expenditures			
Current:			
Utilities and environment	2,141,562	2,057,553	84,009
Total expenditures	<u>2,141,562</u>	<u>2,057,553</u>	<u>84,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,416)</u>	<u>(76,322)</u>	<u>(52,906)</u>
Fund balances - beginning	<u>248,172</u>	<u>395,460</u>	<u>147,288</u>
Fund balances - ending	<u><u>224,756</u></u>	<u><u>319,139</u></u>	<u><u>94,383</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

RJC Prisoner	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	69,000	59,465	(9,535)
Charges for services	130,000	110,633	(19,367)
Miscellaneous	-	6,982	6,982
Total revenues	<u>199,000</u>	<u>177,080</u>	<u>(21,920)</u>
Expenditures			
Current:			
Security of persons and property	199,569	183,608	15,961
Total expenditures	<u>199,569</u>	<u>183,608</u>	<u>15,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(569)</u>	<u>(6,529)</u>	<u>(5,960)</u>
Fund balances - beginning	<u>25,000</u>	<u>21,638</u>	<u>(3,362)</u>
Fund balances - ending	<u><u>24,431</u></u>	<u><u>15,109</u></u>	<u><u>(9,322)</u></u>

Forest Title III	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	102,249	100,266	(1,983)
Total revenues	<u>102,249</u>	<u>100,266</u>	<u>(1,983)</u>
Expenditures			
Current:			
Utilities and environment	102,249	97,694	4,555
Total expenditures	<u>102,249</u>	<u>97,694</u>	<u>4,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,573</u>	<u>2,573</u>
Fund balances - beginning	<u>-</u>	<u>97,057</u>	<u>97,057</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>99,629</u></u>	<u><u>99,629</u></u>

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Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
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Criminal Justice Sales Tax	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	700,000	662,855	(37,145)
Miscellaneous	3,500	2,234	(1,266)
Total revenues	<u>703,500</u>	<u>665,089</u>	<u>(38,411)</u>
Expenditures			
Current:			
Security of persons and property	502,877	58,221	444,656
Debt Service			
Principal	100,000	100,000	-
Interest and other charges	366,184	366,184	-
Total expenditures	<u>969,061</u>	<u>524,405</u>	<u>444,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(265,561)</u>	<u>140,685</u>	<u>406,246</u>
Fund balances - beginning	1,396,500	1,084,631	(311,869)
Fund balances - ending	<u>1,130,939</u>	<u>1,225,316</u>	<u>94,376</u>

CASA	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	67,799	66,984	(815)
Total revenues	<u>67,799</u>	<u>66,984</u>	<u>(815)</u>
Expenditures			
Current:			
General government	67,799	54,516	13,283
Total expenditures	<u>67,799</u>	<u>54,516</u>	<u>13,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>12,468</u>	<u>12,468</u>
Fund balances - beginning	-	10,926	10,926
Fund balances - ending	<u>-</u>	<u>23,394</u>	<u>23,394</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Network Grant	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	50,000	16,226	(33,774)
Total revenues	50,000	16,226	(33,774)
Expenditures			
Current:			
Economic environment	50,000	16,226	33,774
Total expenditures	50,000	16,226	33,774
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	-	-	-

Substance Abuse	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	1,103,979	953,519	(150,460)
Total revenues	1,103,979	953,519	(150,460)
Expenditures			
Current:			
Mental and physical health	1,209,160	955,286	253,874
Total expenditures	1,209,160	955,286	253,874
Excess (deficiency) of revenues over (under) expenditures	(105,181)	(1,767)	103,414
Fund balances - beginning	120,000	120,369	369
Fund balances - ending	14,819	118,602	103,783

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Distressed Counties Tax	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	1,120,000	1,230,120	110,120
Miscellaneous	5,000	3,412	(1,588)
Total revenues	<u>1,125,000</u>	<u>1,233,533</u>	<u>108,533</u>
Expenditures			
Current:			
Economic environment	503,441	3,743	499,698
Debt Service:			
Principal	580,000	730,000	(150,000)
Interest and other charges	31,264	133,304	(102,040)
Total expenditures	<u>1,114,705</u>	<u>867,047</u>	<u>247,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,295</u>	<u>366,486</u>	<u>356,191</u>
Fund balances - beginning	<u>1,500,000</u>	<u>1,530,997</u>	<u>30,997</u>
Fund balances - ending	<u><u>1,510,295</u></u>	<u><u>1,897,483</u></u>	<u><u>387,188</u></u>

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Capital Projects Funds

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Project Funds are established to account for the financial resources used for the acquisition or construction of major capital facilities. Both revenues and expenditures are budgeted in compliance with procedures established in the Revised Code of Washington 36.40. Modified accrual basis of accounting is applied.

R.E.E.T. I: accounts for the first quarter percent real estate excise tax revenues.

R.E.E.T. II: accounts for the second quarter percent real estate excise tax revenues.

Technology Bond Projects: accounts for the proceeds of the 2007 technology bond and the expenditures related to those funds.

L&J Construction: accounts for the bond proceeds used for mechanical and electrical upgrades in the Law and Justice building.

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	<u>R.E.E.T. 1 Capital Improvement</u>	<u>R.E.E.T. 2 Capital Improvement</u>	<u>Technology Bond Projects</u>	<u>L&J Construction</u>	<u>Total</u>
Assets					
Cash and cash equivalents	184,657	454,735	-	-	639,392
Investments	931,127	110,011	37,156	731,541	1,809,835
Total assets	<u>1,115,784</u>	<u>564,746</u>	<u>37,156</u>	<u>731,541</u>	<u>2,449,227</u>
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	-	-	303	4,764	5,067
Due to other funds	-	400,000	-	-	400,000
Accrued payroll liability	-	-	-	386	386
Total Liabilities	<u>-</u>	<u>400,000</u>	<u>303</u>	<u>5,150</u>	<u>405,453</u>
Fund balances:					
Restricted	1,115,784	164,746	36,854	726,390	2,043,774
Total fund balances	<u>1,115,784</u>	<u>164,746</u>	<u>36,854</u>	<u>726,390</u>	<u>2,043,774</u>
Total liabilities and fund balances	<u>1,115,784</u>	<u>564,746</u>	<u>37,156</u>	<u>731,541</u>	<u>2,449,227</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2011

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Technology Bond Projects	L&J Construction	Total
Revenues					
Taxes	368,325	344,050	-	-	712,375
Miscellaneous	1,550	191	67	2,294	4,101
Total revenues	<u>369,875</u>	<u>344,241</u>	<u>67</u>	<u>2,294</u>	<u>716,477</u>
Expenditures					
Debt service:					
Principal	48,375	-	-	-	48,375
Interest and other charges	172,419	-	-	-	172,419
Capital outlay	124,813	46,996	3,215	1,195,998	1,371,022
Total expenditures	<u>345,608</u>	<u>46,996</u>	<u>3,215</u>	<u>1,195,998</u>	<u>1,591,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,267</u>	<u>297,245</u>	<u>(3,149)</u>	<u>(1,193,703)</u>	<u>(875,341)</u>
Other Financing Sources (Uses)					
Transfers out	-	(400,000)	-	-	(400,000)
Total other financing sources and uses	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Net change in fund balances	<u>24,267</u>	<u>(102,755)</u>	<u>(3,149)</u>	<u>(1,193,703)</u>	<u>(1,275,341)</u>
Fund balances - beginning	<u>1,091,517</u>	<u>267,501</u>	<u>40,003</u>	<u>1,920,094</u>	<u>3,319,115</u>
Fund balances - ending	<u>1,115,784</u>	<u>164,746</u>	<u>36,854</u>	<u>726,390</u>	<u>2,043,774</u>

CHELAN COUNTY, WASHINGTON

Capital Projects Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

R.E.E.T. 1 Capital Improvement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	400,000	368,325	(31,675)
Miscellaneous	2,000	1,550	(450)
Total revenues	<u>402,000</u>	<u>369,875</u>	<u>(32,125)</u>
Expenditures			
Debt service:			
Principal	51,000	48,375	2,625
Interest and other charges	170,364	172,419	(2,055)
Capital outlay	452,115	124,813	327,302
Total expenditures	<u>673,479</u>	<u>345,608</u>	<u>327,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,479)</u>	<u>24,267</u>	<u>295,746</u>
Fund balances - beginning	<u>685,000</u>	<u>1,091,517</u>	<u>406,517</u>
Fund balances - ending	<u><u>413,521</u></u>	<u><u>1,115,784</u></u>	<u><u>702,263</u></u>
R.E.E.T. 2 Capital Improvement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	400,000	344,050	(55,950)
Miscellaneous	2,000	191	(1,809)
Total revenues	<u>402,000</u>	<u>344,241</u>	<u>(57,759)</u>
Expenditures			
Capital outlay	102,894	46,996	55,898
Total expenditures	<u>102,894</u>	<u>46,996</u>	<u>55,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>299,106</u>	<u>297,245</u>	<u>(1,861)</u>
Other Financing Sources (Uses)			
Transfers out	(400,000)	(400,000)	-
Total other financing sources and use	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balances	<u>(100,894)</u>	<u>(102,755)</u>	<u>(1,861)</u>
Fund balances - beginning	<u>185,000</u>	<u>267,501</u>	<u>82,501</u>
Fund balances - ending	<u><u>84,106</u></u>	<u><u>164,746</u></u>	<u><u>80,640</u></u>

CHELAN COUNTY, WASHINGTON

Capital Projects Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Technology Bond Projects	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	-	67	67
Total revenues	-	67	67
Expenditures			
Capital outlay	77,611	3,215	74,396
Total expenditures	77,611	3,215	74,396
Excess (deficiency) of revenues over (under) expenditures	(77,611)	(3,149)	74,462
Fund balances - beginning	77,611	40,003	(37,608)
Fund balances - ending	-	36,854	36,854

L&J Construction	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	2,000	2,294	294
Total revenues	2,000	2,294	294
Expenditures			
Capital Outlay	3,148,619	1,195,998	1,952,621
Total expenditures	3,148,619	1,195,998	1,952,621
Excess (deficiency) of revenues over (under) expenditures	(3,146,619)	(1,193,703)	1,952,916
Fund balances - beginning	3,146,619	1,920,094	(1,226,525)
Fund balances - ending	-	726,390	726,390

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are funds used to account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County is to recover the costs of goods and services provided to the public through user charges. The full accrual basis of accounting is applied.

Solid Waste Planning: accounts for the grants received from the state for the planning of waste disposal.

Wenatchee River County Park: accounts for the operations of the Wenatchee River County Park.

Expo Center: accounts for the operations of the Chelan County Expo Center, which serves as the facilities for the Chelan County Fair.

Fair: accounts for the operations of the Chelan County Fair.

Public Education: accounts for the sale of educational materials from the Cooperative Extension Office.

Surface & Storm Water Management Utility: accounts for funds received through assessments for planning, designing, construction, and maintenance of drainage systems in the unincorporated areas of Chelan County.

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets

Nonmajor Enterprise Funds

December 31, 2011

	Solid Waste Planning	Wenatchee River County Park	Expo Center	Fair	Public Education	Surface & Storm Water Utility	Total
Assets							
Current assets:							
Cash and cash equivalents	87,169	74,816	31,717	18,229	56,076	1,126,375	1,394,383
Investments	180,563	-	-	-	-	-	180,563
Accounts receivable	30	-	-	-	-	-	30
Due from other governments	44,669	-	-	-	-	-	44,669
Total current assets	<u>312,432</u>	<u>74,816</u>	<u>31,717</u>	<u>18,229</u>	<u>56,076</u>	<u>1,126,375</u>	<u>1,619,645</u>
Noncurrent assets:							
Capital assets: (net of accumulated depreciation)							
Land	201,252	-	-	-	-	-	201,252
Buildings	37,875	-	16,729	-	-	-	54,605
Equipment	183,389	9,887	24,950	-	-	44,353	262,579
Total noncurrent assets	<u>422,516</u>	<u>9,887</u>	<u>41,679</u>	<u>-</u>	<u>-</u>	<u>44,353</u>	<u>518,436</u>
Total assets	<u>734,948</u>	<u>84,703</u>	<u>73,397</u>	<u>18,229</u>	<u>56,076</u>	<u>1,170,728</u>	<u>2,138,081</u>
Liabilities							
Current liabilities:							
Accounts payable	245	4,040	1,996	1,045	3,603	-	10,929
Due to other funds	-	-	668	245	210	-	1,122
Due to other governments	19,398	724	3,001	-	120	-	23,244
Accrued payroll liability	4,531	3,237	18,574	-	3,407	2,125	31,874
Compensated absences	1,066	-	957	-	693	-	2,716
Total current liabilities	<u>25,241</u>	<u>8,002</u>	<u>25,195</u>	<u>1,290</u>	<u>8,033</u>	<u>2,125</u>	<u>69,885</u>
Noncurrent liabilities:							
Compensated absences	1,691	-	1,518	-	1,100	-	4,308
Total noncurrent liabilities	<u>1,691</u>	<u>-</u>	<u>1,518</u>	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>4,308</u>
Total liabilities	<u>26,932</u>	<u>8,002</u>	<u>26,713</u>	<u>1,290</u>	<u>9,133</u>	<u>2,125</u>	<u>74,194</u>
Net Assets							
Invested in capital assets	422,516	9,887	41,679	-	-	44,353	518,436
Unrestricted	285,500	66,814	5,005	16,940	46,943	1,124,250	1,545,451
Total net assets	<u>708,016</u>	<u>76,701</u>	<u>46,684</u>	<u>16,940</u>	<u>46,943</u>	<u>1,168,604</u>	<u>2,063,887</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Nonmajor Enterprise Funds

For the Year Ending December 31, 2011

	Solid Waste Planning	Wenatchee River Co Park	Expo Center	Fair	Public Education	Surface & Storm Water Utility	Total
Operating Revenues							
Charges for services	100,000	2,456	-	96,428	24,062	345,751	568,697
Miscellaneous	17,574	192,228	94,620	48,719	8,566	-	361,706
Total revenues	<u>117,574</u>	<u>194,683</u>	<u>94,620</u>	<u>145,147</u>	<u>32,628</u>	<u>345,751</u>	<u>930,403</u>
Operating Expenses							
Salaries	56,350	92,398	61,444	22,696	48,168	19,144	300,199
Personnel benefits	15,810	26,172	22,033	8,200	13,056	8,124	93,395
Supplies	3,184	17,975	11,761	16,389	26,860	2,373	78,541
Other services and charges	175,137	58,257	37,349	115,905	60,402	85,178	532,228
Intergovernmental/interfund services and taxes	-	869	3,142	520	-	-	4,531
Interfund payments for services	5,313	11,086	19,265	8,000	9,293	377	53,334
Depreciation	27,700	3,099	6,049	-	-	4,517	41,365
Total operating expenses	<u>283,493</u>	<u>209,856</u>	<u>161,043</u>	<u>171,711</u>	<u>157,779</u>	<u>119,712</u>	<u>1,103,593</u>
Operating income (loss)	<u>(165,919)</u>	<u>(15,173)</u>	<u>(66,423)</u>	<u>(26,563)</u>	<u>(125,151)</u>	<u>226,039</u>	<u>(173,190)</u>
Non Operating Revenues							
Grants and assistance	159,387	-	-	36,666	131,452	83,325	410,830
Total nonoperating revenues (expenses)	<u>159,387</u>	<u>-</u>	<u>-</u>	<u>36,666</u>	<u>131,452</u>	<u>83,325</u>	<u>410,830</u>
Income (loss) before transfers	<u>(6,532)</u>	<u>(15,173)</u>	<u>(66,423)</u>	<u>10,103</u>	<u>6,301</u>	<u>309,364</u>	<u>237,640</u>
Transfers in	-	-	20,000	-	-	-	20,000
Change in net assets	<u>(6,532)</u>	<u>(15,173)</u>	<u>(46,423)</u>	<u>10,103</u>	<u>6,301</u>	<u>309,364</u>	<u>257,640</u>
Total net assets - beginning	<u>714,547</u>	<u>91,874</u>	<u>93,107</u>	<u>6,837</u>	<u>40,642</u>	<u>859,240</u>	<u>1,806,247</u>
Total net assets - ending	<u>708,016</u>	<u>76,701</u>	<u>46,684</u>	<u>16,940</u>	<u>46,943</u>	<u>1,168,604</u>	<u>2,063,887</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2011

	Solid Waste Planning	Wenatchee River County Park	Expo Center	Fair	Public Education	Surface & Storm Water Utility	Total
Cash Flows From Operating Activities:							
Cash received from customers and users	108,780	194,683	94,620	145,147	32,628	345,751	921,610
Cash payments to suppliers	(165,735)	(96,816)	(67,069)	(139,580)	(92,764)	(89,587)	(651,551)
Cash payments to employees and retirees	(73,566)	(119,123)	(74,008)	(33,039)	(56,024)	(27,793)	(383,553)
Net cash provided (used) by operating activities	(130,520)	(21,256)	(46,457)	(27,472)	(116,160)	228,371	(113,494)
Cash Flows From noncapital Financing Activities							
Grants and assistance	159,387	-	-	36,666	131,452	83,325	410,830
Transfers in	-	-	20,000	-	-	-	20,000
Net cash provided (used) by noncapital financing activities	159,387	-	20,000	36,666	131,452	83,325	430,830
Cash Flows From Investing Activities							
Proceeds from sales and maturities of investments	21	-	-	-	-	-	21
Purchase of investments	(372)	-	-	-	-	-	(372)
Interest on investments	38	-	-	-	-	-	38
Net cash provided (used) by investing activities	(313)	-	-	-	-	-	(313)
Net increase (decrease) in cash and cash equiv.	28,554	(21,256)	(26,457)	9,194	15,293	311,696	317,023
Cash and cash equivalents, January 1	58,615	96,072	58,175	9,035	40,783	814,679	1,077,360
Cash and cash equivalents, December 31	87,169	74,816	31,717	18,229	56,076	1,126,375	1,394,383
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	(165,919)	(15,173)	(66,423)	(26,563)	(125,151)	226,039	(173,190)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:							
Depreciation and amortization of deferred charge	27,700	3,099	6,049	-	-	4,517	41,365
(Increase) decrease in accounts receivable	(30)	-	-	-	-	-	(30)
(Increase) decrease in due from other funds/gov	(8,763)	-	-	-	-	-	(8,763)
Increase (decrease) in vouchers/contracts payable	(1,500)	(8,655)	1,872	989	3,520	(1,660)	(5,434)
Increase (decrease) in due to other funds/gov	19,398	26	2,577	245	271	-	22,516
Increase (decrease) in accrued payroll liabilities	(2,837)	(553)	12,742	(2,143)	3,407	(525)	10,092
Increase (decrease) in accrued employee leave benefits	1,431	-	(3,274)	-	1,793	-	(50)
Total adjustments	35,399	(6,083)	19,966	(909)	8,991	2,333	59,696
Net cash provided (used) by operating activities	(130,520)	(21,256)	(46,457)	(27,472)	(116,160)	228,371	(113,494)

The County is not aware of any material noncash transactions.

CHELAN COUNTY, WASHINGTON

Description of Internal Service Funds

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Equipment Rental and Revolving: accounts for the funds used to finance the maintenance and operations of equipment used by County Roads and to finance and control material inventory used in the construction and maintenance of County roads.

Industrial Insurance: A self-insurance fund to finance injured worker's compensation claims against Chelan County.

Health Insurance: A self-insurance fund to finance the medical and dental claims and premiums of Chelan County employees.

Unemployment Insurance: A self-insurance fund to finance unemployment claim settlements and decisions against Chelan County by former employees.

Insurance Administration and Purchasing: A self-insurance fund to finance the uninsured liability claims and deductible portions of insured liability claims against the County.

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets

Internal Service Funds

December 31, 2011

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
Assets						
Current assets:						
Cash and cash equivalents	2,185,750	414,523	195,644	73,890	103,528	2,973,334
Deposits with fiscal agents	-	38,800	-	-	-	38,800
Investments	-	178,295	53,911	15,836	5,911	253,953
Accounts receivable	24,419	35,467	1,900	-	-	61,786
Due from other funds	178,344	-	-	-	-	178,344
Inventory	720,369	-	-	-	-	720,369
Total current assets	<u>3,108,882</u>	<u>667,084</u>	<u>251,455</u>	<u>89,726</u>	<u>109,439</u>	<u>4,226,586</u>
Noncurrent assets:						
Capital assets: (net of accumulated depreciation)						
Buildings	32,984	-	-	-	-	32,984
Equipment	4,945,172	-	-	-	-	4,945,172
Total noncurrent assets	<u>4,978,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,978,157</u>
Total assets	<u>8,087,039</u>	<u>667,084</u>	<u>251,455</u>	<u>89,726</u>	<u>109,439</u>	<u>9,204,743</u>
Liabilities						
Current liabilities:						
Accounts payable	148,839	74,121	523	-	293,236	516,719
Due to other funds	128	25,270	-	-	42,010	67,408
Due to other governments	492	-	-	-	-	492
Accrued payroll liability	63,954	110	-	-	-	64,063
Compensated absences	5,690	-	-	-	-	5,690
Total current liabilities	<u>219,102</u>	<u>99,501</u>	<u>523</u>	<u>-</u>	<u>335,246</u>	<u>654,372</u>
Noncurrent liabilities:						
Compensated absences	38,106	-	-	-	-	38,106
Total noncurrent liabilities	<u>38,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,106</u>
Total liabilities	<u>257,207</u>	<u>99,501</u>	<u>523</u>	<u>-</u>	<u>335,246</u>	<u>692,478</u>
Net Assets						
Invested in capital assets	4,978,157	-	-	-	-	4,978,157
Unrestricted	2,851,674	567,583	250,932	89,726	(225,807)	3,534,108
Total net assets	<u>7,829,831</u>	<u>567,583</u>	<u>250,932</u>	<u>89,726</u>	<u>(225,807)</u>	<u>8,512,265</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Internal Service Funds

For the Year Ending December 31, 2011

	<u>Equipment Rental & Revolving</u>	<u>Industrial Insurance</u>	<u>Health Insurance</u>	<u>Unemploy. Comp.</u>	<u>Insurance Admin & Purchasing</u>	<u>Total</u>
Operating Revenues						
Charges for services	637,887	-	-	-	-	637,887
Miscellaneous	2,550,556	880,801	5,315,068	160,383	887,197	9,794,005
Total operating revenues	<u>3,188,443</u>	<u>880,801</u>	<u>5,315,068</u>	<u>160,383</u>	<u>887,197</u>	<u>10,431,892</u>
Operating Expenses						
Salaries	528,481	3,197	-	-	-	531,679
Personnel benefits	170,008	1,471	6,406	-	-	177,885
Supplies	1,307,862	-	-	-	-	1,307,862
Other services and charges	83,064	537,966	5,138,532	122,272	1,137,230	7,019,063
Interfund payments for services	297,302	29,107	24,558	565	56,320	407,852
Depreciation	1,176,895	-	-	-	-	1,176,895
Total operating expenses	<u>3,563,612</u>	<u>571,742</u>	<u>5,169,496</u>	<u>122,837</u>	<u>1,193,550</u>	<u>10,621,236</u>
Operating income (loss)	<u>(375,169)</u>	<u>309,060</u>	<u>145,571</u>	<u>37,547</u>	<u>(306,352)</u>	<u>(189,344)</u>
Nonoperating Revenues (Expenses)						
Gain on sale of capital assets	39,743	-	-	-	-	39,743
Change in net assets	<u>(335,426)</u>	<u>309,060</u>	<u>145,571</u>	<u>37,547</u>	<u>(306,352)</u>	<u>(149,601)</u>
Total net assets - beginning	<u>8,165,257</u>	<u>258,524</u>	<u>105,361</u>	<u>52,179</u>	<u>80,545</u>	<u>8,661,866</u>
Total net assets - ending	<u>7,829,831</u>	<u>567,583</u>	<u>250,932</u>	<u>89,726</u>	<u>(225,807)</u>	<u>8,512,265</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

Cash Flows From Operating Activities:

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
Cash received from customers and users	3,508,696	845,334	5,317,609	160,383	887,197	10,719,220
Cash payments to suppliers	(1,825,690)	(490,678)	(5,162,567)	(122,837)	(935,597)	(8,537,369)
Cash payments to employees and retirees	(695,612)	(4,813)	(6,406)	-	-	(706,831)
Net cash provided (used) by operating activities	987,394	349,844	148,636	37,547	(48,400)	1,475,020

Cash Flows From Capital Financing Activities

Proceeds from sale of equipment	39,743	-	-	-	-	39,743
Acquisition and construction of capital assets	(743,482)	-	-	-	-	(743,482)
Net cash provided (used) by capital financing activities	(703,739)	-	-	-	-	(703,739)

Cash Flows From Investing Activities

Proceeds from sales and maturities of investments	-	21	33,733	2	80,812	114,567
Purchase of investments	-	(368)	(86)	(33)	(141)	(627)
Interest on investments	-	38	19	3	18	78
Net cash provided (used) by investing activities	-	(309)	33,665	(27)	80,690	114,018

Net increase (decrease) in cash and cash equivalents

	283,655	349,534	182,301	37,519	32,290	885,299
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Cash and cash equivalents, January 1

	1,902,094	64,988	13,343	36,371	71,238	2,088,035
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Cash and cash equivalents, December 31

	2,185,750	414,523	195,644	73,890	103,528	2,973,334
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	(375,169)	309,060	145,571	37,547	(306,352)	(189,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:						
Depreciation and amortization of deferred charge	1,176,895	-	-	-	-	1,176,895
(Increase) decrease in accounts receivable	13,909	(35,467)	2,541	-	-	(19,016)
(Increase) decrease in due from other funds/gov	306,344	-	-	-	-	306,344
(Increase) decrease in inventory/prepaid expenses	(111,183)	-	-	-	-	(111,183)
Increase (decrease) in vouchers/contracts payable	(26,311)	72,556	523	-	264,941	311,709
Increase (decrease) in due to other funds/gov	31	3,840	-	-	(6,988)	(3,117)
Increase (decrease) in accrued payroll liabilities	3,100	(144)	-	-	-	2,956
Increase (decrease) in accrued employee leave benefits	(222)	-	-	-	-	(222)
Total adjustments	1,362,563	40,784	3,065	-	257,952	1,664,364
	987,394	349,844	148,636	37,547	(48,400)	1,475,020

Net cash provided (used) by operating activities

The County is not aware of any material noncash transactions.

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CHELAN COUNTY, WASHINGTON

Description of Agency Funds

AGENCY FUNDS

Agency Funds are established to account for assets held by Chelan County acting in the capacity of agent. Agency funds are funds over which the County has no oversight responsibility or financial interdependency. Many independent districts are required by State statute to process all monies through the County Treasurer's office. Such funds do not represent assets of Chelan County. Agency funds are custodial in nature, and therefore do not involve measurement of results of operations. Each independent district is responsible to prepare its own annual financial report.

LID 85-1: accounts for the local improvement district bond and assessments.

Chelan/Douglas Health District: accounts for the finances of the Chelan Douglas Health District.

NCR Library: accounts for the finances of the North Central Regional Library.

Link: established to account for the finances of the regional public transportation agency.

State Funds: accounts for the accumulation of all the taxes collected for the State of Washington. These monies are later remitted to the State.

NCESD: accounts for the finances of the North Central Educational Service District.

School Districts: accounts for the finances of the school districts within Chelan County.

Fire Districts: accounts for the finances of the fire districts within Chelan County.

Cemetery Districts: accounts for the finances of the cemetery districts within Chelan County.

Port of Chelan County: accounts for the finances of the Port District.

Pangborn Field: accounts for the finances of the Pangborn Airport.

Lake Chelan Sewer Revenue Bond: accounts for the finances of the Lake Chelan sewer revenue bond.

Park Districts: accounts for the finances of Manson Park and the Upper Valley Parks and Recreation districts.

Mosquito Districts: accounts for the finances of the mosquito districts within Chelan County.

Water Districts: accounts for the finances of the water districts within Chelan County.

Irrigation Districts: accounts for the finances of the irrigation districts within Chelan County.

Water Conservancy Board: accounts for the finances of the Water Conservancy Board.

Hospital Districts: accounts for the finances of the hospital districts within Chelan County.

Cities: accounts for taxes collected for the incorporated areas of the County that are remitted to the cities.

County: accounts for the disbursement of the County's salary and claim payments.

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2011

	<u>LID 85-1</u>	<u>Chelan/ Douglas Health Dist</u>	<u>NCR Library</u>	<u>Link</u>	<u>State</u>	<u>NCESD</u>
Assets						
Cash	61	32,255	1,868,981	773,865	337,366	552,614
Investments	27,736	632,532	11,118,936	1,893,398	-	13,738,781
Deposits with fiscal agents	-	-	-	-	-	-
Taxes receivable	-	-	211,313	-	1,319,258	-
Total assets	<u>27,797</u>	<u>664,787</u>	<u>13,199,229</u>	<u>2,667,263</u>	<u>1,656,624</u>	<u>14,291,395</u>
Liabilities						
Accounts payable	-	5,725	223,514	-	-	-
Accrued payroll liabilities	-	177,257	37,982	-	-	-
Custodial accounts	27,797	481,805	12,937,733	2,667,263	1,656,624	14,291,395
Total liabilities	<u>27,797</u>	<u>664,787</u>	<u>13,199,229</u>	<u>2,667,263</u>	<u>1,656,624</u>	<u>14,291,395</u>

School Districts	Fire Districts	Cemetery Districts	Port of Chelan County	Pangborn Field	Lake Chelan Sewer Rev Bond	Park Districts	Mosquito Districts
4,832,729	1,479,681	352,624	301,697	288,036	46,654	31,297	97,700
29,015,393	4,155,371	524,082	3,751,014	19,754	993,375	154,237	-
-	-	-	-	-	-	-	-
1,368,529	308,132	15,577	136,656	-	-	22,429	12
<u>35,216,651</u>	<u>5,943,184</u>	<u>892,283</u>	<u>4,189,366</u>	<u>307,790</u>	<u>1,040,029</u>	<u>207,963</u>	<u>97,712</u>
-	41,585	708	-	-	-	7,340	662
-	253,715	7,387	-	-	-	6,666	496
35,216,651	5,647,884	884,188	4,189,366	307,790	1,040,029	193,957	96,554
<u>35,216,651</u>	<u>5,943,184</u>	<u>892,283</u>	<u>4,189,366</u>	<u>307,790</u>	<u>1,040,029</u>	<u>207,963</u>	<u>97,712</u>

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2011

	<u>Water Districts</u>	<u>Irrigation Districts</u>	<u>Water Cons. Board</u>	<u>Hospital Districts</u>	<u>Cities</u>	<u>County</u>	<u>Total</u>
Assets							
Cash	406,832	342,324	1,387	1,371,183	134,892	1,332,360	14,584,537
Investments	1,115,318	4,247,624	-	4,457,932	-	35,408	75,880,889
Deposits with fiscal agents	-	-	-	-	-	1,386,860	1,386,860
Taxes receivable	-	-	-	220,192	395,369	-	3,997,467
Total assets	<u>1,522,150</u>	<u>4,589,948</u>	<u>1,387</u>	<u>6,049,307</u>	<u>530,261</u>	<u>2,754,628</u>	<u>95,849,754</u>
Liabilities							
Accounts payable	16,541	146,881	429	-	-	-	443,385
Accrued payroll liabilities	12,297	15,966	-	-	-	-	511,766
Custodial accounts	1,493,311	4,427,101	959	6,049,307	530,261	2,754,628	94,894,603
Total liabilities	<u>1,522,150</u>	<u>4,589,948</u>	<u>1,387</u>	<u>6,049,307</u>	<u>530,261</u>	<u>2,754,628</u>	<u>95,849,754</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2011

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LID 85-1				
Assets				
Cash	61	57	57	61
Investments	27,682	57	3	27,736
Interest receivable	6	-	6	-
Total assets	<u>27,749</u>	<u>114</u>	<u>66</u>	<u>27,797</u>
Liabilities				
Custodial accounts	27,749	48	-	27,797
Total liabilities	<u>27,749</u>	<u>48</u>	<u>-</u>	<u>27,797</u>

CHELAN/DOUGLAS HEALTH DISTRICT

Assets				
Cash	9,588	4,144,111	4,121,444	32,255
Investments	375,578	1,029,554	772,600	632,532
Interest receivable	68	-	68	-
Total assets	<u>385,234</u>	<u>5,173,664</u>	<u>4,894,112</u>	<u>664,787</u>
Liabilities				
Accounts payable	-	1,523,656	1,517,931	5,725
Accrued payroll liabilities	190,007	2,584,342	2,597,093	177,257
Custodial accounts	195,227	3,094,372	2,807,794	481,805
Total liabilities	<u>385,234</u>	<u>7,202,370</u>	<u>6,922,818</u>	<u>664,787</u>

NCR LIBRARY

Assets				
Cash	1,704,180	13,586,906	13,422,105	1,868,981
Investments	9,486,721	4,345,204	2,712,988	11,118,936
Taxes receivable	220,639	211,313	220,639	211,313
Interest receivable	2,052	-	2,052	-
Total assets	<u>11,413,591</u>	<u>18,143,423</u>	<u>16,357,784</u>	<u>13,199,229</u>
Liabilities				
Accounts payable	220,870	6,636,268	6,633,624	223,514
Accrued payroll liabilities	26,007	4,690,828	4,678,853	37,982
Custodial accounts	11,166,714	11,038,009	9,266,990	12,937,733
Total liabilities	<u>11,413,591</u>	<u>22,365,105</u>	<u>20,579,467</u>	<u>13,199,229</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2011

LINK	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	556,324	11,165,734	10,948,193	773,865
Investments	1,890,173	802,498	799,273	1,893,398
Interest receivable	403	-	403	-
Total assets	<u>2,446,900</u>	<u>11,968,232</u>	<u>11,747,869</u>	<u>2,667,263</u>
Liabilities				
Custodial accounts	<u>2,446,900</u>	<u>10,141,371</u>	<u>9,921,008</u>	<u>2,667,263</u>
Total liabilities	<u>2,446,900</u>	<u>10,141,371</u>	<u>9,921,008</u>	<u>2,667,263</u>
 STATE				
Assets				
Cash	361,112	27,543,767	27,567,514	337,366
Taxes receivable	<u>1,448,090</u>	<u>1,319,258</u>	<u>1,448,090</u>	<u>1,319,258</u>
Total assets	<u>1,809,202</u>	<u>28,863,025</u>	<u>29,015,604</u>	<u>1,656,624</u>
Liabilities				
Custodial accounts	<u>1,809,202</u>	<u>28,863,025</u>	<u>29,015,604</u>	<u>1,656,624</u>
Total liabilities	<u>1,809,202</u>	<u>28,863,025</u>	<u>29,015,604</u>	<u>1,656,624</u>
 NCESD				
Assets				
Cash	113,845	48,846,209	48,407,440	552,614
Investments	12,714,314	18,770,703	17,746,235	13,738,781
Interest receivable	<u>2,613</u>	<u>-</u>	<u>2,613</u>	<u>-</u>
Total assets	<u>12,830,772</u>	<u>67,616,912</u>	<u>66,156,289</u>	<u>14,291,395</u>
Liabilities				
Custodial accounts	<u>12,830,772</u>	<u>18,077,066</u>	<u>16,616,444</u>	<u>14,291,395</u>
Total liabilities	<u>12,830,772</u>	<u>18,077,066</u>	<u>16,616,444</u>	<u>14,291,395</u>
 SCHOOL DISTRICTS				
Assets				
Cash	720,567	150,621,861	146,509,700	4,832,729
Investments	26,266,118	18,764,159	16,014,884	29,015,393
Taxes receivable	1,389,104	1,368,529	1,389,104	1,368,529
Interest receivable	<u>7,940</u>	<u>-</u>	<u>7,940</u>	<u>-</u>
Total assets	<u>28,383,729</u>	<u>170,754,549</u>	<u>163,921,627</u>	<u>35,216,651</u>
Liabilities				
Custodial accounts	<u>28,383,729</u>	<u>134,417,874</u>	<u>127,584,953</u>	<u>35,216,651</u>
Total liabilities	<u>28,383,729</u>	<u>134,417,874</u>	<u>127,584,953</u>	<u>35,216,651</u>

FIRE DISTRICTS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	1,390,129	8,010,422	7,920,870	1,479,681
Investments	4,529,805	584,763	959,197	4,155,371
Taxes receivable	338,140	308,132	338,140	308,132
Interest receivable	990	-	990	-
Total assets	<u>6,259,064</u>	<u>8,903,317</u>	<u>9,219,198</u>	<u>5,943,184</u>
Liabilities				
Accounts payable	10,257	4,090,867	4,059,540	41,585
Accrued payroll liabilities	241,472	3,311,040	3,298,798	253,715
Custodial accounts	6,007,335	7,096,190	7,455,641	5,647,884
Total liabilities	<u>6,259,064</u>	<u>14,498,098</u>	<u>14,813,978</u>	<u>5,943,184</u>
CEMETERY DISTRICTS				
Assets				
Cash	288,225	265,614	201,215	352,624
Investments	523,403	1,703	1,024	524,082
Taxes receivable	16,595	15,577	16,595	15,577
Interest receivable	112	-	112	-
Total assets	<u>828,334</u>	<u>282,894</u>	<u>218,945</u>	<u>892,283</u>
Liabilities				
Accounts payable	297	104,861	104,450	708
Accrued payroll liabilities	6,136	127,746	126,495	7,387
Custodial accounts	821,902	280,822	218,536	884,188
Total liabilities	<u>828,334</u>	<u>513,429</u>	<u>449,481</u>	<u>892,283</u>
PORT OF CHELAN COUNTY				
Assets				
Cash	51,454	13,688,387	13,438,144	301,697
Investments	4,701,982	4,538,552	5,489,520	3,751,014
Taxes receivable	146,175	136,656	146,175	136,656
Interest receivable	720	-	720	-
Total assets	<u>4,900,331</u>	<u>18,363,595</u>	<u>19,074,560</u>	<u>4,189,366</u>
Liabilities				
Custodial accounts	4,900,331	5,916,788	6,627,753	4,189,366
Total liabilities	<u>4,900,331</u>	<u>5,916,788</u>	<u>6,627,753</u>	<u>4,189,366</u>
PANGBORN FIELD				
Assets				
Cash	4,210	2,789,891	2,506,065	288,036
Investments	-	66,740	46,986	19,754
Total assets	<u>4,210</u>	<u>2,856,630</u>	<u>2,553,051</u>	<u>307,790</u>
Liabilities				
Custodial accounts	4,210	2,742,905	2,439,325	307,790
Total liabilities	<u>4,210</u>	<u>2,742,905</u>	<u>2,439,325</u>	<u>307,790</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2011

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LAKE CHELAN SEWER REVENUE BOND				
Assets				
Cash	75,183	134,249	162,778	46,654
Investments	991,441	1,934	-	993,375
Interest receivable	212	-	212	-
Total assets	<u>1,066,835</u>	<u>136,183</u>	<u>162,990</u>	<u>1,040,029</u>
Liabilities				
Custodial accounts	1,066,835	134,037	160,844	1,040,029
Total liabilities	<u>1,066,835</u>	<u>134,037</u>	<u>160,844</u>	<u>1,040,029</u>
PARK DISTRICTS				
Assets				
Cash	30,808	726,200	725,711	31,297
Investments	115,418	106,843	68,024	154,237
Taxes receivable	25,715	22,429	25,715	22,429
Interest receivable	25	-	25	-
Total assets	<u>171,966</u>	<u>855,472</u>	<u>819,476</u>	<u>207,963</u>
Liabilities				
Accounts payable	-	403,417	396,076	7,340
Accrued payroll liabilities	6,236	180,477	180,047	6,666
Custodial accounts	165,731	671,808	643,582	193,957
Total liabilities	<u>171,966</u>	<u>1,255,702</u>	<u>1,219,706</u>	<u>207,963</u>
MOSQUITO DISTRICTS				
Assets				
Cash	99,481	50,800	52,581	97,700
Taxes receivable	-	12	-	12
Total assets	<u>99,481</u>	<u>50,812</u>	<u>52,581</u>	<u>97,712</u>
Liabilities				
Accounts payable	-	33,375	32,713	662
Accrued payroll liabilities	343	28,066	27,913	496
Custodial accounts	99,138	50,812	53,396	96,554
Total liabilities	<u>99,481</u>	<u>112,253</u>	<u>114,022</u>	<u>97,712</u>

WATER DISTRICTS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	337,391	1,440,346	1,370,905	406,832
Investments	1,144,419	225,901	255,002	1,115,318
Taxes receivable	11	-	11	-
Interest receivable	208	-	208	-
Total assets	<u>1,482,029</u>	<u>1,666,247</u>	<u>1,626,126</u>	<u>1,522,150</u>
Liabilities				
Accounts payable	17,165	592,410	593,033	16,541
Accrued payroll liabilities	11,571	157,139	156,413	12,297
Custodial accounts	1,453,292	1,341,930	1,301,911	1,493,311
Total liabilities	<u>1,482,029</u>	<u>2,091,478</u>	<u>2,051,357</u>	<u>1,522,150</u>
IRRIGATION DISTRICTS				
Assets				
Cash	352,434	5,907,923	5,918,033	342,324
Investments	4,269,771	1,604,416	1,626,562	4,247,624
Interest receivable	940	-	940	-
Total assets	<u>4,623,145</u>	<u>7,512,339</u>	<u>7,545,536</u>	<u>4,589,948</u>
Liabilities				
Accounts payable	164,887	3,336,397	3,354,403	146,881
Accrued payroll liabilities	14,874	222,277	221,186	15,966
Custodial accounts	4,443,383	4,270,320	4,286,602	4,427,101
Total liabilities	<u>4,623,145</u>	<u>7,828,994</u>	<u>7,862,190</u>	<u>4,589,948</u>
WATER CONSERVANCY BOARD				
Assets				
Cash	2,529	9,449	10,591	1,387
Total assets	<u>2,529</u>	<u>9,449</u>	<u>10,591</u>	<u>1,387</u>
Liabilities				
Accounts payable	966	10,054	10,591	429
Custodial accounts	1,563	9,390	9,995	959
Total liabilities	<u>2,529</u>	<u>19,444</u>	<u>20,586</u>	<u>1,387</u>
HOSPITALS				
Assets				
Cash	1,638,102	44,381,126	44,648,045	1,371,183
Investments	7,835,270	5,525,851	8,903,189	4,457,932
Taxes receivable	229,721	220,192	229,721	220,192
Interest receivable	1,760	-	1,760	-
Total assets	<u>9,704,853</u>	<u>50,127,169</u>	<u>53,782,715</u>	<u>6,049,307</u>
Liabilities				
Custodial accounts	9,704,853	33,548,809	37,204,354	6,049,307
Total liabilities	<u>9,704,853</u>	<u>33,548,809</u>	<u>37,204,354</u>	<u>6,049,307</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2011

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CITIES				
Assets				
Cash	154,696	10,674,443	10,694,247	134,892
Taxes receivable	401,779	395,369	401,779	395,369
Total assets	<u>556,475</u>	<u>11,069,812</u>	<u>11,096,026</u>	<u>530,261</u>
Liabilities				
Custodial accounts	556,475	10,036,953	10,063,167	530,261
Total liabilities	<u>556,475</u>	<u>10,036,953</u>	<u>10,063,167</u>	<u>530,261</u>
 COUNTY				
Assets				
Cash	116,593	67,773,545	66,557,778	1,332,360
Deposits with fiscal agents	1,562,313	-	175,453	1,386,860
Investments	94,071	31,580,641	31,639,305	35,408
Interest receivable	20	-	20	-
Total assets	<u>1,772,998</u>	<u>99,354,187</u>	<u>98,372,556</u>	<u>2,754,628</u>
Liabilities				
Custodial accounts	1,772,998	3,857,462	2,875,832	2,754,628
Total liabilities	<u>1,772,998</u>	<u>3,857,462</u>	<u>2,875,832</u>	<u>2,754,628</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash	8,006,913	411,761,042	405,183,417	14,584,537
Investments	74,966,164	87,949,518	87,034,793	75,880,889
Deposits with fiscal agents	1,562,313	-	175,453	1,386,860
Taxes receivable	4,215,969	3,997,467	4,215,969	3,997,467
Interest receivable	18,069	-	18,069	-
Total assets	<u>88,769,428</u>	<u>503,708,026</u>	<u>496,627,701</u>	<u>95,849,754</u>
Liabilities				
Accounts payable	414,442	16,731,304	16,702,361	443,385
Accrued payroll liabilities	496,647	11,301,915	11,286,797	511,766
Custodial accounts	87,858,339	275,589,993	268,553,729	94,894,603
Total liabilities	<u>88,769,428</u>	<u>303,623,213</u>	<u>296,542,887</u>	<u>95,849,754</u>

CHELAN COUNTY, WASHINGTON

Statistical Section

STATISTICAL SECTION

This part of Chelan County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the county's overall financial health.

Page

Financial Trends

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

Net Assets by Component	107
Changes in Net Assets	108
Fund Balances of Governmental Funds	110
Changes in Fund Balances of Governmental Funds	111
General Government Tax Revenues by Source	112

Revenue Capacity

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

Assessed Value and Estimated Actual Value of Taxable Property	113
Property Tax Rates – Direct and Overlapping Governments	114
Principal Property Taxpayers	115
Property Tax Levies and Collections	116

Debt Capacity

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

Ratios of Outstanding Debt by Type	117
Ratios of General Bonded Debt Outstanding	118
Legal Debt Margin Information	119

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place.

Demographic and Economic Statistics	120
Principal Employers	121

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the county's financial report relates to the services the government provides and the activities it performs.

Full-time Equivalent City Government Employees by Function	122
Operating Indicators by Function	123
Capital Asset Statistics by Function	124

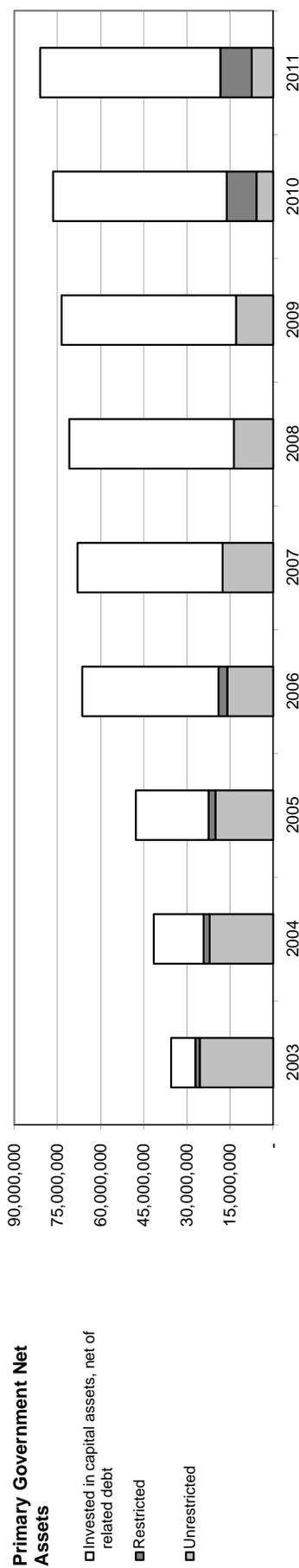
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CHELAN COUNTY, WASHINGTON

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	5,982,622	15,229,008	23,064,659	45,256,287	48,436,910	55,303,823	58,126,820	57,752,757	60,286,575
Restricted	1,594,582	2,091,324	2,423,099	3,016,727	-	-	-	10,345,113	10,966,825
Unrestricted	25,060,621	21,057,517	18,762,671	15,279,911	16,632,017	12,054,056	10,912,607	3,702,742	5,076,395
Total governmental activities net assets	32,637,826	38,377,850	44,250,429	63,552,926	65,068,927	67,357,879	69,039,427	71,800,613	76,329,795
Business-type activities									
Invested in capital assets, net of related debt	2,357,662	2,075,020	2,138,608	2,106,615	2,034,312	1,940,914	2,558,851	2,634,337	2,403,453
Unrestricted	429,108	994,720	1,304,432	682,535	902,526	1,545,175	1,938,705	2,045,777	2,310,463
Total business-type activities net assets	2,786,770	3,069,740	3,443,039	2,789,150	2,936,838	3,486,089	4,497,556	4,680,114	4,713,916
Primary government									
Invested in capital assets, net of related debt	8,340,284	17,304,028	25,203,267	47,362,902	50,471,222	57,244,737	60,685,671	60,387,094	62,690,027
Restricted	1,594,582	2,091,324	2,423,099	3,016,727	-	-	-	10,345,113	10,966,825
Unrestricted	25,489,729	22,052,237	20,067,102	15,962,447	17,534,542	13,599,231	12,851,312	5,748,520	7,386,858
Total primary government net assets	35,424,595	41,447,590	47,693,468	66,342,076	68,005,765	70,843,969	73,536,983	76,480,727	81,043,711



Notes:

The County implemented GASB #34 in 2003, and therefore no prior information is available.

Governmental activities invested in capital assets almost doubled in 2006 due to retrospective reporting of infrastructure.

Due to the defeasance of general obligation bonds in the debt service fund, the restricted net assets were removed in 2007.

Prior to 2010 restricted net assets were not properly classified so complete information about restricted net assets is not available.

CHELAN COUNTY, WASHINGTON

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Expenses										
Governmental activities:										
General government	15,704,699	14,983,530	15,820,567	16,875,815	19,779,898	20,075,480	19,913,816	11,921,365	8,419,537	
Judicial	2,518,104	2,583,105	2,788,489	2,878,666	3,093,301	3,330,840	3,436,578	3,055,970	4,655,371	
Public safety	11,039,550	15,411,584	15,300,244	14,505,817	16,196,980	17,219,829	17,339,824	17,703,729	18,938,202	
Physical environment	1,665,874	1,430,752	2,298,744	2,218,962	3,921,161	3,267,209	5,857,814	3,431,739	2,536,994	
Transportation	4,032,318	5,728,453	8,564,054	12,860,070	16,734,747	12,763,691	11,388,104	10,162,953	11,651,801	
Health and human services	491,423	497,421	501,035	466,656	530,354	501,462	1,451,089	1,624,062	1,551,060	
Economic environment	1,772,667	1,722,704	2,090,119	2,762,824	3,460,391	5,455,692	3,341,484	2,911,280	3,023,289	
Culture and recreation	678,752	763,942	837,424	780,326	935,089	976,024	794,016	713,204	760,314	
Interest on long-term debt	607,156	631,657	592,364	544,672	488,311	421,294	466,759	523,852	672,520	
Total governmental activities expenses	38,510,542	43,753,148	48,793,040	53,893,807	65,140,233	64,011,522	63,989,484	52,048,154	52,209,087	
Business-type activities:										
Utilities	918,952	1,369,149	980,186	1,088,631	1,357,762	1,888,505	1,381,051	1,528,671	1,414,523	
Public safety	4,642,425	4,911,932	5,917,493	7,116,572	7,707,781	8,399,137	9,235,002	8,538,243	8,951,729	
Recreation	486,114	524,758	624,481	615,657	592,670	649,449	642,405	644,281	700,388	
Total business-type activities expenses	6,047,492	6,805,839	7,522,161	8,820,861	9,658,213	10,937,091	11,258,458	10,711,195	11,066,640	
Total primary government expenses	44,558,034	50,558,986	56,315,201	62,714,668	74,798,445	74,948,614	75,247,941	62,759,349	63,275,727	
Program Revenues										
Governmental activities:										
Charges for services:										
General government	3,142,742	5,270,139	7,042,373	8,268,024	10,168,264	10,273,848	10,963,542	2,789,851	2,613,536	
Judicial	1,448,838	2,086,950	2,318,144	2,634,870	2,866,511	2,761,898	2,845,137	3,061,482	3,009,945	
Public safety	570,103	2,023,007	1,758,700	2,198,422	2,120,818	2,264,493	2,755,974	2,402,842	2,279,255	
Physical environment	48,060	182,762	261,758	85,411	13,373	22,640	47,771	222,926	342,901	
Transportation	121,870	260,659	2,742,542	3,659,967	3,884,330	1,063,365	276,378	363,826	333,048	
Health and human services	-	-	-	751	495	210	-	210	198	
Economic environment	1,169,163	1,207,780	1,486,343	1,771,371	1,739,092	1,802,103	1,291,662	1,275,902	1,256,726	
Culture and recreation	158,289	364,966	370,846	204,010	192,718	212,802	236,702	213,034	264,364	
Operating grants and contributions	7,523,707	6,202,763	6,714,602	4,888,389	10,685,200	9,856,702	14,952,201	10,589,492	7,697,637	
Capital grants and contributions	362,022	1,809,396	2,263,123	1,551,641	2,324,298	6,682,665	1,287,484	1,717,337	4,297,107	
Total governmental activities program revenues	14,544,794	19,408,422	24,958,431	25,262,855	33,995,099	34,940,726	34,656,851	22,636,901	22,094,718	

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Utilities	718,523	796,490	834,517	1,048,184	1,568,913	1,649,101	1,555,568	1,458,488	1,239,716
Public safety	2,891,934	6,002,190	5,847,098	6,083,928	7,256,312	8,516,446	9,575,932	8,426,100	8,832,550
Recreation	393,457	519,050	456,199	485,751	486,657	564,439	539,656	644,292	510,156
Operating grants and contributions	2,446,887	256,809	412,792	378,208	341,233	324,842	565,301	384,400	487,631
Total business-type activities program revenues	6,450,801	7,574,539	7,550,606	7,996,070	9,653,115	11,054,828	12,236,458	10,913,281	11,070,063
Total primary government program revenues	20,995,595	26,982,961	32,509,037	33,258,925	43,648,214	45,995,554	46,893,309	33,550,181	33,164,771
Net (expense)/revenue:									
Governmental activities	(23,965,749)	(24,344,725)	(23,834,608)	(28,630,953)	(31,145,133)	(29,070,797)	(29,332,632)	(29,411,253)	(30,114,369)
Business-type activities	403,310	768,700	28,445	(824,790)	(5,098)	117,737	978,000	202,086	3,413
Total primary government net expense	(23,562,439)	(23,576,025)	(23,806,163)	(29,455,743)	(31,150,231)	(28,953,060)	(28,354,632)	(29,209,168)	(30,110,955)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	12,932,495	13,452,658	14,437,672	14,079,978	14,706,768	15,036,880	16,745,569	17,442,036	18,364,467
Sales and use taxes	5,033,958	4,976,610	5,611,908	6,230,355	7,059,665	8,034,200	6,929,205	6,727,803	6,783,250
Motor vehicle fuel tax	2,078,464	2,101,802	2,162,824	2,238,789	2,290,340	2,247,026	2,161,528	2,172,656	2,169,193
Other taxes	3,911,797	5,169,333	5,806,352	6,535,512	7,088,030	5,502,341	4,883,796	5,471,408	6,918,320
Interest and investment earnings	622,193	509,483	888,244	1,541,264	1,586,330	941,965	314,081	328,537	158,001
Miscellaneous	2,520,597	778,147	794,711	5,606	-	-	-	-	270,320
Transfers	535,398	675,229	4,476	(55,835)	(70,000)	(402,453)	(20,000)	30,000	(20,000)
Total governmental activities	27,634,903	27,663,263	29,706,188	30,575,669	32,661,133	31,359,959	31,014,180	32,172,440	34,643,550
Business-type activities:									
Other taxes	48,167	48,329	46,768	46,001	52,306	12,441	9,413	8,925	9,420
Interest and investment earnings	7,684	3,936	11,210	27,501	30,479	16,621	4,054	1,548	969
Miscellaneous	90,037	137,235	291,352	41,565	-	-	-	-	-
Transfers	(535,398)	(675,229)	(4,476)	55,835	70,000	402,453	20,000	(30,000)	20,000
Total business-type activities	(389,510)	(485,730)	344,854	170,901	152,785	431,515	33,467	(19,527)	30,389
Total primary government	27,245,393	27,177,533	30,051,042	30,746,570	32,813,918	31,791,473	31,047,647	32,152,913	34,673,939
Change in Net Assets									
Governmental activities	3,669,154	3,318,538	5,871,580	1,944,716	1,516,000	2,289,162	1,681,548	2,761,187	4,529,181
Business-type activities	13,800	282,970	373,300	(653,889)	147,687	549,251	1,011,467	182,558	33,802
Total primary government	3,682,954	3,601,508	6,244,879	1,290,827	1,663,688	2,838,413	2,693,015	2,943,745	4,562,983

Note: The County implemented GASB #34 in 2003, and therefore no prior information is available.

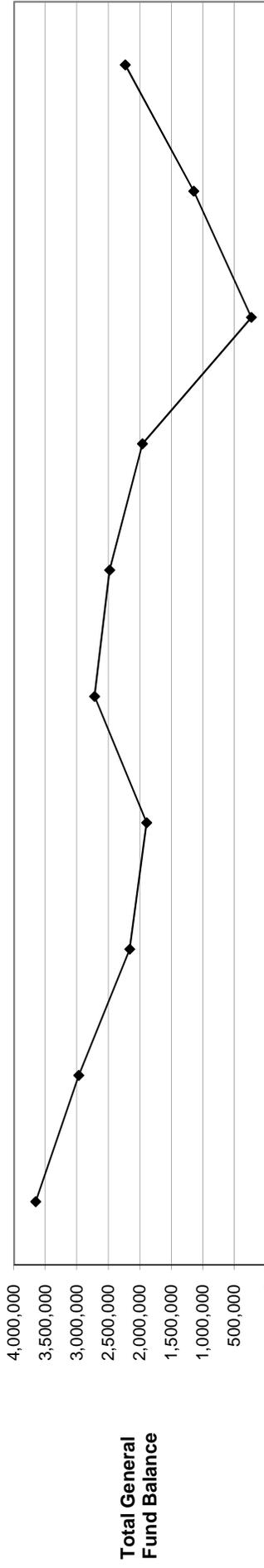
CHELAN COUNTY, WASHINGTON

Fund Balances of Governmental Funds

Last Ten Fiscal Years

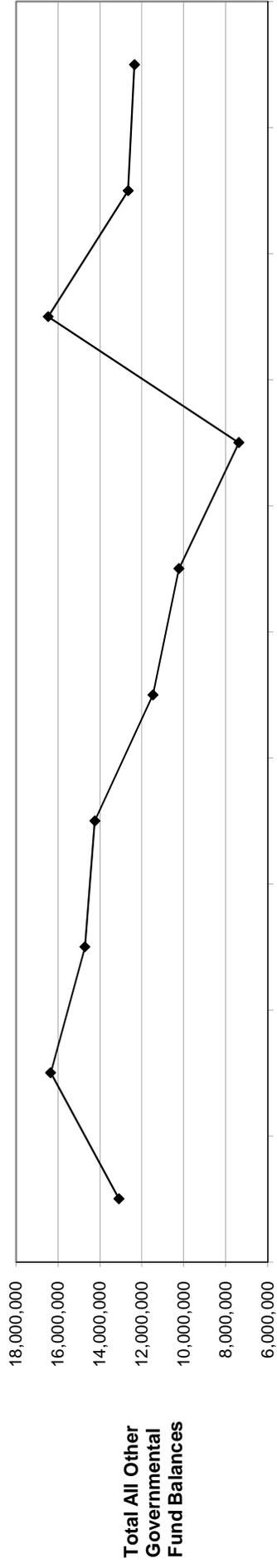
(modified accrual basis of accounting)

General fund	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Restricted	-	-	120,000	-	-	-	-	-	-	-
Unassigned	3,655,861	2,970,554	2,040,710	1,893,826	2,717,995	2,480,438	1,960,442	230,294	1,144,302	2,231,455
Total General fund	3,655,861	2,970,554	2,160,710	1,893,826	2,717,995	2,480,438	1,960,442	230,294	1,144,302	2,231,455



Total General Fund Balance

All other governmental funds	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	12,099,789
Reserved	2,663,943	1,594,582	2,138,054	2,503,099	3,116,727	100,000	-	-	110,394	-
Unreserved, reported in:										
Special revenue funds	8,726,835	9,664,676	8,865,378	9,995,517	7,086,530	7,408,546	4,949,269	6,959,552	9,228,394	-
Capital project funds	1,714,819	5,091,274	3,713,732	1,743,007	1,279,830	2,741,570	2,435,897	9,512,911	3,319,115	-
Total all other governmental funds	13,105,597	16,350,532	14,717,165	14,241,623	11,483,088	10,250,116	7,385,167	16,472,463	12,657,903	12,361,135



Total All Other Governmental Fund Balances

Notes: The decrease in 2009 General fund balance is due to a slowing in revenues from the recession. The increase in 2009 all other governmental funds, and the following decrease in 2010, is due to receiving proceeds of bonds issued for the L&J mechanical improvement and spending a large portion of these proceeds in the following year. Chelan County implemented GASB Statement 54 beginning with the 2011 financial statements. This statement changed fund balance terminology, and rather than applying retrospective changes for "all other governmental funds," the fund balances have been reported using the historical terminology.

CHELAN COUNTY, WASHINGTON

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

Revenues	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Taxes	19,782,253	20,782,272	21,682,449	23,537,843	24,886,151	26,761,084	25,869,996	25,735,639	26,566,332	28,931,203
Licenses and permits	510,579	575,042	659,499	749,512	832,002	883,035	828,632	606,938	606,264	632,712
Intergovernmental revenues	10,944,356	10,690,407	12,196,873	13,915,923	11,861,297	17,855,898	21,150,213	19,170,335	18,773,252	19,707,676
Charges for services	3,160,507	4,142,544	4,342,974	4,650,320	5,383,426	5,591,290	5,244,527	4,950,032	4,996,154	4,908,162
Fees and fines	1,095,754	1,130,273	1,218,182	1,133,455	1,303,721	1,377,250	1,271,913	1,339,310	1,260,675	1,122,267
Miscellaneous	1,002,031	1,073,130	2,323,893	2,018,459	2,286,489	2,858,423	2,517,035	5,645,276	1,898,068	941,162
Total revenues	36,495,480	38,393,668	42,423,870	46,005,512	46,552,086	55,326,979	56,882,317	57,447,530	54,100,746	56,243,183
Expenditures										
General government	10,575,057	10,756,389	10,868,927	11,414,253	11,744,332	13,142,930	13,966,147	13,815,248	12,665,634	12,729,161
Security of persons and property	10,895,333	11,751,741	13,438,209	15,058,453	14,249,525	15,913,411	16,516,677	17,556,196	17,082,276	18,075,481
Utilities & environment	901,138	1,701,870	1,467,956	2,297,620	2,217,838	3,925,161	3,343,268	5,893,729	3,466,888	2,598,373
Transportation	7,170,610	6,443,486	6,258,446	6,206,477	7,987,502	9,643,443	8,331,859	8,661,917	8,243,621	8,552,229
Economic environment	1,922,960	1,921,489	1,998,431	2,198,298	2,819,565	3,589,407	6,511,228	3,372,013	2,939,392	3,062,297
Mental health and physical health	571,528	569,236	573,150	595,995	552,469	555,406	571,622	1,566,606	1,707,674	1,671,555
Culture and recreation	786,826	568,238	640,847	639,202	655,953	732,406	723,409	579,866	477,722	512,163
Debt service:										
Principal	1,506,392	2,257,971	924,893	1,279,978	1,330,543	1,507,020	697,697	729,512	751,403	878,375
Interest and other charges	-	657,083	631,657	594,889	549,479	538,550	427,180	368,039	523,795	672,434
Bond issuance costs	-	-	-	-	-	-	-	98,720	-	-
Capital outlay	814,662	2,718,871	8,049,832	6,621,306	6,316,599	6,089,249	9,686,066	5,601,264	9,291,852	6,978,055
Total expenditures	35,144,506	39,346,374	44,852,348	46,906,471	48,423,804	55,636,982	60,775,152	58,243,110	57,150,256	55,730,123
Excess of revenues over (under) expenditures.	1,350,974	(952,706)	(2,428,478)	(900,959)	(1,871,719)	(310,003)	(3,892,835)	(795,580)	(3,049,510)	513,060
Other financing sources (uses)										
Sale of capital assets	13,057	12,063	13,074	17,097	15,188	29,256	7,825	16,864	118,958	297,324
Transfers in	(79,238)	327,070	272,369	466,287	2,606,568	894,892	2,009,029	845,801	1,240,400	467,158
Transfers out	(1,096,244)	(274,064)	(384,454)	(324,850)	(2,684,402)	(964,892)	(1,508,965)	(865,801)	(1,210,400)	(487,158)
Other	(121,765)	2,265	84,278	-	-	-	-	-	-	-
General obligation bonds issued	-	3,445,000	-	-	-	1,210,000	-	8,150,000	-	-
Refunding bonds issued	-	3,315,000	-	-	-	4,525,000	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-	57,726	-	5,865	-	-
Payment to refunding escrow agent	-	(3,315,000)	-	-	-	(6,912,508)	-	-	-	-
Total other financing sources (uses)	(1,284,190)	3,512,334	(14,733)	158,534	(62,647)	(1,160,526)	507,890	8,152,729	148,958	277,324
Net change in fund balances	66,784	2,559,628	(2,443,211)	(742,425)	(1,934,366)	(1,470,529)	(3,384,946)	7,357,149	(2,900,552)	790,384
Debt service as a percentage of noncapital expenditures	4.39%	7.80%	3.89%	4.52%	4.31%	4.07%	2.28%	2.30%	2.66%	3.18%

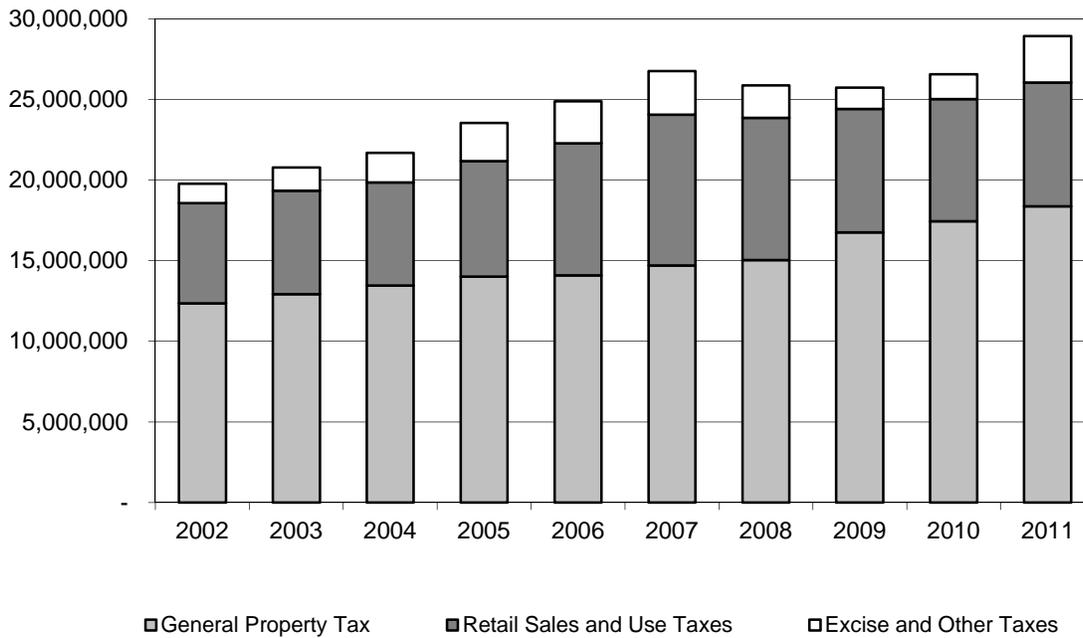
CHELAN COUNTY, WASHINGTON

General Government Tax Revenues By Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

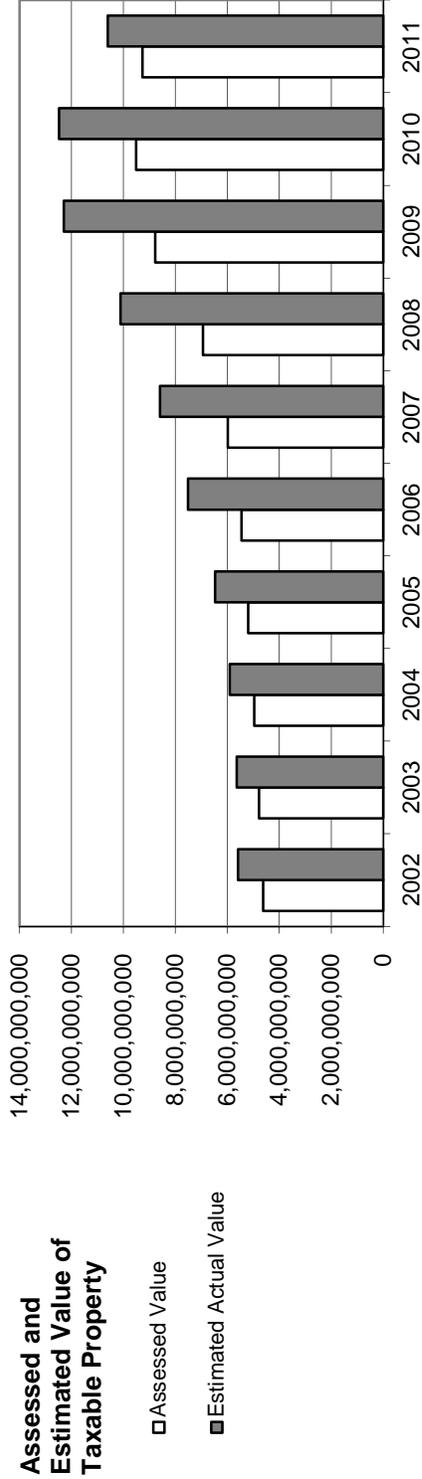
Fiscal Year	General Property Tax	Retail Sales and Use Taxes	Excise and Other Taxes	Total
2002	12,360,714	6,210,989	1,210,551	19,782,253
2003	12,932,495	6,409,121	1,440,657	20,782,272
2004	13,452,658	6,405,720	1,824,071	21,682,449
2005	14,022,223	7,144,030	2,371,590	23,537,843
2006	14,093,548	8,190,125	2,601,478	24,885,151
2007	14,706,768	9,349,690	2,704,626	26,761,084
2008	15,036,880	8,823,307	2,009,810	25,869,996
2009	16,745,569	7,669,654	1,320,415	25,735,639
2010	17,442,036	7,574,979	1,549,317	26,566,332
2011	18,364,452	7,690,232	2,876,520	28,931,203



CHELAN COUNTY, WASHINGTON

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2002	4,521,104,432	159,624,187	59,525,202	4,621,203,417	3.3146	5,587,912,233	82.7%
2003	4,687,593,937	147,353,730	57,922,434	4,777,025,233	3.3059	5,633,284,473	84.8%
2004	4,872,628,292	147,386,402	57,920,414	4,962,094,280	3.2561	5,907,255,095	84.0%
2005	5,122,190,051	160,288,138	88,765,052	5,193,713,137	3.2458	6,467,886,846	80.3%
2006	5,375,160,737	166,997,635	89,441,177	5,452,717,195	3.1087	7,510,629,745	72.6%
2007	5,878,975,610	187,932,639	87,973,397	5,978,934,852	3.0457	8,590,423,638	69.6%
2008	6,827,144,362	195,716,362	87,499,133	6,935,361,591	2.6827	10,109,856,547	68.6%
2009	8,575,092,121	278,823,141	71,346,757	8,782,568,505	2.3692	12,300,516,113	71.4%
2010	9,288,503,785	308,803,648	84,762,148	9,512,545,285	2.2583	12,483,655,230	76.2%
2011	9,056,290,699	306,332,610	97,793,465	9,264,829,844	2.3959	10,600,491,812	87.4%



Data Sources:
Chelan County Assessor
Washington State Department of Revenue, property tax statistics

CHELAN COUNTY, WASHINGTON

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Chelan County		Overlapping Rates - Districts							Total Direct and Overlapping Rates
	General Fund	Special Revenue Funds	Total County	Hospital Districts	Fire Districts	Cemetery Districts	School Districts	Miscellaneous Districts	Cities and Towns	
2002	1.5469	1.7677	3.3146	0.9059	0.9934	0.0843	3.2096	0.3443	2.8805	11.7325
2003	1.5466	1.7594	3.3059	0.9093	0.9772	0.0847	3.0453	0.3649	2.8330	11.5203
2004	1.5301	1.7260	3.2561	0.8671	0.9287	0.0833	3.1989	0.3416	2.7534	11.4291
2005	1.6114	1.6344	3.2458	0.8308	0.9424	0.0823	3.1105	0.3405	2.7863	11.3384
2006	1.6215	1.4872	3.1087	0.9752	0.9556	0.0813	3.7752	0.3204	2.7165	11.9330
2007	1.5370	1.5088	3.0457	1.0238	0.9993	0.0729	4.1492	0.5248	2.5696	12.3853
2008	1.3844	1.2983	2.6827	0.9024	0.8119	0.0696	3.4134	0.3140	2.1238	10.3177
2009	1.1255	1.2434	2.3689	0.6789	0.6605	0.0614	2.9814	0.2503	2.1017	9.1031
2010	1.0638	1.1944	2.2583	0.6841	0.6854	0.0568	2.8680	0.2441	1.8913	8.6879
2011	1.1183	1.2776	2.3959	0.7586	0.7503	0.0562	2.9586	0.2529	1.8119	8.9845

Source: Chelan County Assessor's Office

Overlapping rates are those of local governments that apply to property owners within Chelan County. Not all overlapping rates apply to all Chelan County property owners (e.g., the rates for districts apply only to the proportion of the county's property owners whose property is located within the geographic boundaries of the district). Overlapping rates have been averaged within each district category.

CHELAN COUNTY, WASHINGTON

Principal Property Taxpayers - Top Ten
Current Year and Nine Years Ago

Taxpayer	2011			2002		
	2011 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	2002 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Stemilt Growers Inc	61,994,633	1	0.67%	37,444,870	2	0.81%
ALCOA Inc.	47,707,476	2	0.51%	49,045,862	1	1.06%
Wenatchee Valley Clinic	47,170,609	3	0.51%	20,519,416	5	0.44%
BNSF Railway Company	39,968,142	4	0.43%	-	-	-
Trout Blue Chelan Inc	38,530,247	5	0.42%	32,414,384	3	0.70%
Frontier Communication NW	37,887,579	6	0.41%	-	-	-
The Lake House Chelan LLC	22,553,352	7	0.24%	-	-	-
Stemilt Growers LLC	19,834,250	8	0.21%	-	-	-
Blue Bird Inc	17,659,838	9	0.19%	16,409,301	8	0.36%
Yahoo Inc	16,728,618	10	0.18%	-	-	-
Dovex Fruit Company	-	-	-	21,247,329	4	0.46%
Longview Fibre Company	-	-	-	20,007,579	6	0.43%
Tree Top Inc	-	-	-	17,597,852	7	0.38%
Chief Wenatchee	-	-	-	12,459,602	9	0.27%
Blue Star Growers Inc	-	-	-	11,474,566	10	0.25%
Totals	<u>350,034,744</u>		<u>3.78%</u>	<u>238,620,761</u>		<u>5.16%</u>
Total Taxable Value:	\$ 9,264,829,844			\$ 4,621,203,417		

Source: Chelan County Assessor

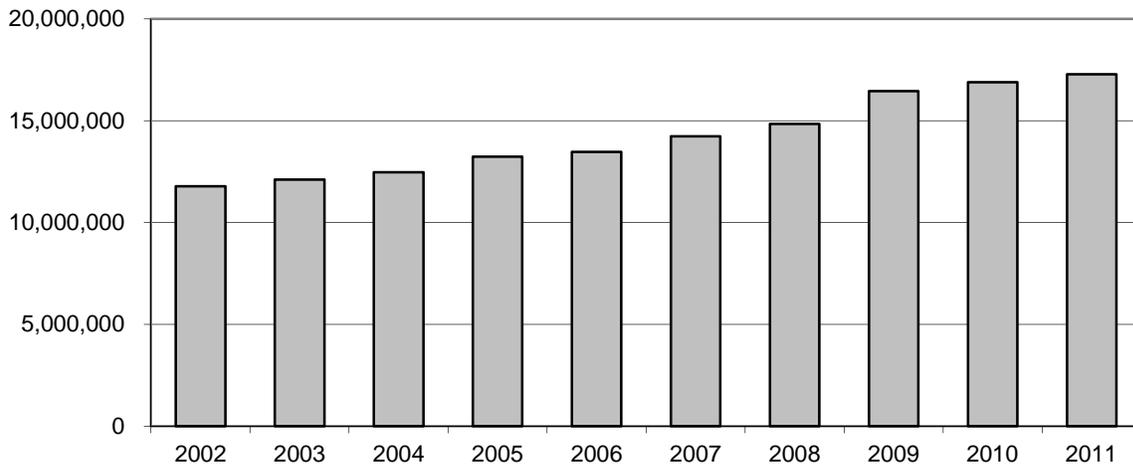
This list does not include lending institutions who are taxed on behalf of individual mortgages they are holding.

CHELAN COUNTY, WASHINGTON

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	11,777,775	11,395,989	96.76%	380,571	11,776,560	99.99%
2003	12,115,666	11,766,717	97.12%	342,302	12,109,019	99.95%
2004	12,469,748	12,198,777	97.83%	269,679	12,468,456	99.99%
2005	13,233,355	12,982,188	98.10%	250,024	13,232,211	99.99%
2006	13,476,608	13,218,345	98.08%	257,387	13,475,732	99.99%
2007	14,230,327	13,976,296	98.21%	252,406	14,228,702	99.99%
2008	14,838,833	14,415,873	97.15%	415,688	14,831,560	99.95%
2009	16,449,753	15,792,831	96.01%	513,692	16,306,523	99.13%
2010	16,886,851	16,215,755	96.03%	408,814	16,624,569	98.45%
2011	17,287,025	16,672,588	96.45%	Not applicable	16,672,588	96.45%

Total Tax Levy



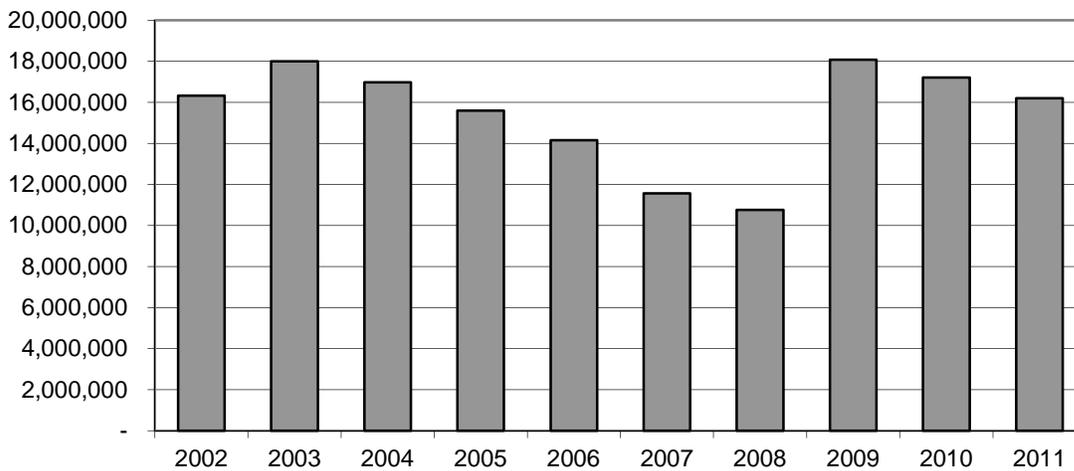
Source: Chelan County Treasurer, tax distribution report
Levy and collections include those of Chelan County's general and special revenue funds.

CHELAN COUNTY, WASHINGTON

Ratio of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation		Capital Leases			
	Bonds	Capital Leases	Capital Leases			
2002	16,317,342	211,392	17,561	16,546,295	0.91%	245
2003	17,994,373	265,358	12,667	18,272,398	0.95%	269
2004	16,969,480	140,059	7,773	17,125,085	0.85%	250
2005	15,589,502	57,039	4,915	15,651,456	0.75%	226
2006	14,153,958	8,432	-	14,162,390	0.64%	202
2007	11,566,939	5,059	-	11,571,998	0.48%	163
2008	10,759,242	2,583	-	10,761,825	0.42%	149
2009	18,069,731	-	-	18,069,731	0.71%	250
2010	17,203,328	-	-	17,203,328	Not available	237
2011	16,205,000	-	-	16,205,000	Not available	223

Total Outstanding Debt



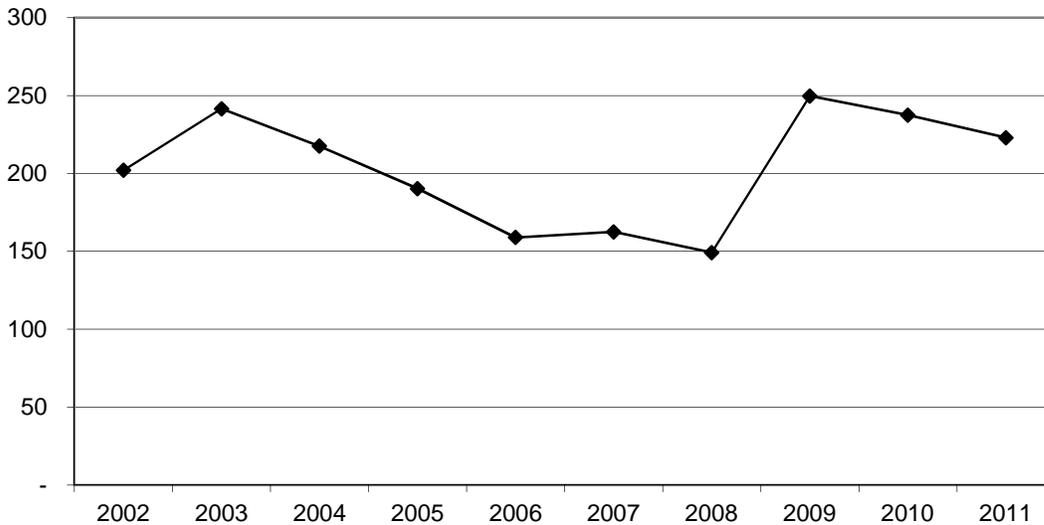
Details regarding the County's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.

CHELAN COUNTY, WASHINGTON

Ratio of General Obligation Bonded Debt Outstanding Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amonts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2002	16,317,342	2,663,943	13,653,399	0.24%	202
2003	17,994,373	1,594,582	16,399,791	0.29%	242
2004	16,969,480	2,091,324	14,878,156	0.25%	218
2005	15,589,502	2,423,099	13,166,403	0.20%	190
2006	14,153,958	3,016,727	11,137,231	0.15%	159
2007	11,566,939	-	11,566,939	0.13%	162
2008	10,759,242	-	10,759,242	0.11%	149
2009	18,069,731	-	18,069,731	0.15%	250
2010	17,203,328	-	17,203,328	0.14%	237
2011	16,205,000	-	16,205,000	0.15%	223

Net Bonded Debt Per Capita



Details regarding the County's outstanding debt can be found in the notes to the financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data. Population data can be found in the Schedule of Demographic and Economic Statistics.

CHELAN COUNTY, WASHINGTON

Computation of Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non-Voted Debt										
Legal debt limit	69,318	71,655	74,431	76,368	81,791	89,684	104,030	131,739	142,688	138,972
Total net debt applicable to limit	1,387	(9,515)	1,884	1,547	3,013	3,972	6,535	7,577	9,438	7,963
Legal debt margin	67,931	81,170	72,547	74,821	78,778	85,712	97,496	124,161	133,250	131,009

Total net debt applicable to the limit
as a percentage of debt limit

2.00% -13.28% 2.53% 2.03% 3.68% 4.43% 6.28% 5.75% 6.61% 5.73%

Voted and Non-Voted Debt

Legal debt limit	115,530	119,425	124,052	127,280	136,318	149,473	173,384	219,564	237,814	231,621
Total net debt applicable to limit	(9,515)	1,884	1,547	1,547	3,013	3,972	6,535	7,577	9,438	7,963
Legal debt margin	125,045	117,541	122,505	125,733	133,305	145,501	166,849	211,987	228,375	223,657

Total net debt applicable to the limit
as a percentage of debt limit

-8.24% 1.58% 1.25% 1.22% 2.21% 2.66% 3.77% 3.45% 3.97% 3.44%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Valuations	9,264,830
Limited Tax General Obligation Debt Capacity (non-voted):	
Legal limit of up to 1.5% on the assessed valuation	138,972
Less: outstanding debt	(23,556)
Add: available assets	15,593
Remaining Debt Capacity (non voted)	131,009
Total General Obligation Debt Capacity (voted and non-voted):	
Legal limit of up to 2.5% on the assessed valuation	231,621
Less: outstanding debt	(23,556)
Add: available assets	15,593
Remaining Debt Capacity (voted and non-voted)	223,657

CHELAN COUNTY, WASHINGTON

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age (1)	Personal Income (2)	Per Capita Income (2)	Public School Enrollment (3)	Unemployment Rate (4)
2002	67,600	36.8	1,822,399,000	27,230	12,777	8.7%
2003	67,900	37.1	1,925,819,000	28,583	12,941	8.4%
2004	68,400	37.5	2,010,696,000	29,503	12,874	6.9%
2005	69,200	37.8	2,073,597,000	30,023	12,901	5.9%
2006	70,100	38.0	2,222,549,000	31,787	12,911	5.1%
2007	71,200	38.2	2,402,528,000	33,993	12,883	4.9%
2008	72,100	38.5	2,533,648,000	35,531	12,868	5.5%
2009	72,372	38.8	2,550,158,000	35,237	12,833	8.0%
2010	72,453	39.3	Not Available	Not Available	12,726	9.0%
2011	72,700	39.8	Not Available	Not Available	12,957	8.4%

Data sources:

- (1) Washington State Office of Financial Management <http://www.ofm.wa.gov/pop/coagemf/default.asp>
- (2) Bureau of Economic Analysis at <http://www.bea.gov/regional/reis/>
- (3) Washington State Office of Superintendent of Public Instruction at <http://www.k12.wa.us/dataadmin/>
- (4) Washington State Employment Security Department at <http://www.workforceexplorer.com>, average annual rate, not seasonally adjusted

CHELAN COUNTY, WASHINGTON

Principal Employers

Current Year and Five Years Ago

Employer (1)	2011			2006		
	Employees	Rank	Percentile of Total County Employment	Employees	Rank	Percentile of Total County Employment
Stemilt Growers, Inc	3,024	1	8.53%	1,402	2	4.01%
Wenatchee Valley Medical Center	1,697	2	4.79%	1,420	1	4.06%
Central Washington Hospital	1,456	3	4.11%	1,352	3	3.86%
Wenatchee School District	1,027	4	2.90%	963	4	2.75%
McDougall & Sons, Inc.	900	5	2.54%	-	-	-
Chelan County PUD #1	640	6	1.81%	658	5	1.88%
Crunch Pak	500	7	1.41%	-	-	-
Custom Apple Packers	497	8	1.40%	-	-	-
Alcoa	465	9	1.31%	-	-	-
Chelan County	446	10	1.26%	590	9	1.69%
Blue Star Growers	405	-	1.14%	412	10	1.18%
Blue Bird, Inc	280	-	0.79%	600	7	1.71%
C&O Nursery	277	-	0.78%	600	8	1.71%
Chelan Fruit, Inc	-	-	0.00%	610	6	1.74%
Total County Employment (2):	35,436			35,000		

Principal Employer data is not available prior to 2006.

Data Sources:

(1) Principal employer data is obtained from the Port of Chelan County. Includes full time and part time employees.

Major differences between years may be due to differences in how business reported their employees to the Port.

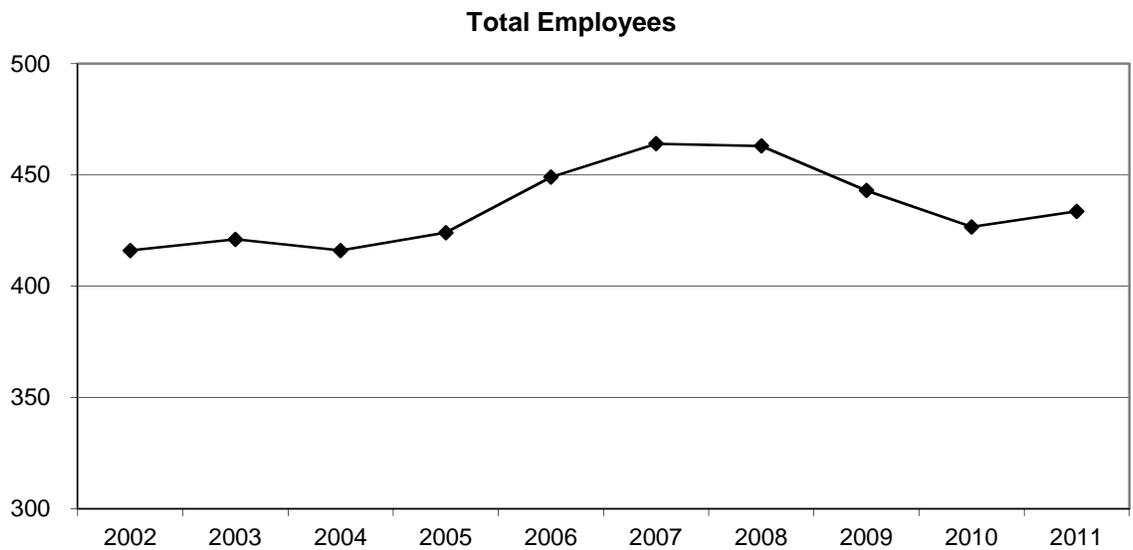
(2) Total county employment uses 2nd quarter data averaged over the past year. From the US Census Bureau at

<http://lehd.did.census.gov/led/datatools/qwiapp.html>

CHELAN COUNTY, WASHINGTON

Full-time Equivalent Chelan County Employees by Function Last Ten Fiscal Years

Function	Full-time Equivalent Employees									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	101	102	97	102	106	106	104	102	98	97
Judicial	42	41	41	43	44	45	45	42	41	41
Public safety	177	182	181	186	196	199	201	195	189	189
Physical environment	3	7	7	8	7	9	8	11	13	12
Transportation	64	61	60	53	56	63	66	58	58	66
Economic environment	19	20	21	21	28	29	27	23	18	18
Culture and recreation	7	6	7	9	9	10	9	9	7	8
Utilities	3	2	2	2	3	3	3	3	4	4
Total	416	421	416	424	449	464	463	443	427	434



Actual paid FTE as of December 31 is used for 2003 - 2011. Prior to this, budgeted FTE is used because actual data is not available.

Data sources:

2002 data was obtained from the Chelan County budget books.

2003-2011 data was obtained from payroll data in the Chelan County Auditor's office.

CHELAN COUNTY, WASHINGTON

Operating Indicators by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Total documents recorded by Auditor	25,078	31,535	26,198	27,262	27,939	27,105	22,486	19,767	17,141	17,308
Total vehicle licensing transactions	52,665	51,930	52,699	60,003	57,462	56,119	59,656	66,494	60,917	59,141
General election:										
Number of registered voters	32,703	33,327	37,395	36,185	35,314	35,983	38,650	37,715	37,972	38,562
Number of votes	20,378	15,737	29,617	20,408	23,518	19,174	32,392	20,656	28,071	22,397
Percent of registered voters voting	62.31%	47.22%	79.20%	56.40%	66.60%	53.29%	83.81%	54.77%	73.93%	58.08%
Judicial										
Superior Court cases filed	3,829	4,037	3,961	4,101	4,095	3,920	4,119	3,762	3,607	3,529
Documents filed with Clerk	110,845	116,704	118,226	134,101	156,669	138,171	145,050	123,012	130,480	118,491
District Court filings	19,563	19,181	19,419	19,466	21,958	21,868	20,047	22,841	19,427	20,146
Public safety										
Sheriff										
Total warrants entered	N/A	667	1,846	1,972	2,298	2,128	1,957	1,806	1,801	1,829
Total arrests carried out	N/A	2,181	2,209	2,150	2,645	2,330	2,211	2,345	1,292	1,499
Total citations issued	N/A	4,101	4,783	4,721	5,053	5,055	4,072	3,989	3,590	3,377
Concealed weapons permits issued	N/A	425	392	384	591	533	767	814	765	893
Regional Justice Center										
Total bookings	5,867	6,307	6,175	6,131	7,278	7,224	7,017	6,371	5,672	5,625
Average daily population	305	314	306	332	367	357	358	322	280	303
Meals served	348,765	354,870	344,175	371,328	431,769	431,043	413,910	377,049	306,699	331,259
Juvenile average daily population	29	27	20	23	20	21	21	29	11	11
Transportation										
Miles of county road repaired/preserved	107	231	175	346	177	301	164	41	196	121
Economic environment										
Total residential building permits	296	351	369	441	504	500	375	255	243	233
Total commercial building permits	66	75	57	70	69	60	51	44	42	62

Data sources:

General government data was obtained from the Chelan County Auditor's office
 Judicial data was obtained from the Chelan County Superior Court Clerk and District Court offices.
 Public safety data was obtained from the Chelan County Sheriff, Regional Jail, and Juvenile department.
 Transportation data was obtained from the Public Works department.
 Economic environment data was obtained from the Community Development department.

CHELAN COUNTY, WASHINGTON

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Motor pool vehicles	N/A	N/A	N/A	N/A	48	36	26	41	38	39
Public safety										
Sheriff patrol vehicles	N/A	N/A	N/A	N/A	59	66	63	58	60	60
Transportation										
Streets (miles)	N/A	N/A	N/A	N/A	643	655	655	655	655	655
Culture and recreation										
Parks	1	1	1	1	1	1	2	2	2	2

During 2008, ownership of Ohme Gardens was transferred from Washington State to Chelan County.

Data sources:

General government, public safety, and transportation data was obtained from the Public Works department.

Culture and recreation information was obtained from Chelan County's budget.