



CHELAN COUNTY WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED
DECEMBER 31, 2004



CHELAN COUNTY WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

Prepared by:

Evelyn L. Arnold, CPA – Chelan County Auditor
Bradley Posenjak, CPA – Financial Services Manager

CHELAN COUNTY, WASHINGTON

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2004

TABLE OF CONTENTS

	Page
I. INTRODUCTION SECTION	
Letter of Transmittal	1
Organizational Chart	5
List of Elected and Appointed Officials.....	6
II. FINANCIAL SECTION	
Independent Auditor's Opinion.....	7
Management's Discussion and Analysis.....	9
Basic Financial Statements:	
Description of Basic Financial Statements.....	19
Government-wide Financial Statements:	
Statement of Net Assets.....	21
Statement of Activities.....	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – County Roads Special Revenue Fund.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Forest Title III Special Revenue Fund.....	29
Statement of Net Assets – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	31
Statement of Cash Flows – Proprietary Funds.....	32
Statement of Fiduciary Net Assets	34
Notes to Financial Statements	35
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	64
Description of Nonmajor Special Revenue Funds.....	66
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	72
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service and Nonmajor Special Revenue Funds.....	76
Description of Nonmajor Capital Projects Funds.....	106
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	108

CHELAN COUNTY, WASHINGTON

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2004

Schedules of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual – Capital Projects Funds	109
Description of Nonmajor Enterprise Funds	113
Combining Statement of Net Assets – Nonmajor Enterprise Funds	114
Combining Statement of Revenues, Expenses, and Changes in Net Assets –	
Nonmajor Enterprise Funds	115
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	116
Description of Internal Service Funds	119
Combining Statement of Net Assets – Internal Service Funds	120
Combining Statement of Revenues, Expenses, and Changes in Net Assets –	
Internal Service Funds	121
Combining Statement of Cash Flows – Internal Service Funds	122
Description of Agency Funds	125
Combining Statement of Fiduciary Net Assets – Agency Funds	128
Combining Statement of Changes in Assets and Liabilities – Agency Funds	134
Description of Capital Asset Schedules	145
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	146
Schedule by Function and Activity	147
Schedule of Changes by Function and Activity	148
Supplementary Information	
Schedule of Expenditures of Federal Awards	151
Schedule of State and Local Financial Assistance	152
Notes to the Schedules of Federal Awards and State and Local Financial Assistance	154

III. STATISTICAL SECTION

Government-wide Information:	
Government-wide Expenses by Function	155
Government-wide Revenues	156
Fund Information:	
General Governmental Expenditures by Function	157
General Government Revenues by Source	158
General Government Tax Revenues by Source	158
Property Tax Levies and Collections	159
Assessed and Estimated Value of Property	162
Property Tax Rate – Direct and Overlapping Governments	161
Principal Taxpayers	162
Special Assessment Billings and Collections	163
Limitation of Indebtedness	164
Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation	
Bonded Debt per Capita	165
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to	
Total General Governmental Expenditures	166
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds	167
Demographic Statistics	168
Miscellaneous Statistics	169



Evelyn L. Arnold, CPA
AUDITOR

Chelan County

June 30, 2005

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, 2004. 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, 2004, 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, 2004, 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

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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. The audited Schedule of Expenditures of Federal Awards is included in the Supplementary Section of this CAFR.

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. Chelan County is currently experiencing a stable economic environment with the commercial and construction industries growing while looking forward for opportunities to keep the agriculture industry steady. 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. Chelan 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 Juvenile Administration building, is currently working on a 60-bed annex to the Regional Justice Center, and is planning on a remodel of the Auditorium building in the next couple years. The County has used bonds to finance much of these construction projects.

Cash management 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. The investment pool rate increased from 1.07% in December 2003 to 2.07% in December 2004.

Risk management. Chelan County is a member of the Washington Counties Risk Pool (pool). State law authorizes governmental entities to form or join a pool for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services. The state pool was formed on August 18, 1988 when counties in the state of Washington joined together by signing an interlocal agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Twenty-five counties have joined the pool. Members make annual contributions to fund the pool.

All pool joint self-insurance liability coverage is on an "occurrence" basis. The pool also provides property and special events/concessionaires optional group purchase insurance coverage to its members.

Chelan County is self-insured for most industrial insurance (worker's compensation) claims. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures.

Pension and other post-employment benefits. Substantially all county full-time employees and qualifying part-time employees participate in one of the statewide public employee retirement systems administered by the Department of Retirement Systems (DRS), under a cost-sharing multiple-employer defined benefit public employee retirement system. The 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 state Pension Funding Council and the director of the Department of Retirement Systems, based on recommendations by the Office of the State Actuary, set employer and employee contribution rates to continue to fully fund the plan. All employers are required to contribute at the level established by state law. The methods used to determine the contribution rates are established under state statute in accordance with RCW chapters 41.40 and 41.45.

Chelan County also provides post-employment health and dental care benefits for certain retirees and their dependents. At the end of 2004, there were 26 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the County's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Acknowledgements

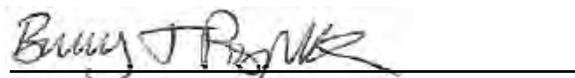
We express our appreciation to those who have devoted their time to the preparation of this report; especially the Financial Services staff in the Chelan County Auditor's office as well as those who helped compile information such as the staff in the Chelan County Treasurer and Assessor's offices.

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,



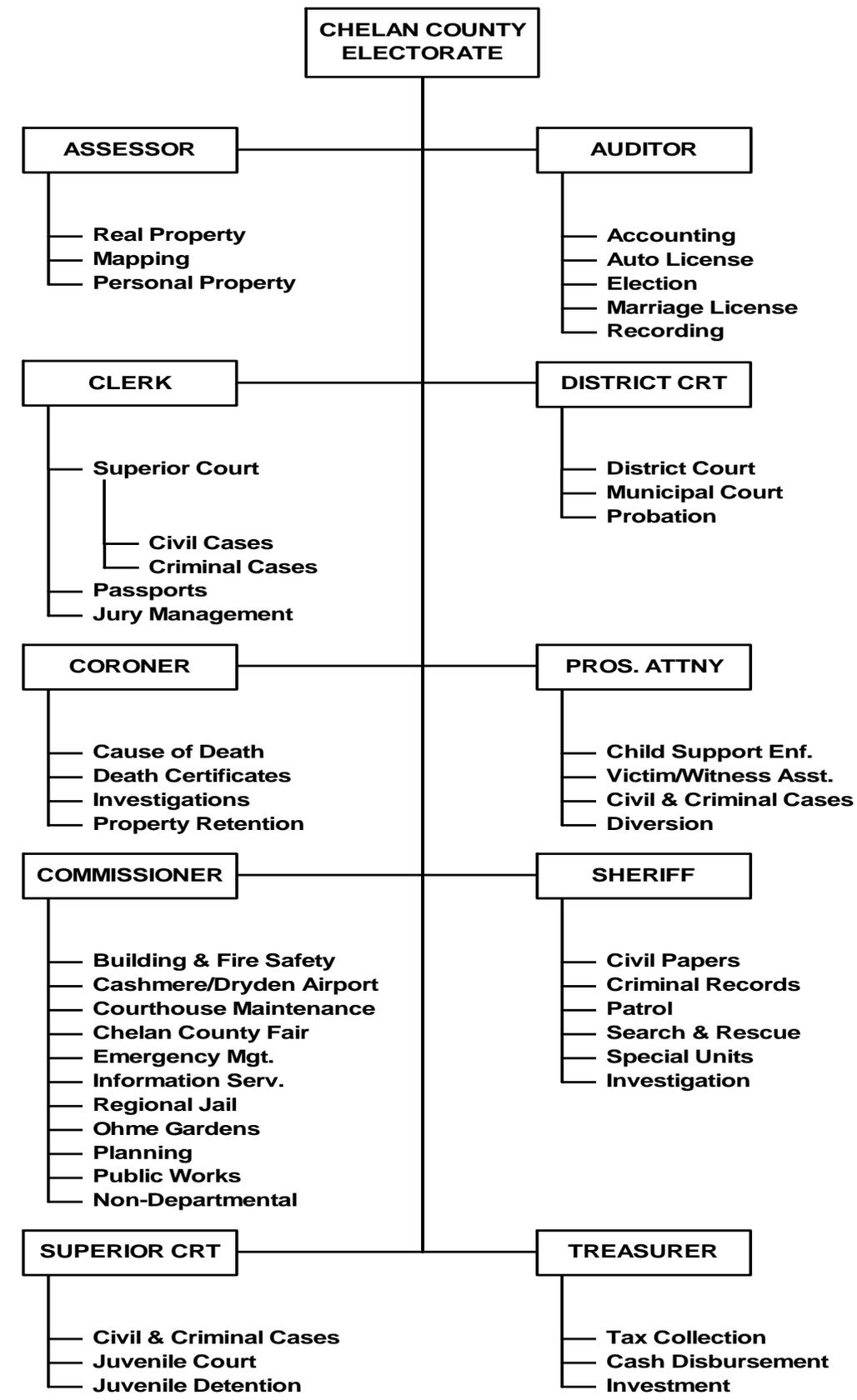
Evelyn L. Arnold, CPA
Chelan County Auditor



Bradley J. Posenjak, CPA
Financial Services Manager

CHELAN COUNTY, WASHINGTON

Organizational Chart



CHELAN COUNTY, WASHINGTON

List of Elected and Appointed Officials

Position	Name	Term	Expiration
<u>Board of Commissioners:</u>			
District 1	Ron Walter	4	December 2008
District 2	Keith Goehner	4	December 2006
District 3	Buell Hawkins	4	December 2008
<u>Other County Officials:</u>			
Assessor	Russell Griffith	4	December 2006
Auditor	Evelyn L. Arnold	4	December 2006
Clerk	Siri A. Woods	4	December 2006
Coroner	Gina Fino	4	December 2006
Prosecuting Attorney	Gary A. Riesen	4	December 2006
Sheriff	Mike Harum	4	December 2006
Treasurer	David Griffiths	4	December 2006
<u>District Court Judges:</u>			
	Alicia Nakata	4	December 2006
	Thomas C. Warren	4	December 2006
<u>Superior Court Judges:</u>			
	Chip Small	4	December 2008
	Lesley Allan	4	December 2008
	John E. Bridges	4	December 2008

Appointed Officers:

Director of Public Works/ County Engineer	Greg Pezoldt
Director of Planning & Building	Larry Angell
Department of Information Manager	Fred Hart
Juvenile Center Administrator	Philip Jans
Building Maintenance Supervisor	Pat DuLac
Fair Manager	Steve Gear

Members of Legislature:

<u>Legislative District</u>	<u>State Senator</u>	<u>State Representatives</u>
12th	Linda Evans Parlette	Cary Condotta Mike Armstrong

Mailing Address
Chelan County Auditor
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Wenatchee, WA 98807



Sunset Building
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Washington State Auditor
Brian Sonntag

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INDEPENDENT AUDITOR'S REPORT

June 21, 2005

Board of Commissioners
Chelan County
Wenatchee, Washington

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, 2004, as listed on 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. 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 opinion.

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, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, County Roads Special Revenue Fund, and the Forest Title III Special Revenue Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 9 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion 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 information listed as combining financial statements and supplemental information on pages 63 through 169 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements and supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 is presented for purposes of additional analysis and is 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 express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive, flowing style with a large initial "B" and "S".

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, 2004. 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 \$41,448,589. Of this amount, \$22,053,237 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,601,508.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$16,877,875, an decrease of \$2,443,211 in comparison with the prior year. Approximately 87% of the total amount, \$14,619,821, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,040,710, or 8 percent of total general fund expenditures.
- The County's total non-current debt decreased by \$1,045,836 during the current fiscal year. This was due, in part, to the 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 Solid Waste, Wenatchee River County Park, Fair, Public Education, and Regional Justice Center.

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 21-22.

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 36 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, County Roads and Forest Title III special revenue funds, the Juvenile Building debt service fund, and the R.E.E.T 2 Capital Improvement capital projects fund, all of which are considered to be major funds. Data from the other 31 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 governmental funds in accordance with state law on a fund level. A budgetary comparison statement has been provided for the general fund, major special revenue funds.

The basic governmental fund financial statements can be found on pages 23-29 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, Fair, Public Education, 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 the Regional Justice Center as a major fund, 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 30-33 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 34 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 35-61 of this report.

Other Information. 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 63-128 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 \$41,448,589 at the close of the most recent fiscal year.

A large portion of the County's net assets (42 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); 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.

Chelan County's Net Assets

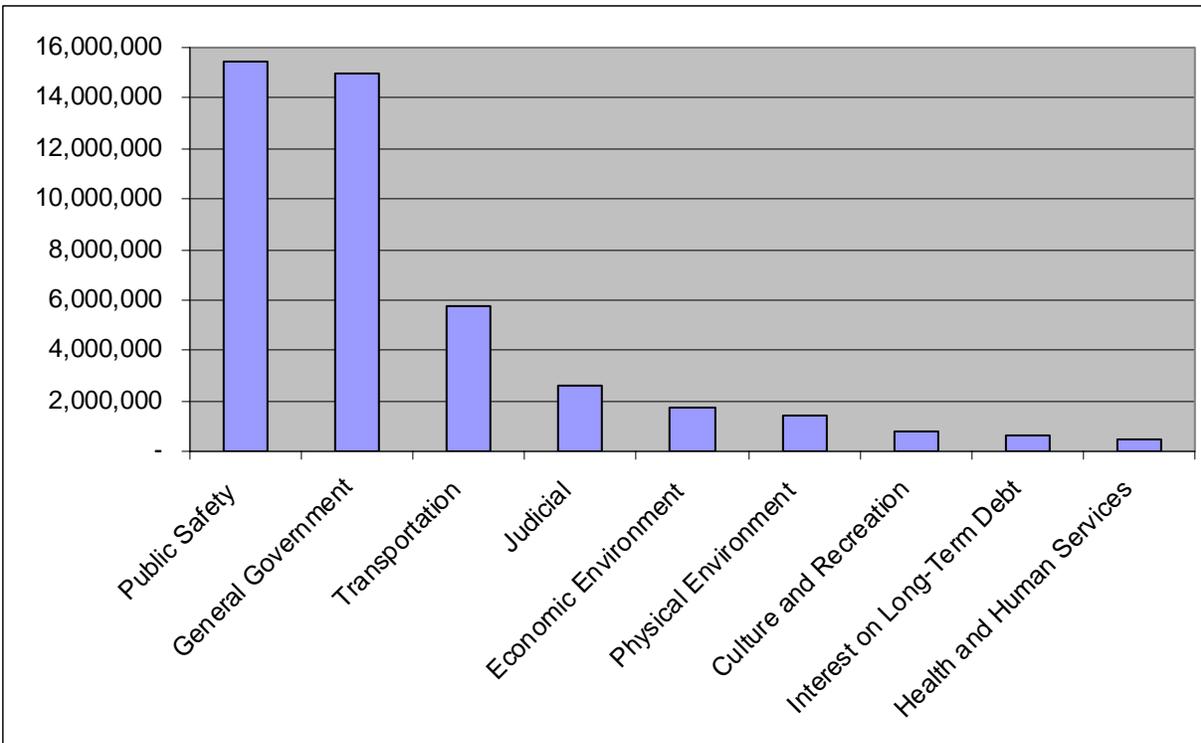
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current & other assets	25,964,720	30,586,522	1,833,387	1,350,523	27,798,107	31,937,045
Capital Assets (net of depr.)	33,622,659	25,490,390	2,085,793	2,489,266	35,708,452	27,979,656
Total assets	59,587,379	56,076,913	3,919,180	3,839,789	63,506,559	59,916,701
Long-term liabilities	16,968,327	18,390,345	302,684	239,415	17,271,011	18,629,760
Other liabilities	4,240,202	5,048,741	546,756	813,604	4,786,959	5,862,345
Total liabilities	21,208,530	23,439,086	849,440	1,053,019	22,057,969	24,492,105
Net Assets:						
Invested in capital assets net of related debt	15,229,008	5,982,622	2,075,020	2,357,662	17,304,028	8,340,284
Restricted	2,091,324	1,594,582	-	-	2,091,324	1,594,582
Unrestricted	21,058,517	25,060,621	994,720	429,108	22,053,237	25,489,729
Total net assets	38,378,850	32,637,826	3,069,740	2,786,770	41,448,589	35,424,595

Chelan County's Changes in Net Assets

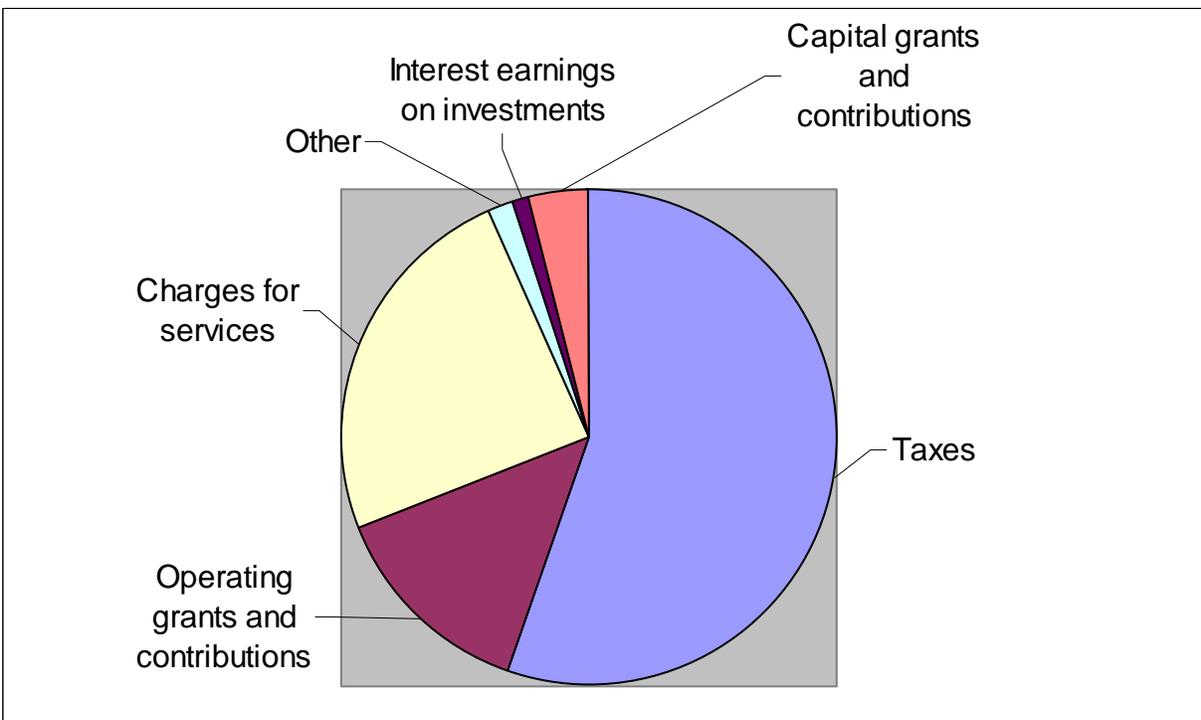
Revenues	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program revenues:						
Charges for services	11,396,263	6,659,064	7,317,730	4,003,914	18,713,993	10,662,979
Operating grants and contrib.	6,202,763	7,523,707	256,809	2,446,887	6,459,572	9,970,594
Capital grants and contributions	1,809,396	362,022	-	-	1,809,396	362,022
General revenues:						
Taxes	25,700,404	23,956,714	48,329	48,167	25,748,733	24,004,881
Interest earnings on invest.	509,483	622,193	3,936	7,684	513,419	629,877
Other	778,147	2,520,597	137,235	90,037	915,382	2,610,634
Total Revenues	46,396,456	41,644,298	7,764,038	6,596,690	54,160,494	48,240,987
Program Expenses						
General government	14,983,530	15,704,699	-	-	14,983,530	15,704,699
Public Safety	2,583,105	2,518,104	-	-	2,583,105	2,518,104
Judicial	15,411,584	11,039,550	-	-	15,411,584	11,039,550
Physical Environment	1,430,752	1,665,874	-	-	1,430,752	1,665,874
Transportation	5,728,453	4,032,318	-	-	5,728,453	4,032,318
Health and Human Services	497,421	491,423	-	-	497,421	491,423
Economic Environment	1,722,704	1,772,667	-	-	1,722,704	1,772,667
Culture and Recreation	763,942	678,752	-	-	763,942	678,752
Utilities	-	-	1,369,149	918,952	1,369,149	918,952
Regional Justice Center	-	-	4,911,932	4,642,425	4,911,932	4,642,425
Other	-	-	524,758	486,114	524,758	486,114
Interest on long term debt	631,657	607,156	-	-	631,657	607,156
Total Expenditures	43,753,148	38,510,542	6,805,839	6,047,492	50,558,986	44,558,034
Excess (deficiency) revenues over (under) expenses	2,643,309	3,133,756	958,199	549,198	3,601,508	3,682,954
Transfers	675,229	535,398	(675,229)	(535,398)	-	-
Change in net assets	3,318,538	3,669,154	282,970	13,800	3,601,508	3,682,954
Net assets as of Jan 1	32,637,827	29,015,983	2,786,770	2,772,970	35,424,597	31,788,953
Prior Period Adjustment	2,422,485	(47,310)	-	-	2,422,485	(47,310)
Net assets as of Jan 1 - Restated	35,060,311	28,968,672	2,786,770	2,772,970	37,847,081	31,741,642
Net assets as of Dec 31	38,378,849	32,637,827	3,069,740	2,786,770	41,448,589	35,424,597

Governmental Activities. Governmental activities increased Chelan County's net assets by \$3,318,538, thereby accounting for 92 percent of the total growth in the net assets of the County.

Expenses – Governmental Activities

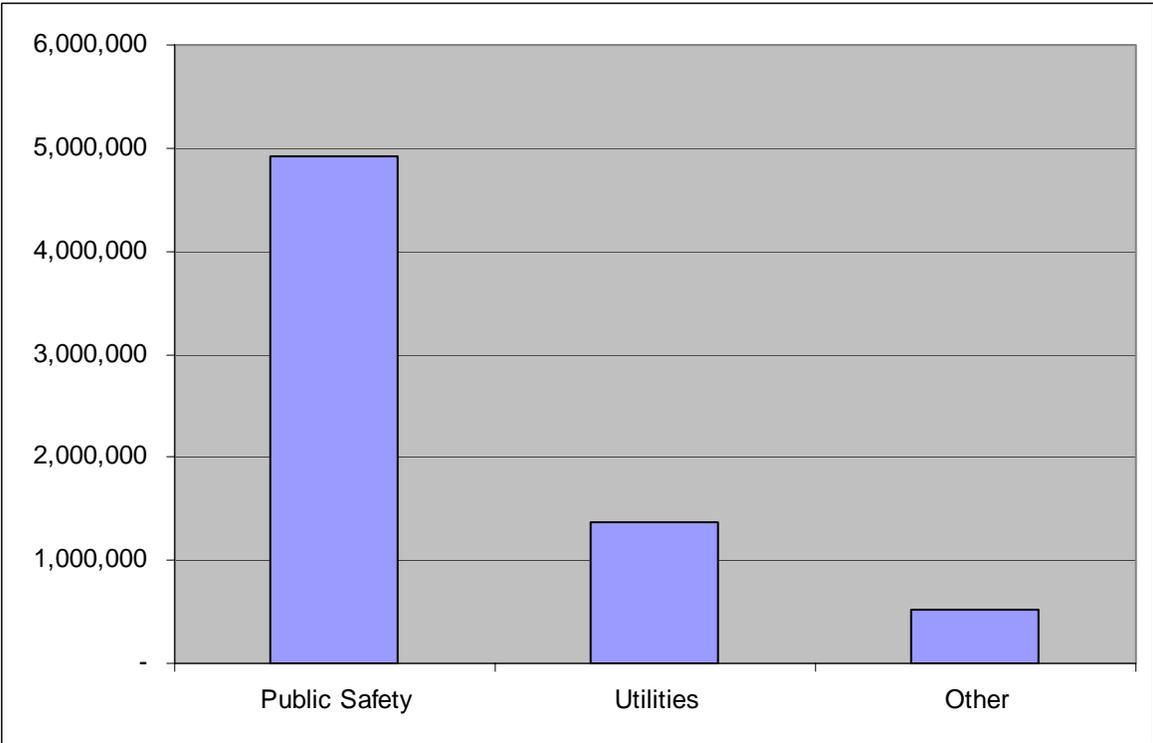


Revenues by Source – Governmental Activities

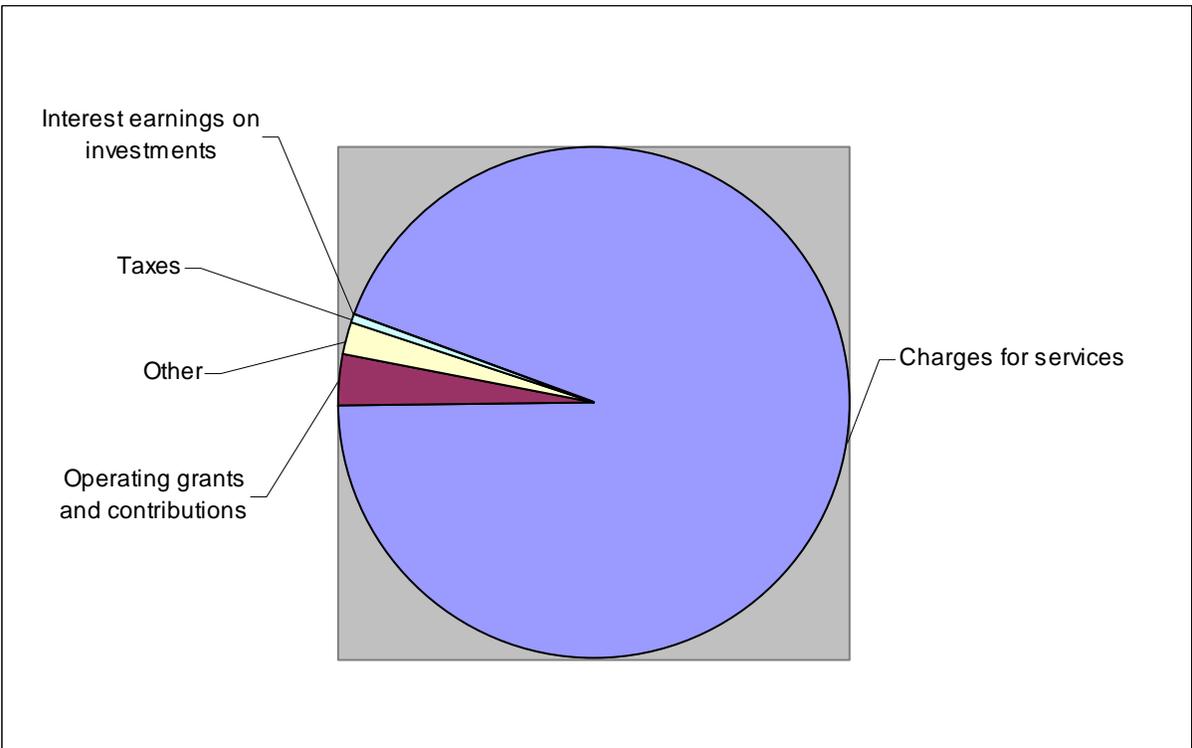


Business-type Activities. Business-type activities increased Chelan County's net assets by \$282,970, accounting for 8 percent of the total growth in the government's net assets.

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, County Roads, Forest Title III, Juvenile Building Debt, and R.E.E.T 2 Capital Improvement funds made up the County's major funds during the most recent fiscal year. Together these five funds account for 70 percent of total governmental fund assets and 65 percent 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. In particular, unreserved fund balance 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 \$16,877,875, a decrease of \$2,443,211 in comparison with the prior year. Approximately 87% of this total amount (\$14,619,821) constitutes unreserved fund balance, which is available for spending within the designated funds. The remainder of fund balance (\$2,258,054) is reserved to indicate that it is not available for new spending because it has already been committed to debt service payments in the Juvenile Building Debt Service Fund and other long-term loans and advances.

The general fund is the chief operating fund of Chelan County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,040,710. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8 percent of total general fund expenditures, while total fund balance represents 9 percent of the same amount.

The fund balance of Chelan County's general fund decreased by \$809,843 during the current fiscal year.

The fund balance of the County Roads special revenue fund decreased by \$501,234 during the current fiscal year.

The fund balance of the Forest Title III special revenue fund increased by \$47,651 during the current fiscal year.

The fund balance of the Juvenile Building debt service fund increased by \$496,742 during the current fiscal year.

The fund balance of the R.E.E.T. 2 Capital Improvement capital projects fund increased by \$437,929 during the current fiscal year.

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

Unrestricted net assets of the Regional Justice Center at the end of the year amounted to \$607,085. The total increase in net assets for this fund was \$662,837.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget amounted to a \$1,597,736 increase in appropriations and can be briefly summarized as follows:

Department	Amount of Increase	Explanation
Assessor	9,116	Increased for capital purchase
Auditor	27,779	Increased for services and personnel
Board of Equalization	816	Increased for services
Building/Planning	100,015	Increased for services and personnel
Civil Service Commission	159	Increased for services
Clerk	16,276	Increased for services and personnel
Commissioners	14,844	Increased for services
Coroner	4,128	Increased for services
DIS	10,048	Increased for services
Facilities Maintenance	17,566	Increased for personnel
District Court	19,763	Increased for services
District Court Probation	25,540	Increased for services and personnel
Extension	72,906	Increased for services and personnel
Horticulture	1,686	Increased for services
Juvenile	7,293	Increased for services
Non-Departmental	222,290	Increased for services and intergovernmental loan
Prosecuting Attorney	31,480	Increased for personnel and services
Sheriff	998,720	Increased for an addition of new service area contract
Superior Court	15,112	Increased for services
Treasurer	2,198	Increased for services
Total	1,597,736	

Of this increase, \$1,181,056 was to be funded out of miscellaneous increases in various charges for services. The remaining \$416,680 was to be budgeted from available fund balance.

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, 2004, amounts to \$35,708,452 (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 28 percent (an 32 percent increase for governmental activities and a 16 percent decrease for business-type activities).

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

- \$3,734,446 addition to the Juvenile Building was completed.
- \$1,015,272 was retired when transferred to Rivercom.
- Various large equipment purchases were made by the Equipment Rental & Revolving fund.

Chelan County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	2,026,258	1,924,703	450,779	353,976	2,477,037	2,278,679
Buildings & Structures	19,365,589	16,273,331	1,125,507	1,507,005	20,491,096	17,780,336
Machinery & Equipment	7,527,350	8,233,799	509,506	99,943	8,036,856	8,333,742
Infrastructure	4,703,463	1,481,042	0	528,342	4,703,463	2,009,384
Total	33,622,659	27,912,875	2,085,793	2,489,266	35,708,452	30,402,141

Additional information on the County's capital assets can be found in note 6 on pages 47-48.

Long-term Debt. At the end of the current fiscal year, Chelan County had total bonded debt outstanding of \$16,969,480. 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 \$1,024,893 (5.7 percent) during the current fiscal year. The key factor in this increase was the regular payment of principal on general obligation bonds.

During the 2003, the government refinanced some of its existing debt to take advantage of favorable interest rates. The County issued \$3,315,000 of refunding bonds that were placed in an irrevocable trust with an additional \$1,500,000 to pay off \$4,325,000 of the 1997 General Obligation Bond issue. See note 10(c) on page 58 for further information.

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

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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

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

Fund Financial Statements

- (3) **Balance Sheet – Governmental Funds** – presents the balance sheets for major funds and aggregated amounts for all other governmental funds. It also includes a reconciliation of the balance sheet to the Government-wide Statement of Net Assets.
- (4) **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.
- (5) **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities.**
- (6) **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 which has a legally adopted budget. Departmental information is included for the General Fund, in accordance with the County's legally adopted budget.
- (7) **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.

- (8) **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.
- (9) **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.
- (10) **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.
- (11) **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, 2004

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	13,997,966	942,500	14,940,466
Deposits with Fiscal Agents/Trustees	51,113	6,775	57,888
Investments	9,741,179	252,414	9,993,593
Accounts Receivable	490,911	94,719	585,630
Taxes Receivable	114,806	-	114,806
Interest Receivable	33,801	455	34,256
Due from Other Funds	34,734	228,014	262,748
Interfund Loan Receivable	3,000	-	3,000
Due from Other Governments	644,993	308,510	953,503
Inventory	705,488	-	705,488
Note Receivable	100,000	-	100,000
Advances to Other Funds	46,730	-	46,730
Capital Assets (Net of Accumulated Depreciation):			
Land and Improvements	2,026,258	450,779	2,477,037
Buildings	19,365,589	1,125,507	20,491,096
Equipment	7,527,350	509,506	8,036,856
Infrastructure	4,703,463	-	4,703,463
Total Capital Assets	<u>33,622,659</u>	<u>2,085,793</u>	<u>35,708,452</u>
Total Assets:	<u>59,587,379</u>	<u>3,919,180</u>	<u>63,506,559</u>
LIABILITIES			
Accounts Payable	316,938	111,250	428,188
Due to Other Funds	244,207	34,734	278,941
Interfund Loan Payable	-	3,000	3,000
Due to Other Governments	58,261	49,093	107,354
Other Accrued Liabilities	1,664,362	340,756	2,005,117
Deferred Revenue	486,492	-	486,492
Noncurrent Liabilities:			
Due Within One Year	1,469,942	7,923	1,477,866
Due in More than One Year	16,968,327	302,684	17,271,011
Total Liabilities	<u>21,208,530</u>	<u>849,440</u>	<u>22,057,969</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	15,229,008	2,075,020	17,304,028
Restricted for:			
Debt Service	2,091,324	-	2,091,324
Unrestricted	21,058,517	994,720	22,053,237
Total Net Assets	<u>38,378,850</u>	<u>3,069,740</u>	<u>41,448,590</u>

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

CHELAN COUNTY, WASHINGTON

Statement of Activities
For the Year Ended December 31, 2004

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	14,983,530	5,270,139	207,649	1,051,467	(8,454,275)	-	(8,454,275)
Judicial	2,583,105	2,086,950	676,002	-	179,847	-	179,847
Public Safety	15,411,584	2,023,007	2,712,362	-	(10,676,214)	-	(10,676,214)
Physical Environment	1,430,752	182,762	2,023,662	-	775,672	-	775,672
Transportation	5,728,453	260,659	282,022	757,929	(4,427,842)	-	(4,427,842)
Health and Human Services	497,421	-	14,911	-	(482,510)	-	(482,510)
Economic Environment	1,722,704	1,207,780	229,496	-	(285,428)	-	(285,428)
Culture and Recreation	763,942	364,966	56,660	-	(342,317)	-	(342,317)
Interest on Long-Term Debt	631,657	-	-	-	(631,657)	-	(631,657)
Total Governmental Activities	43,753,148	11,396,263	6,202,763	1,809,396	(24,344,725)	-	(24,344,725)
Business-Type Activities:							
Utilities	1,369,149	796,490	102,522	-	-	(470,136)	(470,136)
Public Safety	4,911,932	6,002,190	126,451	-	-	1,216,709	1,216,709
Other	524,758	519,050	27,836	-	-	22,128	22,128
Total Business-Type Activities	6,805,839	7,317,730	256,809	-	-	768,700	768,700
Total Primary Government	50,558,986	18,713,993	6,459,572	1,809,396	(24,344,725)	768,700	(23,576,025)
General Revenues							
Taxes:							
Property					13,452,658	-	13,452,658
Sales and Use					4,976,610	-	4,976,610
Motor Vehicle Fuel Tax					2,101,802	-	2,101,802
Other Taxes					5,169,333	48,329	5,217,662
Interest and Investment Earnings					509,483	3,936	513,419
Miscellaneous					778,147	137,235	915,382
Transfers					675,229	(675,229)	-
Total General Revenues and Transfers					27,663,263	(485,730)	27,177,533
Change in Net Assets					3,318,538	282,970	3,601,508
Net Assets - Beginning					32,637,827	2,786,770	35,424,597
Prior Period Adjustment					2,422,485	-	2,422,485
Net Assets - Beginning, Restated					35,060,312	2,786,770	37,847,082
Net Assets - Ending					38,378,850	3,069,740	41,448,590

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

CHELAN COUNTY, WASHINGTON

Balance Sheet

Governmental Funds

December 31, 2004

	General Fund	County Roads	Forest Title III	Juvenile Building Debt	R.E.E.T. 2 Capital Improvement	Nonmajor Governmental Funds	Total
ASSETS							
Cash and Cash Equivalents	774,525	4,795,954	722,821	-	410,669	2,748,437	9,452,406
Deposits with Fiscal Agents	-	12,313	-	-	-	-	12,313
Investments	1,848,414	-	-	2,089,952	1,788,613	3,172,785	8,899,764
Taxes Receivable	304,581	175,563	-	-	-	6,348	486,492
Accounts Receivable	110,932	277	-	-	-	3,596	114,806
Interest Receivable	22,156	-	-	1,372	3,204	5,624	32,357
Due from Other Funds	383,792	4,929	-	-	-	50,674	439,395
Due from Other Governments	487,027	6,592	-	-	-	149,795	643,414
Note Receivable - Restricted	100,000	-	-	-	-	-	100,000
Advances to Other Funds - Restricted	20,000	46,730	-	-	-	-	66,730
Total assets	4,051,428	5,042,358	722,821	2,091,324	2,202,487	6,137,260	20,247,677
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	9,622	126,270	-	-	-	97,933	233,826
Due to Other Funds	272,940	311,949	342,242	-	-	55,215	982,345
Due to Other Governments	17,211	4,097	-	-	-	7,437	28,745
Other Accrued Liabilities	1,286,364	281,622	-	-	-	50,408	1,618,394
Deferred Revenue	304,581	175,563	-	-	-	6,348	486,492
Total Liabilities	1,890,718	899,502	342,242	-	-	217,341	3,349,802
Fund balances:							
Reserved for:							
Long-Term Loans and Advances	120,000	46,730	-	-	-	-	166,730
Debt Service	-	-	-	2,091,324	-	-	2,091,324
Unreserved, reported in:							
General Fund	2,040,710	-	-	-	-	-	2,040,710
Special Revenue Funds	-	4,096,127	380,579	-	-	4,388,673	8,865,378
Capital Projects Funds	-	-	-	-	2,202,487	1,511,246	3,713,732
Total fund balances	2,160,710	4,142,856	380,579	2,091,324	2,202,487	5,899,919	16,877,875
Total liabilities and fund balances	4,051,428	5,042,358	722,821	2,091,324	2,202,487	6,117,260	20,227,677

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, 2004

Fund balances of governmental funds: 16,877,875

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	45,205,635	
Depreciation	(17,782,524)	
Capital Assets net of depreciation		27,423,111

Long-term debt and compensated absences that have not been included in the governmental fund activity

Bonds Payable	(16,969,480)	
Compensated Absences	(1,284,112)	
Leases Payable	(4,937)	
Long-term debt		(18,258,529)

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	12,695,937	
Liabilities	(359,543)	
Internal service net assets		12,336,394

Net assets of governmental activities 38,378,850

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, 2004

REVENUES	General Fund	County Roads	Forest Title III	Juvenile Building Debt	R.E.E.T. 2 Capital Improvement	Nonmajor Governmental Funds	Total
	Taxes	12,660,560	4,823,976	-	1,173,511	614,292	2,410,110
Licenses and Permits	659,499	-	-	-	-	-	659,499
Intergovernmental Revenues	5,727,034	4,192,014	390,293	-	-	1,887,532	12,196,873
Charges for Services	3,771,255	34,903	-	-	-	536,816	4,342,974
Fees and Fines	1,209,913	-	-	-	-	8,268	1,218,182
Miscellaneous	635,102	162,638	-	19,570	26,097	1,480,486	2,323,893
Total Revenues	24,663,363	9,213,531	390,293	1,193,081	640,389	6,323,212	42,423,869

EXPENDITURES

Current:							
General Government	10,748,966	-	-	-	-	119,961	10,868,927
Security of Persons & Property	12,191,475	-	-	2,725	-	1,244,009	13,438,209
Utilities & Environment	249,801	-	342,642	-	-	875,512	1,467,956
Transportation	-	6,229,988	-	-	-	28,457	6,258,446
Economic Environment	1,280,562	-	-	-	-	717,869	1,998,431
Mental Health & Physical Health	482,814	-	-	-	-	90,336	573,150
Culture and Recreation	419,356	-	-	-	-	221,491	640,847
Debt Service:							
Principal	-	-	-	500,000	-	424,893	924,893
Interest and Other Charges	-	-	-	192,542	-	439,115	631,657
Capital Outlay	24,802	3,489,682	-	-	202,460	4,332,887	8,049,832
Total Expenditures	25,397,778	9,719,671	342,642	695,267	202,460	8,494,530	44,852,348

Excess (Deficiency) of Revenues Over (Under) Expenditures	(734,415)	(506,140)	47,651	497,814	437,929	(2,171,318)	(2,428,479)
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OTHER FINANCING SOURCES (USES)

Proceeds From Sale of Capital Assets	7,272	2,392	-	-	-	3,410	13,074
Transfers In	64,332	-	-	-	-	208,037	272,369
Transfers Out	(231,037)	-	-	-	-	(153,417)	(384,454)
Other Nonrevenues	84,004	2,513	-	(1,072)	-	(1,167)	84,278
Total Other Financing Sources and Uses	(75,428)	4,905	-	(1,072)	-	56,863	(14,732)
Net Change in Fund Balances	(809,843)	(501,234)	47,651	496,742	437,929	(2,114,455)	(2,443,211)
Fund Balances - Beginning	2,970,554	4,644,091	332,927	1,594,582	1,764,558	8,014,374	19,321,085
Fund Balances - Ending	2,160,710	4,142,856	380,579	2,091,324	2,202,487	5,899,919	16,877,875

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, 2004

Amounts reported for governmental activities in the statement of activities (page 22)
are different because:

Net change in fund balances - total governmental funds (page 25) \$ (2,443,211)

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. 4,885,597

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. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 990,756

The net revenue of certain activities of internal service funds is reported with governmental activities. (114,604)

Change in net assets of governmental activities (page 22) \$ 3,318,538

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	12,486,401	12,486,401	12,660,560	174,159
Licenses and Permits	540,934	540,934	659,499	118,565
Intergovernmental Revenues	5,215,739	5,875,187	5,727,034	(148,153)
Charges for Services	3,307,688	3,760,652	3,771,255	10,603
Fees and Fines	1,044,840	1,059,340	1,209,913	150,573
Miscellaneous	578,506	607,649	635,102	27,453
Total Revenues	<u>23,174,108</u>	<u>24,330,163</u>	<u>24,663,363</u>	<u>333,199</u>
EXPENDITURES				
General Government				
Assessor	1,059,424	1,068,540	1,024,697	43,843
Auditor	935,965	965,674	947,256	18,418
Board of Equalization	8,437	9,253	4,655	4,598
Clerk	848,300	864,576	841,648	22,928
Commissioners	524,188	539,032	507,979	31,053
Department of Information Services	757,902	767,950	749,305	18,645
Facilities Maintenance	1,327,050	1,344,616	1,269,535	75,081
District Court	949,934	969,697	926,009	43,689
Nondepartmental	1,659,749	1,767,629	1,638,170	129,459
Child Support Enforcement	418,301	418,301	374,055	44,246
Prosecuting Attorney	1,218,695	1,250,175	1,206,521	43,654
Superior Court	824,575	839,687	829,515	10,172
Treasurer	480,841	485,789	454,640	31,149
Security of Persons & Property				
Civil Service Commission	38,374	38,533	37,821	712
District Court Probation	285,807	311,347	305,014	6,333
Juvenile	2,474,671	2,481,964	2,298,966	182,998
Nondepartmental - Law Enforcement	2,539,272	2,539,272	2,528,688	10,584
Sheriff	6,132,044	7,130,764	7,020,987	109,777
Utilities & Environment				
Horticulture	59,411	61,097	56,400	4,697
Nondepartmental - Environment	195,100	195,100	193,401	1,699
Economic Environment				
Building/Planning	1,321,162	1,421,177	1,276,887	144,290
Coroner - Welfare	2,000	3,500	3,460	40
Mental Health & Physical Health				
Coroner	174,995	177,623	173,308	4,315
Nondepartmental - Public Health	308,316	308,316	309,506	(1,190)
Culture and Recreation				
Extension	375,773	448,679	411,110	37,569
Nondepartmental - Park	8,300	8,300	8,246	54
Total Expenditures	<u>24,928,586</u>	<u>26,416,592</u>	<u>25,397,778</u>	<u>1,018,814</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,754,479)</u>	<u>(2,086,429)</u>	<u>(734,415)</u>	<u>1,352,013</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(205,985)	(205,985)	(231,037)	(25,052)
Transfers In	42,221	67,221	64,332	(2,889)
Proceeds From Sale of Capital Assets	4,000	4,000	7,272	3,272
Other Nonrevenues	8,000	(101,730)	84,004	185,734
Total Other Financing Sources and Uses	<u>(151,764)</u>	<u>(236,494)</u>	<u>(75,428)</u>	<u>161,066</u>
Net Change in Fund Balances	(1,906,243)	(2,322,923)	(809,843)	1,513,079
Fund Balances - Beginning	3,305,466	3,305,466	2,970,554	(334,913)
Fund Balances - Ending	<u>1,399,224</u>	<u>982,544</u>	<u>2,160,710</u>	<u>1,178,167</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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	4,763,773	4,763,773	4,823,976	60,203
Intergovernmental Revenues	5,947,320	5,947,320	4,192,014	(1,755,306)
Charges for Services	4,900	4,900	34,903	30,003
Miscellaneous	110	110	162,638	162,528
Total Revenues	<u>10,716,103</u>	<u>10,716,103</u>	<u>9,213,531</u>	<u>(1,502,572)</u>
EXPENDITURES				
Transportation	7,732,171	7,732,171	6,229,988	1,502,183
Capital Outlay	5,278,372	5,278,372	3,489,682	1,788,690
Total Expenditures	<u>13,010,543</u>	<u>13,010,543</u>	<u>9,719,671</u>	<u>3,290,872</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(2,294,440)</u>	<u>(2,294,440)</u>	<u>(506,140)</u>	<u>1,788,300</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From Sale of Capital Assets	-	-	2,392	2,392
Other Nonrevenues	3,029	3,029	2,513	(516)
Total Other Financing Sources and Uses	<u>3,029</u>	<u>3,029</u>	<u>4,905</u>	<u>1,876</u>
Net Change in Fund Balances	(2,291,411)	(2,291,411)	(501,234)	1,790,177
Fund Balances - Beginning	<u>4,057,802</u>	<u>4,057,802</u>	<u>4,644,091</u>	<u>586,289</u>
Fund Balances - Ending	<u><u>1,766,391</u></u>	<u><u>1,766,391</u></u>	<u><u>4,142,856</u></u>	<u><u>2,376,465</u></u>

CHELAN COUNTY, WASHINGTON

Forest Title III Special Revenue Fund

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

For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	340,000	340,000	390,293	50,293
Total Revenues	<u>340,000</u>	<u>340,000</u>	<u>390,293</u>	<u>50,293</u>
EXPENDITURES				
Utilities & Environment	374,129	374,129	342,642	31,487
Total Expenditures	<u>374,129</u>	<u>374,129</u>	<u>342,642</u>	<u>31,487</u>
Net Change in Fund Balances	(34,129)	(34,129)	47,651	81,780
Fund Balances - Beginning	340,000	340,000	332,927	(7,073)
Fund Balances - Ending	<u>305,871</u>	<u>305,871</u>	<u>380,579</u>	<u>74,708</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, 2004

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Regional Justice Center	Nonmajor Enterprise Funds	Totals	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	745,574	196,927	942,500	4,545,560
Deposits with Fiscal Agents	-	6,775	6,775	38,800
Investments	-	252,414	252,414	841,415
Accounts Receivable	14,656	80,063	94,719	4,419
Interest Receivable	-	455	455	1,444
Due from Other Funds	210,629	17,385	228,014	354,684
Interfund Loan Receivable	-	-	-	3,000
Due from Other Governments	287,227	21,283	308,510	1,579
Inventory	-	-	-	705,488
Total Current Assets	<u>1,258,086</u>	<u>575,300</u>	<u>1,833,387</u>	<u>6,496,388</u>
Noncurrent Assets:				
Capital Assets: (Net of Accumulated Depreciation)				
Land and Improvements	-	450,779	450,779	-
Buildings	801,685	323,822	1,125,507	48,479
Equipment	86,732	422,774	509,506	6,151,069
Total Noncurrent Assets	<u>888,417</u>	<u>1,197,376</u>	<u>2,085,793</u>	<u>6,199,549</u>
Total Assets	<u>2,146,503</u>	<u>1,772,676</u>	<u>3,919,180</u>	<u>12,695,937</u>
LIABILITIES				
Liabilities:				
Current Liabilities:				
Accounts Payable	61,089	50,160	111,250	83,112
Due to Other Funds	31,401	3,334	34,734	21,207
Interfund Loan Payable	-	3,000	3,000	-
Due to Other Governments	941	48,153	49,093	29,516
Other Accrued Liabilities	310,108	30,647	340,756	45,968
Total Current Liabilities	<u>403,539</u>	<u>135,294</u>	<u>538,833</u>	<u>179,803</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	46,730	46,730	-
Compensated Absences	247,463	8,641	256,104	44,618
Leases Payable	-	7,773	7,773	135,122
Total Noncurrent Liabilities	<u>247,463</u>	<u>63,144</u>	<u>310,607</u>	<u>179,740</u>
Total Liabilities	<u>651,002</u>	<u>198,438</u>	<u>849,440</u>	<u>359,543</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	888,417	1,186,603	2,075,020	6,064,427
Unrestricted	607,085	387,635	994,720	6,271,966
Total Net Assets	<u>1,495,502</u>	<u>1,574,238</u>	<u>3,069,740</u>	<u>12,336,393</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, 2004

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Regional Justice Center	Nonmajor Enterprise Funds	Totals	Internal Service Fund
OPERATING REVENUES				
Intergovernmental Revenues	2,861,436	144,714	3,006,150	-
Charges for Services	2,858,708	1,052,590	3,911,298	1,131,214
Fines & Forfeits	12,178	-	12,178	-
Miscellaneous	444,858	384,428	829,286	6,032,378
Total Operating Revenues	<u>6,177,179</u>	<u>1,581,732</u>	<u>7,758,911</u>	<u>7,163,591</u>
OPERATING EXPENSES				
Salaries	3,116,617	333,625	3,450,242	449,712
Personnel Benefits	1,035,450	114,888	1,150,338	111,784
Supplies	252,149	57,136	309,285	983,468
Other Services & Charges	388,276	830,563	1,218,840	4,925,510
Intergovernmental/Interfund Services & Taxes	-	23,327	23,327	-
Interfund Payments for Services	635,127	123,224	758,351	142,286
Depreciation	48,172	558,994	607,166	1,224,311
Total Operating Expenses	<u>5,475,791</u>	<u>2,041,757</u>	<u>7,517,548</u>	<u>7,837,071</u>
Operating Income (Loss)	<u>701,388</u>	<u>(460,025)</u>	<u>241,363</u>	<u>(673,479)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	-	6,137	6,137	-
Interest & Investment Revenue	-	2,647	2,647	-
Debt Service	-	(3,239)	(3,239)	(14,996)
Proceeds From Sale of Capital Assets	709	-	709	231,493
Total Nonoperating Revenues (Expenses)	<u>709</u>	<u>5,545</u>	<u>6,253</u>	<u>216,497</u>
Income (Loss) Before Contributions and Transfers	<u>702,097</u>	<u>(454,480)</u>	<u>247,617</u>	<u>(456,982)</u>
Transfers In	-	35,000	35,000	-
Capital Contributions	-	-	-	64,334
Other Nonrevenues	(39,260)	39,613	353	278,044
Change in Net Assets	<u>662,837</u>	<u>(379,867)</u>	<u>282,970</u>	<u>(114,604)</u>
Total Net Assets - Beginning	<u>832,665</u>	<u>1,954,105</u>	<u>2,786,770</u>	<u>12,450,997</u>
Total Net Assets - Ending	<u>1,495,502</u>	<u>1,574,238</u>	<u>3,069,740</u>	<u>12,336,393</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, 2004

	Business-Type Activities			Governmental Activities
	Enterprise Funds		Totals	
	Regional Justice Center	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received From Customers and Users	5,874,498	1,573,846	7,448,345	7,291,889
Cash Payments to Suppliers	(1,363,421)	(1,185,394)	(2,548,815)	(6,258,519)
Cash Payments to Employees and Retirees	(4,122,648)	(439,499)	(4,562,147)	(562,052)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	388,429	(51,046)	337,383	471,317
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and Interest Paid on Noncapital Debt	-	(3,100)	(3,100)	-
Residual Equity Transfer-In	-	35,000	35,000	-
Other Non-Operating Receipts	(39,260)	45,750	6,490	278,044
NET CASH PROVIDED (USED) NONCAPITAL FINANCING ACTIVITIES	(39,260)	77,650	38,390	278,044
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Proceeds From Sale of Equipment	709	-	709	231,493
Acquisition and Construction of Capital Assets	(35,045)	(168,648)	(203,692)	(2,048,497)
Principal and Interest Payments for Capital Debt	-	(3,000)	(3,000)	(14,996)
Capital Contributions	-	(139)	(139)	64,334
NET CASH PROVIDED (USED) CAPITAL FINANCING ACTIVITIES	(34,336)	(171,787)	(206,123)	(1,767,666)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Investment Activity	-	166,641	166,641	(92,380)
Interest on Investments	-	2,735	2,735	(783)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	169,376	169,376	(93,164)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	314,833	24,193	339,026	(1,111,469)
CASH AND CASH EQUIVALENTS, JANUARY 1	430,741	172,733	603,474	5,657,029
CASH AND CASH EQUIVALENTS, DECEMBER 31	745,574	196,926	942,500	4,545,560

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	701,388	(460,025)	241,363	(673,479)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (Used) Operating Activities:				
Depreciation & amortization of Deferred Charge	48,172	558,994	607,166	1,224,311
(Increase) Decrease in Accounts Receivable	(11,517)	(31,319)	(42,837)	(4,419)
(Increase) Decrease in Due From Other Funds/Gov	(291,163)	23,433	(267,730)	132,716
(Increase) Decrease in Inventory/Prepaid Expenses	-	-	-	(28,080)
Increase (Decrease) in Vouchers/Contracts Payable	(11,107)	(171,459)	(182,566)	(125,168)
Increase (Decrease) in Due to Other Funds/Gov	(76,763)	20,316	(56,447)	(54,007)
Increase (Decrease) in Payables/Other Liabilities	6,492	7,479	13,971	(2,538)
Increase (Decrease) in Accrued Emp Leave Benefits	22,927	1,535	24,462	1,982
Total Adjustments	(312,959)	408,978	96,019	1,144,796
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	388,429	(51,046)	337,383	471,317

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, 2004

	<u>Agency Funds</u>
ASSETS	
Cash	10,741,016
Investments	56,918,325
Deposits with Fiscal Agents	9,036,224
Accounts Receivable	1,260
Taxes Receivable	1,971,152
Assessments Receivable	5,816
Interest Receivable	81,918
Due From Other Funds	16,193
Due From Other Governments	90,401
Total Assets	<u>78,862,304</u>
LIABILITIES	
Accounts Payable	6,153,964
Due to Other Governments	121
Other Accrued Liabilities	400,011
Deferred Revenue	1,971,152
Custodial Accounts	70,337,056
Total Liabilities	<u>78,862,304</u>

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

CHELAN COUNTY, WASHINGTON

Notes to Financial Statements

January 1, 2004 through December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	36
A. Reporting Entity.....	36
B. Government-Wide and Fund Financial Statements.....	36
C. Measurement Focus, Basis of Accounting, and Financial Statement Preparation	37
D. Budgetary Information.....	39
E. Assets, Liabilities and Equities.....	40
NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	43
A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets.....	43
B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.....	44
NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.....	44
NOTE 4 - DEPOSITS AND INVESTMENTS	44
A. Deposits	44
B. Investments.....	44
NOTE 5 - PROPERTY TAXES	45
NOTE 6 - CAPITAL ASSETS AND DEPRECIATION	47
NOTE 7 - PENSION PLANS.....	48
NOTE 8 - DEFERRED COMPENSATION PLAN	53
NOTE 9 - RISK MANAGEMENT	54
A. General	54
B. Risk Management	56
NOTE 10 - LONG-TERM DEBT AND CAPITAL LEASES.....	56
A. Long-Term Debt.....	56
B. Changes in Long-Term Liabilities	58
C. Refunded Debt.....	58
D. Capital Leases	58
E. Loan to District	59
NOTE 11 - CONTINGENCIES AND LITIGATIONS	59
NOTE 12 - INTERFUND TRANSACTIONS AND BALANCES	60
A. Due To/From Other Funds.....	60
B. Interfund Loans Payable/Receivable	60
C. Interfund Transfers.....	61
NOTE 13 - JOINT VENTURES.....	61
NOTE 14 - POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFIT	61
NOTE 15 - PRIOR PERIOD ADJUSTMENTS.....	62
NOTE 16 - CHANGES IN ACCOUNTING PRINCIPLES	62

CHELAN COUNTY, WASHINGTON

Notes to Financial Statements

January 1, 2004 through December 31, 2004

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 and fund financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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. 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* (or Current Expense Fund) 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* fund accounts for the finance, design, construction, and maintenance of Chelan County roads.
- The *Forest Title III* fund accounts for the Forest Title III grant funds received from the state and the disbursements to other county funds.

- The *Juvenile Building Debt* fund accumulated the funds for principal and interest on the general obligation debt that was issued to finance the construction of the new Juvenile detention facility.
- The *R.E.E.T. II* fund accounts for the second quarter percent real estate excise tax revenues.

Chelan County reports the following major proprietary fund:

- 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 operations that provide goods or services to other departments or funds of the County or to other governmental units on a cost-reimbursement basis.
- *Agency Funds* are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements.

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 Fair are from event admission fees and off-season rentals, 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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

D. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for general, special revenue, capital project, and proprietary funds on the modified accrual basis of accounting. Budgets for debt service funds are adopted at the level of the individual debt issue and for fiscal periods that correspond to the lives of debt issues.

Annual appropriated budgets are adopted at the fund level. Appropriations for general and special revenue funds lapse at year-end, (except for appropriations for capital outlays, which are carried 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 budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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 2004 budget and the expenditures occurred late in 2004 after any emergency budget appropriations could be legally made.

The 911 Communications fund expenditures exceeded appropriations by \$121,286. During 2004, the County started transferring all 911 funds to Rivercom during 2004. The excess expenditures were covered with its fund balance.

The Master Plan Construction fund expenditures exceeded appropriations by \$45,973. The excess expenditures were covered with its fund balance.

The Industrial Admin & Purchasing fund expenditures exceeded appropriations by \$167. The excess expenditures were covered with its fund balance.

E. Assets, Liabilities and Equities

1. Cash and Cash Equivalents

It is the County's policy to invest all temporary cash surpluses. At December 31, 2004, the treasurer was holding \$18,863,935 in short-term 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 Current Expense fund.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2004 were approximately \$2,700,000.

The County's cash and cash equivalents are considered to be cash on hand and demand deposits. For purposes of the Statement of Cash Flows, the County does not consider investments to be cash equivalents.

2. Temporary Investments – See Note 4

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 5). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2004, there was \$5,816 of special assessments receivable that were delinquent.

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. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

4. 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 14.

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

5. 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).

6. Capital Assets – See Note 6

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, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

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

Assets	Years
Buildings & Structures	31.5
Land Improvements	10
Machinery & Equipment	3 - 10
Infrastructure	20 - 45

7. Other Property and Investments – See Note 4

8. 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 month by month. The County also allows 80 or 120 hours (depending on union status) of compensatory leave after which time it lapses month by month. In addition, any compensatory leave accumulated in excess of 40 or 80 hours (depending on union status) will lapse at year-end. Upon setting an official date of retirement, an employee shall be entitled to convert all accumulated sick leave hours in excess of 720 hours to a maximum of

240 hours to annual leave during the last six months of service. Converted annual leave will not be eligible for buy back as earned annual leave. To be eligible for compensation, all such sick leave earned must be converted to and taken as annual leave prior to retirement.

9. Other Accrued Liabilities

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

10. Long-term Debt – See Note 10

11. Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

12. Fund Reserves and Designations

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

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The governmental funds' balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The details of the difference are as follows:

Statement of Net Assets (page 21)	\$ 38,378,850
Balance sheet (page 23)	<u>16,877,875</u>
Net difference	\$ 21,500,975
Net Capital Assets	\$ 27,423,111
Long-term debt and Compensated absences	(18,258,529)
Internal Service fund assets & liabilities	<u>12,336,394</u>
Net difference	\$ 21,500,975

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds' statement of revenues, expenditures, and changes in fund balances include a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The details of the difference are as follows:

Statement of Activities (page 22)	\$ 3,318,538
Statement of Revenues, Expenditures, and Changes in Fund Balance (page 25)	<u>(2,443,211)</u>
Net difference	\$ 5,761,749
Capital Outlay	\$ 4,885,597
Issuance of Long-Term Debt	990,756
Internal Service Fund activity	<u>(114,604)</u>
Net difference	\$ 5,761,749

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. See Note 1(D)(4) - Excess of Expenditures Over Appropriations.

NOTE 4 - 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 required by state law, all deposits and investments of the County's funds (except as noted below) are obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Investments of private purpose trust funds are not subject to the preceding limitations. All temporary investments are stated at fair value.

The County's investments are categorized to give an indication of the risk assumed at year-end. The following summary shows the County's investments at year-end categorized by risk. Category 1 includes investments that are either insured, registered or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agent, but not in the County's name. The County holds only Category 1 type deposits as listed below.

	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Government Securities	4,357,357	-	-	4,357,357	4,457,276
Certificate of Deposit	16,580,138	-	-	16,580,138	16,733,991
Municipal Money Market	17,541,358			17,541,358	17,573,274
Total	\$ 38,478,853	\$ -	\$ -	\$ 38,478,853	\$ 38,764,541

Investments not Subject to Categorization:

Investment in State Treasurer's Investment Pool	47,084,068	47,170,548
Total Investments	<u>\$85,562,921</u>	<u>\$85,935,088</u>

NOTE 5 - 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 a 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 2004 was \$1.53008 per \$1,000 on an assessed valuation of \$4,962,094,280 for a total regular levy of \$7,592,401.

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 2004 was \$1.69241 per \$1,000 on an assessed valuation of \$2,787,312,784 for a total road levy of \$4,717,273.

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

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2004 was as follows:

Capital Assets, not being depreciated:

Land	1,924,703	101,780	225	2,026,258
Total capital assets, not being depreciated	<u>1,924,703</u>	<u>101,780</u>	<u>225</u>	<u>2,026,258</u>

Capital assets, being depreciated:

Buildings & Structures	32,475,689	3,749,785	224,302	36,001,172
Machinery & Equipment	16,659,512	2,228,147	2,567,571	16,320,088
Infrastructure	1,498,001	3,335,111	-	4,833,112
Total capital assets being depreciated	<u>50,633,202</u>	<u>9,313,043</u>	<u>2,791,873</u>	<u>57,154,372</u>

Less accumulated depreciation for:

Buildings & Structures	16,202,357	461,206	27,981	16,635,583
Machinery & Equipment	8,425,713	1,506,986	1,139,960	8,792,739
Infrastructure	16,959	112,691	-	129,649
Total accumulated depreciation	<u>24,645,029</u>	<u>2,080,883</u>	<u>1,167,940</u>	<u>25,557,972</u>

Total capital assets, being depreciated, net	<u>25,988,172</u>	<u>7,232,161</u>	<u>1,623,933</u>	<u>31,596,400</u>
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Governmental activities capital assets, net	<u><u>27,912,875</u></u>	<u><u>7,333,941</u></u>	<u><u>1,624,158</u></u>	<u><u>33,622,659</u></u>
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Depreciation expense was charged to functions as follows:

General Government	473,435
Judicial	7,740
Public Safety	130,503
Physical Environment	1,124
Transportation	1,353,171
Economic environment	6,173
Culture and recreation	108,736
Total depreciation - Governmental activities	<u><u>2,080,883</u></u>

Business-Type Activities	Beginning Balance 01/01/04	Increases	Decreases	Ending Balance 12/31/2004
Capital Assets, not being depreciated:				
Land	353,976	-	-	353,976
Total capital assets, not being depreciated	353,976	-	-	353,976
Capital assets, being depreciated:				
Buildings & Structures	1,854,032	156,505	-	2,010,537
Improvements other than buildings	157,378	-	-	157,378
Machinery & Equipment	922,781	47,188	-	969,969
Total capital assets being depreciated	2,934,191	203,692	-	3,137,884
Less accumulated depreciation for:				
Buildings & Structures	347,027	538,003	-	885,030
Improvements other than buildings	57,435	3,140	-	60,575
Machinery & Equipment	394,439	66,024	-	460,463
Total accumulated depreciation	798,901	607,166	-	1,406,067
Total capital assets, being depreciated, net	2,135,290	(403,473)	-	1,731,817
Business-type activities capital assets, net	<u>2,489,266</u>	<u>(403,473)</u>	<u>-</u>	<u>2,085,793</u>

Depreciation expense was charged to functions as follows:

Public Safety	48,172
Utilities	543,801
Culture and Recreation	15,192
Total depreciation - Business-type activities	<u>607,166</u>

NOTE 7 - 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*.

Public Employees' Retirement System (PERS) Plans I and 2

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the plan includes elected officials, state employees, employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system), employees of legislative committees, college and university employees not in national higher education retirement programs, judges of district and municipal courts, non-certificated employees of school districts, and employees of local government. Participants who joined the system by September 30, 1977, are Plan I members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan I members are eligible for retirement at any age 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 annual pension is two percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching age 66 a cost-of-living allowance is granted based on years of service credit and is capped at three percent annually.

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

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60 month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following at September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Nonvested	54,081
Total	239,913

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. 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 state law. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution rates 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, 2004, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.38%	1.38%	1.38%**
Employee	6.00%	1.18%	***

* The employer rates include the employer administrative expense fee currently set at 0.19%.

** Plan 3 defined benefit portion only.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2004	28,294	164,320	17,208
2003	28,223	166,419	16,268
2002	34,445	223,289	652

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

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees, with the exception of the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established 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. Effective January 1, 2003 firefighter emergency medical technicians (EMTs) may transfer PERS Plan 1 or Plan 2 service credits to LEOFF Plan 2 if while employed for the city, town, county or district, the EMT's job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investing earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible to retire with five years of service at age 50. The benefit per year of service calculated as a percent of final average salary is as follows:

Term of Service	Percent of Final Average
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

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

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

There are 368 participating employers in LEOFF. Membership in LEOFF consisted of the following at September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	8,370
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	453
Active Plan Members Vested	11,548
Active Plan Members Nonvested	4,003
Total	24,374

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council. 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 methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer	0.19%*	3.25%*
Employee	0.00%	5.09%
State	N/A	2.03%

* The employer rates include the employer administrative expense fee currently set at 0.19%.

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

	LEOFF Plan 1	LEOFF Plan 2
2004	\$169	\$108,672
2003	\$169	\$84,922
2002	\$533	\$90,995

NOTE 8 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or enforceable emergency.

Compensation deferred under the plan and all income attributable to the plan is solely the property of the County. The County's rights to this property are subject only to the claims of the County's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is highly unlikely that it will use the assets to satisfy claims of general creditors in the future.

Deferred compensation plan investments are recorded at market value, along with the corresponding liability, in the Deferred Compensation agency fund. Chelan County had three plans; the following is the breakdown of the \$7,287,511 between the three plans:

<u>Plan's Name</u>	<u>Amount</u>
NACO	\$ 1,572,793
FTJ	\$ 1,329,660
Hartford	<u>4,385,058</u>
Total:	\$ 7,287,511

NOTE 9 - RISK MANAGEMENT

A. General

Description of the Public Entity Risk Pool:

Chelan County is a member of the Washington Counties Risk Pool (“Pool”) which was formed August 18, 1988 when counties in the state of Washington joined together by signing an interlocal agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Chapter 48.62 RCW authorizes the governing bodies of governmental entities to form together into or join a pool or organization for the joint purchasing of insurance and/or joint self-insuring, and/or the joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. The agreement to form the Pool was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool is presently comprised of twenty eight counties.

The Pool allows its member counties to establish a plan of self-insurance, jointly purchase excess insurance or reinsurance, and provide related services. All Pool joint self-insurance liability coverages, including public officials’ errors and omissions, are on an “occurrence” basis. The Pool has also arranged for property and special events/concessionaires insurance coverages to be purchased as group purchase options for its member counties.

Member counties contract initially to remain in the Pool for five years, then renew annually automatically. Following the initial 5-year commitment, a county may terminate its Pool membership at the conclusion of any Pool fiscal year if the county has timely provided the required notice. Even after termination, a member county is responsible for contributions to the Pool for any unresolved, unreported, and in-process claims from the period(s) that it was a signatory to the interlocal agreement.

The Pool is governed by a board that is comprised of one director (and one or more alternates) appointed by each participating member county from the county’s own officials or employees. An executive committee is selected by the governing board from the directors and alternates at the annual meeting that is responsible for overseeing the business affairs of the Pool.

Since the Pool is a cooperative program, there is contingent liability among the participating member counties. Claims that are filed with the Pool are subject to the deductible amount selected by the filing county. Member deductibles range from \$10,000 to \$500,000 per occurrence. The Pool, which is fully funded by the annual assessments contributed by its member counties, acquires reinsurance and excess insurance policies from unrelated underwriters with a self-insured retention of \$100,000 per occurrence. The member counties are responsible for amounts within their deductibles for each claim and the Pool is responsible for any difference

remaining up to the \$100,000 self-insured retention. The reinsurance and excess insurance carriers cover all losses exceeding the Pool's \$100,000 retention or the member county's deductible, whichever is greater, to the maximum limits of their policies.

RCW 48.62.141 and the Interlocal Agreement provide for the contingent liability of participants in the program if assets of the program are insufficient to cover the program's liabilities. Deficits of the Pool are financed through retroactive assessments to member counties, including the following that are pertinent to Chelan County.

1. In 1999, the Pool projected a funding shortfall of \$6.5 million for the 1993-1997 loss years. In order to cover this deficiency, the Pool board of directors adopted a reassessment plan that was to require additional contributions from each member who participated in those years. The reassessment was to be billed to and collected from member counties over the course of ten years starting in October 1999. In addition, the plan required departing members to pay their reassessment for these years as if those counties had remained members of the Pool. Annual installments were billed and collected in 1999, 2000, 2001 and 2002. Yet by the end of 2002, the funding shortfall from the 1993-97 and 1998 policy years had grown to \$11.9 million due to the adverse claims development. This while the claims and lawsuits from the first five years (1988-93) were concluded and closed with \$4.3 million remaining.

In 2003, the Pool board voted to fix surplus earnings of \$4.3 million from the first five policy years as of October 1, 2002; to calculate credits according to the proportionate amounts that qualifying counties had paid into the Pool's loss fund for each of the separate policy years; and to transfer the surplus earnings as credits to qualifying current members (those that did not have a subsequent break in Pool membership) to partially fund the deficits from the 1993-98 policy years. In addition, the Pool board revised the residual the 1999 reassessment to \$7.6 million (after the application of surplus credits); approved the reassessment formula being the proportionate amounts that a member county paid into the Pool loss fund, with each separate policy year calculated separately; and revised the repayment to be six equal annual installments, with the first collection billed in April 2003.

Member counties were offered an advance payment discount using a 2% compounded discount rate for each additional annual installment paid. Thirteen members paid the full reassessment as discounted, two members paid several annual installments with a partial discount, and ten members paid one annual installment. The twelve members with reassessment balances remaining were billed and each paid an additional installment during 2004. Chelan County's deficiency balance as of December 31, 2004 was \$276,033.

2. In July 2004, the Pool board approved another reassessment of \$2.1 million to offset the uncollected insurance reimbursements and legal expenses resulting from certain excess insurance and reinsurance companies having delayed reimbursement to the Pool of their contractual shares from the Vicwood Meridian class action settlement. This additional reassessment will be billed in equal payments starting at a time and in amounts set by the Pool's Executive Committee when the Committee determines that funds are needed to address the Pool's near- or short-term financial obligations and/or after the Committee has determined that reasonable efforts to collect the amounts have been made without complete success. Any reassessment actually forthcoming will be distributed according to the proportional amounts paid by each participant county for the \$4.5 million excess of \$0.5 million layer of excess insurance and/or reinsurance for the applicable policy year(s). Chelan County's share will be 3.474635% of any amount(s) actually reassessed; however, the composite maximum Chelan County will be responsible for under this reassessment action will be \$72,967.

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 Tort Claims & Insurance 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 10 - LONG-TERM DEBT AND CAPITAL LEASES

A. Long-Term Debt

The County issues general obligation bonds to finance the purchase and construction of buildings. 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 Juvenile Bond Debt Service Fund, and REET funds. These bonds are set to mature between 2007 and 2023.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount Outstanding
1995 G.O. Bonds for purchase of MSC Building, original issue \$335,000	Variable – 62% of prime	189,613
1997 G.O. Bonds for construction of Juvenile Building, original issue \$9,045,000	3.75% - 5.45%	1,655,000
1998 G.O. Bonds for construction on Fairgrounds, original issue \$2,800,000	4.0% - 4.75%,	2,170,000
2000 G.O. Bonds for acquisition, construction, and installation of certain public infrastructure improvements, original issue \$4,000,000	5.6%	3,565,000
2001 G.O Bonds for acquisition and installation of phone system and accounting system, original issue \$404,000	4.25%	299,867
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%	2,460,000
2003 LTGO 2003A Bonds to make certain improvements and betterments to certain county facilities, original issue \$3,445,000	2.0% - 4.5%	3,315,000
2003 LTGO 2003B Refunding Bonds to pay part of the cost of advance refunding the county's 1997 LTGO Bonds, original issue \$3,315,000	2.0% - 3.85%	3,315,000
Total		16,969,480

The annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2005	\$ 1,377,213	\$ 696,103
2006	1,434,791	645,499
2007	1,482,486	580,667
2008	1,545,303	546,840
2009	1,613,561	498,982
2010-2014	3,615,015	1,861,788
2015-2019	3,610,000	1,082,583
2020-2024	2,290,000	252,942
Total	\$ 16,968,369	\$ 6,165,405

At December 31, 2004, the County has \$2,091,324 available in debt service funds to service the general bonded debt.

B. Changes in Long-Term Liabilities

During the year ended December 31, 2004, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/04	Additions	Reductions	Ending Balance 12/31/04	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 17,994,373	\$ -	\$ 1,024,893	\$ 16,969,480	\$ 1,377,213
Compensated absences	1,290,673	38,057	-	1,328,730	-
Leases Payable	265,358	-	125,299	140,059	92,729
Governmental activity long-term liabilities:	\$ 19,550,404	\$ 38,057	\$ 1,150,192	\$ 18,438,269	\$ 1,469,942
Business-Type Activities:					
Compensated absences	\$ 231,642	\$ 24,462	\$ -	\$ 256,104	\$ -
Leases Payable	\$ 12,667	\$ -	\$ 4,894	\$ 7,773	\$ 4,894
Advances From Other Funds	\$ 49,759	\$ -	\$ 3,029	\$ 46,730	\$ 3,029
Business-type activity long-term liabilities:	\$ 294,068	\$ 24,462	\$ 7,923	\$ 310,607	\$ 7,923

C. Refunded Debt

In 2003, the County issued \$3,315,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in irrevocable trust. The 2003 refunding issue along with \$1,500,000 from a debt service fund was for the purpose of generating resources for all future debt service payments on \$4,325,000 of the 1997 G.O. Bonds for construction of Juvenile Building. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the following 11 years by \$2,293,847 in total payments and resulted in a net present value economic gain of \$1,777,328.

D. 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.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-Type Activities
Office Equipment	\$ 9,744	\$ -
Tractor	-	22,451
Vehicles	519,911	-
Less Accumulated Depreciation	\$ 244,252	\$ 4,715
Total	\$ 285,403	\$ 17,736

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2004 were as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2005	\$ 100,474	\$ 4,894
2006	48,882	3,963
2007	101	-
Less Interest	\$ 9,398	\$ 1,084
Present Value of Minimum Lease Payments	\$ 140,059	\$ 7,773

E. Loan to District

In 2002, Chelan County's ER&R fund loaned \$15,000 to the Upper Valley Park and Recreation Service Area District. The loan was to provide the district the funds to open an aquatic center pool and was repaid during 2004 with the maintenance and operations tax levy that was approved by the voters of that district.

In 2004, Chelan County's General Fund loaned \$100,000 to Rivercom, the regional 911 dispatch district. The loan is to provide interim financing until dispatch services are rendered and cash flow is received by Rivercom. The loan is due in full no later than February 2, 2006.

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.

NOTE 12 - INTERFUND TRANSACTIONS AND BALANCES

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.

Due from Other Funds and Due to Other Funds as of December 31, 2004 are as follows:

	Payable Fund:							
	General Fund	County Roads	Forest Title III	Nonmajor Gov't Funds	Regional Justice Center	Nonmajor Enterprise Funds	Internal Service Funds	Total
<u>Receivable Fund:</u>								
General Fund	453	24,000	225,347	64,915	30,272	192		383,792
County Roads	1,204			25,745		3,029		4,929
Nonmajor Gov't Funds			614					50,674
Regional Justice Center	210,629							210,629
Nonmajor Enterprise Funds	500		62,127					17,385
Internal Service Funds	43,960	287,949		703	1,128	113	21,207	354,684
Agency Funds	16,193							16,193
Total	272,940	311,949	288,088	91,364	31,401	3,334	21,207	1,038,286

B. Interfund Loans Payable/Receivable

The following table displays interfund loan activity during 2004:

Borrowing Fund	Lending Fund	Interfund Loans and Advance Payables			
		1/1/2004	New Loans	Repayments	12/31/2004
Fair	County Roads	49,759	-	3,029	46,730
Monitor Park	Equipment Rental & Revolving Fund	6,000	-	3,000	3,000
Emergency Management	Law Enforcement Communication	25,000	-	25,000	-
Farm Worker Housing	General Fund	20,000	-	-	20,000
	Total	\$ 100,759	\$ -	\$ 31,029	\$ 69,730

C. Interfund Transfers

The following table displays interfund transfers during 2004:

	Transfers From			Total
	General	Nonmajor Governmental	Agency	
Transfers To				
General		51,417	12,915	64,332
Nonmajor Gov't	206,037	2,000		208,037
Nonmajor Enterprise		10,000		10,000
Total Transfers	206,037	63,417	12,915	282,369

The main purpose of the Interfund transfers is to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 13 – JOINT VENTURES

Wenatchee Valley Transportation Council – The Wenatchee Valley Transportation Council (WVTC) is designated by the Governor per federal code of regulations to coordinate transportation planning within the urbanized Wenatchee area. Nine voting members comprise the board of directors, representing Chelan and Douglas County, the cities of East Wenatchee, Rock Island and Wenatchee, the Ports of Chelan and Douglas Counties, Link Transit and the Washington State Department of Transportation. The WVTC is incorporated by Interlocal Agreement among those entities. The WVTC operates on dedicated federal and state revenues, with local match-fund contributions from for the federal funds from each member entity. A copy of WVTC’s financial statements can be obtained from the WVTC at: 300 S. Columbia St, Wenatchee, WA 98801, or (509) 663-9059

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. 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 - POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFIT

In addition to the pension benefits described in Note 7, the County provides health insurance benefits for retired public safety employees. Substantially all the County's

LEOFF 1 employees may become eligible for these benefits if they reach normal retirement age while working for the County. These benefits are provided by the County in order to meet state statutory requirements under the LEOFF 1 system whereby the County will pay for their medical premiums for life.

There are 26 participants eligible to receive these benefits. The County's contributions are financed 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. In 2004, \$279,912 was recognized in the Current Expense Fund for post employment health care.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$2,422,485 was made to the governmental activities on the Government-Wide Statement of Activities due to a change in the calculated depreciation for capital assets. Capital assets in the governmental activities were depreciated for the first time in 2003 because of GASB 34 (see note 16). The depreciation on many of the buildings was not calculated correctly.

NOTE 16 – CHANGES IN ACCOUNTING PRINCIPLES

During 2003, the County partially implemented GASB 34, *Basic Financial Statements and Management Discussion and Analysis for States and Local Governments*. The County expects to implement the retroactive infrastructure requirement prior to the 2007 financial statements as required by GASB 34. Infrastructure assets that were acquired or significantly reconstructed during 2003 and 2004 have been included in the financial statements for governmental activities. See note 6 on page 47.

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
ASSETS			
Cash and Cash Equivalents	1,994,384	754,053	2,748,437
Investments	2,374,752	798,033	3,172,785
Taxes Receivable	6,348	-	6,348
Accounts Receivable	3,596	-	3,596
Interest Receivable	4,262	1,363	5,624
Due from Other Funds	50,674	-	50,674
Due from Other Governments	149,795	-	149,795
Total assets	<u>4,583,811</u>	<u>1,553,449</u>	<u>6,137,260</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	55,730	42,203	97,933
Due to Other Funds	55,215	-	55,215
Due to Other Governments	7,437	-	7,437
Other Accrued Liabilities	50,408	-	50,408
Deferred Revenue	6,348	-	6,348
Total Liabilities	<u>175,138</u>	<u>42,203</u>	<u>217,341</u>
Fund balances:			
Unreserved, reported in nonmajor:	4,388,673	1,511,246	5,899,919
Total fund balances	<u>4,388,673</u>	<u>1,511,246</u>	<u>5,899,919</u>
Total liabilities and fund balances	<u>4,563,811</u>	<u>1,553,449</u>	<u>6,117,260</u>

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
REVENUES			
Taxes	1,795,826	614,284	2,410,110
Intergovernmental Revenues	1,887,532	-	1,887,532
Charges for Services	536,276	540	536,816
Fees and Fines	8,268	-	8,268
Miscellaneous	399,362	1,081,124	1,480,486
Total Revenues	<u>4,627,264</u>	<u>1,695,949</u>	<u>6,323,212</u>
EXPENDITURES			
Current:			
General Government	119,961	-	119,961
Security of Persons & Property	1,244,009	-	1,244,009
Utilities and Environment	875,512	-	875,512
Transportation	28,457	-	28,457
Economic Environment	717,869	-	717,869
Mental & Physical Health	90,336	-	90,336
Culture & Recreation	221,491	-	221,491
Debt Service:			
Principal	365,000	59,893	424,893
Interest and Other Charges	419,310	19,805	439,115
Capital Outlay	901,166	3,431,722	4,332,887
Total Expenditures	<u>4,983,111</u>	<u>3,511,419</u>	<u>8,494,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(355,847)</u>	<u>(1,815,470)</u>	<u>(2,171,318)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds From Sale of Capital Assets	3,410	-	3,410
Transfers In	208,037	-	208,037
Transfers Out	(153,417)	-	(153,417)
Other Nonrevenues	(1,167)	-	(1,167)
Total Other Financing Sources and Uses	<u>56,863</u>	<u>-</u>	<u>56,863</u>
Net Change in Fund Balances	<u>(298,984)</u>	<u>(1,815,470)</u>	<u>(2,114,455)</u>
Fund Balances - Beginning	<u>4,687,658</u>	<u>3,326,716</u>	<u>8,014,374</u>
Fund Balances - Ending	<u>4,388,673</u>	<u>1,511,246</u>	<u>5,899,919</u>

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

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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: A fund used to account for the state share of revenue on the fuel tax for the paths and trails.

Drug Enforcement Reserve: A fund used to account for financing of ongoing efforts on the investigation and prosecution of illegal drug cases.

Auditors Operation & Maintenance: A fund used to account 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: A fund used to account for the portion vehicle license revenue designated for the maintenance and law enforcement of Off Road Vehicle recreational activities.

Boating Safety: A fund used to account for the Chelan County portion of state allocation of vessel registration fees for boating safety program.

Ohme Gardens: A fund used to account for the operation of Ohme Gardens, a recreational park facility owned by the State of Washington and operated by Chelan County.

Sheriff Donation: A separate fund to account for donations to the Sheriff.

Local Law Enforcement Block Grant: A fund to account for this grant receipts and expenditures.

Farm Worker Housing: A fund used to account for the activities for the housing of farm workers at the County's Wenatchee River Park.

Pest Control: A fund used to account for the financing of the pest control activities.

Juvenile Donation: A fund established to account for the individual donations for Juvenile programs.

Noxious Weed Control: A fund used to account for monies from Public Works and Current Expense for noxious weed eradication and control.

Emergency Management: A fund used to account for the financing of coordination of emergencies within Chelan County.

911 Communications: A fund used to account for the 911 program funded by the 911 excise tax on the telephone service within Chelan County.

Law Enforcement Communications: A fund used to upgrade the law enforcement communications system in conjunction with the implementation RiverCom, the new regional dispatch agency.

Parent Education: A fund used to account for the operation of a divorce support program that is court mandated if children are involved.

Cashmere-Dryden Airport: The fund used to account for the financing of operation of Cashmere-Dryden Airport.

Law Library: A fund used to account for the operation and the upkeep of the Chelan County Law Library.

Veteran's Relief: A fund used to finance emergency financial assistance to veterans and their survivors.

Mental Health & Retardation: A fund used to account for the financing of the County program for mental health and retardation.

Housing Authority: A fund established to reflect 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: A fund used to account for the Treasurer's fees and costs from sale of foreclosed properties.

Tourist & Convention Fund: A fund used to account for the sales and excise tax on the hotel and motel revenues within Chelan County.

Community Visioning Fund: A fund used to account for the donations and other revenue used to form a vision and plan jointly for the Chelan and Douglas County areas.

Election Reserve Fund: A fund used to account for the financing of the election equipment replacement as mandated by the state statute.

GIS Mapping & Reserve: A fund used to account for expenses on programming and setup of a GIS mapping system.

Natural Resources Program: A fund used to account for the grant revenue and expenditures regarding the natural resources program.

Regional Jail Education: A fund used to account for the grant received from the state for the education of the prisoners.

Distressed Counties Tax Fund: A fund used to account for monies collected from the sales and use tax allocated to "distressed and rural" counties.

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2004

	Paths & Trails	Drug Enforcement Reserve	Auditor's O&M	ORV Educational & Enforcement	Boating Safety	Ohme Gardens
ASSETS						
Cash and Cash Equivalents	3,634	13,061	-	106,392	128,795	901
Investments	18,644	28,402	111,761	-	-	83,905
Taxes Receivable	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Interest Receivable	32	48	193	-	-	102
Due from Other Funds	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	29,540	-
Total assets	22,310	41,511	111,955	106,392	158,335	84,907
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	-	-	-	-	8,736
Due to Other Funds	-	9,196	-	285	40,000	-
Due to Other Governments	-	-	-	-	-	321
Other Accrued Liabilities	-	-	1,250	-	-	6,961
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	-	9,196	1,250	285	40,000	16,018
Fund balances:						
Unreserved, undesignated	22,310	32,315	110,704	106,106	118,335	68,889
Total fund balances	22,310	32,315	110,704	106,106	118,335	68,889
Total liabilities and fund balances	22,310	41,511	111,955	106,392	158,335	84,907

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

Sheriff Donation	Local Law Enforcement Block Grant	Farm Worker Housing	Pest Control Internship Program	Juvenile Donation	Noxious Weed Control	Emergency Management	911 Commun- ications	Law Enforce. Commun- ications
5,880	1	66,831	9,110	972	76,799	250	-	74,290
-	-	-	-	-	-	21,515	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	36	-	-
-	-	-	-	-	-	-	-	-
-	-	51,324	-	-	-	21,918	-	1,200
5,880	1	118,155	9,110	972	76,799	43,718	-	75,490
360	-	1,005	-	-	12,796	3,124	-	-
-	-	-	-	-	9	370	-	-
-	-	969	-	-	2	1,500	-	-
-	-	541	-	-	7,329	18,879	-	-
-	-	-	-	-	-	-	-	-
360	-	2,516	-	-	20,136	23,873	-	-
5,520	1	95,640	9,110	972	56,663	19,845	-	75,490
5,520	1	95,640	9,110	972	56,663	19,845	-	75,490
5,880	1	98,155	9,110	972	76,799	43,718	-	75,490

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2004

	Parent Education	Cashmere- Dryden Airport	Law Library	Veteran's Relief	Mental Health & Retardation	Housing Authority
ASSETS						
Cash and Cash Equivalents	24,569	432	32,332	6,798	674	76,161
Investments	-	16,053	-	57,481	-	-
Taxes Receivable	-	-	976	1,996	3,376	-
Accounts Receivable	-	-	-	-	-	-
Interest Receivable	-	28	-	98	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total assets	<u>24,569</u>	<u>16,513</u>	<u>33,308</u>	<u>66,373</u>	<u>4,050</u>	<u>76,161</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	7,202	33	331	1,000	-	-
Due to Other Funds	4,625	-	-	-	-	-
Due to Other Governments	3,916	-	-	-	674	-
Accrued Wages and Benefits	449	546	-	-	-	-
Deferred Revenue	-	-	976	1,996	3,376	-
Total Liabilities	<u>16,192</u>	<u>579</u>	<u>1,307</u>	<u>2,996</u>	<u>4,050</u>	<u>-</u>
Fund balances:						
Unreserved, undesignated	8,377	15,934	32,001	63,377	-	76,161
Total fund balances	<u>8,377</u>	<u>15,934</u>	<u>32,001</u>	<u>63,377</u>	<u>-</u>	<u>76,161</u>
Total liabilities and fund balances	<u>24,569</u>	<u>16,513</u>	<u>33,308</u>	<u>66,373</u>	<u>4,050</u>	<u>76,161</u>

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

Treasurer's Operation & Maintenance	Tourist & Convention	Community Visioning	Election Reserve	GIS & Mapping Reserve	Natural Resources Program	Regional Jail Education	Distressed Counties Tax	Total
-	94,699	10,554	-	-	1,260,248	1,000	-	1,994,384
109,435	11,530	-	68,700	4,857	-	2,529	1,839,942	2,374,752
-	-	-	-	-	-	-	-	6,348
-	-	-	3,596	-	-	-	-	3,596
143	20	-	117	8	-	4	3,434	4,262
-	-	-	-	-	50,674	-	-	50,674
-	-	-	12,771	-	33,042	-	-	149,795
<u>109,578</u>	<u>106,249</u>	<u>10,554</u>	<u>85,184</u>	<u>4,865</u>	<u>1,343,964</u>	<u>3,533</u>	<u>1,843,376</u>	<u>4,583,811</u>
-	-	-	-	-	21,142	-	-	55,730
-	696	-	-	-	33	-	-	55,215
-	-	-	-	-	56	-	-	7,437
-	-	-	-	-	14,452	-	-	50,408
-	-	-	-	-	-	-	-	6,348
-	<u>696</u>	-	-	-	<u>35,683</u>	-	-	<u>175,138</u>
<u>109,578</u>	<u>105,553</u>	<u>10,554</u>	<u>85,184</u>	<u>4,865</u>	<u>1,308,280</u>	<u>3,533</u>	<u>1,843,376</u>	<u>4,388,673</u>
<u>109,578</u>	<u>105,553</u>	<u>10,554</u>	<u>85,184</u>	<u>4,865</u>	<u>1,308,280</u>	<u>3,533</u>	<u>1,843,376</u>	<u>4,388,673</u>
<u>109,578</u>	<u>106,249</u>	<u>10,554</u>	<u>85,184</u>	<u>4,865</u>	<u>1,343,964</u>	<u>3,533</u>	<u>1,843,376</u>	<u>4,563,811</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2004

	Paths & Trails	Drug Enforcement Reserve	Auditor's O&M	ORV Educational & Enforcement	Boating Safety	Ohme Gardens
REVENUES						
Taxes	-	-	-	-	-	-
Intergovernmental Revenues	10,509	-	59,764	157,340	59,080	-
Charges for Services	-	-	25,375	-	-	129,389
Fees and Fines	-	8,268	-	-	-	-
Miscellaneous	250	17,783	1,242	-	99,000	23,927
Total Revenues	<u>10,759</u>	<u>26,051</u>	<u>86,381</u>	<u>157,340</u>	<u>158,080</u>	<u>153,316</u>
EXPENDITURES						
Current:						
General Government	-	-	82,348	-	-	-
Security of Persons & Property	-	11,550	-	148,316	45,251	-
Utilities and Environment	-	-	-	-	-	-
Transportation	8,901	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Mental & Physical Health	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	192,010
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	59	-	-	-
Total Expenditures	<u>8,901</u>	<u>11,550</u>	<u>82,407</u>	<u>148,316</u>	<u>45,251</u>	<u>192,010</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>1,858</u>	<u>14,501</u>	<u>3,974</u>	<u>9,024</u>	<u>112,830</u>	<u>(38,695)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	3,410	-	-	-	-
Transfers In	-	-	-	-	-	2,000
Transfers Out	-	(34,196)	-	-	(90,000)	-
Other Nonrevenues	-	-	-	-	-	33
Total Other Financing Sources and Uses	<u>-</u>	<u>(30,786)</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>2,033</u>
Net Change in Fund Balances	<u>1,858</u>	<u>(16,285)</u>	<u>3,974</u>	<u>9,024</u>	<u>22,830</u>	<u>(36,661)</u>
Fund Balances - Beginning	<u>20,452</u>	<u>48,600</u>	<u>106,731</u>	<u>97,082</u>	<u>95,505</u>	<u>105,551</u>
Fund Balances - Ending	<u>22,310</u>	<u>32,315</u>	<u>110,704</u>	<u>106,106</u>	<u>118,335</u>	<u>68,889</u>

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

Sheriff Donation	Local Law Enforcement Block Grant	Farm Worker Housing	Pest Control Internship Program	Juvenile Donation	Noxious Weed Control	Emergency Management	911 Communications	Law Enforce. Communications
-	-	-	-	-	-	-	421,915	-
-	-	205,824	-	-	5,000	124,335	784,208	11,625
-	-	-	-	-	125,528	7,858	-	16,125
-	-	-	-	-	-	-	-	-
33,124	85	86,566	11,000	-	-	509	41,942	-
<u>33,124</u>	<u>85</u>	<u>292,390</u>	<u>11,000</u>	<u>-</u>	<u>130,528</u>	<u>132,702</u>	<u>1,248,065</u>	<u>27,750</u>
-	-	-	-	-	-	-	-	-
42,542	19,208	-	-	-	-	287,660	677,510	11,924
102	121	-	9,842	-	171,751	-	-	-
-	-	-	-	-	-	-	-	-
-	-	263,210	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	887,072	-
<u>42,643</u>	<u>19,329</u>	<u>263,210</u>	<u>9,842</u>	<u>-</u>	<u>171,751</u>	<u>287,660</u>	<u>1,564,582</u>	<u>11,924</u>
<u>(9,520)</u>	<u>(19,244)</u>	<u>29,180</u>	<u>1,158</u>	<u>-</u>	<u>(41,223)</u>	<u>(154,959)</u>	<u>(316,517)</u>	<u>15,826</u>
-	-	-	-	-	-	-	-	-
-	737	-	-	-	53,300	147,000	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(1,200)
-	-	-	-	-	-	-	-	-
-	<u>737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,300</u>	<u>147,000</u>	<u>-</u>	<u>(1,200)</u>
<u>(9,520)</u>	<u>(18,507)</u>	<u>29,180</u>	<u>1,158</u>	<u>-</u>	<u>12,077</u>	<u>(7,959)</u>	<u>(316,517)</u>	<u>14,626</u>
<u>15,039</u>	<u>18,508</u>	<u>66,460</u>	<u>7,952</u>	<u>972</u>	<u>44,586</u>	<u>27,804</u>	<u>316,517</u>	<u>60,864</u>
<u>5,520</u>	<u>1</u>	<u>95,640</u>	<u>9,110</u>	<u>972</u>	<u>56,663</u>	<u>19,845</u>	<u>-</u>	<u>75,490</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2004

	Parent Ed	Cashmere- Dryden Airport	Law Library	Veteran's Relief	Mental Health & Retardation	Housing Authority
REVENUES						
Taxes	-	-	26,048	53,305	90,036	-
Intergovernmental Revenues	17,093	-	-	-	-	-
Charges for Services	10,080	-	27,485	-	-	113,527
Fees and Fines	-	-	-	-	-	-
Miscellaneous	4,310	15,918	387	932	-	-
Total Revenues	<u>31,483</u>	<u>15,918</u>	<u>53,920</u>	<u>54,237</u>	<u>90,036</u>	<u>113,527</u>
EXPENDITURES						
Current:						
General Government	-	-	26,052	-	-	-
Security of Persons & Property	-	-	-	-	-	-
Utilities and Environment	-	-	-	-	-	-
Transportation	-	19,556	-	-	-	-
Economic Environment	-	-	-	95,065	-	101,148
Mental & Physical Health	-	-	-	-	90,336	-
Culture & Recreation	29,481	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Capital Outlay						
Total Expenditures	<u>29,481</u>	<u>19,556</u>	<u>26,052</u>	<u>95,065</u>	<u>90,336</u>	<u>101,148</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>2,002</u>	<u>(3,639)</u>	<u>27,869</u>	<u>(40,828)</u>	<u>(300)</u>	<u>12,378</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(17,221)	-	-	-
Other Nonrevenues	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(17,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>2,002</u>	<u>(3,639)</u>	<u>10,648</u>	<u>(40,828)</u>	<u>(300)</u>	<u>12,378</u>
Fund Balances - Beginning	<u>6,375</u>	<u>19,572</u>	<u>21,353</u>	<u>104,204</u>	<u>300</u>	<u>63,783</u>
Fund Balances - Ending	<u>8,377</u>	<u>15,934</u>	<u>32,001</u>	<u>63,377</u>	<u>0</u>	<u>76,161</u>

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

Treasurer's Operation & Maint.	Tourist & Convention	Community Visioning	Election Reserve	GIS & Mapping Reserve	Natural Resources Program	Regional Jail Education	Distressed Counties Tax	Total
-	255,599	-	-	-	-	-	948,923	1,795,826
-	-	-	-	-	452,754	-	-	1,887,532
4,246	-	-	22,517	-	54,146	-	-	536,276
-	-	-	-	-	-	-	-	8,268
1,733	163	-	1,013	122	33,821	33	25,502	399,362
5,979	255,762	-	23,530	122	540,720	33	974,424	4,627,264
10,976	-	-	585	-	-	-	-	119,961
-	-	-	-	-	-	49	-	1,244,009
-	-	-	-	-	693,696	-	-	875,512
-	-	-	-	-	-	-	-	28,457
-	237,923	1,108	-	13,868	-	-	5,547	717,869
-	-	-	-	-	-	-	-	90,336
-	-	-	-	-	-	-	-	221,491
-	-	-	-	-	-	-	365,000	365,000
-	-	-	-	-	-	-	419,310	419,310
-	-	-	14,034	-	-	-	-	901,166
10,976	237,923	1,108	14,619	13,868	693,696	49	789,857	4,983,111
(4,997)	17,839	(1,108)	8,911	(13,746)	(152,976)	(16)	184,568	(355,847)
-	-	-	-	-	-	-	-	3,410
-	-	-	-	-	5,000	-	-	208,037
-	(12,000)	-	-	-	-	-	-	(153,417)
-	-	-	-	-	-	-	-	(1,167)
-	(12,000)	-	-	-	5,000	-	-	56,863
(4,997)	5,839	(1,108)	8,911	(13,746)	(147,976)	(16)	184,568	(298,984)
114,575	99,713	11,662	76,273	18,611	1,456,256	3,549	1,658,808	4,687,658
109,578	105,553	10,554	85,184	4,865	1,308,280	3,533	1,843,376	4,388,673

CHELAN COUNTY, WASHINGTON

Paths & Trails Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	10,012	10,509	497
Miscellaneous	360	250	(110)
Total Revenues	<u>10,372</u>	<u>10,759</u>	<u>387</u>
EXPENDITURES			
Current:			
Transportation	15,000	8,901	6,099
Total Expenditures	<u>15,000</u>	<u>8,901</u>	<u>6,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,628)</u>	<u>1,858</u>	<u>6,486</u>
Fund Balances - Beginning	<u>19,680</u>	<u>20,452</u>	<u>772</u>
Fund Balances - Ending	<u><u>15,052</u></u>	<u><u>22,310</u></u>	<u><u>7,258</u></u>

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

CHELAN COUNTY, WASHINGTON

Drug Enforcement Reserve Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fees and Fines	4,000	8,268	4,268
Miscellaneous	1,700	17,783	16,083
Total Revenues	<u>5,700</u>	<u>26,051</u>	<u>20,351</u>
EXPENDITURES			
Current:			
Security of Persons & Property	15,012	11,550	3,462
Total Expenditures	<u>15,012</u>	<u>11,550</u>	<u>3,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,312)</u>	<u>14,501</u>	<u>23,813</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	500	3,410	2,910
Transfers Out	(50,000)	(34,196)	15,804
Total Other Financing Sources and Uses	<u>(49,500)</u>	<u>(30,786)</u>	<u>18,714</u>
Net Change in Fund Balances	<u>(58,812)</u>	<u>(16,285)</u>	<u>42,527</u>
Fund Balances - Beginning	44,061	48,600	4,539
Fund Balances - Ending	<u>(14,751)</u>	<u>32,315</u>	<u>47,066</u>

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

CHELAN COUNTY, WASHINGTON

Auditor's O&M Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	30,000	59,764	29,764
Charges for Services	18,000	25,375	7,375
Miscellaneous	2,000	1,242	(758)
Total Revenues	<u>50,000</u>	<u>86,381</u>	<u>36,381</u>
EXPENDITURES			
Current:			
General Government	65,078	82,348	(17,270)
Capital Outlay	25,000	59	24,941
Total Expenditures	<u>90,078</u>	<u>82,407</u>	<u>7,671</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,078)</u>	<u>3,974</u>	<u>44,052</u>
Fund Balances - Beginning	<u>45,700</u>	<u>106,731</u>	<u>61,031</u>
Fund Balances - Ending	<u>5,622</u>	<u>110,704</u>	<u>105,082</u>

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

CHELAN COUNTY, WASHINGTON

ORV Educational & Enforcement Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	<u>137,463</u>	<u>157,340</u>	<u>19,877</u>
Total Revenues	<u>137,463</u>	<u>157,340</u>	<u>19,877</u>
EXPENDITURES			
Current:			
Security of Persons & Property	<u>163,268</u>	<u>148,316</u>	<u>14,952</u>
Total Expenditures	<u>163,268</u>	<u>148,316</u>	<u>14,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,805)</u>	<u>9,024</u>	<u>34,829</u>
Fund Balances - Beginning	<u>33,176</u>	<u>97,082</u>	<u>63,906</u>
Fund Balances - Ending	<u><u>7,371</u></u>	<u><u>106,106</u></u>	<u><u>98,735</u></u>

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

CHELAN COUNTY, WASHINGTON

Boating Safety Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	36,000	59,080	23,080
Miscellaneous	99,000	99,000	-
Total Revenues	<u>135,000</u>	<u>158,080</u>	<u>23,080</u>
EXPENDITURES			
Current:			
Security of Persons & Property	92,774	45,251	47,523
Total Expenditures	<u>92,774</u>	<u>45,251</u>	<u>47,523</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,226</u>	<u>112,830</u>	<u>70,604</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(90,000)	(90,000)	-
Total Other Financing Sources and Uses	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(47,774)</u>	<u>22,830</u>	<u>70,604</u>
Fund Balances - Beginning	95,717	95,505	(212)
Fund Balances - Ending	<u>47,943</u>	<u>118,335</u>	<u>70,392</u>

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

CHELAN COUNTY, WASHINGTON

Ohme Gardens Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for Services	134,500	129,389	(5,111)
Miscellaneous	21,640	23,927	2,287
Total Revenues	<u>156,140</u>	<u>153,316</u>	<u>(2,824)</u>
EXPENDITURES			
Current:			
Culture & Recreation	207,525	192,010	15,515
Total Expenditures	<u>207,525</u>	<u>192,010</u>	<u>15,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51,385)</u>	<u>(38,695)</u>	<u>12,690</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	2,000	2,000	-
Other Nonrevenues	40	33	(7)
Total Other Financing Sources and Uses	<u>2,040</u>	<u>2,033</u>	<u>(7)</u>
Net Change in Fund Balances	<u>(49,345)</u>	<u>(36,661)</u>	<u>12,684</u>
Fund Balances - Beginning	<u>118,709</u>	<u>105,551</u>	<u>(13,159)</u>
Fund Balances - Ending	<u><u>69,364</u></u>	<u><u>68,889</u></u>	<u><u>(475)</u></u>

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

CHELAN COUNTY, WASHINGTON

Sheriff Donation Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	31,980	33,124	1,144
Total Revenues	<u>31,980</u>	<u>33,124</u>	<u>1,144</u>
EXPENDITURES			
Current:			
Security of Persons & Property	52,400	42,542	9,858
Utilities and Environment	2	102	(100)
Total Expenditures	<u>52,402</u>	<u>42,643</u>	<u>9,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,422)</u>	<u>(9,520)</u>	<u>10,902</u>
Fund Balances - Beginning	<u>13,171</u>	<u>15,039</u>	<u>1,868</u>
Fund Balances - Ending	<u><u>(7,251)</u></u>	<u><u>5,520</u></u>	<u><u>12,771</u></u>

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

CHELAN COUNTY, WASHINGTON

Local Law Enforcement Block Grant Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	5,805	-	(5,805)
Miscellaneous	700	85	(615)
Total Revenues	<u>6,505</u>	<u>85</u>	<u>(6,420)</u>
EXPENDITURES			
Current:			
Security of Persons & Property	19,208	19,208	-
Utilities and Environment	121	121	-
Total Expenditures	<u>19,329</u>	<u>19,329</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,824)</u>	<u>(19,244)</u>	<u>(6,420)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	685	737	52
Total Other Financing Sources and Uses	<u>685</u>	<u>737</u>	<u>52</u>
Net Change in Fund Balances	<u>(12,139)</u>	<u>(18,507)</u>	<u>(6,368)</u>
Fund Balances - Beginning	12,945	18,508	5,563
Fund Balances - Ending	<u>806</u>	<u>1</u>	<u>(805)</u>

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

CHELAN COUNTY, WASHINGTON

Farm Worker Housing Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	278,480	205,824	(72,656)
Miscellaneous	73,173	86,566	13,393
Total Revenues	<u>351,653</u>	<u>292,390</u>	<u>(59,263)</u>
EXPENDITURES			
Current:			
Economic Environment	278,480	263,210	15,270
Total Expenditures	<u>278,480</u>	<u>263,210</u>	<u>15,270</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>73,173</u>	<u>29,180</u>	<u>(43,993)</u>
Fund Balances - Beginning	60,000	66,460	6,460
Fund Balances - Ending	<u>133,173</u>	<u>95,640</u>	<u>(37,533)</u>

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

CHELAN COUNTY, WASHINGTON

Pest Control Internship Program Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	10,100	11,000	900
Total Revenues	10,100	11,000	900
EXPENDITURES			
Current:			
Utilities and Environment	12,135	9,842	2,293
Total Expenditures	12,135	9,842	2,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,035)	1,158	3,193
Fund Balances - Beginning	3,912	7,952	4,040
Fund Balances - Ending	1,877	9,110	7,233

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

CHELAN COUNTY, WASHINGTON

Juvenile Donation Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Total Revenues	-	-	-
EXPENDITURES			
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balances - Beginning	-	972	972
Fund Balances - Ending	-	972	972

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

CHELAN COUNTY, WASHINGTON

Noxious Weed Control Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	4,500	5,000	500
Charges for Services	125,000	125,528	528
Total Revenues	<u>129,500</u>	<u>130,528</u>	<u>1,028</u>
EXPENDITURES			
Current:			
Utilities and Environment	207,524	171,751	35,773
Total Expenditures	<u>207,524</u>	<u>171,751</u>	<u>35,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(78,024)</u>	<u>(41,223)</u>	<u>36,801</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	53,300	53,300	-
Total Other Financing Sources and Uses	<u>53,300</u>	<u>53,300</u>	<u>-</u>
Net Change in Fund Balances	<u>(24,724)</u>	<u>12,077</u>	<u>36,801</u>
Fund Balances - Beginning	29,118	44,586	15,468
Fund Balances - Ending	<u>4,394</u>	<u>56,663</u>	<u>52,269</u>

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

CHELAN COUNTY, WASHINGTON

Emergency Management Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	178,025	124,335	(53,690)
Charges for Services	-	7,858	7,858
Miscellaneous	1,500	509	(991)
Total Revenues	<u>179,525</u>	<u>132,702</u>	<u>(46,823)</u>
EXPENDITURES			
Current:			
Security of Persons & Property	402,856	287,660	115,196
Total Expenditures	<u>402,856</u>	<u>287,660</u>	<u>115,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(223,331)</u>	<u>(154,959)</u>	<u>68,372</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	147,000	147,000	-
Other Nonrevenues	25,000	-	(25,000)
Total Other Financing Sources and Uses	<u>172,000</u>	<u>147,000</u>	<u>(25,000)</u>
Net Change in Fund Balances	<u>(51,331)</u>	<u>(7,959)</u>	<u>43,372</u>
Fund Balances - Beginning	<u>53,091</u>	<u>27,804</u>	<u>(25,287)</u>
Fund Balances - Ending	<u>1,760</u>	<u>19,845</u>	<u>18,085</u>

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

CHELAN COUNTY, WASHINGTON

911 Communications Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	170,000	421,915	251,915
Intergovernmental Revenues	1,005,187	784,208	(220,979)
Miscellaneous	-	41,942	41,942
Total Revenues	<u>1,175,187</u>	<u>1,248,065</u>	<u>72,878</u>
EXPENDITURES			
Current:			
Security of Persons & Property	630,700	677,510	(46,810)
Capital Outlay	812,596	887,072	(74,476)
Total Expenditures	<u>1,443,296</u>	<u>1,564,582</u>	<u>(121,286)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(268,109)</u>	<u>(316,517)</u>	<u>(48,408)</u>
Fund Balances - Beginning	<u>268,109</u>	<u>316,517</u>	<u>48,408</u>
Fund Balances - Ending	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

CHELAN COUNTY, WASHINGTON

Law Enforcement Communications Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	14,400	11,625	(2,775)
Charges for Services	38,700	16,125	(22,575)
Total Revenues	<u>53,100</u>	<u>27,750</u>	<u>(25,350)</u>
EXPENDITURES			
Current:			
Security of Persons & Property	88,000	11,924	76,076
Total Expenditures	<u>88,000</u>	<u>11,924</u>	<u>76,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(34,900)</u>	<u>15,826</u>	<u>50,726</u>
OTHER FINANCING SOURCES (USES)			
Other Nonrevenues	23,800	(1,200)	(25,000)
Total Other Financing Sources and Uses	<u>23,800</u>	<u>(1,200)</u>	<u>(25,000)</u>
Net Change in Fund Balances	<u>(11,100)</u>	<u>14,626</u>	<u>25,726</u>
Fund Balances - Beginning	<u>43,550</u>	<u>60,864</u>	<u>17,314</u>
Fund Balances - Ending	<u>32,450</u>	<u>75,490</u>	<u>43,040</u>

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

CHELAN COUNTY, WASHINGTON

Parent Education Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	19,774	17,093	(2,681)
Charges for Services	20,249	10,080	(10,169)
Miscellaneous	8,627	4,310	(4,317)
Total Revenues	<u>48,650</u>	<u>31,483</u>	<u>(17,167)</u>
EXPENDITURES			
Current:			
Culture & Recreation	44,014	29,481	14,533
Total Expenditures	<u>44,014</u>	<u>29,481</u>	<u>14,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,636</u>	<u>2,002</u>	<u>(2,634)</u>
Fund Balances - Beginning	<u>7,900</u>	<u>6,375</u>	<u>(1,525)</u>
Fund Balances - Ending	<u><u>12,536</u></u>	<u><u>8,377</u></u>	<u><u>(4,159)</u></u>

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

CHELAN COUNTY, WASHINGTON

Cashmere-Dryden Airport Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	<u>25,606</u>	<u>15,918</u>	<u>(9,688)</u>
Total Revenues	<u>25,606</u>	<u>15,918</u>	<u>(9,688)</u>
EXPENDITURES			
Current:			
Transportation	<u>28,094</u>	<u>19,556</u>	<u>8,538</u>
Total Expenditures	<u>28,094</u>	<u>19,556</u>	<u>8,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,488)</u>	<u>(3,639)</u>	<u>(1,151)</u>
Fund Balances - Beginning	<u>12,000</u>	<u>19,572</u>	<u>7,572</u>
Fund Balances - Ending	<u>9,512</u>	<u>15,934</u>	<u>6,422</u>

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

CHELAN COUNTY, WASHINGTON

Law Library Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	25,775	26,048	273
Charges for Services	28,500	27,485	(1,015)
Miscellaneous	-	387	387
Total Revenues	<u>54,275</u>	<u>53,920</u>	<u>(355)</u>
EXPENDITURES			
Current:			
General Government	32,502	26,052	6,450
Total Expenditures	<u>32,502</u>	<u>26,052</u>	<u>6,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,773</u>	<u>27,869</u>	<u>6,096</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(17,221)	(17,221)	-
Total Other Financing Sources and Uses	<u>(17,221)</u>	<u>(17,221)</u>	<u>-</u>
Net Change in Fund Balances	<u>4,552</u>	<u>10,648</u>	<u>6,096</u>
Fund Balances - Beginning	<u>20,000</u>	<u>21,353</u>	<u>1,353</u>
Fund Balances - Ending	<u><u>24,552</u></u>	<u><u>32,001</u></u>	<u><u>7,449</u></u>

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

CHELAN COUNTY, WASHINGTON

Veteran's Relief Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	52,758	53,305	547
Miscellaneous	1,800	932	(868)
Total Revenues	<u>54,558</u>	<u>54,237</u>	<u>(321)</u>
EXPENDITURES			
Current:			
Economic Environment	95,373	95,065	308
Total Expenditures	<u>95,373</u>	<u>95,065</u>	<u>308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,815)</u>	<u>(40,828)</u>	<u>(13)</u>
Fund Balances - Beginning	120,000	104,204	(15,796)
Fund Balances - Ending	<u>79,185</u>	<u>63,377</u>	<u>(15,808)</u>

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

CHELAN COUNTY, WASHINGTON

Mental Health & Retardation Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	88,722	90,036	1,314
Total Revenues	<u>88,722</u>	<u>90,036</u>	<u>1,314</u>
EXPENDITURES			
Current:			
Mental & Physical Health	91,889	90,336	1,553
Total Expenditures	<u>91,889</u>	<u>90,336</u>	<u>1,553</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,167)</u>	<u>(300)</u>	<u>2,867</u>
Fund Balances - Beginning	58,000	300	(57,700)
Fund Balances - Ending	<u>54,833</u>	<u>0</u>	<u>(54,833)</u>

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

CHELAN COUNTY, WASHINGTON

Housing Authority Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for Services	140,000	113,527	(26,473)
Total Revenues	<u>140,000</u>	<u>113,527</u>	<u>(26,473)</u>
EXPENDITURES			
Current:			
Economic Environment	198,000	101,148	96,852
Total Expenditures	<u>198,000</u>	<u>101,148</u>	<u>96,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(58,000)</u>	<u>12,378</u>	<u>70,378</u>
Fund Balances - Beginning	58,000	63,783	5,783
Fund Balances - Ending	<u><u>-</u></u>	<u><u>76,161</u></u>	<u><u>76,161</u></u>

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

CHELAN COUNTY, WASHINGTON

Treasurer's O&M Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for Services	15,000	4,246	(10,754)
Miscellaneous	1,600	1,733	133
Total Revenues	<u>16,600</u>	<u>5,979</u>	<u>(10,621)</u>
EXPENDITURES			
Current:			
General Government	16,615	10,976	5,639
Total Expenditures	<u>16,615</u>	<u>10,976</u>	<u>5,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15)</u>	<u>(4,997)</u>	<u>(4,982)</u>
Fund Balances - Beginning	<u>93,073</u>	<u>114,575</u>	<u>21,502</u>
Fund Balances - Ending	<u><u>93,058</u></u>	<u><u>109,578</u></u>	<u><u>16,520</u></u>

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

CHELAN COUNTY, WASHINGTON

Tourist & Convention Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	250,000	255,599	5,599
Miscellaneous	500	163	(337)
Total Revenues	<u>250,500</u>	<u>255,762</u>	<u>5,262</u>
EXPENDITURES			
Current:			
Economic Environment	241,894	237,923	3,971
Total Expenditures	<u>241,894</u>	<u>237,923</u>	<u>3,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,606</u>	<u>17,839</u>	<u>9,233</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(12,000)	(12,000)	-
Total Other Financing Sources and Uses	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,394)</u>	<u>5,839</u>	<u>9,233</u>
Fund Balances - Beginning	<u>14,500</u>	<u>99,713</u>	<u>85,213</u>
Fund Balances - Ending	<u>11,106</u>	<u>105,553</u>	<u>94,447</u>

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

CHELAN COUNTY, WASHINGTON

Community Visioning Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Economic Environment	<u>11,662</u>	<u>1,108</u>	<u>10,554</u>
Total Expenditures	<u>11,662</u>	<u>1,108</u>	<u>10,554</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,662)</u>	<u>(1,108)</u>	<u>10,554</u>
Fund Balances - Beginning	<u>11,662</u>	<u>11,662</u>	<u>-</u>
Fund Balances - Ending	<u>-</u>	<u>10,554</u>	<u>10,554</u>

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

CHELAN COUNTY, WASHINGTON

Election Reserve Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for Services	10,000	22,517	12,517
Miscellaneous	2,000	1,013	(987)
Total Revenues	<u>12,000</u>	<u>23,530</u>	<u>11,530</u>
EXPENDITURES			
Current:			
General Government	10,127	585	9,542
Capital Outlay	30,000	14,034	15,966
Total Expenditures	<u>40,127</u>	<u>14,619</u>	<u>25,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,127)</u>	<u>8,911</u>	<u>37,038</u>
Fund Balances - Beginning	<u>41,500</u>	<u>76,273</u>	<u>34,773</u>
Fund Balances - Ending	<u><u>13,373</u></u>	<u><u>85,184</u></u>	<u><u>71,811</u></u>

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

CHELAN COUNTY, WASHINGTON

GIS Mapping & Reserve Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for Services	175	-	(175)
Miscellaneous	200	122	(78)
Total Revenues	<u>375</u>	<u>122</u>	<u>(253)</u>
EXPENDITURES			
Current:			
Economic Environment	18,581	13,868	4,713
Total Expenditures	<u>18,581</u>	<u>13,868</u>	<u>4,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,206)</u>	<u>(13,746)</u>	<u>4,460</u>
Fund Balances - Beginning	<u>18,206</u>	<u>18,611</u>	<u>405</u>
Fund Balances - Ending	<u><u>-</u></u>	<u><u>4,865</u></u>	<u><u>4,865</u></u>

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

CHELAN COUNTY, WASHINGTON

Natural Resources Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental Revenues	922,340	452,754	(469,586)
Charges for Services	86,925	54,146	(32,779)
Miscellaneous	146,500	33,821	(112,679)
Total Revenues	<u>1,155,765</u>	<u>540,720</u>	<u>(615,045)</u>
EXPENDITURES			
Current:			
Utilities and Environment	2,467,807	693,696	1,774,111
Total Expenditures	<u>2,467,807</u>	<u>693,696</u>	<u>1,774,111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,312,042)</u>	<u>(152,976)</u>	<u>1,159,066</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	5,000	5,000	-
Total Other Financing Sources and Uses	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,307,042)</u>	<u>(147,976)</u>	<u>1,159,066</u>
Fund Balances - Beginning	<u>1,605,165</u>	<u>1,456,256</u>	<u>(148,909)</u>
Fund Balances - Ending	<u><u>298,123</u></u>	<u><u>1,308,280</u></u>	<u><u>1,010,157</u></u>

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

CHELAN COUNTY, WASHINGTON

Regional Jail Education Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	10	33	23
Total Revenues	<u>10</u>	<u>33</u>	<u>23</u>
EXPENDITURES			
Current:			
Security of Persons & Property	688	49	639
Total Expenditures	<u>688</u>	<u>49</u>	<u>639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(678)</u>	<u>(16)</u>	<u>662</u>
Fund Balances - Beginning	<u>3,808</u>	<u>3,549</u>	<u>(259)</u>
Fund Balances - Ending	<u><u>3,130</u></u>	<u><u>3,533</u></u>	<u><u>403</u></u>

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

CHELAN COUNTY, WASHINGTON

Distressed Counties Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	900,000	948,923	48,923
Miscellaneous	20,000	25,502	5,502
Total Revenues	<u>920,000</u>	<u>974,424</u>	<u>54,424</u>
EXPENDITURES			
Current:			
Economic Environment	1,004,636	5,547	999,090
Debt Service:			
Principal	365,000	365,000	-
Interest and Other Charges	419,400	419,310	90
Total Expenditures	<u>1,789,036</u>	<u>789,857</u>	<u>999,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(869,036)</u>	<u>184,568</u>	<u>1,053,604</u>
Fund Balances - Beginning	<u>1,652,000</u>	<u>1,658,808</u>	<u>6,808</u>
Fund Balances - Ending	<u><u>782,964</u></u>	<u><u>1,843,376</u></u>	<u><u>1,060,412</u></u>

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

CHELAN COUNTY, WASHINGTON

Juvenile Building Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	1,100,000	1,173,511	73,511
Miscellaneous	25,000	19,570	(5,430)
Total Revenues	<u>1,125,000</u>	<u>1,193,081</u>	<u>68,081</u>
EXPENDITURES			
Current:			
Security of Persons & Property	2,725	2,725	-
Debt Service			
Principal	500,000	500,000	-
Interest and Other Charges	202,237	192,542	9,695
Total Expenditures	<u>704,962</u>	<u>695,267</u>	<u>9,695</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>420,038</u>	<u>497,814</u>	<u>77,776</u>
OTHER FINANCING SOURCES (USES)			
Other Nonrevenues	-	(1,072)	(1,072)
Total Other Financing Sources and uses	<u>-</u>	<u>(1,072)</u>	<u>(1,072)</u>
Net Change in Fund Balances	420,038	496,742	76,704
Fund Balances - Beginning	<u>2,509,044</u>	<u>1,594,582</u>	<u>(914,462)</u>
Fund Balances - Ending	<u>2,929,082</u>	<u>2,091,324</u>	<u>(837,758)</u>

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

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.

REET I: A fund used to account for the first quarter percent real estate excise tax revenues.

Master Plan Construction: A fund used to account for the renovation of the County Auditorium Building and the Juvenile Administration Building.

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	R.E.E.T. 1 Capital Improvement	Master Plan Construction	Total
ASSETS			
Cash and Cash Equivalents	514,655	239,398	754,053
Investments	250,222	547,811	798,033
Interest Receivable	433	930	1,363
Total assets	<u>765,310</u>	<u>788,139</u>	<u>1,553,449</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	42,203	42,203
Total Liabilities	<u>-</u>	<u>42,203</u>	<u>42,203</u>
Fund balances:			
Unreserved, reported in nonmajor:	<u>765,310</u>	<u>745,936</u>	<u>1,511,246</u>
Total fund balances	<u>765,310</u>	<u>745,936</u>	<u>1,511,246</u>
Total liabilities and fund balances	<u>765,310</u>	<u>788,139</u>	<u>1,553,449</u>

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

	R.E.E.T. 1 Capital Improvement	Master Plan Construction	Total
REVENUES			
Taxes	614,284	-	614,284
Charges for Services	-	540	540
Miscellaneous	3,520	1,077,604	1,081,124
Total Revenues	<u>617,805</u>	<u>1,078,144</u>	<u>1,695,949</u>
EXPENDITURES			
Current:			
Security of Persons & Property			
Debt Service:			
Principal	59,893	-	59,893
Interest and Other Charges	19,805	-	19,805
Capital Outlay	14,173	3,417,549	3,431,722
Total Expenditures	<u>93,870</u>	<u>3,417,549</u>	<u>3,511,419</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>523,935</u>	<u>(2,339,405)</u>	<u>(1,815,470)</u>
OTHER FINANCING SOURCES (USES)			
Other Nonrevenues			
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	523,935	(2,339,405.02)	(1,815,470)
Fund Balances - Beginning	241,375	3,085,341	3,326,716
Fund Balances - Ending	<u>765,310</u>	<u>745,936</u>	<u>1,511,246</u>

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

CHELAN COUNTY, WASHINGTON

R.E.E.T 1 Capital Improvement Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	360,000	614,284	254,284
Miscellaneous	800	3,520	2,720
Total Revenues	<u>360,800</u>	<u>617,805</u>	<u>257,005</u>
EXPENDITURES			
Debt Service:			
Principal	59,893	59,893	-
Interest and Other Charges	19,805	19,805	-
Capital Outlay	253,405	14,173	239,232
Total Expenditures	<u>333,103</u>	<u>93,870</u>	<u>239,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,697</u>	<u>523,935</u>	<u>496,237</u>
Fund Balances - Beginning	<u>100,000</u>	<u>241,375</u>	<u>141,375</u>
Fund Balances - Ending	<u><u>127,697</u></u>	<u><u>765,310</u></u>	<u><u>637,613</u></u>

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

CHELAN COUNTY, WASHINGTON**R.E.E.T 2 Capital Improvement Capital Projects Fund****Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	365,000	614,292	249,292
Miscellaneous	28,000	26,097	(1,903)
Total Revenues	<u>393,000</u>	<u>640,389</u>	<u>247,389</u>
EXPENDITURES			
Capital Outlay	400,000	202,460	197,540
Total Expenditures	<u>400,000</u>	<u>202,460</u>	<u>197,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,000)</u>	<u>437,929</u>	<u>444,929</u>
Fund Balances - Beginning	1,760,000	1,764,558	4,558
Fund Balances - Ending	<u>1,753,000</u>	<u>2,202,487</u>	<u>449,487</u>

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

CHELAN COUNTY, WASHINGTON

Master Plan Construction Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for Services	-	540	540
Miscellaneous	12,000	1,077,604	1,065,604
Total Revenues	<u>12,000</u>	<u>1,078,144</u>	<u>1,066,144</u>
EXPENDITURES			
Capital Outlay	<u>3,371,576</u>	<u>3,417,549</u>	<u>(45,973)</u>
Total Expenditures	<u>3,371,576</u>	<u>3,417,549</u>	<u>(45,973)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,359,576)</u>	<u>(2,339,405)</u>	<u>1,020,171</u>
Fund Balances - Beginning	<u>3,359,576</u>	<u>3,085,341</u>	<u>(274,235)</u>
Fund Balances - Ending	<u>-</u>	<u>745,936</u>	<u>745,936</u>

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

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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: A fund used to account for the operations of solid waste disposal and management.

Solid Waste Planning: A fund used to account for the grants received from the state for the planning of waste disposal.

Wenatchee River County Park: A fund used to account for the operations of the Wenatchee River County Park.

Fair Fund: A fund to account for the operations of the Chelan County Fair as an economic agent for the County.

Public Education: A fund to account for the sale of educational materials from the Cooperative Extension Office.

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 December 31, 2004

	<u>Solid Waste</u>	<u>Solid Waste Planning</u>	<u>Wenatchee River County Park</u>	<u>Fair</u>	<u>Public Education</u>	<u>Total</u>
ASSETS						
Current Assets:						
Cash and Cash Equivalents	90,278	9,874	35,130	26,969	34,674	196,927
Deposits with Fiscal Agents	6,775	-	-	-	-	6,775
Investments	65,152	187,262	-	-	-	252,414
Accounts Receivable	63,254	14,340	-	2,469	-	80,063
Interest Receivable	111	345	-	-	-	455
Due from Other Funds	-	-	-	500	16,885	17,385
Due from Other Governments	19,379	1,400	-	504	-	21,283
Total Current Assets	<u>244,948</u>	<u>213,221</u>	<u>35,130</u>	<u>30,442</u>	<u>51,559</u>	<u>575,300</u>
Noncurrent Assets:						
Capital Assets: (Net of Accumulated Depreciation)						
Land and Improvements	450,779	-	-	-	-	450,779
Buildings	180,333	97,004	-	46,485	-	323,822
Equipment	21,904	311,785	16,608	72,478	-	422,774
Total Noncurrent Assets	<u>653,017</u>	<u>408,789</u>	<u>16,608</u>	<u>118,963</u>	<u>-</u>	<u>746,597</u>
Total Assets	<u>897,965</u>	<u>622,010</u>	<u>51,738</u>	<u>149,405</u>	<u>51,559</u>	<u>1,321,897</u>
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	36,854	9,170	11	3,565	561	50,160
Due to Other Funds	-	-	-	3,334	-	3,334
Interfund Loan Payable	-	-	3,000	-	-	3,000
Due to Other Governments	5,578	38,906	359	3,309	-	48,153
Other Accrued Liabilities	6,682	3,510	2,392	14,781	3,282	30,647
Total Current Liabilities	<u>49,114</u>	<u>51,586</u>	<u>5,762</u>	<u>24,989</u>	<u>3,843</u>	<u>135,294</u>
Noncurrent Liabilities:						
Advances from Other Funds	-	-	-	46,730	-	46,730
Compensated Absences	2,042	5,609	-	-	990	8,641
Leases Payable	-	-	-	7,773	-	7,773
Total Noncurrent Liabilities	<u>2,042</u>	<u>5,609</u>	<u>-</u>	<u>54,503</u>	<u>990</u>	<u>63,144</u>
Total Liabilities	<u>51,157</u>	<u>57,195</u>	<u>5,762</u>	<u>79,492</u>	<u>4,833</u>	<u>198,438</u>
NET ASSETS						
Invested in Capital Assets, net of related debt	653,017	408,789	13,608	111,190	-	1,186,603
Unrestricted	193,791	156,026	32,368	(41,277)	46,726	387,635
Total Net Assets	<u>846,808</u>	<u>564,815</u>	<u>45,976</u>	<u>69,913</u>	<u>46,726</u>	<u>1,574,238</u>

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Net Assets
 Nonmajor Enterprise Funds
 For the Year Ending December 31, 2004

	Solid Waste	Solid Waste Planning	Wenatchee River County Park	Fair	Public Education	Total
OPERATING REVENUES						
Intergovernmental Revenues	24,854	77,668	-	42,192	-	144,714
Charges for Services	763,615	76,975	4,063	134,484	73,453	1,052,590
Miscellaneous	5,221	40,537	143,461	173,596	21,614	384,428
Total Revenues	793,691	195,180	147,523	350,272	95,067	1,581,732
OPERATING EXPENSES						
Salaries	81,063	34,881	58,471	129,002	30,208	333,625
Personnel Benefits	15,385	7,785	32,144	50,629	8,945	114,888
Supplies	10,926	812	7,902	24,035	13,461	57,136
Other Services & Charges	519,676	134,852	42,022	126,696	7,317	830,563
Intergovernmental/Interfund Services & Taxes	19,631	215	379	3,101	-	23,327
Interfund Payments for Services	64,214	6,367	8,536	43,698	409	123,224
Depreciation	507,080	36,721	1,535	13,657	-	558,994
Total Operating Expenses	1,217,975	221,633	150,989	390,818	60,341	2,041,757
Operating Income (Loss)	(424,284)	(26,454)	(3,466)	(40,547)	34,726	(460,025)
NONOPERATING REVENUES (EXPENSES)						
Taxes	6,137	-	-	-	-	6,137
Interest & Investment Revenue	-	2,647	-	-	-	2,647
Debt Service	-	-	(139)	(3,100)	-	(3,239)
Total Nonoperating Revenues (Expenses)	6,137	2,647	(139)	(3,100)	-	5,545
Income (Loss) Before Contributions and Transfers	(418,147)	(23,807)	(3,605)	(43,647)	34,726	(454,480)
Transfers In	-	-	-	35,000	-	35,000
Other Nonrevenues	38,419	1,625	-	(430)	-	39,613
Change in Net Assets	(379,729)	(22,182)	(3,605)	(9,077)	34,726	(379,867)
Total Net Assets-Beginning	1,226,537	586,997	49,581	78,990	12,000	1,954,105
Total Net Assets-Ending	846,808	564,815	45,976	69,913	46,726	1,574,238

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2004

	Solid Waste	Solid Waste Planning	Wenatchee River County Park	Fair	Public Education	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers and Users	793,242	203,265	149,533	349,623	78,182	1,573,846
Cash Payments to Suppliers	(696,323)	(207,680)	(59,616)	(200,561)	(21,214)	(1,185,394)
Cash Payments to Employees and Retirees	(96,034)	(41,807)	(90,579)	(174,471)	(36,608)	(439,499)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	886	(46,223)	(662)	(25,409)	20,361	(51,046)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal and Interest Paid on Noncapital Debt Transfers-In	-	-	-	(3,100)	-	(3,100)
Other Non-Operating Receipts	-	-	-	35,000	-	35,000
NET CASH PROVIDED (USED) NONCAPITAL FINANCING ACT	44,555	1,625	-	(430)	-	45,750
	44,555	1,625	-	31,470	-	77,650
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Acquisition and Construction of Capital Assets	(140,035)	(16,470)	(12,143)	-	-	(168,648)
Principal Paid on Capital Debt	-	-	(3,000)	-	-	(3,000)
Interest Paid on Capital Debt	-	-	(139)	-	-	(139)
NET CASH PROVIDED (USED) CAPITAL FINANCING ACTIVITY	(140,035)	(16,470)	(15,282)	-	-	(171,787)
CASH FLOWS FROM INVESTING ACTIVITIES						
Net Investment Activity	177,158	(10,516)	-	-	-	166,641
Interest on Investments	278	2,455	-	1	-	2,735
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	177,436	(8,061)	-	1	-	169,376
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	82,843	(69,129)	(15,944)	6,062	20,361	24,193
CASH AND CASH EQUIVALENTS, JANUARY 1	7,436	79,003	51,074	20,907	14,314	172,733
CASH AND CASH EQUIVALENTS, DECEMBER 31	90,278	9,874	35,130	26,969	34,674	196,926

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	(424,284)	(26,454)	(3,466)	(40,547)	34,726	(460,025)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (Used) Operating Activities:						
Depreciation & amortization of Deferred Charge	507,080	36,721	1,535	13,657	-	558,994
(Increase) Decrease in Accounts Receivable	(14,510)	(14,340)	-	(2,469)	-	(31,319)
(Increase) Decrease in Due From Other Funds/Gov	14,062	22,425	2,010	1,821	(16,885)	23,433
Increase (Decrease) in Vouchers/Contracts Payable	(64,172)	(103,564)	(572)	(3,638)	488	(171,459)
Increase (Decrease) in Due to Other Funds/Gov	(17,704)	38,131	(205)	607	(513)	20,316
Increase (Decrease) in Payables/Other Liabilities	(69)	704	36	5,160	1,649	7,479
Increase (Decrease) in Accrued Emp Leave Benefits	484	155	-	-	896	1,535
Total Adjustments	425,170	(19,769)	2,804	15,138	(14,365)	408,978
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	886	(46,223)	(662)	(25,409)	20,361	(51,046)

The County is not aware of any material noncash transactions.

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

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

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

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

Insurance Administration and Purchasing Fund: A self-insurance fund used 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, 2004

	<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>
ASSETS						
Current Assets:						
Cash and Cash Equivalents	4,365,234	146,226	31,101	-	3,000	4,545,560
Deposits with Fiscal Agents/Trustees	-	38,800	-	-	-	38,800
Investments	-	73,324	95,137	389,739	283,215	841,415
Accounts Receivable	4,419	-	-	-	-	4,419
Interest Receivable	-	124	161	661	497	1,444
Due from Other Funds	354,684	-	-	-	-	354,684
Interfund Loan Receivable	3,000	-	-	-	-	3,000
Due from Other Governments	1,579	-	-	-	-	1,579
Inventory	705,488	-	-	-	-	705,488
Total Current Assets	5,434,403	258,474	126,399	390,401	286,712	6,496,388
Noncurrent Assets:						
Capital Assets: (Net of Accumulated Depreciation)						
Buildings	48,479	-	-	-	-	48,479
Equipment	6,151,069	-	-	-	-	6,151,069
Total Noncurrent Assets	6,199,549	-	-	-	-	6,199,549
Total Assets	11,633,951	258,474	126,399	390,401	286,712	12,695,937
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	63,445	15,170	4,103	-	394	83,112
Due to Other Funds	21,207	-	-	-	-	21,207
Due to Other Governments	15,679	55	-	-	13,781	29,516
Other Accrued Liabilities	45,968	-	-	-	-	45,968
Total Current Liabilities	146,299	15,225	4,103	-	14,175	179,803
Noncurrent Liabilities:						
Compensated Absences	44,618	-	-	-	-	44,618
Lease Purchases	135,122	-	-	-	-	135,122
Total Noncurrent Liabilities	179,740	-	-	-	-	179,740
Total Liabilities	326,039	15,225	4,103	-	14,175	359,543
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	6,064,427	-	-	-	-	6,064,427
Unrestricted	5,243,485	243,249	122,296	390,401	272,536	6,271,966
Total Net Assets	11,307,911	243,249	122,296	390,401	272,536	12,336,393

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ending December 31, 2004

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemployment Compensation	Insurance Admin & Purchasing	Total
OPERATING REVENUES						
Charges for Services	674,486	361,433	-	95,295	-	1,131,214
Miscellaneous	1,386,403	127,781	3,763,670	4,804	749,719	6,032,378
Total Operating Revenues	<u>2,060,889</u>	<u>489,214</u>	<u>3,763,670</u>	<u>100,100</u>	<u>749,719</u>	<u>7,163,591</u>
OPERATING EXPENSES						
Salaries	449,712	-	-	-	-	449,712
Personnel Benefits	111,784	-	-	-	-	111,784
Supplies	983,468	-	-	-	-	983,468
Other Services & Charges	99,166	356,197	3,739,343	65,637	665,167	4,925,510
Interfund Payments for Services	110,745	2,681	23,630	238	4,992	142,286
Depreciation	1,224,311	-	-	-	-	1,224,311
Total Operating Expenses	<u>2,979,186</u>	<u>358,878</u>	<u>3,762,973</u>	<u>65,875</u>	<u>670,159</u>	<u>7,837,071</u>
Operating Income (Loss)	<u>(918,297)</u>	<u>130,336</u>	<u>697</u>	<u>34,224</u>	<u>79,560</u>	<u>(673,479)</u>
NONOPERATING REVENUES (EXPENSES)						
Debt Service	(14,996)	-	-	-	-	(14,996)
Proceeds From Sale of Capital Assets	231,493	-	-	-	-	231,493
Total Nonoperating Revenues (Expenses)	<u>216,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,497</u>
Income (Loss) Before Contributions and Transfers	<u>(701,800)</u>	<u>130,336</u>	<u>697</u>	<u>34,224</u>	<u>79,560</u>	<u>(456,982)</u>
Capital Contributions	64,334	-	-	-	-	64,334
Other Nonrevenues	278,044	-	-	-	-	278,044
Change in Net Assets	<u>(359,422)</u>	<u>130,336</u>	<u>697</u>	<u>34,224</u>	<u>79,560</u>	<u>(114,604)</u>
Total Net Assets - Beginning	<u>11,667,333</u>	<u>112,914</u>	<u>121,598</u>	<u>356,176</u>	<u>192,976</u>	<u>12,450,997</u>
Total Net Assets - Ending	<u>11,307,911</u>	<u>243,249</u>	<u>122,296</u>	<u>390,401</u>	<u>272,536</u>	<u>12,336,393</u>

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended December 31, 2004

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers and Users	2,104,698	489,214	3,763,670	100,100	834,207	7,291,889
Cash Payments to Suppliers	(1,321,241)	(371,378)	(3,758,870)	(65,989)	(741,042)	(6,258,519)
Cash Payments to Employees and Retirees	(562,052)	-	-	-	-	(562,052)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	221,405	117,835	4,801	34,111	93,165	471,317
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Other Non-Operating Receipts	278,044	-	-	-	-	278,044
NET CASH PROVIDED (USED) NONCAPITAL FINANCING ACT	278,044	-	-	-	-	278,044
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Proceeds From Sale of Equipment	231,493	-	-	-	-	231,493
Acquisition and Construction of Capital Assets	(2,048,497)	-	-	-	-	(2,048,497)
Principal and Interest Payments for Capital Debt	(14,996)	-	-	-	-	(14,996)
Capital Contributions	64,334	-	-	-	-	64,334
NET CASH PROVIDED (USED) CAPITAL FINANCING ACTIVITY	(1,767,666)	-	-	-	-	(1,767,666)
CASH FLOWS FROM INVESTING ACTIVITIES						
Net Investment Activity	-	28,423	5,791	(33,754)	(92,840)	(92,380)
Interest on Investments	-	(32)	(70)	(357)	(324)	(783)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	28,391	5,721	(34,111)	(93,165)	(93,164)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	<u>(1,268,217)</u>	<u>146,226</u>	<u>10,522</u>	<u>-</u>	<u>-</u>	<u>(1,111,469)</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>5,633,450</u>	<u>-</u>	<u>20,579</u>	<u>-</u>	<u>3,000</u>	<u>5,657,029</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>4,365,234</u>	<u>146,226</u>	<u>31,101</u>	<u>-</u>	<u>3,000</u>	<u>4,545,560</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	(918,297)	130,336	697	34,224	79,560	(673,479)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (Used) Operating Activities:						
Depreciation & amortization of Deferred Charge (Increase)	1,224,311	-	-	-	-	1,224,311
Decrease in Accounts Receivable	(4,419)	-	-	-	-	(4,419)
Decrease in Due From Other Funds/Gov	48,228	-	-	-	84,488	132,716
Decrease in Inventory/Prepaid Expenses	(28,080)	-	-	-	-	(28,080)
Increase (Decrease) in Vouchers/Contracts Payable	(118,319)	(11,346)	4,103	-	394	(125,168)
Increase (Decrease) in Due to Other Funds/Gov	18,538	(1,155)	-	(113)	(71,277)	(54,007)
Increase (Decrease) in Payables/Other Liabilities	(2,538)	-	-	-	-	(2,538)
Increase (Decrease) in Accrued Emp Leave Benefits	1,982	-	-	-	-	1,982
Total Adjustments	1,139,702	(12,501)	4,103	(113)	13,604	1,144,796
	<u>221,405</u>	<u>117,835</u>	<u>4,801</u>	<u>34,111</u>	<u>93,165</u>	<u>471,317</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

The County is not aware of any material noncash transactions.

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

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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.

Regional Jail Prisoner Fund: Fund established to account for money held by the County in a trustee capacity for the inmates at the Regional Jail. The prisoners spend from this money while in jail and collect the balance upon their release.

County Road Retainage Fund: Fund established to account for the retainage fees deducted from county roads projects payment to the constructors prior to project completion.

Casa Program: Fund established to account for the funding from the state to the CASA Program.

Substance Abuse: Fund used to account for the financing of drug rehabilitation programs, most of which comes through the state.

CDBG: Fund established to account for the Community Development Block pass-through grant that is administered by the Auditor.

Infrastructure Improvement Project: Fund established to account for the proceeds from the sale of bonds for construction and installation of projects within the county and the purchase and installation of certain equipment related thereto.

CDBG Planning: Fund established to account for the Community Development Block pass-through grant that is administered by the Planning Department.

LID 85 - 1: Fund established to keep track of the Local Improvement District Bond and assessments.

Chelan Douglas Health District: Fund established to account for the financing of public health services to county residents. The fund is financed by grants from the state and taxes levied on county residents.

North Central Regional Library: A fund to finance the North Central Regional Library.

NCR Automated Reserve Fund: Fund established to fund the North Central Regional Library Automated Project.

NCR Library Building Reserve: Fund established to fund the North Central Regional Library Building Projects.

NCR Library Payroll Reserve: Fund established to fund the North Central Regional Library Payroll.

Link: Fund established to account for the money used for the regional public transportation agency.

Link Arbitrage Rebate Tax: Funds established to account for arbitrage rebate tax.

Link LSTGO Bond 1998: Funds established to account for the 1998 Bond issue.

TV District Number 1: Funds established to account for the collection of assessment for the maintenance of the TV District Number One.

State Funds: Fund established to accumulate all the taxes collected for the State of Washington. These monies are later remitted to the State.

NCESD: Fund established to account for the revenues of the North Central Educational Service District.

School Districts: Fund established to account for the revenues collected for the purpose of providing education opportunities for children.

Fire Districts: Funds used to account for the money used for the purpose of fire protection districts which are established for the provision of fire prevention services, fire suppression services, emergency medical services and the protection of life and property in the unincorporated areas of the county.

Cemetery Districts: Funds established to account for the operation and maintenance of cemeteries within respective districts.

Port of Chelan County: A fund established to account for the acquisition, construction, maintenance, operation, development and regulation within the Port District.

Pangborn Field: A fund established to account for the operations and maintenance of the Pangborn Airport.

Lake Chelan Sewer Revenue Bond: Fund established to provide for the acquisition, construction, maintenance, operation, development, reorganization, and regulation of sewer system around Lake Chelan.

Park Districts: Fund established to account for the operation and maintenance of Manson Park.

Upper Valley Parks & Recreation: Fund established to account for the operation and maintenance of Manson Park.

Mosquito Districts: Fund established to keep track of the operations of the mosquito districts.

Water Districts: Funds to account for the acquisition, construction, maintenance, operation, development and regulation of water supply systems.

Irrigation Districts: Funds used to account for the collection of assessments that are used for construction, repair, and improvement of the irrigation lines.

Water Conservancy Board: Funds used to account for the collection of assessments that are used for construction, repair, and improvement of the irrigation lines.

Hospital Districts: Funds established to account for the operation and maintenance of the hospitals.

Cities: Funds used to account for taxes collected for the incorporated areas of the County. Monies collected are remitted to the cities.

County Funds: Funds established to disburse salary and claim payments.

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2004

	Regional Jail Prisoner	County Roads Retainage	CASA	Network Grant	Substance Abuse	Infrastructure Improvement
ASSETS						
Cash	8,000	-	-	-	118,677	-
Investments	12,517	58,616	-	-	-	203,012
Deposits with Fiscal Agents	-	-	-	-	-	-
Accounts Receivable	-	-	1,260	-	-	-
Taxes Receivable	-	-	-	-	-	-
Assessments Receivable	-	-	-	-	-	-
Interest Receivable	18	104	-	-	-	344
Due From Other Funds	-	16,193	-	-	-	-
Due From Other Governments	2,065	-	-	10,983	77,353	-
Total Assets	<u>22,600</u>	<u>74,914</u>	<u>1,260</u>	<u>10,983</u>	<u>196,030</u>	<u>203,357</u>
LIABILITIES						
Accounts Payable	5,407	-	2,755	10,983	-	-
Due to Other Governments	121	-	-	-	-	-
Other Accrued Liabilities	30	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Custodial Accounts	17,042	74,914	(1,495)	-	196,030	203,357
Total Liabilities	<u>22,600</u>	<u>74,914</u>	<u>1,260</u>	<u>10,983</u>	<u>196,030</u>	<u>203,357</u>

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

CDBG-Planning	LID 85-1	Chelan/Douglas Health District	NCR Library	NCR Automation Reserve	NCR Library Building Reserve	NCR Library Payroll Reserve
10,000	-	2,648	243,545	-	-	-
-	17,582	653,380	3,801,619	556,358	2,747,303	751,908
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	93,641	-	-	-
-	5,816	-	-	-	-	-
-	30	1,030	6,274	944	4,857	1,293
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,000	23,428	657,058	4,145,078	557,302	2,752,160	753,201
-	-	74,244	199,946	-	-	-
-	-	-	-	-	-	-
-	-	211,943	18,249	-	-	-
-	-	-	93,641	-	-	-
10,000	23,428	370,871	3,833,241	557,302	2,752,160	753,201
10,000	23,428	657,058	4,145,078	557,302	2,752,160	753,201

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2004

	<u>Link</u>	<u>Link- Arbitrage Rebate Tax</u>	<u>Link Bonds</u>	<u>TV Reception Improvement Dist No 1</u>	<u>State</u>	<u>NCESD</u>
ASSETS						
Cash	1,106,960	-	-	-	658,790	525,212
Investments	3,143,207	4	656,486	9,920	-	12,204,653
Deposits with Fiscal Agents	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	572,804	-
Assessments Receivable	-	-	-	-	-	-
Interest Receivable	5,669	-	1,144	17	-	20,751
Due From Other Funds	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Total Assets	<u>4,255,835</u>	<u>4</u>	<u>657,631</u>	<u>9,937</u>	<u>1,231,594</u>	<u>12,750,616</u>
LIABILITIES						
Accounts Payable	71,080	-	-	-	-	325,422
Due to Other Governments	-	-	-	-	-	-
Other Accrued Liabilities	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	572,804	-
Custodial Accounts	<u>4,184,755</u>	<u>4</u>	<u>657,631</u>	<u>9,937</u>	<u>658,790</u>	<u>12,425,193</u>
Total Liabilities	<u>4,255,835</u>	<u>4</u>	<u>657,631</u>	<u>9,937</u>	<u>1,231,594</u>	<u>12,750,616</u>

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

School Districts	Fire Districts	Cemetery Districts	Port of Chelan County	Pangborn Field	Lake Chelan Sewer Revenue Bond	Park Districts
4,123,721	342,001	198,950	175,970	174,501	82,736	26,119
18,466,001	1,747,007	420,316	3,055,686	90,424	1,220,286	21,036
-	-	-	-	-	-	-
-	-	-	-	-	-	-
777,291	107,274	6,242	71,252	-	-	1,657
-	-	-	-	-	-	-
18,171	3,141	713	3,130	156	2,141	27
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>23,385,184</u>	<u>2,199,422</u>	<u>626,221</u>	<u>3,306,039</u>	<u>265,082</u>	<u>1,305,163</u>	<u>48,839</u>
3,529,486	44,541	201	99,897	99,678	-	2,824
-	-	-	-	-	-	-
-	140,468	6,652	-	-	-	1,528
777,291	107,274	6,242	71,252	-	-	1,657
19,078,407	1,907,139	613,126	3,134,890	165,404	1,305,163	42,831
<u>23,385,184</u>	<u>2,199,422</u>	<u>626,221</u>	<u>3,306,039</u>	<u>265,082</u>	<u>1,305,163</u>	<u>48,839</u>

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2004

	<u>Upper Valley Park and Rec</u>	<u>Mosquito Districts</u>	<u>Water Districts</u>	<u>Irrigation Districts</u>	<u>Water Conservancy Board</u>
ASSETS					
Cash	3,409	38,962	500,610	644,478	4,355
Investments	826	-	1,439,461	2,652,292	-
Deposits with Fiscal Agents	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Taxes Receivable	6,710	2,538	-	-	-
Assessments Receivable	-	-	-	-	-
Interest Receivable	19	-	2,149	4,637	-
Due From Other Funds	-	-	-	-	-
Due From Other Governments	-	-	-	-	-
Total Assets	<u>10,964</u>	<u>41,500</u>	<u>1,942,220</u>	<u>3,301,407</u>	<u>4,355</u>
LIABILITIES					
Accounts Payable	-	-	19,525	205,319	-
Due to Other Governments	-	-	-	-	-
Other Accrued Liabilities	-	107	8,485	12,550	-
Deferred Revenue	6,710	2,538	-	-	-
Custodial Accounts	4,254	38,856	1,914,210	3,083,539	4,355
Total Liabilities	<u>10,964</u>	<u>41,500</u>	<u>1,942,220</u>	<u>3,301,407</u>	<u>4,355</u>

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

<u>Hospitals</u>	<u>Cities</u>	<u>County</u>	<u>Total</u>
378,867	110,217	1,262,289	10,741,016
2,988,424	-	-	56,918,325
-	-	9,036,224	9,036,224
-	-	-	1,260
73,882	257,861	-	1,971,152
-	-	-	5,816
5,158	-	-	81,918
-	-	-	16,193
-	-	-	90,401
<u>3,446,330</u>	<u>368,078</u>	<u>10,298,513</u>	<u>78,862,304</u>
297,443	-	1,165,214	6,153,964
-	-	-	121
-	-	-	400,011
73,882	257,861	-	1,971,152
<u>3,075,006</u>	<u>110,217</u>	<u>9,133,299</u>	<u>70,337,056</u>
<u>3,446,330</u>	<u>368,078</u>	<u>10,298,513</u>	<u>78,862,304</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2004

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
REGIONAL JAIL PRISONER				
Assets				
Cash	8,000	136,439	136,439	8,000
Investments	11,300	15,306	14,089	12,517
Accounts Receivable	-	5,774	5,774	-
Interest Receivable	1	18	1	18
Due From Other Governments	-	2,065	-	2,065
Total Assets	<u>19,301</u>	<u>159,601</u>	<u>156,303</u>	<u>22,600</u>
Liabilities				
Accounts Payable	7,236	119,854	121,683	5,407
Due to Other Funds	-	1,365	1,365	-
Due to Other Governments	-	121	-	121
Other Accrued Liabilities	115	1,595	1,680	30
Custodial Accounts	11,950	122,242	117,150	17,042
Total Liabilities	<u>19,301</u>	<u>245,177</u>	<u>241,878</u>	<u>22,600</u>
COUNTY ROADS RETAINAGE				
Assets				
Cash	34,801	153,856	188,656	-
Investments	-	101,200	42,583	58,616
Accounts Receivable	-	100,829	100,829	-
Interest Receivable	2	104	2	104
Due From Other Funds	14,093	16,193	14,093	16,193
Total Assets	<u>48,896</u>	<u>372,182</u>	<u>346,164</u>	<u>74,914</u>
Liabilities				
Due to Other Funds	2,712	-	2,712	-
Custodial Accounts	46,183	85,286	56,556	74,914
Total Liabilities	<u>48,896</u>	<u>85,286</u>	<u>59,268</u>	<u>74,914</u>
CDBG				
Assets				
Cash	-	131,937	131,937	-
Accounts Receivable	-	143,927	143,927	-
Total Assets	<u>-</u>	<u>275,864</u>	<u>275,864</u>	<u>-</u>
Liabilities				
Accounts Payable	-	131,937	131,937	-
Custodial Accounts	-	131,937	131,937	-
Total Liabilities	<u>-</u>	<u>263,874</u>	<u>263,874</u>	<u>-</u>

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CASA				
Assets				
Cash	-	7,060	7,060	-
Accounts Receivable	-	7,680	6,420	1,260
Due From Other Governments	640	-	640	-
Total Assets	<u>640</u>	<u>14,740</u>	<u>14,120</u>	<u>1,260</u>
Liabilities				
Accounts Payable	2,775	7,040	7,060	2,755
Custodial Accounts	<u>(2,135)</u>	<u>6,400</u>	<u>5,760</u>	<u>(1,495)</u>
Total Liabilities	<u>640</u>	<u>13,440</u>	<u>12,820</u>	<u>1,260</u>
NETWORK GRANT				
Assets				
Cash	-	40,901	40,901	-
Accounts Receivable	-	51,884	51,884	-
Due From Other Governments	-	10,983	-	10,983
Total Assets	<u>-</u>	<u>103,769</u>	<u>92,786</u>	<u>10,983</u>
Liabilities				
Accounts Payable	-	51,884	40,901	10,983
Custodial Accounts	-	51,884	51,884	-
Total Liabilities	<u>-</u>	<u>103,769</u>	<u>92,786</u>	<u>10,983</u>
SUBSTANCE ABUSE				
Assets				
Cash	2,748	1,037,776	921,847	118,677
Accounts Receivable	-	847,901	847,901	-
Due From Other Governments	62,541	77,353	62,541	77,353
Total Assets	<u>65,289</u>	<u>1,963,030</u>	<u>1,832,289</u>	<u>196,030</u>
Liabilities				
Accounts Payable	-	792,560	792,560	-
Custodial Accounts	65,289	923,302	792,560	196,030
Total Liabilities	<u>65,289</u>	<u>1,715,862</u>	<u>1,585,121</u>	<u>196,030</u>
INFRASTRUCTURE IMPROVEMENT				
Assets				
Cash	-	203,701	203,701	-
Investments	200,553	203,526	201,066	203,012
Interest Receivable	176	344	176	344
Total Assets	<u>200,728</u>	<u>407,572</u>	<u>404,943</u>	<u>203,357</u>
Liabilities				
Custodial Accounts	200,728	2,628	-	203,357
Total Liabilities	<u>200,728</u>	<u>2,628</u>	<u>-</u>	<u>203,357</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2004

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CDBG-PLANNING				
Assets				
Cash	-	10,000		10,000
Total Assets	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Liabilities				
Custodial Accounts	-	10,000		10,000
Total Liabilities	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
LID 85-1				
Assets				
Cash	780	817	1,598	-
Investments	15,999	1,584	-	17,582
Assessments Receivable	5,978	314	476	5,816
Interest Receivable	14	30	14	30
Total Assets	<u>22,771</u>	<u>2,745</u>	<u>2,088</u>	<u>23,428</u>
Liabilities				
Custodial Accounts	22,771	657	-	23,428
Total Liabilities	<u>22,771</u>	<u>657</u>	<u>-</u>	<u>23,428</u>
CHELAN/DOUGLAS HEALTH DISTRICT				
Assets				
Cash	99,380	4,763,810	4,860,542	2,648
Investments	665,804	348,933	361,357	653,380
Interest Receivable	519	1,030	519	1,030
Total Assets	<u>765,704</u>	<u>5,113,773</u>	<u>5,222,418</u>	<u>657,058</u>
Liabilities				
Accounts Payable	42,179	2,428,480	2,396,416	74,244
Other Accrued Liabilities	222,834	3,406,552	3,417,443	211,943
Custodial Accounts	500,691	7,328,952	7,458,772	370,871
Total Liabilities	<u>765,704</u>	<u>13,163,985</u>	<u>13,272,631</u>	<u>657,058</u>
RIVERCOM CONSTRUCTION				
Assets				
Cash	1,168,966	2,030	1,170,996	-
Interest Receivable	1,015	-	1,015	-
Total Assets	<u>1,169,981</u>	<u>2,030</u>	<u>1,172,011</u>	<u>-</u>
Liabilities				
Custodial Accounts	1,169,981	-	1,169,981	-
Total Liabilities	<u>1,169,981</u>	<u>-</u>	<u>1,169,981</u>	<u>-</u>

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

	Balance January 1	Additions	Deductions	Balance December 31
RIVERCOM MAINTENANCE				
Assets				
Cash	7,005	-	7,005	-
Total Assets	<u>7,005</u>	<u>-</u>	<u>7,005</u>	<u>-</u>
Liabilities				
Custodial Accounts	7,005	-	7,005	-
Total Liabilities	<u>7,005</u>	<u>-</u>	<u>7,005</u>	<u>-</u>
NCR LIBRARY				
Assets				
Cash	356,993	9,995,346	10,108,794	243,545
Investments	3,534,914	2,110,669	1,843,964	3,801,619
Taxes Receivable	123,141	93,641	123,141	93,641
Interest Receivable	3,206	6,274	3,206	6,274
Total Assets	<u>4,018,254</u>	<u>12,205,930</u>	<u>12,079,106</u>	<u>4,145,078</u>
Liabilities				
Accounts Payable	214,544	5,385,661	5,400,258	199,946
Other Accrued Liabilities	28,000	2,876,037	2,885,788	18,249
Deferred Revenue	123,141	93,641	123,141	93,641
Custodial Accounts	3,652,569	16,316,943	16,136,271	3,833,241
Total Liabilities	<u>4,018,254</u>	<u>24,672,282</u>	<u>24,545,459</u>	<u>4,145,078</u>
NCR AUTOMATION RESERVE				
Assets				
Cash	-	108,371	108,371	-
Investments	549,677	107,949	101,268	556,358
Interest Receivable	422	944	422	944
Total Assets	<u>550,099</u>	<u>217,264</u>	<u>210,061</u>	<u>557,302</u>
Liabilities				
Custodial Accounts	550,099	7,203	-	557,302
Total Liabilities	<u>550,099</u>	<u>7,203</u>	<u>-</u>	<u>557,302</u>
NCR LIBRARY BUILDING RESERVE				
Assets				
Cash	-	658,685	658,685	-
Investments	2,663,862	656,635	573,193	2,747,303
Interest Receivable	2,050	4,857	2,050	4,857
Total Assets	<u>2,665,912</u>	<u>1,320,177</u>	<u>1,233,929</u>	<u>2,752,160</u>
Liabilities				
Custodial Accounts	2,665,912	86,248	-	2,752,160
Total Liabilities	<u>2,665,912</u>	<u>86,248</u>	<u>-</u>	<u>2,752,160</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2004

	Balance January 1	Additions	Deductions	Balance December 31
NCR LIBRARY PAYROLL RESERVE				
Assets				
Cash	-	160,641	160,641	-
Investments	693,452	160,093	101,637	751,908
Interest Receivable	548	1,293	548	1,293
Total Assets	<u>693,999</u>	<u>322,027</u>	<u>262,826</u>	<u>753,201</u>
Liabilities				
Custodial Accounts	693,999	59,202	-	753,201
Total Liabilities	<u>693,999</u>	<u>59,202</u>	<u>-</u>	<u>753,201</u>
LINK				
Assets				
Cash	750,603	11,718,800	11,362,444	1,106,960
Investments	4,312,248	1,371,460	2,540,501	3,143,207
Interest Receivable	4,470	5,669	4,470	5,669
Total Assets	<u>5,067,322</u>	<u>13,095,929</u>	<u>13,907,415</u>	<u>4,255,835</u>
Liabilities				
Accounts Payable	-	71,080	-	71,080
Custodial Accounts	5,067,322	8,493,955	9,376,521	4,184,755
Total Liabilities	<u>5,067,322</u>	<u>8,565,034</u>	<u>9,376,521</u>	<u>4,255,835</u>
LINK - ARBITRAGE REBATE TAX				
Assets				
Cash	-	3,813	3,813	-
Investments	3,745	38	3,779	4
Interest Receivable	4	-	4	-
Total Assets	<u>3,749</u>	<u>3,850</u>	<u>7,595</u>	<u>4</u>
Liabilities				
Custodial Accounts	3,749	26	3,771	4
Total Liabilities	<u>3,749</u>	<u>26</u>	<u>3,771</u>	<u>4</u>
LINK BONDS				
Assets				
Cash	-	3,026,127	3,026,127	-
Investments	544,196	1,316,424	1,204,133	656,486
Interest Receivable	566	1,144	566	1,144
Total Assets	<u>544,762</u>	<u>4,343,695</u>	<u>4,230,827</u>	<u>657,631</u>
Liabilities				
Custodial Accounts	544,762	664,471	551,602	657,631
Total Liabilities	<u>544,762</u>	<u>664,471</u>	<u>551,602</u>	<u>657,631</u>

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

	Balance January 1	Additions	Deductions	Balance December 31
TV RECEPTION IMPROVEMENT DIST NO 1				
Assets				
Cash	1,888	3,115	5,004	-
Investments	10,343	128	551	9,920
Interest Receivable	9	17	9	17
Total Assets	<u>12,240</u>	<u>3,261</u>	<u>5,563</u>	<u>9,937</u>
Liabilities				
Accounts Payable	-	4,867	4,867	-
Custodial Accounts	12,240	9,564	11,867	9,937
Total Liabilities	<u>12,240</u>	<u>14,431</u>	<u>16,734</u>	<u>9,937</u>
STATE				
Assets				
Cash	721,754	30,249,538	30,312,503	658,790
Investments	-	749	749	-
Taxes Receivable	776,478	572,804	776,478	572,804
Total Assets	<u>1,498,232</u>	<u>30,823,091</u>	<u>31,089,730</u>	<u>1,231,594</u>
Liabilities				
Deferred Revenue	776,478	572,804	776,478	572,804
Custodial Accounts	721,754	23,626,701	23,689,665	658,790
Total Liabilities	<u>1,498,232</u>	<u>24,199,505</u>	<u>24,466,143</u>	<u>1,231,594</u>
NCESD				
Assets				
Cash	234,021	17,518,832	17,227,641	525,212
Investments	12,389,510	2,269,691	2,454,548	12,204,653
Interest Receivable	10,833	20,751	10,833	20,751
Total Assets	<u>12,634,363</u>	<u>19,809,274</u>	<u>19,693,022</u>	<u>12,750,616</u>
Liabilities				
Accounts Payable	-	325,422	-	325,422
Custodial Accounts	12,634,363	13,109,297	13,318,467	12,425,193
Total Liabilities	<u>12,634,363</u>	<u>13,434,719</u>	<u>13,318,467</u>	<u>12,750,616</u>
SCHOOL DISTRICTS				
Assets				
Cash	1,142,984	152,388,000	149,407,263	4,123,721
Investments	28,262,856	16,308,428	26,105,284	18,466,001
Taxes Receivable	1,046,252	777,291	1,046,252	777,291
Interest Receivable	7,004	18,171	7,004	18,171
Total Assets	<u>30,459,096</u>	<u>169,491,890</u>	<u>176,565,803</u>	<u>23,385,184</u>
Liabilities				
Accounts Payable	-	3,529,486	-	3,529,486
Deferred Revenue	1,046,252	777,291	1,046,252	777,291
Custodial Accounts	29,412,844	111,197,838	121,532,276	19,078,407
Total Liabilities	<u>30,459,096</u>	<u>115,504,615</u>	<u>122,578,528</u>	<u>23,385,184</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2004

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
FIRE DISTRICTS				
Assets				
Cash	187,879	5,802,272	5,648,151	342,001
Investments	1,823,773	1,440,506	1,517,272	1,747,007
Taxes Receivable	147,984	107,274	147,984	107,274
Interest Receivable	2,036	3,141	2,036	3,141
Total Assets	<u>2,161,673</u>	<u>7,353,192</u>	<u>7,315,443</u>	<u>2,199,422</u>
Liabilities				
Accounts Payable	66,826	1,888,912	1,911,197	44,541
Due to Other Governments	510	-	510	-
Other Accrued Liabilities	122,010	1,825,815	1,807,357	140,468
Deferred Revenue	147,984	107,274	147,984	107,274
Custodial Accounts	1,824,343	8,260,973	8,178,177	1,907,139
Total Liabilities	<u>2,161,673</u>	<u>12,082,974</u>	<u>12,045,225</u>	<u>2,199,422</u>
CEMETERY DISTRICTS				
Assets				
Cash	156,907	361,692	319,649	198,950
Investments	415,251	6,290	1,224	420,316
Taxes Receivable	8,681	6,242	8,681	6,242
Interest Receivable	337	713	337	713
Total Assets	<u>581,176</u>	<u>374,937</u>	<u>329,891</u>	<u>626,221</u>
Liabilities				
Accounts Payable	478	87,770	88,047	201
Other Accrued Liabilities	5,933	106,720	106,001	6,652
Deferred Revenue	8,681	6,242	8,681	6,242
Custodial Accounts	566,084	558,306	511,264	613,126
Total Liabilities	<u>581,176</u>	<u>759,038</u>	<u>713,993</u>	<u>626,221</u>
PORT OF CHELAN COUNTY				
Assets				
Cash	68,991	10,191,495	10,084,515	175,970
Investments	5,055,506	2,444,563	4,444,382	3,055,686
Taxes Receivable	95,037	71,252	95,037	71,252
Interest Receivable	2,699	3,130	2,699	3,130
Total Assets	<u>5,222,232</u>	<u>12,710,439</u>	<u>14,626,633</u>	<u>3,306,039</u>
Liabilities				
Accounts Payable	-	99,897	-	99,897
Deferred Revenue	95,037	71,252	95,037	71,252
Custodial Accounts	5,127,195	5,046,603	7,038,909	3,134,890
Total Liabilities	<u>5,222,232</u>	<u>5,217,752</u>	<u>7,133,946</u>	<u>3,306,039</u>

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
PANGBORN FIELD				
Assets				
Cash	65,556	2,865,444	2,756,499	174,501
Investments	-	498,879	408,455	90,424
Interest Receivable	-	156	-	156
Total Assets	<u>65,556</u>	<u>3,364,479</u>	<u>3,164,954</u>	<u>265,082</u>
Liabilities				
Accounts Payable	-	99,678	-	99,678
Custodial Accounts	<u>65,556</u>	<u>1,650,632</u>	<u>1,550,785</u>	<u>165,404</u>
Total Liabilities	<u>65,556</u>	<u>1,750,310</u>	<u>1,550,785</u>	<u>265,082</u>
LAKE CHELAN SEWER REVENUE BOND				
Assets				
Cash	2,044	589,618	508,927	82,736
Investments	1,291,436	202,577	273,727	1,220,286
Interest Receivable	<u>1,384</u>	<u>2,141</u>	<u>1,384</u>	<u>2,141</u>
Total Assets	<u>1,294,865</u>	<u>794,337</u>	<u>784,038</u>	<u>1,305,163</u>
Liabilities				
Custodial Accounts	<u>1,294,865</u>	<u>245,522</u>	<u>235,224</u>	<u>1,305,163</u>
Total Liabilities	<u>1,294,865</u>	<u>245,522</u>	<u>235,224</u>	<u>1,305,163</u>
PARK DISTRICTS				
Assets				
Cash	321	407,216	381,417	26,119
Investments	27,448	101,068	107,480	21,036
Taxes Receivable	2,929	1,657	2,929	1,657
Interest Receivable	<u>29</u>	<u>27</u>	<u>29</u>	<u>27</u>
Total Assets	<u>30,727</u>	<u>509,968</u>	<u>491,855</u>	<u>48,839</u>
Liabilities				
Accounts Payable	9,667	148,158	155,001	2,824
Other Accrued Liabilities	791	127,605	126,868	1,528
Deferred Revenue	2,929	1,657	2,929	1,657
Custodial Accounts	<u>17,340</u>	<u>614,222</u>	<u>588,731</u>	<u>42,831</u>
Total Liabilities	<u>30,727</u>	<u>891,642</u>	<u>873,529</u>	<u>48,839</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2004

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
UPPER VALLEY PARK AND REC				
Assets				
Cash	4,233	233,464	234,288	3,409
Investments	37,121	8,022	44,317	826
Taxes Receivable	6,553	6,710	6,553	6,710
Interest Receivable	33	19	33	19
Total Assets	<u>47,940</u>	<u>248,215</u>	<u>285,191</u>	<u>10,964</u>
Liabilities				
Accounts Payable	-	132,736	132,736	-
Deferred Revenue	6,553	6,710	6,553	6,710
Custodial Accounts	41,387	348,870	386,003	4,254
Total Liabilities	<u>47,940</u>	<u>488,316</u>	<u>525,292</u>	<u>10,964</u>
MOSQUITO DISTRICTS				
Assets				
Cash	1,613	89,137	51,788	38,962
Investments	-	13,785	13,785	-
Taxes Receivable	51	2,538	51	2,538
Total Assets	<u>1,664</u>	<u>105,460</u>	<u>65,624</u>	<u>41,500</u>
Liabilities				
Accounts Payable	53	27,397	27,450	-
Other Accrued Liabilities	-	13,935	13,828	107
Deferred Revenue	51	2,538	51	2,538
Custodial Accounts	1,560	149,993	112,697	38,856
Total Liabilities	<u>1,664</u>	<u>193,862</u>	<u>154,026</u>	<u>41,500</u>
WATER DISTRICTS				
Assets				
Cash	196,757	2,049,539	1,745,686	500,610
Investments	1,524,971	92,308	177,817	1,439,461
Interest Receivable	1,386	2,149	1,386	2,149
Total Assets	<u>1,723,114</u>	<u>2,143,995</u>	<u>1,924,890</u>	<u>1,942,220</u>
Liabilities				
Accounts Payable	26,601	1,278,077	1,285,153	19,525
Other Accrued Liabilities	15,297	163,329	170,141	8,485
Custodial Accounts	1,681,217	2,394,210	2,161,216	1,914,210
Total Liabilities	<u>1,723,114</u>	<u>3,835,616</u>	<u>3,616,510</u>	<u>1,942,220</u>

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
IRRIGATION DISTRICTS				
Assets				
Cash	551,901	9,637,855	9,545,278	644,478
Investments	2,527,589	1,225,086	1,100,383	2,652,292
Interest Receivable	2,300	4,637	2,300	4,637
Total Assets	<u>3,081,790</u>	<u>10,867,578</u>	<u>10,647,961</u>	<u>3,301,407</u>
Liabilities				
Accounts Payable	115,388	7,510,731	7,420,800	205,319
Other Accrued Liabilities	11,946	172,550	171,947	12,550
Custodial Accounts	2,954,456	16,016,788	15,887,706	3,083,539
Total Liabilities	<u>3,081,790</u>	<u>23,700,069</u>	<u>23,480,453</u>	<u>3,301,407</u>
WATER CONSERVANCY BOARD				
Assets				
Cash	6,715	9,954	12,315	4,355
Total Assets	<u>6,715</u>	<u>9,954</u>	<u>12,315</u>	<u>4,355</u>
Liabilities				
Accounts Payable	3,953	8,361	12,315	-
Custodial Accounts	2,762	8,956	7,363	4,355
Total Liabilities	<u>6,715</u>	<u>17,317</u>	<u>19,678</u>	<u>4,355</u>
HOSPITALS				
Assets				
Cash	216,796	22,789,728	22,627,657	378,867
Investments	2,707,996	1,272,815	992,387	2,988,424
Taxes Receivable	92,974	73,882	92,974	73,882
Interest Receivable	2,914	5,158	2,914	5,158
Total Assets	<u>3,020,680</u>	<u>24,141,582</u>	<u>23,715,932</u>	<u>3,446,330</u>
Liabilities				
Accounts Payable	-	297,443	-	297,443
Deferred Revenue	92,974	73,882	92,974	73,882
Custodial Accounts	2,927,706	19,683,622	19,536,322	3,075,006
Total Liabilities	<u>3,020,680</u>	<u>20,054,947</u>	<u>19,629,296</u>	<u>3,446,330</u>
CITIES				
Assets				
Cash	156,169	9,731,046	9,776,998	110,217
Taxes Receivable	345,647	257,861	345,647	257,861
Total Assets	<u>501,816</u>	<u>9,988,907</u>	<u>10,122,645</u>	<u>368,078</u>
Liabilities				
Deferred Revenue	345,647	257,861	345,647	257,861
Custodial Accounts	156,169	8,249,900	8,295,852	110,217
Total Liabilities	<u>501,816</u>	<u>8,507,761</u>	<u>8,641,499</u>	<u>368,078</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2004

COUNTY	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
Assets				
Cash	118,297	4,051,658	2,907,666	1,262,289
Investments	7,044,525	1,991,699	-	9,036,224
Total Assets	<u>7,162,822</u>	<u>6,043,357</u>	<u>2,907,666</u>	<u>10,298,513</u>
Liabilities				
Accounts Payable	-	1,165,214	-	1,165,214
Custodial Accounts	7,162,822	2,807,427	836,949	9,133,299
Total Liabilities	<u>7,162,822</u>	<u>3,972,640</u>	<u>836,949</u>	<u>10,298,513</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash	6,264,101	300,997,778	296,520,862	10,741,016
Investments	76,314,074	34,270,407	44,629,932	65,954,549
Accounts Receivable	-	1,014,069	1,012,809	1,260
Taxes Receivable	2,645,727	1,971,152	2,645,727	1,971,152
Assessments Receivable	5,978	314	476	5,816
Interest Receivable	43,958	81,918	43,958	81,918
Due From Other Funds	14,093	16,193	14,093	16,193
Due From Other Governments	63,181	90,401	63,181	90,401
Total Assets	<u>85,351,112</u>	<u>338,442,230</u>	<u>344,931,038</u>	<u>78,862,304</u>
Liabilities				
Accounts Payable	489,701	25,592,646	19,928,383	6,153,964
Due from Other Funds	2,712	1,365	4,077	-
Due to Other Governments	510	121	510	121
Other Accrued Liabilities	406,926	8,694,138	8,701,052	400,011
Deferred Revenue	2,645,727	1,971,152	2,645,727	1,971,152
Custodial Accounts	81,805,537	248,270,762	259,739,242	70,337,056
Total Liabilities	<u>85,351,112</u>	<u>284,530,183</u>	<u>291,018,991</u>	<u>78,862,304</u>

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

CHELAN COUNTY, WASHINGTON

Description of Capital Asset Schedules

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

These are assets used in operations funded by governmental funds. This includes all capital assets of the County except for those used in Enterprise or Internal Service Funds.

Schedule of Capital Assets by Source: A report that summarizes major funding sources for County capital assets.

Schedule of Capital Assets by Function and Activity: A report allocating components of capital assets (land, buildings, machinery and equipment, and infrastructure) to various County functions and programs.

Schedule of Changes in Capital Assets by Function and Activity: A report that shows the additions and deletions of total capital assets within separate County functions and programs.

CHELAN COUNTY, WASHINGTON

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
As of December 31, 2004

	<u>2004</u>	<u>2003</u>
Governmental Funds Capital Assets:		
Land	2,026,258	1,924,703
Buildings & Structures	35,725,467	32,199,984
Machinery and Equipment	2,620,798	4,122,500
Infrastructure	4,833,112	1,498,001
Total Governmental Funds Capital Assets	<u>45,205,634</u>	<u>39,745,188</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	35,334,237	35,649,245
Special Revenue Fund	6,427,236	3,074,651
Capital Projects Funds	3,444,162	1,021,291
Total Governmental Funds Capital Assets	<u>45,205,634</u>	<u>39,745,188</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CHELAN COUNTY, WASHINGTON

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 As of December 31, 2004

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
General Government					
Finance	-	-	597,196	-	597,196
Information Technology	-	-	74,643	-	74,643
Building/General	1,669,269	31,037,762	404,391	-	33,111,423
Total General Government	<u>1,669,269</u>	<u>31,037,762</u>	<u>1,076,229</u>	<u>-</u>	<u>33,783,261</u>
Judicial					
Courts	-	-	28,240	-	28,240
Records Services	-	-	110,167	-	110,167
Total Economic Environment	<u>-</u>	<u>-</u>	<u>138,407</u>	<u>-</u>	<u>138,407</u>
Public Safety					
Law Enforcement	-	-	1,029,186	-	1,029,186
Detention and Correction	-	-	19,419	-	19,419
Juvenile Services	-	-	25,492	-	25,492
Total Public Safety	<u>-</u>	<u>-</u>	<u>1,074,097</u>	<u>-</u>	<u>1,074,097</u>
Physical Environment					
Natural Resources	-	-	12,493	-	12,493
Total Economic Environment	<u>-</u>	<u>-</u>	<u>12,493</u>	<u>-</u>	<u>12,493</u>
Transportation					
Road and Streets	5,000	1,081,932	179,167	4,833,112	6,099,212
Airports	87,400	-	21,470	-	108,870
Total Transportation	<u>92,400</u>	<u>1,081,932</u>	<u>200,638</u>	<u>4,833,112</u>	<u>6,208,082</u>
Economic Environment					
Housing an Community Development	-	-	37,102	-	37,102
Total Economic Environment	<u>-</u>	<u>-</u>	<u>37,102</u>	<u>-</u>	<u>37,102</u>
Culture and Recreation					
Community Events	12457.15	3,289,230	-	-	3,301,688
Park Facilities	250,688	317,985	81,832	-	650,505
Total Culture and Recreation	<u>263,145</u>	<u>3,607,215</u>	<u>81,832</u>	<u>-</u>	<u>3,952,192</u>
Total Governmental Fund Assets	<u><u>2,024,815</u></u>	<u><u>35,726,910</u></u>	<u><u>2,469,897</u></u>	<u><u>4,833,112</u></u>	<u><u>45,205,634</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CHELAN COUNTY, WASHINGTON

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Year Ended December 31, 2004

	Governmental Fund Capital Assets			Governmental Fund Capital Assets
	January 1, 2004	Additions	Deletions	December 1, 2004
General Government				
Finance	577,473	35,107	15,384	597,196
Information Technology	74,643	-	-	74,643
Building/General	29,561,944	3,734,446	184,967	33,111,423
Total General Government	30,214,059	3,769,553	200,351	33,783,261
Judicial				
Courts	28,240	-	-	28,240
Records Services	110,167	-	-	110,167
Total Economic Environment	138,407	-	-	138,407
Public Safety				
Law Enforcement	1,378,782	38,963	388,559	1,029,186
Detention and Correction	27,185	-	7,766	19,419
Emergency/Dispatch Services	1,158,663	-	1,158,663	-
Juvenile Services	25,492	-	-	25,492
Total Public Safety	2,590,122	38,963	1,554,988	1,074,097
Physical Environment				
Natural Resources	12,493	-	-	12,493
Total Economic Environment	12,493	-	-	12,493
Transportation				
Road and Streets	2,764,101	3,335,111	-	6,099,212
Airports	108,870	-	-	108,870
Total Transportation	2,872,971	3,335,111	-	6,208,082
Economic Environment				
Housing an Community Development	37,102	-	-	37,102
Total Economic Environment	37,102	-	-	37,102
Culture and Recreation				
Community Events	3,301,688	-	-	3,301,688
Park Facilities	578,346	117,119	44,960	650,505
Total Culture and Recreation	3,880,033	117,119	44,960	3,952,192
Total Governmental Fund Assets	39,745,188	7,260,746	1,800,299	45,205,634

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CHELAN COUNTY, WASHINGTON

Schedule of Expenditures of Federal Awards - Schedule 16

For the Year Ended December 31, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Other Identification Number	Current Year Expenditures
U.S. Department of Agriculture			
Passed Through WA Supt of Public Instruction			
School Breakfast Program	10.553	04-246-9777	9,522
Total CFDA Number	10.553		<u>9,522</u>
Passed Through WA Supt of Public Instruction			
National School Lunch Program	10.555	04-246-9777	13,484
Total CFDA Number	10.555		<u>13,484</u>
Passed Through WA Treasurer			
Schools and Roads/Grants to States - Federal Forest Yield	10.665	N/A	1,115,124
Passed Through WA Bureau of Land Management			
Schools and Roads, Grants to States - Forest Title III	10.665	N/A	342,642
Total CFDA Number	10.665		<u>1,457,766</u>
Total U.S. Dept of Agriculture			<u><u>1,480,772</u></u>
U.S. Department of Commerce			
Passed Through WA Interagency Comm. for Outdoor Rec.			
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - CRP 584 SRFB	11.438	NA06FP0201	77,783
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - SRFB Channel Migration	11.438	00-1742N	78,639
Passed Through WA Department of Ecology			
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - Habitat Suitability	11.438	G0500068	30,944
Passed Through NCW Resource Conservation & Development			
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - Upper Columbia Salmon Recovery Board	11.438	03-1234N	37,833
Total CFDA Number	11.438		<u>225,199</u>
Total U.S. Department of Commerce			<u><u>225,199</u></u>
U.S. Department of Housing & Urban Development			
Passed Through WA Dept of Community Trade & Economic Development			
Community Development Block Grants/State's Program	14.228	01-64021-041	131,937
Community Development Block Grants/State's Program	14.228	01-64021-068	10,000
Total CFDA Number	14.228		<u>141,937</u>
Total U.S. Dept. of Housing & Urban Development			<u><u>141,937</u></u>
U.S. Department of the Interior			
Distribution of Receipts to State and Local Governments -			
Taylor Grazing	15.227	N/A	227
Total CFDA Number	15.227		<u>227</u>
Wildland Urban Interface Community and Rural Fire Assistance - S/W-837	15.228	10131-3-G104	3,936
Wildland Urban Interface Community and Rural Fire Assistance - S/W-838-Chelan	15.228	10131-3-G105	8,763
Total CFDA Number	15.228		<u>12,699</u>
Total U.S. Dept of the Interior			<u><u>12,926</u></u>
U.S. Department of Justice			
Local Law Enforcement Block Grants Program	16.592	2002-LBBX-1204	11,483
Local Law Enforcement Block Grants Program	16.592	2003-LBBX-1232	5,805
Total CFDA Number	16.592		<u>17,288</u>

CHELAN COUNTY, WASHINGTON

Schedule of Expenditures of Federal Awards - Schedule 16

For the Year Ended December 31, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Other Identification Number	Current Year Expenditures
Bulletproof Vest Partnership Program	16.607	3017301	6,349
Total CFDA Number	16.607		6,349
Public Safety Partnership and Community Policing Grants - COPS MORE01	16.710	2001-CMWX-0434	24,218
Public Safety Partnership and Community Policing Grants - COPS Homeland Security Overtime	16.710	2003-OMWX-0226	40,344
Total CFDA Number	16.710		64,562
Passed Through WA Dept of Community Trade & Economic Development			
Juvenile Accountability Incentive Block Grants	16.523	0263-16180	17,538
Total CFDA Number	16.523		17,538
Violence Against Women Formula Grants - Stop Grant	16.588	F02-30302-039	8,317
Violence Against Women Formula Grants - Stop Grant	16.588	F02-30302-038	16,826
Total CFDA Number	16.588		25,143
Grants to Encourage Arrest Policies and Enforcement of Protection Orders - Violence Against Women	16.590	2002-WEBX-0026	89,707
Total CFDA Number	16.590		89,707
State Criminal Alien Assistance Program	16.606	N/A	43,232
Total CFDA Number	16.606		43,232
Passed through WA Dept of Corrections			
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	CSEC 5316 & 5760	77,364
Total CFDA Number	16.586		77,364
Passed through WA Association of Sheriffs			
Public Safety Partnership and Community Policing Grants - Methamphetamine Initiative	16.710	2001-CKWX-0177	80,671
Total CFDA Number	16.710		80,671
Passed through WA Dept of Social & Health Services			
Domestic Cannabis Eradication/Suppression Program	16.999	C010603GSC	4,000
Total CFDA Number	16.999		4,000
Total U. S. Dept of Justice			425,854
U.S. Department of Transportation			
Passed Through WA State Department of Transportation			
Highway Planning and Construction - FHWA CRP 513	20.205	STPSP-WARR(012)	2,400
Total CFDA Number			2,400
Passed Through WA Traffic Safety Commission			
Safety Incentive Grants for Use of Seatbelts - Traffic Safety Commission	20.604	N/A	10,854
Total CFDA Number	20.604		10,854
Passed Through WA State Military Department			
Interagency Hazardous Materials Public Sector Training and Planning Grants - EMA Hazard Material	20.703	E04-164	3,000
Total CFDA Number	20.703		3,000
Total U.S. Department of Transportation			16,254
U.S. Department of Energy			
Passed Through NW Power Planning Council			
Subbasin Planning Public Outreach	81.CT20040012	CT-2004-0012	4,315
Subbasin Planning Response Loop	81.ARWW06	ARWW06	3,053
Total CFDA Number			7,368

CHELAN COUNTY, WASHINGTON

Schedule of Expenditures of Federal Awards - Schedule 16

For the Year Ended December 31, 2004

Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Other Identification Number	Current Year Expenditures
Subbasin Planning-Entiat	81.SBWW21	SBWW21	22,109
Total CFDA Number	81.SBWW21		22,109
Subbasin Planning-Lake Chelan	81.SBWW32	SBWW32	27,680
Total CFDA Number	81.SBWW32		27,680
Subbasin Planning-Wenatchee	81.SBWW59	SBWW59	46,979
Total CFDA Number	81.SBWW59		46,979
Total U.S. Department of Energy			104,136
U.S. Department of Education			
Passed Through 21st Century Learning Center			
Twenty-First Century Community Learning Centers -			
Strengthening Families Program	84.287	N/A	6,325
Total CFDA Number	84.287		6,325
Total U.S Department of Education			6,325
U.S. Department of Health and Human Services			
Passed Through WA Dept of Social and Health Services			
Child Support Enforcement - PA	93.563	N/A	246,693
Child Support Enforcement - Clerk	93.563	N/A	113,550
Total CFDA Number	93.563		360,243
Passed Through WA Dept of Social & Health Services			
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Prevention	93.959	8274	64,809
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Children Prevention	93.959	8274	4,474
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Community Prevention Training	93.959	8274	161
Block Grants for Prevention and Treatment of Substance Abuse - TANF Fed Staff	93.959	8274	31,975
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Grant in Aid	93.959	8274	127,054
Block Grants for Prevention and Treatment of Substance Abuse - SAPT ADATSA Outpatient	93.959	8274	19,012
Total CFDA Number	93.959		247,485
Total U.S. Dept of Health and Human Services			607,728
U.S. Department of Homeland Security			
Passed through WA Military Department			
Department of Homeland Security	97.004	E03-313	66,923
Total CFDA Number	97.004		66,923
Passed Through WA Military Department			
Emergency Management Performance Grants - FEMA	97.042	E04-121	22,021
Total CFDA Number	97.042		22,021
Pre-Disaster Mitigation - Natural Hazards Mitigation Plan	97.047	E04-023	21,010
Total CFDA Number	97.047		21,010
Total U.S. Department of Homeland Security			109,954
Total Federal Assistance			3,131,085

The notes to the schedule of financial assistance are an integral part of this schedule.

CHELAN COUNTY, WASHINGTON

Schedule of State & Local Financial Assistance - Schedule 16

For the Year Ended December 31, 2004

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenditures
Washington State		
1/2 Prosecutor's Salary	RCW 36.17.020	47,019
Witness Payments	RCW 10.46.230	938
CASA/GAL Program	ICA-2003-512	6,400
Total Washington State		<u>54,357</u>
Department of Fish & Wildlife		
Lead Entity Grant	03-1023	62,727
Stream Gauging	G0400081	29,482
Conservation Easement	SO1-63200-001	87,189
Total Dept of Fish & Wildlife		<u>179,398</u>
Department of Ecology		
Lake Chelan TMDL DOE	G0400274	220
Watershed Planning General Funds	G0000075	57,544
Watershed Planning Instream Flow Recommendation	G0400355	42,205
Total Department of Ecology		<u>99,969</u>
Department of Social & Health Services		
Child Support - Clerks	N/A	19,467
Support Enforcement	1507-23929	127,084
VRDE Grant in Aid	8274	314,745
VRDE Detoxification	8274	78,424
Ruad Grant	8274	10,500
CJ Treat	8274	134,206
JRA/Diagnostics	0263-14295	21,600
JRA/Detention	0263-14295	8,360
JRA/CJS	0163-04958	85,101
JRA/SSODA	0163-04958	26,669
BECCA/AOC	0363-29920	67,219
CRC/DCFS/DSHS	0363-29920	277,078
JRA/CDDA	0163-04958	68,872
JRA/CJAA	0163-04958	44,857
3900 Program	0163-03781	39,747
Community Network	N/A	51,884
Total Dept of Social & Health Services		<u>1,375,813</u>

CHELAN COUNTY, WASHINGTON

Schedule of State & Local Financial Assistance - Schedule 16

For the Year Ended December 31, 2004

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenditures
Washington State Department of Transportation		
Rural Arterial Program	0495-02/CRP525	44,925
CAPA	N/A	258,297
Wapato Point	N/A	10,743
DOE - LTCA	G0200195/SWP	98,998
DOE - WRRMLC	C0400027/SW	26,054
CRP 569 RAP	0499-02/CRP 569	318,894
CRP 572 RAP	0400-02/CRP 572	158,741
Total Department of Transportation		<u>916,652</u>
Washington State County Road Administration Board		
CRP 559 RATA	0401-01/CRP 559	55,237
Total Washington State County Road Administration Board		<u>55,237</u>
Parks & Recreation Commission		
Snowmobile	Wr200/02-73	6,770
Total Parks & Recreation Commission		<u>6,770</u>
Inter-Agency Commission for Outdoor Recreation		
Interagency Comm for ORV	03-1269E	108,441
Total IAC for Outdoor Recreation		<u>108,441</u>
Department of Community Trade & Economic Development		
Growth Management	s02-63000-031	14,174
Total Dept of Community Trade & Economic Development		<u>14,174</u>
TOTAL STATE & LOCAL ASSISTANCE		<u><u>2,810,811</u></u>

The accompanying notes to the schedule of financial assistance are an integral part of this schedule.

CHELAN COUNTY, WASHINGTON

Notes to the Schedules of Financial Assistance
January 1, 2004 Through December 31, 2004

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the County's financial statements. The County uses the accrual basis of accounting for all funds except the governmental fund types, expendable trust funds and agency funds, which use the modified accrual basis of accounting. The modified accrual basis differs from the accrual basis in the following ways:

1. Purchases of capital assets are considered expenditures.
2. Redemption of long-term debt are considered expenditures when due.
3. Revenues are recognized only when they become both measurable and available to finance expenditures of the current period.
4. Inventories and prepaid items are reported as expenditures purchased.
5. Interest on long-term debt is not accrued but is recorded as an expenditure when due.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only state/federal portion of the program costs. Actual program costs, including the county's portion, may be more than shown.

NOTE 3 - NOT APPLICABLE (N/A)

The County was unable to obtain other identification number.

NOTE 4 – SCAAP Grant

The Regional Justice Center is a partnership between Chelan County, Douglas County and the City of Wenatchee. Douglas County and the City of Wenatchee are also applicants and show their proportionate share on their Schedule 16.

The grantor, the Department of Justice, is on a fiscal year ending June 30th. Because of that, there is an estimation in the second half of the year's expenditures. The percentage of illegal inmates for the second half of the year is estimated at the same percentage as the first half of the year, and the percentage of the total cost to come up with the total grant payment is estimated as half of the first part of the years percentage.

For 2004, Chelan County reported \$43,232 Douglas County will report \$24,835 and the City of Wenatchee will report \$24,390 in expenditures.

CHELAN COUNTY, WASHINGTON

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial	Public Safety	Physical Environment	Transportation	Health and Human Services		Economic Environment	Culture and Recreation	Interest on Long-Term Debt	Utilities	Public Safety	Other	Total
						Human Services	Public Safety							
2003	15,704,699	2,518,104	11,039,550	1,665,874	4,032,318	491,423	1,772,667	678,752	607,156	918,952	4,642,425	486,114	44,558,034	
2004	14,983,530	2,583,105	15,411,584	1,430,752	5,728,453	497,421	1,722,704	763,942	631,657	1,369,149	4,911,932	524,758	50,558,986	

Note: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB 34.

CHELAN COUNTY, WASHINGTON

Government-wide Revenues by Function
Last Ten Fiscal Years

Fiscal Year	Program Revenues			General Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest and Investment Earnings	Miscellaneous	Total
2003	10,662,979	9,970,594	362,022	24,004,881	629,877	2,610,634	48,240,987
2004	18,713,993	6,459,572	1,809,396	25,748,733	513,419	915,382	54,160,494

Note: Less than ten years data is provided because 2003 was the first year for government-wide revenues under GASB 34.

CHELAN COUNTY, WASHINGTON

General Government Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Utilities and Environment	Transportation	Economic Environment	Mental Health & Physical Health	Culture and Recreation	Debt Service	Capital Outlay	Total
1995	7,612,576	7,799,417	220,796	4,908,886	884,520	972,578	1,064,269	-	2,365,298	25,828,340
1996	8,360,463	7,763,684	236,312	4,073,994	921,380	923,092	1,202,293	-	2,929,486	26,410,704
1997	7,927,171	8,123,318	368,217	6,017,544	913,642	1,017,145	1,411,957	-	10,513,685	36,292,679
1998	8,616,050	9,074,427	2,982,003	6,925,253	999,965	1,153,521	1,013,129	-	2,941,057	33,705,405
1999	9,433,872	9,941,861	390,266	5,822,384	1,545,207	1,124,713	1,022,179	1,064,784	5,642,407	35,987,673
2000	8,715,144	9,666,079	380,706	7,033,917	1,846,019	1,201,862	700,797	1,084,847	4,009,335	34,638,706
2001	9,377,846	10,340,025	769,887	7,002,680	1,517,268	1,321,188	702,310	1,211,135	2,559,736	34,802,075
2002	10,575,057	10,895,333	901,138	7,170,610	1,922,960	571,528	786,826	1,506,392	1,506,392	35,836,236
2003	10,756,389	11,751,741	1,701,870	6,443,486	1,921,489	569,236	568,238	2,915,054	2,718,871	39,346,374
2004	10,868,927	13,438,209	1,467,956	6,258,446	1,998,431	573,150	640,847	1,556,550	8,049,832	44,852,348

Includes General, Special Revenue, Debt Service, and Capital Projects Funds

CHELAN COUNTY, WASHINGTON

General Government Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Licenses and Permits		Intergovernmental Revenues	Charges for Services	Fees and Fines		Miscellaneous	Total
	Taxes	Permits						
1995	12,953,490	375,043	9,809,057	1,635,796	969,309	1,758,503	27,501,199	
1996	13,979,757	408,132	9,150,512	1,661,411	889,034	1,657,818	27,746,664	
1997	14,828,923	373,643	9,064,186	1,855,889	959,992	1,778,911	28,861,544	
1998	15,835,550	403,313	10,341,901	1,840,666	959,964	5,551,639	34,933,033	
1999	17,235,498	464,015	10,686,970	2,126,391	883,175	1,569,875	32,965,924	
2000	18,401,962	485,118	11,888,617	2,085,324	925,891	1,715,054	35,501,966	
2001	18,995,748	448,015	14,070,959	2,893,294	848,442	1,868,001	39,124,459	
2002	19,782,253	510,579	10,944,356	3,160,507	1,095,754	1,002,036	36,495,485	
2003	20,782,272	575,042	10,690,407	4,142,544	1,130,273	1,073,130	38,393,669	
2004	21,682,449	659,499	12,196,873	4,342,974	1,218,182	2,323,893	42,423,869	

CHELAN COUNTY, WASHINGTON

General Government Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Tax		Timber Harvest Tax	Retail Sales and Use Taxes		Excise Taxes	Penalties and Interest on Delinquent Taxes		Total
1995	8,377,361	316,263	3,387,634	582,726	289,505	12,953,490			
1996	8,656,397	13,277	4,331,820	593,078	385,185	13,979,757			
1997	8,922,988	32,814	4,760,229	683,016	429,876	14,828,923			
1998	9,774,606	45,621	4,872,791	652,661	489,872	15,835,550			
1999	10,916,115	15,426	5,207,922	508,704	587,332	17,235,498			
2000	11,178,891	29,874	5,515,259	1,160,514	517,424	18,401,962			
2001	11,472,815	51,297	5,802,234	1,100,836	568,566	18,995,748			
2002	11,746,133	20,658	6,210,989	1,189,893	614,581	19,782,253			
2003	12,163,794	49,822	6,409,121	1,390,835	768,701	20,782,272			
2004	12,627,000	25,919	6,405,720	1,798,152	825,658	21,682,449			

Includes General, Special Revenue, Debt Service, and Capital Projects Funds

CHELAN COUNTY, WASHINGTON

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of		Delinquent Tax Collections	Total Tax Collections	Ratio of Total		Outstanding Delinquent Taxes	Ratio or Delinquent Taxes to Total Tax Levy
			Current Tax Collected	Delinquent Tax Collections			Tax Collections to Total Tax Levy	Delinquent Taxes		
1995	42,272,652	41,238,934	97.55%	636,498	41,875,432	99.06%	1,656,651	3.92%		
1996	45,642,388	44,407,154	97.29%	824,227	45,231,381	99.10%	1,894,689	4.15%		
1997	48,035,976	46,825,605	97.48%	1,026,790	47,852,395	99.62%	1,971,678	4.10%		
1998	51,533,114	49,973,090	96.97%	1,131,045	51,104,135	99.17%	2,287,432	4.44%		
1999	53,846,180	52,385,170	97.29%	1,379,480	53,764,650	99.85%	2,291,137	4.25%		
2000	56,970,564	55,072,719	96.67%	1,269,264	56,341,983	98.90%	2,748,528	4.82%		
2001	59,069,873	56,952,080	96.41%	1,456,750	58,408,830	98.88%	3,300,975	5.59%		
2002	61,011,768	58,996,313	96.70%	1,644,068	60,640,381	99.39%	3,535,678	5.80%		
2003	63,640,734	61,811,999	97.13%	1,980,135	63,792,137	100.24%	3,327,794	5.23%		
2004*	65,594,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

Source: State Department of Revenue Property Tax Statistics.
* 2004 property tax collection information is not available at the date of this report.

CHELAN COUNTY, WASHINGTON

Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Exemptions		Total		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Real Property	Assessed Value	Estimated Actual Value		
1995	2,789,593,288	3,381,325,198	170,003,443	206,064,779	39,648,026	2,919,948,705	3,539,331,764	82.5%	
1996	3,171,731,195	3,867,964,872	135,387,924	165,107,224	39,975,381	3,267,143,738	3,984,321,632	82.0%	
1997	3,539,722,792	4,290,573,081	174,001,321	210,910,692	39,506,624	3,674,217,489	4,453,596,956	82.5%	
1998	3,759,534,057	4,417,783,851	146,620,641	172,292,175	37,569,282	3,868,585,416	4,545,928,808	85.1%	
1999	3,970,908,469	4,633,498,797	148,620,641	173,419,651	72,129,425	4,047,399,685	4,722,753,425	85.7%	
2000	4,149,119,544	4,933,554,749	148,696,333	176,808,957	65,614,211	4,232,201,666	5,032,344,430	84.1%	
2001	4,290,906,813	5,264,916,335	151,685,890	186,117,656	64,165,917	4,378,426,786	5,372,302,805	81.5%	
2002	4,416,814,385	5,340,767,092	159,624,187	193,015,946	59,525,202	4,516,913,370	5,461,805,768	82.7%	
2003	4,572,862,078	5,392,526,035	147,353,730	173,766,191	57,922,434	4,662,293,374	5,497,987,469	84.8%	
2004	4,773,153,704	5,682,325,838	147,386,402	175,460,002	57,920,414	4,862,619,692	5,788,832,967	84.0%	

Source: Assessor's Office and Washington State Department of Revenue

The assessed values exclude utilities.

Property assessed at 100% of fair value.

Estimated actual values are based on the 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		Districts							Totals
	General Fund	Special Revenue Funds	Total	Hospital Districts	Fire Districts	Cemetery Districts	School Districts	Miscellaneous Districts	Cities & Towns	
1995	1.6177	0.0416	1.6593	0.5909	1.0795	0.0804	3.7061	0.8357	2.6273	10.5791
1996	1.4886	0.0393	1.5279	0.5484	0.9101	0.0782	3.9263	0.7739	2.5212	10.2860
1997	1.3955	0.0375	1.4330	0.4988	0.8950	0.0767	3.4524	0.7186	2.4962	9.5707
1998	1.4311	0.0362	1.4674	0.5122	0.9825	0.1900	3.4916	0.6783	2.6037	9.9256
1999	1.4585	0.0358	1.4942	0.5427	0.9787	0.0790	3.1783	0.4942	2.6021	9.3693
2000	1.4790	0.0350	1.5140	0.4906	0.9294	0.0839	3.1725	0.6026	2.6496	9.4426
2001	1.4647	0.0347	1.4993	0.6523	0.9865	0.0807	3.1966	0.5673	2.7458	9.7285
2002	1.5469	0.0342	1.5811	0.9059	0.9934	0.0843	3.2096	0.5758	2.8805	10.2305
2003	1.5466	0.0340	1.5806	0.9093	0.9772	0.0847	3.0453	0.5916	2.8330	10.0217
2004	1.5301	0.0336	1.5637	0.8671	0.9287	0.0833	3.1989	0.5346	2.7534	9.9296

CHELAN COUNTY, WASHINGTON

Principal Tax Payers (Top Ten)

December 31, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Stemilt Growers Inc	Fruit Processing	54,573,256	1.12%
ALCOA Inc.	Manufacturing	54,268,838	1.12%
Verizon Northwest Inc.	Telephone Utility	47,901,496	0.99%
Trout Blue Chelan Inc.	Fruit Processing	38,763,707	0.80%
Wenatchee Valley Clinic	Medical	26,739,360	0.55%
BNSF - Tax Department	Railroad Service	25,307,332	0.52%
Dovex Fruit Company	Fruit Processing	21,702,088	0.45%
Tree Top Inc	Fruit Processing	20,820,230	0.43%
Blue Bird Inc.	Fruit Processing	15,667,227	0.32%
North Wenatchee Property LLC	Commercial	14,158,230	0.29%
TOTAL		<u>319,901,764</u>	<u>6.58%</u>

County Total Taxable Value: \$ 4,862,619,692

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

CHELAN COUNTY, WASHINGTON

Special Assessments Billings and Collections Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected</u>
1995	Not Available	1,689
1996	Not Available	3,843
1997	Not Available	3,116
1998	Not Available	1,624
1999	Not Available	3,742
2000	Not Available	3,307
2001	Not Available	1,070
2002	Not Available	5,237
2003	Not Available	794
2004	Not Available	476

CHELAN COUNTY, WASHINGTON

Computation of Legal Debt Margin December 31, 2004

Assessed Valuations *	4,962,094,280
Limited Tax General Obligation Debt Capacity (non-voted):	
Legal limit of 1.5% on the assessed valuation	74,431,414
Less: outstanding debt	(20,139,494)
Add: available assets	<u>18,255,048</u>
Remaining Debt Capacity (non voted)	<u><u>72,546,969</u></u>
Total General Obligation Debt Capacity (voted and non-voted):	
Legal limit of 2.5% on the assessed valuation	124,052,357
Less: outstanding debt	(20,139,494)
Add: available assets	<u>18,255,048</u>
Remaining Debt Capacity (voted and non-voted)	<u><u>122,167,911</u></u>

* Does not include exempt assessed property values.

CHELAN COUNTY, WASHINGTON

Ratio of Net General Obligation Bonded Debt to Assessed Value and
 Net General Obligation Bonded Debt per Capita
 Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995	63,839	2,919,948,705	335,000	65,483	269,517	24.30%	4
1996	64,894	3,267,143,738	335,000	962,145	(627,145)	-153.42%	(10)
1997	65,936	3,674,217,489	9,360,100	1,232,672	8,127,428	15.17%	123
1998	66,411	3,868,585,416	11,762,360	1,460,270	10,302,090	14.17%	155
1999	66,913	4,047,399,685	11,247,941	1,710,240	9,537,701	17.93%	143
2000	66,616	4,232,201,666	14,720,112	1,993,807	12,726,305	15.67%	191
2001	67,100	4,378,426,786	14,582,401	2,306,676	12,275,725	18.79%	183
2002	67,600	4,516,913,370	16,317,342	2,663,943	13,653,399	19.51%	202
2003	67,900	4,662,293,374	17,994,373	1,594,582	16,399,791	9.72%	242
2004	68,400	4,862,619,692	16,969,480	2,091,324	14,878,156	14.06%	218

Population data taken from the Washington State Office of Financial Management (OFM).
 Assessed Value is taken from the Assessed and Estimated Actual Value of Property table in this section.

CHELAN COUNTY, WASHINGTON

Ratio of Annual Debt Service Expenditures For General Obligation
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1995	-	-	-	25,828,340	0.00%
1996	-	-	-	26,410,704	0.00%
1997	-	-	-	36,292,679	0.00%
1998	-	-	-	33,705,405	0.00%
1999	Not available	Not available	1,064,784	35,987,673	2.96%
2000	Not available	Not available	1,084,847	34,638,706	3.13%
2001	Not available	Not available	1,211,135	34,802,075	3.48%
2002	827,749	678,643	1,506,392	35,836,236	4.20%
2003	2,257,971	657,083	2,915,054	39,346,374	7.41%
2004	924,893	631,657	1,556,550	44,852,348	3.47%

Debt service payments began in 1999. However, the individual principal and interest amounts were not reported separately prior to 2002.

CHELAN COUNTY, WASHINGTON

Computation of Direct and Overlapping Bonded Debt

General Obligation Bonds

December 31, 2004

<u>Jurisdiction</u>	<u>Gross General Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
Chelan County	16,969,480	100.00%	16,969,480
Overlapping:			
School Districts	55,406,870	100.00%	55,406,870
Fire Districts	5,671,218	100.00%	5,671,218
Port District	9,528,219	100.00%	9,528,219
Water/Irrigation Districts	11,679,926	100.00%	11,679,926
Hospital Districts	3,012,297	100.00%	3,012,297
Miscellaneous Districts	<u>8,367,160</u>	100.00%	<u>8,367,160</u>
Total Indirect	93,665,690		93,665,690
Total	<u>110,635,170</u>		<u>110,635,170</u>

CHELAN COUNTY, WASHINGTON

Demographic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1995	63,839	21,145	12,562	10.10%
1996	64,894	22,284	12,890	10.70%
1997	65,936	22,968	13,138	7.90%
1998	66,411	23,877	13,122	8.70%
1999	66,913	23,823	13,200	8.60%
2000	66,616	25,106	13,024	8.50%
2001	67,100	26,715	12,910	9.40%
2002	67,600	27,812	12,777	8.90%
2003	67,900	Not Available	12,941	9.10%
2004	68,400	Not Available	Not Available	5.90%

(1) Population Source: Washington State Office of Financial Management (OFM) - 2001 through 2004 are OFM projections.

(2) Per Capita Income Source: Bureau of Economic Analysis at <http://www.bea.gov/bea/regional/reis/>

(3) School Enrollment Source: <http://www.k12.wa.us/dataadmin/>

(4) Unemployment Rate Source: Washington State Employment Security Department, annual average at <http://www.workforceexplorer.com>

CHELAN COUNTY, WASHINGTON

Miscellaneous Statistics

December 31, 2004

Date of Incorporation	1899
Form of Government	Board of Commissioners
Number of County Employees	474
County Population	68,400
County Area in Square Miles	2,920
Miles of County Roads	663
Fire Protection:	
Number of districts	7
Law Enforcement	
Number of Sheriff employees:	
Commissioned	56
Non-commissioned	12
Average daily jail population	287
Building Permits	
Total permits issued	655
Public Schools	
Number of Districts	7
Number of schools	33
Number of students	12,941
General Election	
Number of registered voters	37,395
Number of votes	29,617
Percent of registered voter voting	79.20%