

CHELAN COUNTY WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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, 2006

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Evelyn L. Arnold, CPA
AUDITOR

Chelan County

June 30, 2007

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, 2006. 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, 2006, 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, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component on the financial section of this report.

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

Chelan County Courthouse, 350 Orondo Avenue, Post Office Box 400, Wenatchee, WA 98807-0400
Phone (509) 667-6800 Fax (509) 667-6818 Website: www.co.chelan.wa.us

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, construction of a 60-bed annex to the Regional Justice Center, and a remodel of the Auditorium building. The County has used bonds and real estate excise tax proceeds 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 4.16% in December 2005 to 5.21% in December 2006.

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-eight 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 2006, there were 25 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.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chelan County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the second consecutive year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

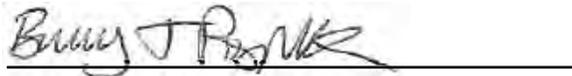
We express our appreciation to those who have devoted their time to the preparation of this report; especially the Financial Services staff in the Chelan County Auditor's office as well as those who helped compile information such as the staff in the Chelan County Treasurer and Assessor's offices.

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chelan County
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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

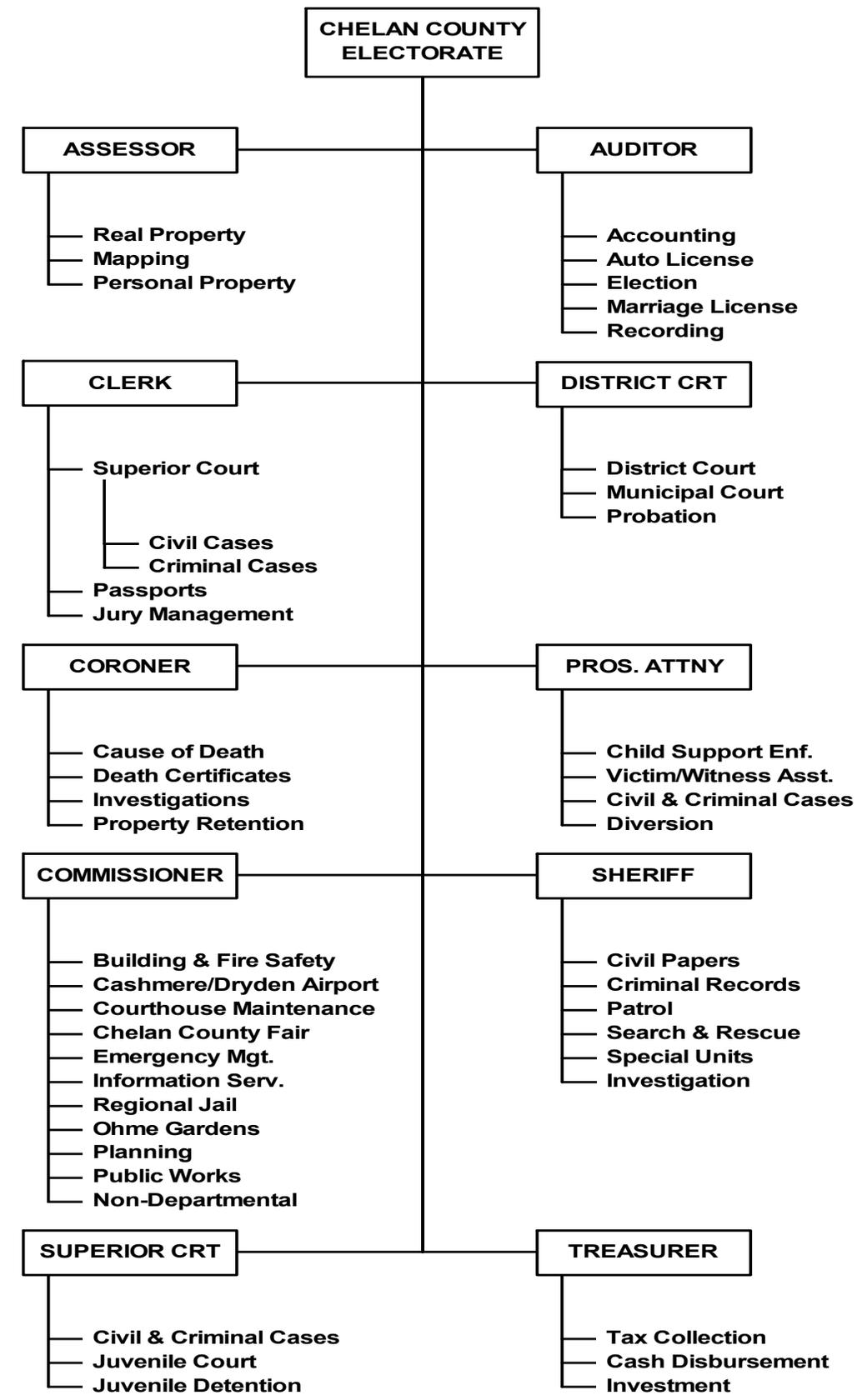


President

Executive Director

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 31, 2008
District 2	Keith Goehner	4	December 31, 2010
District 3	Buell Hawkins	4	December 31, 2008
<u>Other County Officials:</u>			
Assessor	Russell Griffith	4	December 31, 2010
Auditor	Evelyn L. Arnold	4	December 31, 2010
Clerk	Siri A. Woods	4	December 31, 2010
Coroner	Wayne Harris	4	December 31, 2010
Prosecuting Attorney	Gary A. Riesen	4	December 31, 2010
Sheriff	Mike Harum	4	December 31, 2010
Treasurer	David Griffiths	4	December 31, 2010
<u>District Court Judges:</u>			
	Alicia Nakata	4	January 9, 2011
	Nancy Harmon	4	January 9, 2011
<u>Superior Court Judges:</u>			
	Chip Small	4	December 31, 2008
	Lesley Allan	4	December 31, 2008
	John E. Bridges	4	December 31, 2008
<u>Appointed Officers:</u>			
Director of Public Works/ County Engineer		Greg Pezoldt	
Director of Planning & Building		John Guenther	
Department of Information Manager		Fred Hart	
Juvenile Center Administrator		Philip Jans	
Building Maintenance Supervisor		Pat DuLac	
Fair Manager		Marsha Clute	
<u>Members of Legislature:</u>			
<u>Legislative District</u> 12th	<u>State Senator</u> Linda Evans Parlette	<u>State Representatives</u> Cary Condotta Mike Armstrong	
<u>Mailing Address:</u>			
	Chelan County Auditor Chelan County Courthouse Washington and Orondo Streets P. O. Box 400 Wenatchee, WA 98807		

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**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 7, 2007

Board of Commissioners
Chelan County
Wenatchee, Washington

We have audited the accompanying financial statements of the 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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chelan County, Washington, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and County Roads Special Revenue funds 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 11 through 19 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 and individual fund statements and schedules on pages 57 through 140 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This 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 fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

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, 2006. 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 \$66,342,076. Of this amount, \$15,962,447 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,290,827, excluding prior period adjustments.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$14,201,083, a decrease of \$1,934,366 in comparison with the prior year. Approximately 78% of the total amount, \$11,084,356, 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 \$2,717,995, or 10% of total general fund expenditures.
- The County's total non-current debt decreased by \$1,371,861 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 22-23.

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 38 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 the Juvenile Building Debt Service fund, all of which are considered to be major funds. Data from the other 35 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 24-29 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 35-56 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 57-134 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 \$66,342,076 at the close of the most recent fiscal year. This increased greatly over the previous year due mostly to the retrospective reporting of infrastructure assets (see note 15).

A large portion of the County's net assets (71%) 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	
	2006	2005	2006	2005	2006	2005
Current & other assets	23,125,668	23,619,985	1,634,411	2,199,554	24,760,079	25,819,539
Capital assets (net of depr.)	59,418,677	40,162,675	2,106,615	2,143,523	61,525,292	42,306,198
Total assets	82,544,345	63,782,660	3,741,026	4,343,077	86,285,371	68,125,737
Long-term liabilities	15,710,413	17,144,964	407,579	344,888	16,117,992	17,489,852
Other liabilities	3,281,007	2,387,268	544,296	555,149	3,825,303	2,942,418
Total liabilities	18,991,419	19,532,232	951,875	900,038	19,943,294	20,432,270
Net assets:						
Invested in capital assets						
Net of related debt	45,256,287	23,064,659	2,106,615	2,138,608	47,362,902	25,203,267
Restricted	3,016,727	2,423,099	-	-	3,016,727	2,423,099
Unrestricted	15,279,911	18,762,671	682,535	1,304,432	15,962,447	20,067,102
Total net assets	63,552,926	44,250,429	2,789,150	3,443,039	66,342,076	47,693,468

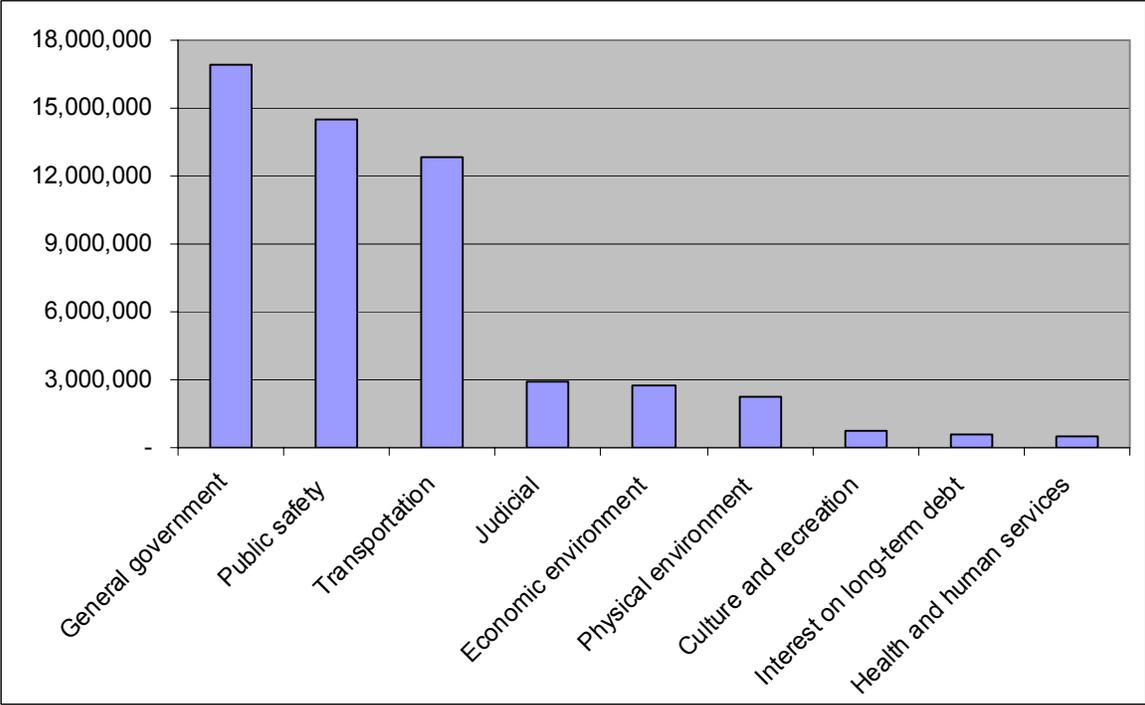
Chelan County's Changes in Net Assets

Revenues	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program revenues:						
Charges for services	18,822,825	15,980,706	7,617,863	7,137,814	26,440,688	23,118,520
Operating grants and contrib.	4,888,389	6,714,602	378,208	412,792	5,266,596	7,127,394
Capital grants and contributions	1,551,641	2,263,123	-	-	1,551,641	2,263,123
General revenues:						
Taxes	29,084,634	28,018,756	46,001	46,768	29,130,635	28,065,525
Interest earnings on invest.	1,541,264	888,244	27,501	11,210	1,568,764	899,454
Other	5,606	794,711	41,565	291,352	47,171	1,086,063
Total revenues	55,894,358	54,660,144	8,111,137	7,899,936	64,005,495	62,560,080
Program Expenses						
General government	16,875,815	15,820,567	-	-	16,875,815	15,820,567
Public safety	2,878,666	2,788,489	-	-	2,878,666	2,788,489
Judicial	14,505,817	15,300,244	-	-	14,505,817	15,300,244
Physical environment	2,218,962	2,298,744	-	-	2,218,962	2,298,744
Transportation	12,860,070	8,564,054	-	-	12,860,070	8,564,054
Health and human services	466,656	501,035	-	-	466,656	501,035
Economic environment	2,762,824	2,090,119	-	-	2,762,824	2,090,119
Culture and recreation	780,326	837,424	-	-	780,326	837,424
Utilities	-	-	1,088,631	980,186	1,088,631	980,186
Regional justice center	-	-	7,116,572	5,917,493	7,116,572	5,917,493
Other	-	-	615,657	624,481	615,657	624,481
Interest on long term debt	544,672	592,364	-	-	544,672	592,364
Total expenses	53,893,807	48,793,040	8,820,861	7,522,161	62,714,668	56,315,201
Excess (deficiency) revenues over (under) expenses	2,000,551	5,867,104	(709,724)	377,776	1,290,827	6,244,879
Transfers	(55,835)	4,476	55,835	(4,476)	-	-
Change in net assets	1,944,716	5,871,580	(653,889)	373,300	1,290,827	6,244,879
Net assets as of Jan 1	44,250,429	38,378,850	3,443,039	3,069,740	47,693,468	41,448,589
Prior period adjustment	17,357,781	-	-	-	17,357,781	-
Net assets as of Jan 1, restated	61,608,210	38,378,850	3,443,039	3,069,740	65,051,249	41,448,589
Net assets as of Dec 31	63,552,926	44,250,429	2,789,150	3,443,039	66,342,076	47,693,468

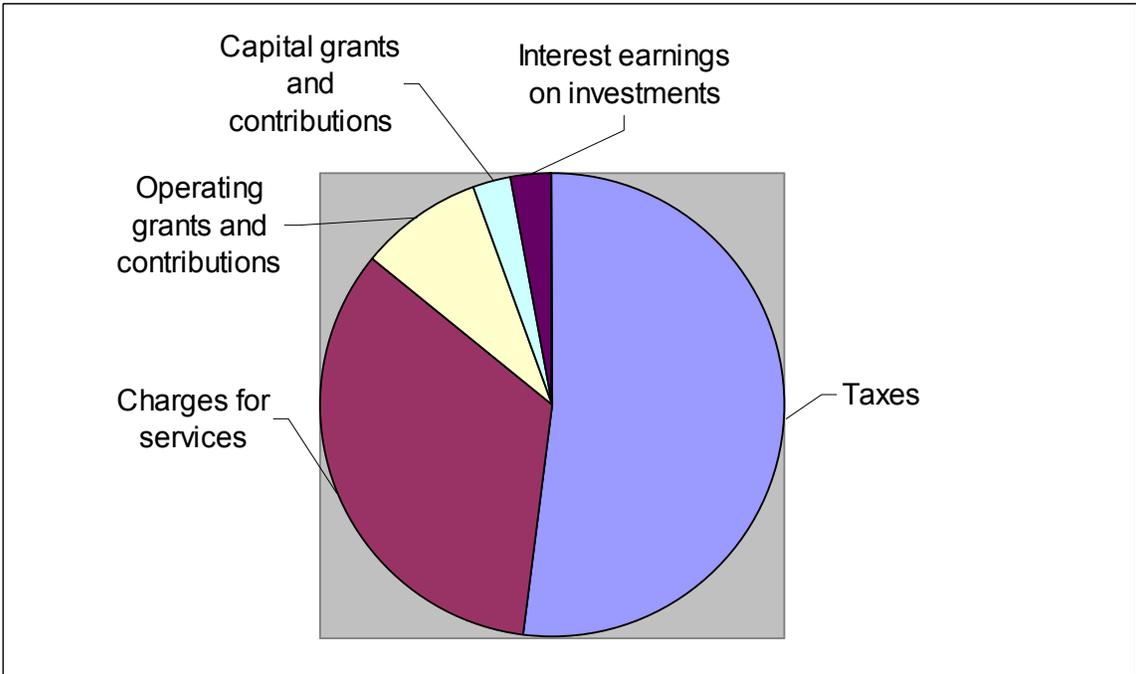
Governmental Activities. Excluding the prior period adjustment, governmental activities increased Chelan County’s net assets by \$1,944,716. This was due largely to three key factors:

- Paying down bond principal without incurring additional debt during the year.
- Utilizing special tax revenues for the remodel of the Auditorium rather than incurring additional debt.
- Sales taxes and other revenue sources were up due to strong growth in Chelan County.

Expenses – Governmental Activities



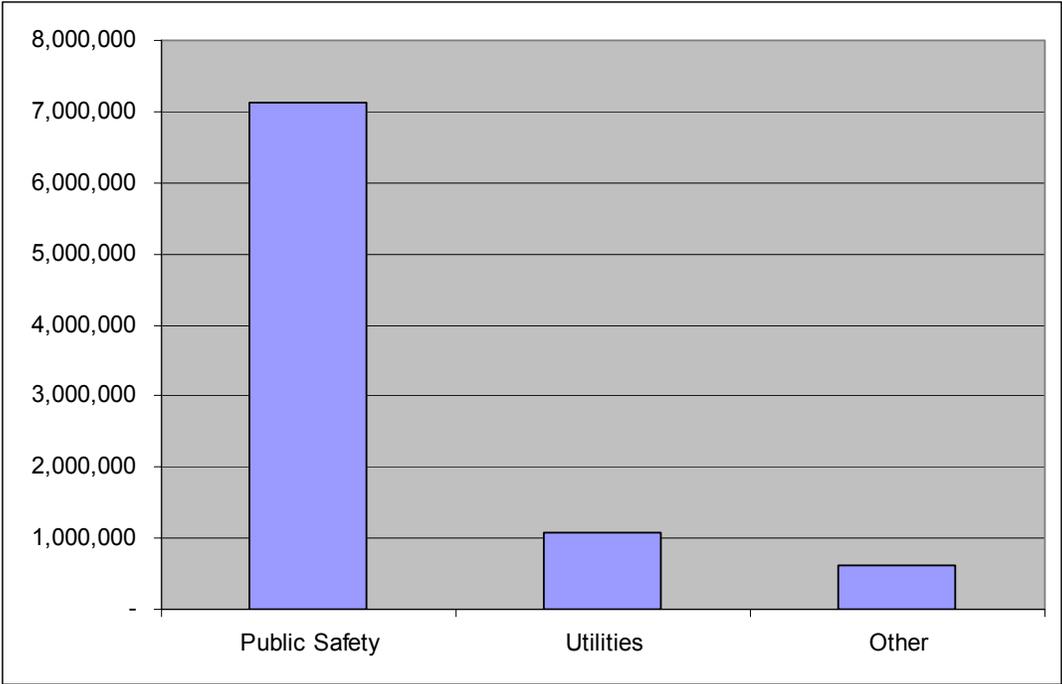
Revenues by Source – Governmental Activities



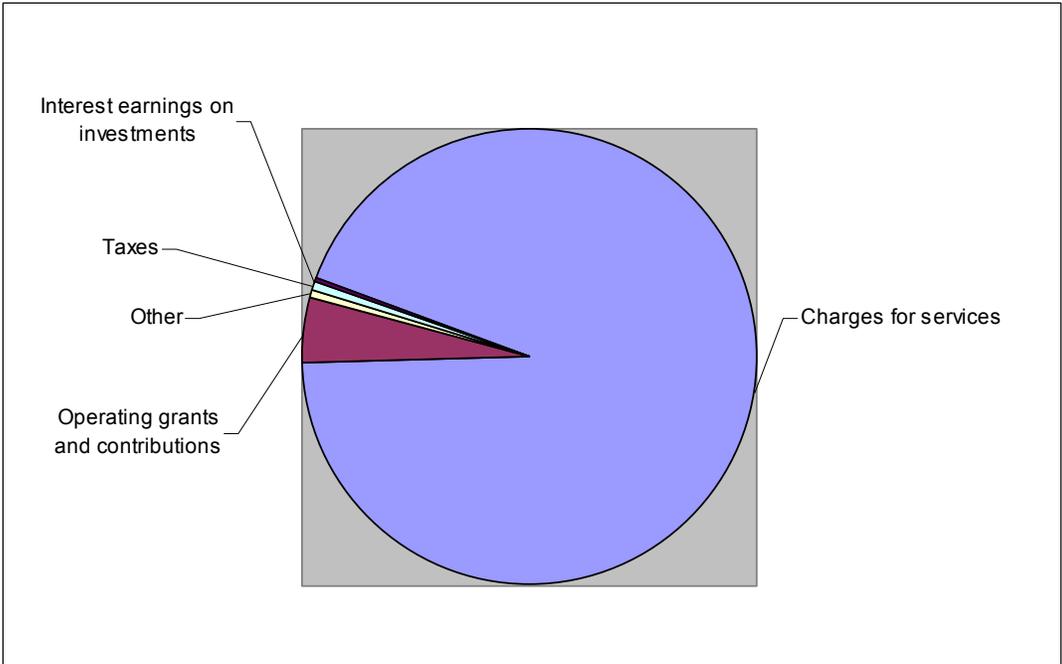
Business-type Activities. Business-type activities decreased Chelan County's net assets by \$653,889. This is due to a couple factors:

- Operating revenues fell short of operating expenses in the Regional Justice Center. Some of this was due to the costs of opening a new 60 bed Jail annex that started operations toward the end of 2005.
- The Solid Waste fund helped make up for some of the business-type decrease by increasing its net asset by 38% from \$1,068,754 to \$1,474,353.

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, and Juvenile Building Debt funds made up the County's major funds during the most recent fiscal year. Together these three funds account for 72% of total governmental fund assets and 70% 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 \$14,201,083, a decrease of \$1,934,366 in comparison with the prior year. Approximately 78% of this total amount (\$11,084,356) constitutes unreserved fund balance, which is available for spending within the designated funds. The remainder of fund balance (\$3,116,727) 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 \$2,717,995. 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 10 percent of total general fund expenditures.

The fund balance of Chelan County's General fund increased by \$824,169 during the current fiscal year. This was the first time since 2002 that the General fund reported an increase in fund balance. In previous years, total general expenditures were growing faster than revenues. Due to tighter budgeting, it appears that this trend has turned around.

The fund balance of the County Roads special revenue fund decreased by \$1,631,874 during the current fiscal year. This appears to be due to an increase in County Road projects that used funds from previous years.

The fund balance of the Juvenile Building Debt Service fund increased by \$593,628 during the current fiscal year. This was due to tax revenues received that were in excess of the current year bond liabilities paid.

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

Total net assets of the Solid Waste fund at the end of the year amounted to \$1,474,353. The total increase in net assets for this fund was \$405,599. This appears to be due, in part, to a significant increase in intergovernmental revenue during the current year.

Total net assets of the Regional Justice Center fund at the end of the year amounted to \$572,199. The total decrease in net assets for this fund was \$1,054,644. This is due in part to the operating revenues falling short of operating expenses during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget amounted to a \$1,151,810 increase in appropriations and can be briefly summarized as follows:

Department	Amount of Increase	Explanation
Assessor	4,040	Increased for travel costs. This amount was provided from the available fund balance.
Community Development	42,000	Increased for general services. This amount was expected to be provided from an increase in building permits.
Clerk	3,000	Increased for travel costs. This amount was provided from the available fund balance.
Commissioners	22,000	Increased for salary costs. This amount was expected to be provided from an increase in interfund revenues.
Facilities Maintenance	1,000	Increased for extra help. This amount was provided from the available fund balance.
District Court	24,950	Increased for additional services. This amount was expected to be provided from an increase in civil infraction penalties.
District Court Probation	1,825	Increased for additional interpreting services. This amount was provided from the available fund balance.
Extension	29,435	Increased for additional salaries, benefits, and supplies. This amount was expected to be provided from an increase in various revenues.
Horticulture	75,000	Increased for additional services. This amount was expected to be provided from grant revenue.
Juvenile	3,000	Increased for additional services. This amount was provided from the available fund balance.
Non-departmental	95,335	Increased for severance pay, benefits, repay the Fair's loan, and a transfer to Natural Resources. This amount was provided from the available fund balance.
Sheriff	799,135	Increased for additional general operating expenses. This amount was expected to be provided from an increase in several revenue sources and the available fund balance.
Superior Court	87,500	Increased for additional supplies and services. This amount was provided from the available fund balance.
Several departments	(36,410)	Decreased budget to several departments in accordance to the county's carryout incentive program.
Total	1,151,810	

Of this increase, \$933,303 was to be funded out of miscellaneous increases in various charges for services. The remaining \$218,507 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, 2006, amounts to \$61,525,292 (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 47% (a 49% increase for governmental activities and a 2% decrease for business-type activities). This large increase was due to retrospective reporting of infrastructure assets (see note 15).

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

- \$2,169,130 in additional costs to the Auditorium building remodel and parking lot improvements.
- Numerous large equipment purchases and reduction were made by the equipment rental and revolving fund.

Chelan County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	1,861,706	1,861,706	8,096	8,096	1,869,802	1,869,802
Other improvements	1,391,817	1,149,446	157,378	157,378	1,549,195	1,306,824
Construction in progress	1,215,288	-	-	-	1,215,288	-
Buildings & structures	23,478,179	22,275,459	1,469,770	1,524,875	24,947,948	23,800,334
Machinery & equipment	8,533,932	8,717,049	471,372	453,174	9,005,304	9,170,223
Infrastructure	22,937,756	6,159,014	-	-	22,937,756	6,159,014
Total	59,418,677	40,162,674	2,106,615	2,143,523	61,525,292	42,306,197

Additional information on the County's capital assets can be found in note 5 on page 44.

Long-term Debt. At the end of the current fiscal year, Chelan County had total bonded debt outstanding of \$14,153,958. 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 \$1,435,544 (9%) during the current fiscal year. The key factor in this was the regular payment of principal on general obligation bonds.

During 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 8(b) on page 53 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

Government-wide Statement of Net Assets – presents information on all county governmental and business-type assets and liabilities, with the difference reported as net assets.

Government-wide Statement of Activities – presents information on all County governmental and business-type revenues and expenses, with the difference reported as change in net assets.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

CHELAN COUNTY, WASHINGTON

Statement of Net Assets December 31, 2006

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	12,699,655	730,343	13,429,999
Deposits with fiscal agents	67,253	8,633	75,886
Investments	7,797,906	597,596	8,395,502
Accounts receivable	112,947	78,990	191,937
Taxes receivable	401,895	-	401,895
Interest receivable	75,805	2,599	78,404
Due from other governments	1,177,432	319,233	1,496,665
Internal balances	102,984	(102,984)	-
Inventory	689,790	-	689,790
Capital assets not being depreciated:			
Land	1,861,706	8,096	1,869,802
Other improvements	156,983	157,378	314,361
Construction in progress	1,215,288	-	1,215,288
Capital assets net of accumulated depreciation:			
Other improvements	1,234,834	-	1,234,834
Buildings	23,478,179	1,469,770	24,947,948
Equipment	8,533,932	471,371	9,005,304
Infrastructure	22,937,756	-	22,937,756
Total capital assets	59,418,677	2,106,615	61,525,292
Total assets:	82,544,345	3,741,026	86,285,371
LIABILITIES			
Accounts payable	1,277,920	85,104	1,363,024
Due to other governments	115,345	7,995	123,340
Other accrued liabilities	1,887,742	451,197	2,338,939
Noncurrent liabilities:			
Due within one year	3,034,314	77,377	3,111,691
Due in more than one year	12,676,099	330,202	13,006,301
Total liabilities	18,991,419	951,875	19,943,294
NET ASSETS			
Invested in capital assets, net of related debt	45,256,287	2,106,615	47,362,902
Restricted for:			
Debt service	3,016,727	-	3,016,727
Unrestricted	15,279,911	682,535	15,962,447
Total net assets	63,552,926	2,789,150	66,342,076

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

CHELAN COUNTY, WASHINGTON

Statement of Activities
For the Year Ended December 31, 2006

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	16,875,815	8,268,024	303,890	302,055	(8,001,847)	-	(8,001,847)
Judicial	2,878,666	2,634,870	743,306	-	499,510	-	499,510
Public safety	14,505,817	2,198,422	2,146,057	-	(10,161,338)	-	(10,161,338)
Physical environment	2,218,962	85,411	1,221,152	-	(912,399)	-	(912,399)
Transportation	12,860,070	3,659,967	8,941	1,249,586	(7,941,576)	-	(7,941,576)
Health and human services	466,656	751	18,040	-	(447,865)	-	(447,865)
Economic environment	2,762,824	1,771,371	197,891	-	(793,562)	-	(793,562)
Culture and recreation	780,326	204,010	249,113	-	(327,203)	-	(327,203)
Interest on long-term debt	544,672	-	-	-	(544,672)	-	(544,672)
Total governmental activities	53,893,807	18,822,825	4,888,389	1,551,641	(28,630,953)	-	(28,630,953)
Business-type activities:							
Utilities	1,088,631	1,048,184	343,454	-	-	303,008	303,008
Public safety	7,116,572	6,083,928	-	-	-	(1,032,644)	(1,032,644)
Other	615,657	485,751	34,753	-	-	(95,154)	(95,154)
Total business-type activities	8,820,861	7,617,863	378,208	-	-	(824,790)	(824,790)
Total primary government	62,714,668	26,440,688	5,266,596	1,551,641	(28,630,953)	(824,790)	(29,455,743)
General revenues							
Taxes:							
Property					14,079,978	-	14,079,978
Sales and use					6,230,355	-	6,230,355
Motor vehicle fuel tax					2,238,789	-	2,238,789
Other taxes					6,535,512	46,001	6,581,513
Interest and investment earnings					1,541,264	27,501	1,568,764
Miscellaneous					5,606	41,565	47,171
Transfers					(55,835)	55,835	-
Total general revenues and transfers					30,575,669	170,901	30,746,570
Change in net assets					1,944,716	(653,889)	1,290,827
Net assets - beginning					44,250,429	3,443,039	47,693,468
Prior period adjustment					17,357,781	-	17,357,781
Net assets - beginning, restated					61,608,210	3,443,039	65,051,249
Net assets - ending					63,552,926	2,789,150	66,342,076

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

CHELAN COUNTY, WASHINGTON

Balance Sheet
 Governmental Funds
 December 31, 2006

	General Fund	County Roads	Juvenile Building Debt	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Cash Equivalents	1,620,079	4,807,842	-	2,297,274	8,725,195
Deposits with Fiscal Agents	-	28,453	-	-	28,453
Investments	1,942,613	-	3,009,868	2,228,002	7,180,483
Accounts Receivable	91,523	667	-	6,054	98,244
Taxes Receivable	257,894	138,904	-	5,097	401,895
Interest Receivable	55,425	-	6,860	10,886	73,170
Due from Other Funds	123,084	2,661	-	5,000	130,746
Due from Other Governments	627,450	48,050	-	500,452	1,175,953
Advances to Other Funds - Restricted	-	100,000	-	-	100,000
Total assets	4,718,068	5,126,578	3,016,727	5,052,765	17,914,138
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	224,634	147,732	-	515,116	887,483
Due to Other Funds	10,327	350,047	-	104,049	464,423
Interfund Loans Payable	-	-	-	37,500	37,500
Due to Other Governments	55,268	4,271	-	23,460	82,998
Other Accrued Liabilities	1,451,949	318,223	-	68,584	1,838,756
Deferred Revenue	257,894	138,904	-	5,097	401,895
Total Liabilities	2,000,072	959,177	-	753,806	3,713,055
Fund balances:					
Reserved for:					
Long-Term Loans and Advances	-	100,000	-	-	100,000
Debt Service	-	-	3,016,727	-	3,016,727
Unreserved, reported in:					
General Fund	2,717,995	-	-	-	2,717,995
Special Revenue Funds	-	4,067,401	-	3,019,129	7,086,530
Capital Projects Funds	-	-	-	1,279,830	1,279,830
Total fund balances	2,717,995	4,167,401	3,016,727	4,298,959	14,201,083
Total liabilities and fund balances	4,718,068	5,126,578	3,016,727	5,052,765	17,914,138

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, 2006

Fund balances of governmental funds:		14,201,083
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	94,155,826	
Depreciation	(41,808,966)	
Capital assets net of depreciation		52,346,861
Liabilities for earned but deferred property tax revenues are removed from governmental activities.		401,895
Long-term debt and compensated absences that have not been included in the governmental fund activity		
Bonds payable	(14,153,958)	
Compensated absences	(1,510,982)	
Leases payable	(8,432)	
Long-term debt		(15,673,372)
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	12,806,043	
Liabilities	(529,585)	
Internal service net assets		12,276,459
Net assets of governmental activities		<u>63,552,926</u>

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

CHELAN COUNTY, WASHINGTON

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2006

	General Fund	County Roads	Juvenile Building Debt	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	14,698,357	4,518,887	1,441,070	4,226,837	24,885,151
Licenses and permits	832,002	-	-	-	832,002
Intergovernmental revenues	6,373,661	3,502,177	-	1,985,459	11,861,297
Charges for services	4,196,879	535,004	-	651,544	5,383,426
Fees and fines	1,295,888	-	-	7,832	1,303,721
Miscellaneous	1,445,815	286,096	168,719	385,859	2,286,489
Total revenues	<u>28,842,602</u>	<u>8,842,164</u>	<u>1,609,790</u>	<u>7,257,530</u>	<u>46,552,086</u>
EXPENDITURES					
Current:					
General government	11,607,156	-	-	137,177	11,744,332
Security of persons and property	13,187,160	-	-	1,062,365	14,249,525
Utilities and environment	267,972	-	-	1,949,866	2,217,838
Transportation	-	7,965,507	-	21,996	7,987,502
Economic environment	1,758,355	-	-	1,061,210	2,819,565
Mental and physical health	457,102	-	-	95,368	552,469
Culture and recreation	476,227	-	-	179,725	655,953
Debt Service:					
Principal	-	-	880,000	450,543	1,330,543
Interest and other charges	-	-	136,161	413,317	549,479
Capital outlay	37,242	2,514,571	-	3,764,786	6,316,599
Total expenditures	<u>27,791,213</u>	<u>10,480,078</u>	<u>1,016,161</u>	<u>9,136,352</u>	<u>48,423,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,051,388</u>	<u>(1,637,913)</u>	<u>593,628</u>	<u>(1,878,822)</u>	<u>(1,871,719)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	6,648	6,040	-	2,500	15,188
Transfers in	44,268	-	-	2,562,300	2,606,568
Transfers out	(278,135)	-	-	(2,406,268)	(2,684,402)
Total other financing sources and uses	<u>(227,219)</u>	<u>6,040</u>	<u>-</u>	<u>158,532</u>	<u>(62,647)</u>
Net change in fund balances	824,169	(1,631,874)	593,628	(1,720,290)	(1,934,366)
Fund balances - beginning	1,893,826	5,799,275	2,423,099	6,019,248	16,135,447
Fund balances - ending	<u>2,717,995</u>	<u>4,167,401</u>	<u>3,016,727</u>	<u>4,298,959</u>	<u>14,201,083</u>

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

CHELAN COUNTY, WASHINGTON

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2006

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) \$ (1,934,366)

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.

Increases in governmental fund capital assets	4,812,932	
Decreases in governmental fund capital assets	(67,304)	
Increases in governmental fund depreciation expense	(2,620,938)	
Decreases in governmental fund depreciation expense	<u>59,687</u>	
		2,184,377

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount accounts for the change in deferred revenues in the current period. (13,554)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Decreases in governmental fund bonds payable	1,435,544	
Increases in governmental fund compensated absences payable	(69,459)	
Decreases in governmental fund compensated absences payable	9,953	
Decreases in governmental fund leases payable	<u>4,256</u>	
		1,380,294

The net revenue of certain activities of internal service funds is reported with governmental activities. 327,965

Change in net assets of governmental activities (page 22) \$ 1,944,716

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	14,377,217	14,377,217	14,698,357	321,140
Licenses and permits	729,483	769,483	832,002	62,519
Intergovernmental revenues	5,990,880	6,597,118	6,373,661	(223,457)
Charges for services	3,732,427	3,985,881	4,196,879	210,998
Fees and fines	1,111,340	1,136,290	1,295,888	159,598
Miscellaneous	760,077	768,738	1,445,815	677,077
Total revenues	<u>26,701,424</u>	<u>27,634,727</u>	<u>28,842,602</u>	<u>1,207,875</u>
EXPENDITURES				
General government				
Assessor	1,106,651	1,112,790	1,081,348	31,442
Auditor	1,023,026	1,023,026	1,014,842	8,185
Board of Equalization	7,168	7,168	3,917	3,251
Clerk	958,494	959,327	927,090	32,238
Commissioners	573,176	599,545	595,290	4,255
Information Technology	763,737	767,804	747,643	20,161
Facilities Maintenance	1,374,133	1,365,133	1,364,758	375
District Court	1,031,482	1,044,531	1,005,147	39,384
Nondepartmental	1,648,793	1,667,293	1,634,555	32,738
Child Support Enforcement	427,055	434,372	413,650	20,722
Prosecuting Attorney	1,441,098	1,439,014	1,404,294	34,720
Superior Court	879,507	967,633	917,101	50,532
Treasurer	508,216	508,499	497,521	10,978
Security of persons and property				
Civil Service Commission	36,388	36,559	36,223	336
District Court Probation	362,904	365,345	361,602	3,743
Juvenile	2,547,305	2,543,922	2,455,325	88,597
Nondepartmental - law enforcement	2,547,721	2,547,721	2,535,537	12,184
Sheriff	7,134,527	7,921,162	7,798,472	122,690
Utilities and environment				
Horticulture	66,068	142,140	59,902	82,238
Nondepartmental - environment	205,120	205,120	208,069	(2,949)
Economic environment				
Community Development	1,790,715	1,822,852	1,755,345	67,507
Coroner - welfare	2,000	4,500	3,010	1,490
Mental and physical health				
Coroner	207,288	204,758	142,808	61,950
Nondepartmental - public health	314,294	314,294	314,294	0
Culture and recreation				
Extension	445,116	478,480	467,556	10,924
Nondepartmental - park	8,700	8,700	8,671	29
Capital outlay	7,500	19,469	37,242	(17,773)
Total expenditures	<u>27,418,182</u>	<u>28,511,157</u>	<u>27,791,213</u>	<u>719,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(716,758)</u>	<u>(876,430)</u>	<u>1,051,388</u>	<u>1,927,819</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,000	2,000	6,648	4,648
Transfers in	44,187	44,187	44,268	81
Transfers out	(205,300)	(264,135)	(278,135)	(14,000)
Total other financing sources and uses	<u>(159,113)</u>	<u>(217,948)</u>	<u>(227,219)</u>	<u>(9,271)</u>
Net change in fund balances	(875,871)	(1,094,378)	824,169	1,918,548
Fund balances - beginning	1,934,418	1,934,418	1,893,826	(40,593)
Fund balances - ending	<u>1,058,547</u>	<u>840,040</u>	<u>2,717,995</u>	<u>1,877,955</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	4,521,757	4,521,757	4,518,887	(2,870)
Intergovernmental revenues	8,154,278	8,154,278	3,502,177	(4,652,101)
Charges for services	407,950	407,950	535,004	127,054
Miscellaneous	100	100	286,096	285,996
Total revenues	<u>13,084,085</u>	<u>13,084,085</u>	<u>8,842,164</u>	<u>(4,241,921)</u>
EXPENDITURES				
Current:				
Transportation	8,037,352	8,037,352	7,965,507	71,845
Capital outlay	6,571,405	6,571,405	2,514,571	4,056,834
Total expenditures	<u>14,608,757</u>	<u>14,608,757</u>	<u>10,480,078</u>	<u>4,128,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,524,672)</u>	<u>(1,524,672)</u>	<u>(1,637,913)</u>	<u>(113,241)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	50	50	6,040	5,990
Total other financing sources and uses	<u>50</u>	<u>50</u>	<u>6,040</u>	<u>5,990</u>
Net change in fund balances	(1,524,622)	(1,524,622)	(1,631,874)	(107,252)
Fund balances - beginning	<u>3,837,740</u>	<u>3,837,740</u>	<u>5,799,275</u>	<u>1,961,535</u>
Fund balances - ending	<u><u>2,313,118</u></u>	<u><u>2,313,118</u></u>	<u><u>4,167,401</u></u>	<u><u>1,854,283</u></u>

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

CHELAN COUNTY, WASHINGTON

Statement of Net Assets
 Proprietary Funds
 December 31, 2006

	Business-Type Activities Enterprise Funds			Totals	Governmental Activities
	Solid Waste	Regional	Nonmajor		Internal Service Funds
		Justice Center	Enterprise Funds		
ASSETS					
Current assets:					
Cash and cash equivalents	408,563	195,109	126,671	730,343	3,974,460
Deposits with fiscal agents	8,633	-	-	8,633	38,800
Investments	344,880	-	252,716	597,596	617,423
Accounts receivable	78,990	-	-	78,990	14,703
Interest receivable	1,499	-	1,100	2,599	2,635
Due from other funds	-	3,878	-	3,878	357,436
Interfund loan receivable	-	-	-	-	37,500
Due from other governments	9,019	268,688	41,526	319,233	1,479
Inventory	-	-	-	-	689,790
Total current assets	<u>851,585</u>	<u>467,675</u>	<u>422,013</u>	<u>1,741,273</u>	<u>5,734,227</u>
Noncurrent assets:					
Capital assets: net of accumulated depreciation)					
Land	8,096	-	-	8,096	-
Buildings	496,616	853,443	119,711	1,469,770	44,052
Other improvements	157,378	-	-	157,378	-
Equipment	23,116	114,205	334,051	471,371	7,027,764
Total noncurrent assets	<u>685,206</u>	<u>967,648</u>	<u>453,762</u>	<u>2,106,615</u>	<u>7,071,817</u>
Total assets	<u>1,536,791</u>	<u>1,435,323</u>	<u>875,775</u>	<u>3,847,888</u>	<u>12,806,043</u>
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	38,046	45,459	1,599	85,104	390,437
Due to other funds	93	3,173	3,597	6,863	20,774
Due to other governments	5,926	1,708	362	7,995	32,347
Other accrued liabilities	16,418	417,307	17,472	451,197	48,986
Total current liabilities	<u>60,482</u>	<u>467,647</u>	<u>23,030</u>	<u>551,159</u>	<u>492,544</u>
Noncurrent liabilities:					
Advances from other funds	-	-	100,000	100,000	-
Compensated absences	1,956	395,477	10,146	407,579	37,041
Total noncurrent liabilities	<u>1,956</u>	<u>395,477</u>	<u>110,146</u>	<u>507,579</u>	<u>37,041</u>
Total liabilities	<u>62,438</u>	<u>863,124</u>	<u>133,176</u>	<u>1,058,738</u>	<u>529,585</u>
NET ASSETS					
Invested in capital assets, net of related debt	685,206	967,648	453,762	2,106,615	7,071,817
Unrestricted	789,147	(395,449)	288,837	682,535	5,204,642
Total net assets	<u>1,474,353</u>	<u>572,199</u>	<u>742,599</u>	<u>2,789,150</u>	<u>12,276,459</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, 2006

	Business-Type Activities Enterprise Funds			Totals	Governmental Activities
	Solid Waste	Regional Justice Center	Nonmajor Enterprise Funds		Internal Service Fund
OPERATING REVENUES					
Intergovernmental revenues	299,945	2,523,690	82,580	2,906,215	17,789
Charges for services	895,911	2,605,910	259,467	3,761,288	1,037,005
Fines & forfeits	-	18,535	-	18,535	-
Miscellaneous	58,381	944,224	423,995	1,426,599	8,202,874
Total operating revenues	1,254,237	6,092,358	766,042	8,112,638	9,257,668
OPERATING EXPENSES					
Salaries	74,565	4,119,029	256,287	4,449,881	453,256
Personnel benefits	20,786	1,467,108	97,744	1,585,637	134,347
Supplies	11,935	456,995	55,023	523,953	1,222,604
Other services & charges	633,441	367,110	338,080	1,338,630	5,580,002
Intergovernmental/interfund services and taxes	22,146	-	4,068	26,214	-
Interfund payments for services	74,433	665,132	42,112	781,677	170,019
Depreciation	18,263	41,199	51,515	110,978	1,471,919
Total operating expenses	855,569	7,116,572	844,830	8,816,971	9,032,146
Operating income (loss)	398,669	(1,024,214)	(78,788)	(704,333)	225,522
NONOPERATING REVENUES (EXPENSES)					
Taxes	6,930	-	-	6,930	-
Debt service - interest	-	-	(3,890)	(3,890)	(2,528)
Gain/loss on sale of capital assets	-	(8,430)	-	(8,430)	82,971
Total nonoperating revenues (expenses)	6,930	(8,430)	(3,890)	(5,391)	80,443
Income (loss) before contributions and transfers	405,599	(1,032,644)	(82,678)	(709,724)	305,965
Transfers in	-	-	77,835	77,835	22,000
Transfers out	-	(22,000)	-	(22,000)	-
Change in net assets	405,599	(1,054,644)	(4,843)	(653,889)	327,965
Total net assets - beginning	1,068,754	1,626,844	747,442	3,443,039	11,948,494
Total net assets - ending	1,474,353	572,199	742,599	2,789,150	12,276,459

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, 2006

	Business-Type Activities Enterprise Funds			Totals	Governmental Activities
	Solid Waste	Regional Justice Center	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	1,213,441	6,344,543	821,937	8,379,921	9,280,686
Cash payments to suppliers	(821,137)	(1,468,225)	(498,445)	(2,787,807)	(6,696,044)
Cash payments to employees and retirees	(84,738)	(5,462,052)	(359,281)	(5,906,071)	(596,215)
Net cash provided (used) by operating activities	307,566	(585,734)	(35,789)	(313,958)	1,988,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal and interest paid on noncapital debt	-	-	(3,890)	(3,890)	-
Transfers in	-	-	77,835	77,835	22,000
Transfers out	-	(22,000)	-	(22,000)	-
Advances from other funds	-	-	20,000	20,000	-
Tax receipts	6,930	-	-	6,930	-
Net cash provided (used) by noncapital financing activities	6,930	(22,000)	93,944	78,874	22,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Proceeds from sale of equipment	-	14,182	-	14,182	155,295
Acquisition and construction of capital assets	(7,905)	(76,530)	(12,248)	(96,683)	(1,258,086)
Principal and interest payments for capital debt	-	-	-	-	(2,528)
Net cash provided (used) by capital financing activities	(7,905)	(62,348)	(12,248)	(82,501)	(1,105,319)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	-	-	-	-	18,892
Purchase of investments	(72,778)	-	(35,812)	(108,590)	166,182
Interest on investments	(570)	-	(310)	(880)	166
Net cash provided (used) by investing activities	(73,348)	-	(36,121)	(109,470)	185,240
Net increase (decrease) in cash and cash equivalents	233,243	(670,082)	9,785	(427,054)	1,090,348
Cash and cash equivalents, January 1	175,321	865,191	116,886	1,157,397	2,884,112
Cash and cash equivalents, December 31	408,563	195,109	126,671	730,343	3,974,460

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	398,669	(1,024,214)	(78,788)	(704,333)	225,522
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:					
Depreciation and amortization of deferred charge	18,263	41,199	51,515	110,978	1,471,919
(Increase) decrease in accounts receivable	(49,786)	-	1,249	(48,538)	2,838
(Increase) decrease in due from other funds/gov	8,990	252,185	54,647	315,821	20,180
(Increase) decrease in inventory/prepaid expenses	-	-	-	-	6,791
Increase (decrease) in vouchers/contracts payable	(80,316)	18,318	(16,891)	(78,889)	247,053
Increase (decrease) in due to other funds/gov	1,132	2,694	(42,270)	(38,444)	22,736
Increase (decrease) in payables/other liabilities	9,900	58,453	(6,512)	61,841	1,294
Increase (decrease) in accrued employee leave benefits	713	65,631	1,262	67,606	(9,906)
Total adjustments	(91,103)	438,480	42,999	390,375	1,762,905
Net cash provided (used) by operating activities	307,566	(585,734)	(35,789)	(313,958)	1,988,427

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, 2006

	<u>Agency Funds</u>
ASSETS	
Cash	4,847,001
Investments	73,462,236
Deposits with fiscal agents	1,666,179
Accounts receivable	2,755
Taxes receivable	1,608,668
Assessments receivable	61
Interest receivable	245,250
Due from other governments	88,406
Total assets	<u>81,920,556</u>
LIABILITIES	
Accounts payable	744,429
Due to other governments	313
Other accrued liabilities	417,962
Custodial accounts	80,757,852
Total liabilities	<u>81,920,556</u>

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

CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2006

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CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of 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. The County considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Chelan County reports the following major governmental funds:

- The General fund (Current Expense) is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Roads fund accounts for the finance, design, construction, and maintenance of Chelan County roads.
- 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.

Chelan County reports the following major proprietary fund:

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

Additionally, Chelan County reports the following fund types:

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

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. Assets, Liabilities and Equities

1. Deposits and Investments

It is the County's policy to invest all temporary cash surpluses. At December 31, 2006, the Treasurer was holding \$14,610,587 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 general 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 2006 were approximately \$816,667.

For purposes of the statement of cash flows, the county considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, and certain other government agency obligations.

2. Receivables

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

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, 2006, there was \$61 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.

3. Amounts Due to and from Other Funds and Governmental Units, Interfund Loans and Advances Receivable

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

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.

4. Inventories

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

5. Capital Assets – See Note 5

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

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

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

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

6. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave, sick leave, and compensation time. All vacation pay is accrued when earned in the government-wide, proprietary, and fiduciary fund financial statements.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement or death.

Chelan County allows employees to accumulate up to 960 hours of sick leave after which time it lapses 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.

7. Other Accrued Liabilities

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

8. Long-term Debt – See Note 8

9. Deferred Revenues

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

10. 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 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Scope of Budget

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

2. Procedures for Adopting the Original Budget

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

By the first Tuesday in September, the County Auditor submits a proposed budget to the County Commission. This budget is based on priorities established by the commission and estimates provided by County departments during the preceding months, and balanced with each department. The County Commission conducts public hearings on the proposed budget between November and December. The Board makes its adjustments to the proposed budget and adopts by resolution a final balanced budget no later than December 31st.

3. Amending the Budget

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

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

4. Excess of Expenditures Over Appropriations

The following excess of expenditures over appropriations were not anticipated in the original 2006 budget and the expenditures occurred late in 2006 after any emergency budget appropriations could be legally made.

The GIS Reserve fund expenditures exceeded appropriations by \$81. This was due to closing the fund and transferring out the remaining cash balance.

The Forest Title III fund expenditures exceeded appropriations by \$39,910. The excess expenditures were covered with its fund balance.

The Solid Waste fund expenditures exceeded appropriations by \$17,149. The excess expenditures were covered with its fund balance.

The Insurance Admin and Purchasing fund expenditures exceeded appropriations by \$3,823. The excess expenditures were covered with its fund balance.

5. Deficit Fund Equity

At December 31, 2006, two funds reported deficits in their fund balance, which is a violation of state statute. The Emergency Management fund reported a \$3,197 deficit in its fund balance, and the Forest Title III fund reported a \$70,507 deficit in its fund balance.

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits

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

B. Investments

As of December 31, 2006 the County had the following investments:

Investment	Weighted average maturity (years) of Chelan County's own investments	Fair value of Chelan County's own investments	Fair value of investments held by Chelan County as an agent for other local governments	Total
State investment pool	-	6,484,480	25,048,378	31,532,858
U.S. government securities	-	-	3,958,057	3,958,057
Certificate of deposit	1.0	1,397,349	16,171,609	17,568,958
Municipal money market	-	513,674	28,284,192	28,797,866
Total	1.0	8,395,503	73,462,236	81,857,739

State investment pool. The Local Government Investment Pool (LGIP) is an un-rated 2a-7 like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category 1 risk level investments. They are either insured or held by a third-party custody provider in the LGIP's name.

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

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings are not available for any of the County's current investments.

NOTE 4 - PROPERTY TAXES

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

Property Tax Calendar	
January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

In governmental funds, property taxes are recorded as a receivable when levied, offset by 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 2006 was \$1.62145 per \$1,000 on an assessed valuation of \$5,452,717,195 for a total regular levy of \$8,841,308.

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 2006 was \$1.45359 per \$1,000 on an assessed valuation of \$3,062,581,916 for a total road levy of \$4,451,738.

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

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2006 was as follows:

Governmental Activities	Beginning Balance 01/01/06	Change in Accounting Principle See Note 15	Increases	Decreases	Ending Balance 12/31/2006
Capital assets, not being depreciated:					
Land	1,861,706	-	-	-	1,861,706
Other improvements	156,983	-	-	-	156,983
Construction in progress	-	558,358	656,930	-	1,215,288
Total capital assets, not being depreciated	2,018,689	558,358	656,930	-	3,233,977
Capital assets, being depreciated:					
Other improvements	1,100,954	-	361,849	-	1,462,803
Buildings and structures	39,521,322	-	1,938,204	-	41,459,525
Machinery and equipment	17,786,597	-	1,526,224	818,602	18,494,218
Infrastructure	6,606,188	37,233,205	1,594,259	-	45,433,652
Total capital assets being depreciated	65,015,060	37,233,205	5,420,536	818,602	106,850,199
Less accumulated depreciation for:					
Other improvements	108,491	-	119,479	-	227,970
Buildings and structures	17,245,862	-	735,790	-	17,981,652
Machinery and equipment	9,069,547	-	1,629,095	738,662	9,959,981
Infrastructure	447,173	20,433,782	1,614,941	-	22,495,896
Total accumulated depreciation	26,871,073	20,433,782	4,099,305	738,662	50,665,498
Total capital assets, being depreciated, net	38,143,987	16,799,423	1,321,231	79,941	56,184,700
Governmental activities capital assets, net	<u>40,162,676</u>	<u>17,357,781</u>	<u>1,978,161</u>	<u>79,941</u>	<u>59,418,677</u>
Depreciation expense was charged to functions as follows:					
General government		-	592,637		
Judicial		-	5,937		
Public safety		-	96,889		
Physical environment		-	1,124		
Transportation		20,433,782	3,153,142		
Economic environment		-	253		
Culture and recreation		-	249,324		
Total depreciation - governmental activities		<u>20,433,782</u>	<u>4,099,305</u>		

Business-Type Activities	Beginning Balance 01/01/06	Increases	Decreases	Ending Balance 12/31/2006
Capital assets, not being depreciated:				
Land	8,096	-	-	8,096
Other improvements	157,378	-	-	157,378
Total capital assets, not being depreciated	165,474	-	-	165,474
Capital assets, being depreciated:				
Buildings and structures	2,461,993	-	-	2,461,993
Machinery and equipment	969,969	82,620	85,080	967,509
Total capital assets being depreciated	3,431,961	82,620	85,080	3,429,502
Less accumulated depreciation for:				
Buildings and structures	937,118	55,105	-	992,223
Machinery and equipment	516,795	55,915	76,572	496,138
Total accumulated depreciation	1,453,913	111,020	76,572	1,488,360
Total capital assets, being depreciated, net	1,978,049	(28,400)	8,508	1,941,141
Business-type activities capital assets, net	<u>2,143,523</u>	<u>(28,400)</u>	<u>8,508</u>	<u>2,106,615</u>

Depreciation expense was charged to functions as follows:

Public safety	41,241
Utilities	55,170
Culture and recreation	14,609
Total depreciation - business-type activities	<u>111,020</u>

NOTE 6 - PENSION PLANS

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

Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a 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 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the 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 1 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 1,181 participating employers in PERS. Membership in PERS consisted of the following at September 30, 2005:

Retirees and beneficiaries receiving benefits	68,609
Terminated plan members entitled to but not yet receiving benefits	22,567
Active plan members vested	104,574
Active plan members nonvested	51,004
Total	246,754

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, 2006, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	3.69%	3.69%	3.69%**
Employee	6.00%	3.50%	***

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** 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
2006	52,249	378,509	59,028
2005	35,808	220,134	33,036
2004	28,294	164,320	28,475

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 376 participating employers in LEOFF. Membership in LEOFF consisted of the following at September 30, 2005:

Retirees and beneficiaries receiving benefits	8,723
Terminated plan members entitled to but not yet receiving benefits	577
Active plan members vested	12,348
Active plan members nonvested	3,543
Total	25,191

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, 2006, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	4.90%
Employee	0.00%	7.85%
State	N/A	3.13%

* The employer rates include the employer administrative expense fee currently set at 0.18%.

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
2006	30	165,102
2005	134	122,388
2004	169	108,672

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

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

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

A *covered employer* is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections; Parks and Recreation.

Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

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

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

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

Plan 2 retirement benefits are vested after an employee completes five years of eligible service and attains the age of 65. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance

pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

The first actuarial valuation of the PSERS system will be effective as of September, 2006 and reported in the year 2007.

Funding Policy

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2006, were as follows:

	PSERS Plan 2
Employer*	6.76%
Employee	6.57%

* The employer rates include the employer administrative expense fee currently set at 0.18%.

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

	PSERS Plan 2
2006	13,866

NOTE 7 - RISK MANAGEMENT

A. Risk Pool

Chelan County is a member of the Washington Counties Risk Pool ("Pool"). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed on August 18, 1988 when several counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and related administrative services. Thirty counties have belonged to the Pool for some years since its inception, and twenty eight counties are members presently.

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

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

Since the Pool is a cooperative program, there is joint liability among the participating members. This contingent liability is established if a program’s assets are insufficient to cover the program’s liabilities. Deficits of the Pool are financed through retroactive assessments of the responsible members. The Pool’s to-date reassessments receivable balance as of December 31, 2006 is \$947,956. Chelan County’s reassessments balance outstanding is \$69,009.

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

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

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

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

B. Risk Management

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

Claim settlements and loss expenses are accrued in the Insurance Admin & Purchasing Fund for the estimated settlement value of both reported and unreported claims (up to the aggregate stop-loss). This fund is responsible for collecting interfund premiums from insured funds and departments, for paying claim settlements and for purchasing certain insurance policies. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures. Settlements have not exceeded insurance coverage during the past three years.

NOTE 8 - LONG-TERM DEBT

A. Long-Term Debt

The County issues general obligation bonds to finance the purchase and construction of buildings and other capital assets. Bonded indebtedness has also been entered into to advance refund general obligation bonds. General obligation bonds have been issued for general government activities and are being repaid from the 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	146,063
1997 G.O. bonds for construction of Juvenile Building, original issue \$9,045,000	3.75% - 5.45%	580,000
1998 G.O. bonds for construction on Fairgrounds, original issue \$2,800,000	4.0% - 4.75%,	1,935,000
2000 G.O. bonds for acquisition, construction, and installation of certain public infrastructure improvements, original issue \$4,000,000	5.6%	3,305,000
2001 G.O bonds for acquisition and installation of phone system and accounting system, original issue \$404,000	4.25%	222,895
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%	2,255,000
2003 LTGO 2003A bonds to make certain improvements and betterments to certain county facilities, original issue \$3,445,000	2.0% - 4.5%	3,050,000
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%	2,660,000
Total		14,153,958

The annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2007	1,482,919	580,234
2008	1,545,758	546,385
2009	1,613,726	498,817
2010	1,006,828	436,042
2011	660,023	397,741
2012-2016	3,369,704	1,564,547
2017-2021	3,515,000	740,343
2022-2023	960,000	58,060
Total	14,153,958	4,822,169

At December 31, 2006, the County has \$3,009,868 available in debt service funds to service the 1997 G.O. bonds and the 2003 LTGO 2003B refunding bonds.

B. Refunded Debt

In 2003 Chelan County defeased the 1997 LTGO bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the county's financial statements.

NOTE 9 – CAPITAL LEASES

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

Asset	Governmental Activities	Business-Type Activities
Office equipment	21,635	-
Tractor	-	22,451
Vehicles	495,626	-
Less accumulated depreciation	100,664	2,021
Total	416,598	20,430

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2006 were as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2007	3,644	-
2008	2,643	-
2009	2,643	-
Less interest	498	-
Present value of minimum lease payments	8,431	-

NOTE 10 – CHANGES IN LONG TERM LIABILITIES

During the year ended December 31, 2006, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/06	Additions	Reductions	Ending Balance 12/31/06	Due Within One Year
Governmental Activities:					
Bonds payable	15,589,502	-	1,435,544	14,153,958	1,482,919
Compensated absences	1,498,422	319,501	269,901	1,548,023	1,548,023
Leases payable	57,038	-	48,608	8,431	3,372
Governmental activity long-term liabilities:	17,144,963	319,501	1,754,052	15,710,411	3,034,314
Business-Type Activities:					
Compensated absences	339,973	141,227	73,621	407,579	77,377
Leases payable	4,915	-	4,915	-	-
Business-type activity long-term liabilities:	344,888	141,227	78,536	407,579	77,377

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$37,041 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general and county roads funds. The majority of the business-type activities compensated absences are liquidated by the regional justice center fund.

NOTE 11 – CONTINGENCIES AND LITIGATIONS

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

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

NOTE 12 - INTERFUND BALANCES AND TRANSFERS

A. Due To/From Other Funds

"Due from other funds" and "due to other funds" are created from interfund transactions which usually involve the exchange of goods or services in a normal business relationship. The majority of these are due to interfund billing of equipment rental and motor pool charges. Due from other funds and due to other funds as of December 31, 2006 are as follows:

Due To	Due From							Total
	General fund	County Roads	Nonmajor Govern-mental	Solid Waste	Regional Justice Center	Nonmajor Enterprise	Internal Service	
General fund	-	-	101,135	-	-	1,176	20,774	123,085
County Roads	580	-	-	-	-	2,081	-	2,661
Nonmajor governmental	5,000	-	-	-	-	-	-	5,000
Regional Justice Center	3,878	-	-	-	-	-	-	3,878
Internal service	869	350,047	2,914	93	3,173	340	-	357,436
Total	10,327	350,047	104,049	93	3,173	3,597	20,774	492,060

B. Interfund Loans Payable/Receivable

Interfund loans have arisen from certain funds requiring cash flow to manage their operations. The following table displays interfund loan activity during 2006:

Borrowing Fund	Lending Fund	Interfund Loans and Advances Payable			
		1/1/2006	New Loans	Repayments	12/31/2006
	Equipment Rental				
Emergency Management & Revolving Fund		75,000	-	37,500	37,500
Fair	County Roads	44,315	-	44,315	-
Fair	County Roads	80,000	20,000	-	100,000
	Total	199,315	20,000	81,815	137,500

C. Interfund Transfers

During 2006, interfund transfers were used to move unrestricted General funds to support the operations of Emergency Management, Noxious Weed Control, Natural Resources, and the Fairgrounds. Transfers from nonmajor governmental funds were to support Superior Court, and Ohme Gardens operations, as well as provide funds for the Master Plan Construction fund. The Regional Justice Center transferred funds to support their equipment purchasing funds. The following table displays interfund transfers during 2006:

Transfers To	Transfers From			
	General	Nonmajor Govern-mental	Regional Justice Center	Total
General	-	44,268	-	44,268
Nonmajor governmental	210,300	2,352,000	-	2,562,300
Nonmajor enterprise	67,835	10,000	-	77,835
Internal service	-	-	22,000	22,000
Total transfers	278,135	2,406,268	22,000	2,706,402

NOTE 13 – JOINT VENTURES

Rivercom - Chelan County participates in Rivercom, a joint venture, which was created with an interlocal agreement to build and operate a regional 911 communications center. The other participants in this venture include: Douglas County, the City of East Wenatchee and the City of Wenatchee. Rivercom charges the participants a fee based on the volume of calls generated by each participant. The fees are designed to cover Rivercom’s costs. In addition to the fees, the participants provide their 911 tax revenues to the organization. Although Chelan County does have an equity interest in Rivercom, the agreement does not specify a method for measuring each partner’s interest. During 2006, Rivercom received total revenues of \$3,088,054 and incurred total expenses of \$3,042,484 resulting in an increase in net assets of \$45,570, and ending fund balance of \$3,701,479. A copy of Rivercom’s financial statements can be obtained from Rivercom at: PO Box 3344, Wenatchee, WA 98807 or (509) 662-4650.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

In addition to the pension benefits described in Note 6, 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 25 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 2006, \$242,373 was recognized in the general fund for post employment health care.

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES

Chelan County is reporting two changes in accounting principles as a direct adjustment to the beginning equity on the government-wide statement of activities in the net amount of \$17,357,781.

A. Infrastructure Capitalization Threshold

During 2006, Chelan County changed the capitalization threshold for infrastructure assets from \$5,000 to \$100,000. See note 1(d)(5). The effect of this change is a decrease in infrastructure assets of \$470,114 and a decrease in infrastructure accumulated depreciation of \$27,616.

B. Retroactive Infrastructure

During 2003, the County partially implemented GASB 34, *Basic Financial Statements and Management Discussion and Analysis for States and Local Governments*. From 2003 through 2005, the County only reported the infrastructure assets acquired or significantly reconstructed in those years. During 2006, the County fully implemented the retroactive infrastructure requirement required by GASB 34. Infrastructure assets that were acquired or significantly reconstructed between 1980 and 2002 have been included in the financial statements for governmental activities. See note 5. The effect of this change is an increase in infrastructure assets of \$38,261,678 and an increase in infrastructure accumulated depreciation of \$20,461,399.

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
ASSETS			
Cash and cash equivalents	1,424,700	872,574	2,297,274
Investments	1,714,029	513,973	2,228,002
Accounts receivable	6,054	-	6,054
Taxes receivable	5,097	-	5,097
Interest receivable	8,521	2,365	10,886
Due from other funds	5,000	-	5,000
Due from other governments	500,452	-	500,452
Total assets	<u>3,663,853</u>	<u>1,388,912</u>	<u>5,052,765</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	406,034	109,082	515,116
Due to other funds	104,049	-	104,049
Interfund loans payable	37,500	-	37,500
Due to other governments	23,460	-	23,460
Other accrued liabilities	68,584	-	68,584
Deferred revenue	5,097	-	5,097
Total liabilities	<u>644,724</u>	<u>109,082</u>	<u>753,806</u>
Fund balances:			
Unreserved, reported in nonmajor:	3,019,129	1,279,830	4,298,959
Total fund balances	<u>3,019,129</u>	<u>1,279,830</u>	<u>4,298,959</u>
Total liabilities and fund balances	<u>3,663,853</u>	<u>1,388,912</u>	<u>5,052,765</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
REVENUES			
Taxes	2,342,259	1,884,578	4,226,837
Intergovernmental revenues	1,985,459	-	1,985,459
Charges for services	651,544	-	651,544
Fees and fines	7,832	-	7,832
Miscellaneous	356,521	29,338	385,859
Total revenues	<u>5,343,614</u>	<u>1,913,916</u>	<u>7,257,530</u>
EXPENDITURES			
Current:			
General government	137,177	-	137,177
Security of persons and property	1,062,365	-	1,062,365
Utilities and environment	1,949,866	-	1,949,866
Transportation	21,996	-	21,996
Economic environment	1,061,210	-	1,061,210
Mental and physical health	95,368	-	95,368
Culture and recreation	179,725	-	179,725
Debt service:			
Principal	390,000	60,543	450,543
Interest and other charges	393,700	19,617	413,317
Capital outlay	292,854	3,471,932	3,764,786
Total expenditures	<u>5,584,259</u>	<u>3,552,093</u>	<u>9,136,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(240,645)</u>	<u>(1,638,177)</u>	<u>(1,878,822)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,500	-	2,500
Transfers in	212,300	2,350,000	2,562,300
Transfers out	(1,231,268)	(1,175,000)	(2,406,268)
Total other financing sources and uses	<u>(1,016,468)</u>	<u>1,175,000</u>	<u>158,532</u>
Net change in fund balances	<u>(1,257,113)</u>	<u>(463,177)</u>	<u>(1,720,290)</u>
Fund balances - beginning	<u>4,276,241</u>	<u>1,743,007</u>	<u>6,019,248</u>
Fund balances - ending	<u>3,019,129</u>	<u>1,279,830</u>	<u>4,298,959</u>

CHELAN COUNTY, WASHINGTON

Juvenile Building Debt Service Fund

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

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	1,150,000	1,150,000	1,441,070	291,070
Miscellaneous	25,000	25,000	168,719	143,719
Total revenues	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,609,790</u>	<u>434,790</u>
EXPENDITURES				
Debt service:				
Principal	880,000	880,000	880,000	-
Interest and other charges	136,253	136,253	136,161	92
Total expenditures	<u>1,016,253</u>	<u>1,016,253</u>	<u>1,016,161</u>	<u>92</u>
Net change in fund balances	158,747	158,747	593,628	434,881
Fund balances - beginning	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,423,099</u>	<u>423,099</u>
Fund balances - ending	<u><u>2,158,747</u></u>	<u><u>2,158,747</u></u>	<u><u>3,016,727</u></u>	<u><u>857,980</u></u>

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Local Law Enforcement Block Grant: accounts for this grant receipts and expenditures.

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

Pest Control: accounts for the financing of the pest control activities.

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

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

Noxious Weed Control: accounts for monies from Public Works and Current Expense for noxious weed eradication and control.

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

Emergency Management: accounts for the financing of coordination of emergencies within Chelan County.

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

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

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

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

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

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

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

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

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

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

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

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

GIS Mapping & Reserve: accounts for expenses on programming and setup of a GIS mapping system.

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

Regional Jail Education: accounts for the grant received from the state for the education of the prisoners.

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

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

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2006

	<u>Paths & Trails</u>	<u>Drug Enforce- ment Reserve</u>	<u>Auditor O&M</u>	<u>ORV Ed. & Enforce- ment</u>	<u>Boating Safety</u>	<u>Ohme Gardens</u>	<u>Sheriff Donation</u>
ASSETS							
Cash and cash equivalents	1,950	6,000	65,755	23,124	18,936	918	13,468
Investments	22,986	22,102	120,980	-	-	43,153	-
Accounts receivable	-	-	-	-	-	-	6,000
Taxes receivable	-	-	-	-	-	-	-
Interest receivable	98	117	516	-	-	187	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	312	-	-	11,669	-	-
Total assets	<u>25,033</u>	<u>28,530</u>	<u>187,252</u>	<u>23,124</u>	<u>30,605</u>	<u>44,257</u>	<u>19,468</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	480	-	4,721	77	3,115	1,778	-
Due to other funds	-	-	-	2,131	-	-	-
Interfund loan payable	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	6	224	-
Other accrued liabilities	-	-	3,352	-	-	7,521	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>480</u>	<u>-</u>	<u>8,073</u>	<u>2,209</u>	<u>3,122</u>	<u>9,522</u>	<u>-</u>
Fund balances:							
Unreserved, undesignated	<u>24,553</u>	<u>28,530</u>	<u>179,179</u>	<u>20,916</u>	<u>27,483</u>	<u>34,736</u>	<u>19,468</u>
Total fund balances	<u>24,553</u>	<u>28,530</u>	<u>179,179</u>	<u>20,916</u>	<u>27,483</u>	<u>34,736</u>	<u>19,468</u>
Total liabilities and fund balances	<u>25,033</u>	<u>28,530</u>	<u>187,252</u>	<u>23,124</u>	<u>30,605</u>	<u>44,257</u>	<u>19,468</u>

LLEBG	Farm Worker Housing	Pest Control Internship Program	R.E.E.T. Technol.	Juvenile Donation	Noxious Weed Control	Trial Court Improve- ment	Emer- gency Mgmt	911 Comm.	Law Enforce. Communi- cations
-	80,572	5,824	50,973	972	30,669	21,865	250	15,323	36
2,509	-	-	-	-	-	-	9,513	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	64	-	-
-	-	-	-	-	-	-	-	-	-
-	64,747	-	-	-	-	-	46,138	-	-
<u>2,519</u>	<u>145,319</u>	<u>5,824</u>	<u>50,973</u>	<u>972</u>	<u>30,669</u>	<u>21,865</u>	<u>55,965</u>	<u>15,323</u>	<u>36</u>
-	455	-	-	-	61	-	1,345	-	-
-	38,171	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	37,500	-	-
-	956	-	-	-	4	-	148	-	-
-	-	-	-	-	8,033	-	20,169	-	-
-	-	-	-	-	-	-	-	-	-
-	<u>39,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,098</u>	<u>-</u>	<u>59,162</u>	<u>-</u>	<u>-</u>
<u>2,519</u>	<u>105,736</u>	<u>5,824</u>	<u>50,973</u>	<u>972</u>	<u>22,570</u>	<u>21,865</u>	<u>(3,197)</u>	<u>15,323</u>	<u>36</u>
<u>2,519</u>	<u>105,736</u>	<u>5,824</u>	<u>50,973</u>	<u>972</u>	<u>22,570</u>	<u>21,865</u>	<u>(3,197)</u>	<u>15,323</u>	<u>36</u>
<u>2,519</u>	<u>145,319</u>	<u>5,824</u>	<u>50,973</u>	<u>972</u>	<u>30,669</u>	<u>21,865</u>	<u>55,965</u>	<u>15,323</u>	<u>36</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2006

	Parent Education	Cashmere Dryden Airport	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treasurer O&M
ASSETS							
Cash and cash equivalents	21,972	-	64,909	18,741	777	117,015	8,900
Investments	-	21,947	-	24,547	-	-	120,316
Accounts receivable	-	-	-	-	-	-	54
Taxes receivable	-	-	767	1,674	2,656	-	-
Interest receivable	-	94	-	105	-	-	370
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	21,972	22,041	65,676	45,067	3,433	117,015	129,640
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	2,272	702	3,662	4,906	777	-	-
Due to other funds	-	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-	-
Due to other governments	1,242	75	-	218	-	20,493	-
Other accrued liabilities	445	543	-	-	-	-	-
Deferred revenue	-	-	767	1,674	2,656	-	-
Total liabilities	3,959	1,320	4,429	6,798	3,433	20,493	-
Fund balances:							
Unreserved, undesignated	18,013	20,720	61,247	38,269	-	96,523	129,640
Total fund balances	18,013	20,720	61,247	38,269	-	96,523	129,640
Total liabilities and fund balances	21,972	22,041	65,676	45,067	3,433	117,015	129,640

Tourist & Convention	Community Visioning	Election Reserve	GIS & Mapping Reserve	Natural Resources Program	Regional Jail Education	Forest Title III	Distressed Counties Tax	Total
307,271	10,530	13,014	-	523,937	1,000	-	-	1,424,700
7,261	-	82,461	-	-	2,489	-	1,233,766	1,714,029
-	-	-	-	-	-	-	-	6,054
-	-	-	-	-	-	-	-	5,097
31	-	352	-	-	11	-	6,567	8,521
-	-	-	-	5,000	-	-	-	5,000
-	-	257,888	-	119,698	-	-	-	500,452
314,563	10,530	353,715	-	648,636	3,500	-	1,240,333	3,663,853
580	-	267,505	-	90,620	-	22,977	-	406,034
-	-	-	-	16,216	-	47,530	-	104,049
-	-	-	-	-	-	-	-	37,500
-	-	-	-	93	-	-	-	23,460
-	-	1,240	-	27,283	-	-	-	68,584
-	-	-	-	-	-	-	-	5,097
580	-	268,745	-	134,212	-	70,507	-	644,724
313,983	10,530	84,970	-	514,424	3,500	(70,507)	1,240,333	3,019,129
313,983	10,530	84,970	-	514,424	3,500	(70,507)	1,240,333	3,019,129
314,563	10,530	353,715	-	648,636	3,500	-	1,240,333	3,663,853

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2006

	Paths & Trails	Drug Enforce- ment Reserve	Auditor O&M	ORV Ed. & Enforce- ment	Boating Safety	Ohme Gardens	Sheriff Donation
REVENUES							
Taxes	-	-	-	-	-	-	-
Intergovernmental revenues	11,194	-	73,596	74,243	32,439	-	-
Charges for services	-	-	56,829	-	17,489	115,432	-
Fees and fines	-	7,832	-	-	-	-	-
Miscellaneous	821	3,401	5,835	-	9,196	21,691	18,083
Total revenues	<u>12,015</u>	<u>11,233</u>	<u>136,260</u>	<u>74,243</u>	<u>59,124</u>	<u>137,123</u>	<u>18,083</u>
EXPENDITURES							
Current:							
General government	-	-	85,647	-	-	-	-
Security of persons and property	-	2,652	-	107,314	32,244	-	19,483
Utilities and environment	-	-	-	-	-	-	-
Transportation	3,696	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	153,741	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	6,656	16,776	-	-	-
Total expenditures	<u>3,696</u>	<u>2,652</u>	<u>92,303</u>	<u>124,090</u>	<u>32,244</u>	<u>153,741</u>	<u>19,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,319</u>	<u>8,581</u>	<u>43,957</u>	<u>(49,847)</u>	<u>26,880</u>	<u>(16,618)</u>	<u>(1,400)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	2,500	-	-	-	-	-
Transfers in	-	-	-	-	-	2,000	-
Transfers out	-	(25,000)	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(22,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Net change in fund balances	<u>8,319</u>	<u>(13,919)</u>	<u>43,957</u>	<u>(49,847)</u>	<u>26,880</u>	<u>(14,618)</u>	<u>(1,400)</u>
Fund balances - beginning	<u>16,235</u>	<u>42,449</u>	<u>135,222</u>	<u>70,763</u>	<u>603</u>	<u>49,354</u>	<u>20,868</u>
Fund balances - ending	<u>24,553</u>	<u>28,530</u>	<u>179,179</u>	<u>20,916</u>	<u>27,483</u>	<u>34,736</u>	<u>19,468</u>

LLEBG	Farm Worker Housing	Pest Control Internship Program	R.E.E.T. Technol.	Juvenile Donation	Noxious Weed Control	Trial Court Improve- ment	Emer- gency Mgmt	911 Comm.	Law Enforce. Communi- cations
-	-	-	2,380	-	-	-	-	474,632	-
18,836	156,823	480	33,873	-	-	15,971	190,927	83,413	-
-	-	-	-	-	63,500	-	7,452	-	-
-	-	-	-	-	-	-	-	-	-
349	71,648	8,350	-	-	-	-	10,003	-	-
<u>19,185</u>	<u>228,471</u>	<u>8,830</u>	<u>36,253</u>	<u>-</u>	<u>63,500</u>	<u>15,971</u>	<u>208,383</u>	<u>558,046</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
16,667	-	-	-	-	-	-	339,744	542,723	1,309
-	-	11,648	-	-	135,537	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	240,936	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>16,667</u>	<u>240,936</u>	<u>11,648</u>	<u>-</u>	<u>-</u>	<u>135,537</u>	<u>-</u>	<u>339,744</u>	<u>542,723</u>	<u>1,309</u>
<u>2,518</u>	<u>(12,465)</u>	<u>(2,817)</u>	<u>36,253</u>	<u>-</u>	<u>(72,037)</u>	<u>15,971</u>	<u>(131,361)</u>	<u>15,323</u>	<u>(1,309)</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	53,300	-	147,000	-	-
-	-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,300</u>	<u>-</u>	<u>147,000</u>	<u>-</u>	<u>-</u>
<u>2,518</u>	<u>(12,465)</u>	<u>(2,817)</u>	<u>36,253</u>	<u>-</u>	<u>(18,737)</u>	<u>15,971</u>	<u>15,639</u>	<u>15,323</u>	<u>(1,309)</u>
<u>1</u>	<u>118,201</u>	<u>8,641</u>	<u>14,720</u>	<u>972</u>	<u>41,308</u>	<u>5,894</u>	<u>(18,836)</u>	<u>-</u>	<u>1,345</u>
<u>2,519</u>	<u>105,736</u>	<u>5,824</u>	<u>50,973</u>	<u>972</u>	<u>22,570</u>	<u>21,865</u>	<u>(3,197)</u>	<u>15,323</u>	<u>36</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2006

	Parent Educ.	Cashmere Dryden Airport	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treasurer's Operation & Maint.
REVENUES							
Taxes	-	-	27,562	61,816	95,368	-	-
Intergovernmental revenues	-	-	-	-	-	-	-
Charges for services	11,635	-	30,303	-	-	253,612	16,895
Fees and fines	-	-	-	-	-	-	-
Miscellaneous	11,633	18,619	-	1,158	-	2,129	6,862
Total revenues	<u>23,268</u>	<u>18,619</u>	<u>57,866</u>	<u>62,974</u>	<u>95,368</u>	<u>255,741</u>	<u>23,757</u>
EXPENDITURES							
Current:							
General government	-	-	23,392	-	-	-	12,791
Security of persons and property	-	-	-	-	-	-	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	-	18,299	-	-	-	-	-
Economic environment	-	-	-	53,984	-	265,900	-
Mental and physical health	-	-	-	-	95,368	-	-
Culture and recreation	25,985	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay							
Total expenditures	<u>25,985</u>	<u>18,299</u>	<u>23,392</u>	<u>53,984</u>	<u>95,368</u>	<u>265,900</u>	<u>12,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,717)</u>	<u>320</u>	<u>34,474</u>	<u>8,990</u>	<u>-</u>	<u>(10,159)</u>	<u>10,965</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(19,187)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(19,187)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,717)</u>	<u>320</u>	<u>15,287</u>	<u>8,990</u>	<u>-</u>	<u>(10,159)</u>	<u>10,965</u>
Fund balances - beginning	<u>20,730</u>	<u>20,400</u>	<u>45,960</u>	<u>29,279</u>	<u>-</u>	<u>106,681</u>	<u>118,674</u>
Fund balances - ending	<u>18,013</u>	<u>20,720</u>	<u>61,247</u>	<u>38,269</u>	<u>-</u>	<u>96,523</u>	<u>129,640</u>

Tourist & Convention	Community Visioning	Election Reserve	GIS & Mapping Reserve	Natural Resources Program	Regional Jail Education	Forest Title III	Distressed Counties Tax	Total
518,701	-	-	-	-	-	-	1,161,800	2,342,259
-	-	268,182	-	1,025,222	-	259	-	1,985,459
-	-	6,840	-	71,556	-	-	-	651,544
-	-	-	-	-	-	-	-	7,832
279	-	4,023	2	85,059	121	-	77,260	356,521
<u>518,980</u>	<u>-</u>	<u>279,045</u>	<u>2</u>	<u>1,181,838</u>	<u>121</u>	<u>259</u>	<u>1,239,060</u>	<u>5,343,614</u>
-	-	15,347	-	-	-	-	-	137,177
-	-	-	-	-	230	-	-	1,062,365
-	-	-	-	1,376,936	-	425,745	-	1,949,866
-	-	-	-	-	-	-	-	21,996
295,584	-	-	-	-	-	-	204,807	1,061,210
-	-	-	-	-	-	-	-	95,368
-	-	-	-	-	-	-	-	179,725
-	-	-	-	-	-	-	390,000	390,000
-	-	-	-	-	-	-	393,700	393,700
-	-	269,422	-	-	-	-	-	292,854
<u>295,584</u>	<u>-</u>	<u>284,769</u>	<u>-</u>	<u>1,376,936</u>	<u>230</u>	<u>425,745</u>	<u>988,507</u>	<u>5,584,259</u>
<u>223,396</u>	<u>-</u>	<u>(5,724)</u>	<u>2</u>	<u>(195,098)</u>	<u>(108)</u>	<u>(425,486)</u>	<u>250,554</u>	<u>(240,645)</u>
-	-	-	-	-	-	-	-	2,500
-	-	-	-	10,000	-	-	-	212,300
(12,000)	-	-	(81)	-	-	-	(1,175,000)	(1,231,268)
<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(1,175,000)</u>	<u>(1,016,468)</u>
<u>211,396</u>	<u>-</u>	<u>(5,724)</u>	<u>(78)</u>	<u>(185,098)</u>	<u>(108)</u>	<u>(425,486)</u>	<u>(924,446)</u>	<u>(1,257,113)</u>
<u>102,587</u>	<u>10,530</u>	<u>90,695</u>	<u>78</u>	<u>699,522</u>	<u>3,608</u>	<u>354,978</u>	<u>2,164,779</u>	<u>4,276,241</u>
<u>313,983</u>	<u>10,530</u>	<u>84,970</u>	<u>-</u>	<u>514,424</u>	<u>3,500</u>	<u>(70,507)</u>	<u>1,240,333</u>	<u>3,019,129</u>

CHELAN COUNTY, WASHINGTON

Paths & Trails Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	10,358	11,194	836
Miscellaneous	302	821	519
Total revenues	<u>10,660</u>	<u>12,015</u>	<u>1,355</u>
EXPENDITURES			
Current:			
Transportation	26,004	3,696	22,308
Total expenditures	<u>26,004</u>	<u>3,696</u>	<u>22,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,344)</u>	<u>8,319</u>	<u>23,663</u>
Fund balances - beginning	<u>15,960</u>	<u>16,235</u>	<u>275</u>
Fund balances - ending	<u><u>616</u></u>	<u><u>24,553</u></u>	<u><u>23,937</u></u>

CHELAN COUNTY, WASHINGTON

Drug Enforcement Reserve Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fees and fines	4,000	7,832	3,832
Miscellaneous	10,750	3,401	(7,349)
Total revenues	<u>14,750</u>	<u>11,233</u>	<u>(3,517)</u>
EXPENDITURES			
Current:			
Security of persons and property	15,225	2,652	12,573
Total expenditures	<u>15,225</u>	<u>2,652</u>	<u>12,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(475)</u>	<u>8,581</u>	<u>9,056</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,500	2,500	1,000
Transfers out	(25,000)	(25,000)	-
Total other financing sources and uses	<u>(23,500)</u>	<u>(22,500)</u>	<u>1,000</u>
Net change in fund balances	<u>(23,975)</u>	<u>(13,919)</u>	<u>10,056</u>
Fund balances - beginning	<u>29,499</u>	<u>42,449</u>	<u>12,950</u>
Fund balances - ending	<u>5,524</u>	<u>28,530</u>	<u>23,006</u>

CHELAN COUNTY, WASHINGTON

Auditor's O&M Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	70,000	73,596	3,596
Charges for services	27,150	56,829	29,679
Miscellaneous	2,000	5,835	3,835
Total revenues	<u>99,150</u>	<u>136,260</u>	<u>37,110</u>
EXPENDITURES			
Current:			
General government	107,466	85,647	21,819
Capital outlay	25,000	6,656	18,344
Total expenditures	<u>132,466</u>	<u>92,303</u>	<u>40,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,316)</u>	<u>43,957</u>	<u>77,273</u>
Fund balances - beginning	<u>120,000</u>	<u>135,222</u>	<u>15,222</u>
Fund balances - ending	<u><u>86,684</u></u>	<u><u>179,179</u></u>	<u><u>92,495</u></u>

CHELAN COUNTY, WASHINGTON

ORV Educational & Enforcement Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	142,010	74,243	(67,767)
Total revenues	<u>142,010</u>	<u>74,243</u>	<u>(67,767)</u>
EXPENDITURES			
Current:			
Security of persons and property	151,784	107,314	44,470
Capital outlay	-	16,776	(16,776)
Total expenditures	<u>151,784</u>	<u>124,090</u>	<u>27,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,774)</u>	<u>(49,847)</u>	<u>(40,073)</u>
Fund balances - beginning	<u>83,370</u>	<u>70,763</u>	<u>(12,607)</u>
Fund balances - ending	<u><u>73,596</u></u>	<u><u>20,916</u></u>	<u><u>(52,680)</u></u>

CHELAN COUNTY, WASHINGTON

Boating Safety Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	36,000	32,439	(3,561)
Charges for services	-	17,489	17,489
Miscellaneous	-	9,196	9,196
Total revenues	<u>36,000</u>	<u>59,124</u>	<u>23,124</u>
EXPENDITURES			
Current:			
Security of persons and property	35,668	32,244	3,424
Total expenditures	<u>35,668</u>	<u>32,244</u>	<u>3,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>332</u>	<u>26,880</u>	<u>26,548</u>
Fund balances - beginning	<u>3,479</u>	<u>603</u>	<u>(2,876)</u>
Fund balances - ending	<u><u>3,811</u></u>	<u><u>27,483</u></u>	<u><u>23,672</u></u>

CHELAN COUNTY, WASHINGTON

Ohme Gardens Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	133,700	115,432	(18,268)
Miscellaneous	28,890	21,691	(7,199)
Total revenues	<u>162,590</u>	<u>137,123</u>	<u>(25,467)</u>
EXPENDITURES			
Current:			
Culture and recreation	206,005	153,741	52,264
Total expenditures	<u>206,005</u>	<u>153,741</u>	<u>52,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,415)</u>	<u>(16,618)</u>	<u>26,797</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,040	2,000	(40)
Total other financing sources and uses	<u>2,040</u>	<u>2,000</u>	<u>(40)</u>
Net change in fund balances	<u>(41,375)</u>	<u>(14,618)</u>	<u>26,757</u>
Fund balances - beginning	129,171	49,354	(79,817)
Fund balances - ending	<u>87,796</u>	<u>34,736</u>	<u>(53,060)</u>

CHELAN COUNTY, WASHINGTON

Sheriff Donation Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	3,140	18,083	14,943
Total revenues	<u>3,140</u>	<u>18,083</u>	<u>14,943</u>
EXPENDITURES			
Current:			
Security of persons and property	20,517	19,483	1,034
Total expenditures	<u>20,517</u>	<u>19,483</u>	<u>1,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,377)</u>	<u>(1,400)</u>	<u>15,977</u>
Fund balances - beginning	<u>19,594</u>	<u>20,868</u>	<u>1,274</u>
Fund balances - ending	<u><u>2,217</u></u>	<u><u>19,468</u></u>	<u><u>17,251</u></u>

CHELAN COUNTY, WASHINGTON

Local Law Enforcement Block Grant Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	18,836	18,836	-
Miscellaneous	-	349	349
Total revenues	<u>18,836</u>	<u>19,185</u>	<u>349</u>
EXPENDITURES			
Current:			
Security of persons and property	18,836	16,667	2,169
Total expenditures	<u>18,836</u>	<u>16,667</u>	<u>2,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,518</u>	<u>2,518</u>
Fund balances - beginning	-	1	1
Fund balances - ending	<u>-</u>	<u>2,519</u>	<u>2,519</u>

CHELAN COUNTY, WASHINGTON

Farm Worker Housing Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	204,708	156,823	(47,885)
Miscellaneous	72,993	71,648	(1,345)
Total revenues	<u>277,701</u>	<u>228,471</u>	<u>(49,230)</u>
EXPENDITURES			
Current:			
Economic environment	258,445	240,936	(17,509)
Total expenditures	<u>258,445</u>	<u>240,936</u>	<u>(17,509)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,256</u>	<u>(12,465)</u>	<u>(31,721)</u>
Fund balances - beginning	90,000	118,201	28,201
Fund balances - ending	<u>109,256</u>	<u>105,736</u>	<u>(3,520)</u>

CHELAN COUNTY, WASHINGTON

Pest Control Internship Program Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenue	-	480	480
Miscellaneous	13,318	8,350	(4,968)
Total revenues	<u>13,318</u>	<u>8,830</u>	<u>(4,488)</u>
EXPENDITURES			
Current:			
Utilities and environment	13,468	11,648	1,820
Total expenditures	<u>13,468</u>	<u>11,648</u>	<u>1,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150)</u>	<u>(2,817)</u>	<u>(2,667)</u>
Fund balances - beginning	<u>6,272</u>	<u>8,641</u>	<u>2,369</u>
Fund balances - ending	<u><u>6,122</u></u>	<u><u>5,824</u></u>	<u><u>(298)</u></u>

CHELAN COUNTY, WASHINGTON

REET Technology Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	9,720	2,380	(7,340)
Intergovernmental revenues	-	33,873	33,873
Total revenues	<u>9,720</u>	<u>36,253</u>	<u>26,533</u>
EXPENDITURES			
Capital outlay	9,720	-	9,720
Total expenditures	<u>9,720</u>	<u>-</u>	<u>9,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>36,253</u>	<u>36,253</u>
Fund balances - beginning	-	14,720	14,720
Fund balances - ending	<u>-</u>	<u>50,973</u>	<u>50,973</u>

CHELAN COUNTY, WASHINGTON

Juvenile Donation Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	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

CHELAN COUNTY, WASHINGTON

Noxious Weed Control Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	127,000	63,500	(63,500)
Total revenues	127,000	63,500	(63,500)
EXPENDITURES			
Current:			
Utilities and environment	213,011	135,537	77,474
Total expenditures	213,011	135,537	77,474
Excess (deficiency) of revenues over (under) expenditures	(86,011)	(72,037)	13,974
OTHER FINANCING SOURCES (USES)			
Transfers in	53,300	53,300	-
Total other financing sources and uses	53,300	53,300	-
Net change in fund balances	(32,711)	(18,737)	13,974
Fund balances - beginning	34,405	41,308	6,903
Fund balances - ending	1,694	22,570	20,876

CHELAN COUNTY, WASHINGTON

Trial Court Improvement Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	23,576	15,971	(7,605)
Total revenues	<u>23,576</u>	<u>15,971</u>	<u>(7,605)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,576</u>	<u>15,971</u>	<u>(7,605)</u>
Fund balances - beginning	5,894	5,894	-
Fund balances - ending	<u>29,470</u>	<u>21,865</u>	<u>(7,605)</u>

CHELAN COUNTY, WASHINGTON

Emergency Management Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	270,700	190,927	(79,773)
Charges for services	-	7,452	7,452
Miscellaneous	-	10,003	10,003
Total revenues	<u>270,700</u>	<u>208,383</u>	<u>(62,317)</u>
EXPENDITURES			
Current:			
Security of persons and property	467,595	339,744	127,851
Total expenditures	<u>467,595</u>	<u>339,744</u>	<u>127,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(196,895)</u>	<u>(131,361)</u>	<u>65,534</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	147,000	147,000	-
Total other financing sources and uses	<u>147,000</u>	<u>147,000</u>	<u>-</u>
Net change in fund balances	<u>(49,895)</u>	<u>15,639</u>	<u>65,534</u>
Fund balances - beginning	<u>49,895</u>	<u>(18,836)</u>	<u>(68,731)</u>
Fund balances - ending	<u>-</u>	<u>(3,197)</u>	<u>(3,197)</u>

CHELAN COUNTY, WASHINGTON

911 Communications Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	346,000	474,632	128,632
Intergovernmental revenues	149,000	83,413	(65,587)
Total revenues	<u>495,000</u>	<u>558,046</u>	<u>63,046</u>
EXPENDITURES			
Current:			
Security of persons and property	595,000	542,723	52,277
Total expenditures	<u>595,000</u>	<u>542,723</u>	<u>52,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>15,323</u>	<u>115,323</u>
Fund balances - beginning	-	-	-
Fund balances - ending	<u>(100,000)</u>	<u>15,323</u>	<u>115,323</u>

CHELAN COUNTY, WASHINGTON

Law Enforcement Communications Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Current:			
Security of persons and property	1,309	1,309	-
Total expenditures	1,309	1,309	-
Excess (deficiency) of revenues over (under) expenditures	(1,309)	(1,309)	-
Fund balances - beginning	1,383	1,345	(38)
Fund balances - ending	74	36	(38)

CHELAN COUNTY, WASHINGTON

Parent Education Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	20,001	-	(20,001)
Charges for services	20,151	11,635	(8,516)
Miscellaneous	19,690	11,633	(8,057)
Total revenues	<u>59,842</u>	<u>23,268</u>	<u>(36,574)</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>59,855</u>	<u>25,985</u>	<u>33,870</u>
Total expenditures	<u>59,855</u>	<u>25,985</u>	<u>33,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13)</u>	<u>(2,717)</u>	<u>(2,704)</u>
Fund balances - beginning	<u>12,536</u>	<u>20,730</u>	<u>8,194</u>
Fund balances - ending	<u><u>12,523</u></u>	<u><u>18,013</u></u>	<u><u>5,490</u></u>

CHELAN COUNTY, WASHINGTON

Cashmere-Dryden Airport Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	21,026	18,619	(2,407)
Total revenues	<u>21,026</u>	<u>18,619</u>	<u>(2,407)</u>
EXPENDITURES			
Current:			
Transportation	28,426	18,299	10,127
Total expenditures	<u>28,426</u>	<u>18,299</u>	<u>10,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,400)</u>	<u>320</u>	<u>7,720</u>
Fund balances - beginning	<u>9,200</u>	<u>20,400</u>	<u>11,200</u>
Fund balances - ending	<u><u>1,800</u></u>	<u><u>20,720</u></u>	<u><u>18,920</u></u>

CHELAN COUNTY, WASHINGTON

Law Library Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	27,516	27,562	46
Charges for services	28,500	30,303	1,803
Total revenues	<u>56,016</u>	<u>57,866</u>	<u>1,850</u>
EXPENDITURES			
Current:			
General government	34,841	23,392	11,449
Capital Outlay	-	19,187	(19,187)
Total expenditures	<u>34,841</u>	<u>42,579</u>	<u>(7,738)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,175</u>	<u>15,287</u>	<u>(5,888)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(19,187)	-	19,187
Total other financing sources and uses	<u>(19,187)</u>	<u>-</u>	<u>19,187</u>
Net change in fund balances	<u>1,988</u>	<u>15,287</u>	<u>13,299</u>
Fund balances - beginning	<u>45,000</u>	<u>45,960</u>	<u>960</u>
Fund balances - ending	<u><u>46,988</u></u>	<u><u>61,247</u></u>	<u><u>14,259</u></u>

CHELAN COUNTY, WASHINGTON

Veteran's Relief Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	61,637	61,816	179
Miscellaneous	1,800	1,158	(642)
Total revenues	<u>63,437</u>	<u>62,974</u>	<u>(463)</u>
EXPENDITURES			
Current:			
Economic environment	56,469	53,984	2,485
Total expenditures	<u>56,469</u>	<u>53,984</u>	<u>2,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,968</u>	<u>8,990</u>	<u>2,022</u>
Fund balances - beginning	<u>25,000</u>	<u>29,279</u>	<u>4,279</u>
Fund balances - ending	<u><u>31,968</u></u>	<u><u>38,269</u></u>	<u><u>6,301</u></u>

CHELAN COUNTY, WASHINGTON

Mental Health & Retardation Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	95,341	95,368	27
Total revenues	95,341	95,368	27
EXPENDITURES			
Current:			
Mental and physical health	99,902	95,368	4,534
Total expenditures	99,902	95,368	4,534
Excess (deficiency) of revenues over (under) expenditures	(4,561)	-	4,561
Fund balances - beginning	4,561	-	(4,561)
Fund balances - ending	-	-	-

CHELAN COUNTY, WASHINGTON

Community Services & Housing Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	281,300	253,612	(27,688)
Miscellaneous	-	2,129	2,129
Total revenues	<u>281,300</u>	<u>255,741</u>	<u>(25,559)</u>
EXPENDITURES			
Current:			
Economic environment	381,300	265,900	115,400
Total expenditures	<u>381,300</u>	<u>265,900</u>	<u>115,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>(10,159)</u>	<u>89,841</u>
Fund balances - beginning	100,000	106,681	6,681
Fund balances - ending	<u>-</u>	<u>96,523</u>	<u>96,523</u>

CHELAN COUNTY, WASHINGTON

Treasurer's O&M Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	4,200	16,895	12,695
Miscellaneous	1,500	6,862	5,362
Total revenues	<u>5,700</u>	<u>23,757</u>	<u>18,057</u>
EXPENDITURES			
Current:			
General government	14,089	12,791	1,298
Total expenditures	<u>14,089</u>	<u>12,791</u>	<u>1,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,389)</u>	<u>10,965</u>	<u>19,354</u>
Fund balances - beginning	<u>110,000</u>	<u>118,674</u>	<u>8,674</u>
Fund balances - ending	<u><u>101,611</u></u>	<u><u>129,640</u></u>	<u><u>28,029</u></u>

CHELAN COUNTY, WASHINGTON

Tourist & Convention Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	330,000	518,701	188,701
Miscellaneous	500	279	(221)
Total revenues	<u>330,500</u>	<u>518,980</u>	<u>188,480</u>
EXPENDITURES			
Current:			
Economic environment	323,232	295,584	27,648
Total expenditures	<u>323,232</u>	<u>295,584</u>	<u>27,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,268</u>	<u>223,396</u>	<u>216,128</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>(4,732)</u>	<u>211,396</u>	<u>216,128</u>
Fund balances - beginning	<u>10,000</u>	<u>102,587</u>	<u>92,587</u>
Fund balances - ending	<u><u>5,268</u></u>	<u><u>313,983</u></u>	<u><u>308,715</u></u>

CHELAN COUNTY, WASHINGTON

Community Visioning Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Current:			
Economic environment	11,446	-	11,446
Total expenditures	11,446	-	11,446
Excess (deficiency) of revenues over (under) expenditures	(11,446)	-	11,446
Fund balances - beginning	11,554	10,530	(1,024)
Fund balances - ending	108	10,530	10,422

CHELAN COUNTY, WASHINGTON

Election Reserve Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenue	259,610	268,182	8,572
Charges for services	9,500	6,840	(2,660)
Miscellaneous	1,700	4,023	2,323
Total revenues	<u>270,810</u>	<u>279,045</u>	<u>8,235</u>
EXPENDITURES			
Current:			
General government	19,751	15,347	4,404
Capital outlay	291,059	269,422	21,637
Total expenditures	<u>310,810</u>	<u>284,769</u>	<u>26,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,000)</u>	<u>(5,724)</u>	<u>34,276</u>
Fund balances - beginning	<u>40,000</u>	<u>90,695</u>	<u>50,695</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>84,970</u></u>	<u><u>84,970</u></u>

CHELAN COUNTY, WASHINGTON

GIS Mapping & Reserve Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	-	2	2
Total revenues	-	2	2
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	2	2
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(81)	(81)
Total other financing sources and uses	-	(81)	(81)
Net change in fund balances	-	(78)	(78)
Fund balances - beginning	-	78	78
Fund balances - ending	-	-	-

CHELAN COUNTY, WASHINGTON

Natural Resources Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	863,508	1,025,222	161,714
Charges for services	90,016	71,556	(18,460)
Miscellaneous	136,426	85,059	(51,367)
Total revenues	<u>1,089,950</u>	<u>1,181,838</u>	<u>91,888</u>
EXPENDITURES			
Current:			
Utilities and environment	1,849,174	1,376,936	472,238
Total expenditures	<u>1,849,174</u>	<u>1,376,936</u>	<u>472,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(759,224)</u>	<u>(195,098)</u>	<u>564,126</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	10,000	5,000
Total other financing sources and uses	<u>5,000</u>	<u>10,000</u>	<u>5,000</u>
Net change in fund balances	<u>(754,224)</u>	<u>(185,098)</u>	<u>569,126</u>
Fund balances - beginning	<u>1,319,867</u>	<u>699,522</u>	<u>(620,345)</u>
Fund balances - ending	<u><u>565,643</u></u>	<u><u>514,424</u></u>	<u><u>(51,219)</u></u>

CHELAN COUNTY, WASHINGTON

Regional Jail Education Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	10	121	111
Total revenues	<u>10</u>	<u>121</u>	<u>111</u>
EXPENDITURES			
Current:			
Security of persons and property	639	230	409
Total expenditures	<u>639</u>	<u>230</u>	<u>409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(629)</u>	<u>(108)</u>	<u>521</u>
Fund balances - beginning	<u>3,808</u>	<u>3,608</u>	<u>(200)</u>
Fund balances - ending	<u><u>3,179</u></u>	<u><u>3,500</u></u>	<u><u>321</u></u>

CHELAN COUNTY, WASHINGTON

Forest Title III Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	<u>340,000</u>	<u>259</u>	<u>(339,741)</u>
Total revenues	<u>340,000</u>	<u>259</u>	<u>(339,741)</u>
EXPENDITURES			
Current:			
Utilities and environment	<u>385,835</u>	<u>425,745</u>	<u>(39,910)</u>
Total expenditures	<u>385,835</u>	<u>425,745</u>	<u>(39,910)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,835)</u>	<u>(425,486)</u>	<u>(379,650)</u>
Fund balances - beginning	<u>340,000</u>	<u>354,978</u>	<u>14,978</u>
Fund balances - ending	<u><u>294,165</u></u>	<u><u>(70,507)</u></u>	<u><u>(364,672)</u></u>

CHELAN COUNTY, WASHINGTON

Distressed Counties Tax Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	930,000	1,161,800	231,800
Miscellaneous	30,000	77,260	47,260
Total revenues	<u>960,000</u>	<u>1,239,060</u>	<u>279,060</u>
EXPENDITURES			
Current:			
Economic environment	2,003,896	204,807	1,799,090
Debt Service:			
Principal	390,000	390,000	
Interest and other charges	393,700	393,700	
Total expenditures	<u>2,787,596</u>	<u>988,507</u>	<u>1,799,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,827,596)</u>	<u>250,554</u>	<u>2,078,150</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(1,175,000)	(1,175,000)
Total other financing sources and uses	<u>-</u>	<u>(1,175,000)</u>	<u>(1,175,000)</u>
Net change in fund balances	(1,827,596)	(924,446)	903,150
Fund balances - beginning	2,300,000	2,164,779	(135,221)
Fund balances - ending	<u>472,404</u>	<u>1,240,333</u>	<u>767,929</u>

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CHELAN COUNTY, WASHINGTON

Description of Nonmajor Capital Projects Funds

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

Master Plan Construction: accounts 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, 2006

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Master Plan Construction	Total
ASSETS				
Cash and cash equivalents	691,929	38,162	142,483	872,574
Investments	270,616	243,058	299	513,973
Interest receivable	1,214	1,149	1	2,365
Total assets	<u>963,760</u>	<u>282,369</u>	<u>142,783</u>	<u>1,388,912</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	4,758	104,324	109,082
Total Liabilities	<u>-</u>	<u>4,758</u>	<u>104,324</u>	<u>109,082</u>
Fund balances:				
Unreserved, reported in nonmajor:	963,760	277,612	38,459	1,279,830
Total fund balances	<u>963,760</u>	<u>277,612</u>	<u>38,459</u>	<u>1,279,830</u>
Total liabilities and fund balances	<u>963,760</u>	<u>282,369</u>	<u>142,783</u>	<u>1,388,912</u>

CHELAN COUNTY, WASHINGTON

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

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2006

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Master Plan Construction	Total
REVENUES				
Taxes	942,285	942,293	-	1,884,578
Miscellaneous	13,081	14,453	1,804	29,338
Total revenues	<u>955,365</u>	<u>956,746</u>	<u>1,804</u>	<u>1,913,916</u>
EXPENDITURES				
Debt service:				
Principal	60,543	-	-	60,543
Interest and other charges	19,617	-	-	19,617
Capital outlay	126,658	1,021,775	2,323,500	3,471,932
Total expenditures	<u>206,818</u>	<u>1,021,775</u>	<u>2,323,500</u>	<u>3,552,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>748,547</u>	<u>(65,028)</u>	<u>(2,321,696)</u>	<u>(1,638,177)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,350,000	2,350,000
Transfers out	(1,175,000)	-	-	(1,175,000)
Total other financing sources and uses	<u>(1,175,000)</u>	<u>-</u>	<u>2,350,000</u>	<u>1,175,000</u>
Net change in fund balances	<u>(426,453)</u>	<u>(65,028)</u>	<u>28,304</u>	<u>(463,177)</u>
Fund balances - beginning	<u>1,390,212</u>	<u>342,640</u>	<u>10,155</u>	<u>1,743,007</u>
Fund balances - ending	<u>963,760</u>	<u>277,612</u>	<u>38,459</u>	<u>1,279,830</u>

CHELAN COUNTY, WASHINGTON

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	540,000	942,285	402,285
Miscellaneous	5,000	13,081	8,081
Total revenues	<u>545,000</u>	<u>955,365</u>	<u>410,365</u>
EXPENDITURES			
Debt service:			
Principal	67,250	60,543	6,707
Interest and other charges	16,975	19,617	(2,642)
Capital outlay	1,400,463	126,658	1,273,805
Total expenditures	<u>1,484,688</u>	<u>206,818</u>	<u>1,277,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(939,688)</u>	<u>748,547</u>	<u>1,688,235</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(1,175,000)	(1,175,000)
Total other financing sources and uses	<u>-</u>	<u>(1,175,000)</u>	<u>(1,175,000)</u>
Net change in fund balances	(939,688)	(426,453)	513,235
Fund balances - beginning	1,240,000	1,390,212	150,212
Fund balances - ending	<u>300,312</u>	<u>963,760</u>	<u>663,448</u>

CHELAN COUNTY, WASHINGTON

R.E.E.T 2 Capital Improvement Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	540,000	942,293	402,293
Miscellaneous	20,000	14,453	(5,547)
Total revenues	<u>560,000</u>	<u>956,746</u>	<u>396,746</u>
EXPENDITURES			
Capital outlay	1,200,998	1,021,775	179,223
Total expenditures	<u>1,200,998</u>	<u>1,021,775</u>	<u>179,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(640,998)</u>	<u>(65,028)</u>	<u>575,970</u>
Fund balances - beginning	800,000	342,640	(457,360)
Fund balances - ending	<u>159,002</u>	<u>277,612</u>	<u>118,610</u>

CHELAN COUNTY, WASHINGTON

Master Plan Construction Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	672,000	1,804	(670,196)
Total revenues	672,000	1,804	(670,196)
EXPENDITURES			
Capital outlay	2,343,683	2,323,500	20,183
Total expenditures	2,343,683	2,323,500	20,183
Excess (deficiency) of revenues over (under) expenditures	(1,671,683)	(2,321,696)	(650,013)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,350,000	2,350,000
Total other financing sources and uses	-	2,350,000	2,350,000
Net change in fund balances	(1,671,683)	28,304	1,699,987
Fund balances - beginning	1,221,683	10,155	(1,211,529)
Fund balances - ending	(450,000)	38,459	488,459

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

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

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

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

Fair: accounts for the operations of the Chelan County Fair as an economic agent for the County.

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 December 31, 2006

	Solid Waste Planning	Wenatchee River County Park	Fair	Public Education	Total
ASSETS					
Current assets:					
Cash and cash equivalents	11,760	64,736	23,725	26,450	126,671
Investments	252,716	-	-	-	252,716
Interest receivable	1,100	-	-	-	1,100
Due from other governments	41,526	-	-	-	41,526
Total current assets	<u>307,102</u>	<u>64,736</u>	<u>23,725</u>	<u>26,450</u>	<u>422,013</u>
Noncurrent assets:					
Capital assets: (net of accumulated depreciation)					
Buildings	80,110	-	39,601	-	119,711
Equipment	267,299	12,262	54,489	-	334,051
Total noncurrent assets	<u>347,409</u>	<u>12,262</u>	<u>94,090</u>	<u>-</u>	<u>453,762</u>
Total assets	<u>654,511</u>	<u>76,998</u>	<u>117,815</u>	<u>26,450</u>	<u>875,775</u>
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	401	550	369	278	1,599
Due to other funds	159	-	3,438	-	3,597
Due to other governments	43	315	-	4	362
Other accrued liabilities	3,891	2,426	7,880	3,276	17,472
Total current liabilities	<u>4,494</u>	<u>3,291</u>	<u>11,687</u>	<u>3,558</u>	<u>23,030</u>
Noncurrent liabilities:					
Advances from other funds	-	-	100,000	-	100,000
Compensated absences	5,533	-	1,553	3,060	10,146
Total noncurrent liabilities	<u>5,533</u>	<u>-</u>	<u>101,553</u>	<u>3,060</u>	<u>110,146</u>
Total liabilities	<u>10,027</u>	<u>3,291</u>	<u>113,240</u>	<u>6,618</u>	<u>133,176</u>
NET ASSETS					
Invested in capital assets, net of related debt	347,409	12,262	94,090	-	453,762
Unrestricted	297,075	61,445	(89,515)	19,831	288,837
Total net assets	<u>644,485</u>	<u>73,707</u>	<u>4,576</u>	<u>19,831</u>	<u>742,599</u>

CHELAN COUNTY, WASHINGTON

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

Nonmajor Enterprise Funds

For the Year Ending December 31, 2006

	Solid Waste Planning	Wenatchee River County Park	Fair	Public Education	Total
OPERATING REVENUES					
Intergovernmental revenues	43,509	-	39,071	-	82,580
Charges for services	97,200	7,695	111,182	43,390	259,467
Miscellaneous	65,822	178,976	153,944	25,253	423,995
Total revenues	<u>206,530</u>	<u>186,672</u>	<u>304,197</u>	<u>68,643</u>	<u>766,042</u>
OPERATING EXPENSES					
Salaries	45,183	65,226	109,287	36,591	256,287
Personnel benefits	12,076	31,521	43,548	10,598	97,744
Supplies	3,780	7,591	28,692	14,961	55,023
Other services and charges	128,228	51,212	150,301	8,339	338,080
Intergovernmental/interfund services and taxes	88	432	3,549	-	4,068
Interfund payments for services	6,802	7,051	27,897	362	42,112
Depreciation	36,906	2,173	12,436	-	51,515
Total operating expenses	<u>233,063</u>	<u>165,207</u>	<u>375,709</u>	<u>70,851</u>	<u>844,830</u>
Operating income (loss)	<u>(26,532)</u>	<u>21,464</u>	<u>(71,512)</u>	<u>(2,208)</u>	<u>(78,788)</u>
NONOPERATING REVENUES (EXPENSES)					
Debt service - interest	-	-	(3,890)	-	(3,890)
Total nonoperating revenues (expenses)	-	-	(3,890)	-	(3,890)
Income (loss) before contributions and transfers	<u>(26,532)</u>	<u>21,464</u>	<u>(75,402)</u>	<u>(2,208)</u>	<u>(82,678)</u>
Transfers in	-	-	77,835	-	77,835
Change in net assets	<u>(26,532)</u>	<u>21,464</u>	<u>2,433</u>	<u>(2,208)</u>	<u>(4,843)</u>
Total net assets - beginning	<u>671,017</u>	<u>52,242</u>	<u>2,143</u>	<u>22,040</u>	<u>747,442</u>
Total net assets - ending	<u>644,485</u>	<u>73,707</u>	<u>4,576</u>	<u>19,831</u>	<u>742,599</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2006

	Solid Waste Planning	Wenatchee River County Park	Fair	Public Education	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	261,177	187,920	304,197	68,643	821,937
Cash payments to suppliers	(143,843)	(66,317)	(264,683)	(23,602)	(498,445)
Cash payments to employees and retirees	(57,205)	(96,665)	(159,748)	(45,663)	(359,281)
Net cash provided (used) by operating activities	60,130	24,938	(120,235)	(622)	(35,789)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Principal and interest paid on noncapital debt	-	-	(3,890)	-	(3,890)
Transfers in	-	-	77,835	-	77,835
Advances from other funds	-	-	20,000	-	20,000
Net cash provided (used) by noncapital financing activities	-	-	93,944	-	93,944
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(12,248)	-	-	-	(12,248)
Net cash provided (used) by capital financing activities	(12,248)	-	-	-	(12,248)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(35,812)	-	-	-	(35,812)
Interest on investments	(310)	-	-	-	(310)
Net cash provided (used) by investing activities	(36,121)	-	-	-	(36,121)
Net increase (decrease) in cash and cash equiv.	11,760	24,938	(26,290)	(622)	9,785
Cash and cash equivalents, January 1	-	39,798	50,016	27,072	116,886
Cash and cash equivalents, December 31	11,760	64,736	23,725	26,450	126,671
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(26,532)	21,464	(71,512)	(2,208)	(78,788)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:					
Depreciation and amortization of deferred charge	36,906	2,173	12,436	-	51,515
(Increase) decrease in accounts receivable	-	1,249	-	-	1,249
(Increase) decrease in due from other funds/gov	54,647	-	-	-	54,647
Increase (decrease) in vouchers/contracts payable	(5,062)	17	(11,927)	81	(16,891)
Increase (decrease) in due to other funds/gov	118	(47)	(42,319)	(22)	(42,270)
Increase (decrease) in payables/other liabilities	(9)	82	(6,571)	(15)	(6,512)
Increase (decrease) in accrued employee leave benefits	62	-	(343)	1,542	1,262
Total adjustments	86,662	3,474	(48,723)	1,586	42,999
Net cash provided (used) by operating activities	60,130	24,938	(120,235)	(622)	(35,789)

The County is not aware of any material noncash transactions.

CHELAN COUNTY, WASHINGTON

Description of Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

RJC ER&R: accounts for the funds used to manage the purchase, maintenance, repair, and replacement of equipment for the Regional Justice Center.

RJC Safety: accounts for the funds used to meet safety needs and purchase equipment for the Regional Justice Center.

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

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

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

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets
Internal Service Funds
December 31, 2006

	Equipment Rental & Revolving	RJC ER&R	RCJ Safety	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
ASSETS								
Current assets:								
Cash and cash equivalents	3,532,555	39,432	20,776	83,665	26,731	3,324	267,977	3,974,460
Deposits with fiscal agents	-	-	-	38,800	-	-	-	38,800
Investments	-	-	-	186,508	67,584	135,665	227,666	617,423
Accounts receivable	14,703	-	-	-	-	-	-	14,703
Interest receivable	-	-	-	796	288	579	972	2,635
Due from other funds	357,436	-	-	-	-	-	-	357,436
Interfund loan receivable	37,500	-	-	-	-	-	-	37,500
Due from other governments	1,479	-	-	-	-	-	-	1,479
Inventory	689,790	-	-	-	-	-	-	689,790
Total current assets	4,633,463	39,432	20,776	309,769	94,603	139,568	496,615	5,734,227
Noncurrent assets:								
Capital assets: (net of accumulated depreciation)								
Buildings	44,052	-	-	-	-	-	-	44,052
Equipment	7,007,713	20,052	-	-	-	-	-	7,027,764
Total noncurrent assets	7,051,765	20,052	-	-	-	-	-	7,071,817
Total assets	11,685,228	59,484	20,776	309,769	94,603	139,568	496,615	12,806,043
LIABILITIES								
Current liabilities:								
Accounts payable	382,364	-	-	4,251	-	-	3,823	390,437
Due to other funds	-	-	-	10,786	-	-	9,987	20,774
Due to other governments	2,710	-	-	29,616	-	-	21	32,347
Other accrued liabilities	48,986	-	-	-	-	-	-	48,986
Total current liabilities	434,059	-	-	44,653	-	-	13,831	492,544
Noncurrent liabilities:								
Compensated absences	37,041	-	-	-	-	-	-	37,041
Total noncurrent liabilities	37,041	-	-	-	-	-	-	37,041
Total liabilities	471,100	-	-	44,653	-	-	13,831	529,585
NET ASSETS								
Invested in capital assets, net of related debt	7,051,765	20,052	-	-	-	-	-	7,071,817
Unrestricted	4,162,363	39,432	20,776	265,116	94,603	139,568	482,784	5,204,642
Total net assets	11,214,128	59,484	20,776	265,116	94,603	139,568	482,784	12,276,459

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ending December 31, 2006

	Equipment Rental & Revolving	RJC ER&R	RJC Safety	Industrial Insurance	Health Insurance	Unemployment Compensation	Insurance Admin & Purchasing	Total
OPERATING REVENUES								
Intergovernmental revenue	-	17,789	-	-	-	-	-	17,789
Charges for services	1,037,005	-	-	-	-	-	-	1,037,005
Miscellaneous	2,673,090	-	-	427,592	4,252,136	41,698	808,359	8,202,874
Total operating revenues	3,710,094	17,789	-	427,592	4,252,136	41,698	808,359	9,257,668
OPERATING EXPENSES								
Salaries	453,256	-	-	-	-	-	-	453,256
Personnel benefits	134,347	-	-	-	-	-	-	134,347
Supplies	1,213,380	-	9,224	-	-	-	-	1,222,604
Other services and charges	92,201	-	-	514,693	4,248,486	54,786	669,836	5,580,002
Interfund payments for services	106,286	-	-	12,556	18,559	325	32,292	170,019
Depreciation	1,471,614	305	-	-	-	-	-	1,471,919
Total operating expenses	3,471,083	305	9,224	527,249	4,267,045	55,111	702,128	9,032,146
Operating income (loss)	239,011	17,484	(9,224)	(99,658)	(14,909)	(13,414)	106,231	225,522
NONOPERATING REVENUES (EXPENSES)								
Debt service - interest	(2,528)	-	-	-	-	-	-	(2,528)
Gain/loss on sale of capital assets	82,971	-	-	-	-	-	-	82,971
Total nonoperating revenues (expenses)	80,443	-	-	-	-	-	-	80,443
Income (loss) before contributions and transfers	319,454	17,484	(9,224)	(99,658)	(14,909)	(13,414)	106,231	305,965
Transfers in	-	17,000	5,000	-	-	-	-	22,000
Change in net assets	319,454	34,484	(4,224)	(99,658)	(14,909)	(13,414)	106,231	327,965
Total net assets - beginning	10,894,674	25,000	25,000	364,773	109,512	152,982	376,553	11,948,494
Total net assets - ending	11,214,128	59,484	20,776	265,116	94,603	139,568	482,784	12,276,459

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006

	Equipment Rental & Revolving	RJC ER&R	RJC Safety	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers and users	3,733,112	17,789	-	427,592	4,252,136	41,698	808,359	9,280,686
Cash payments to suppliers	(1,150,160)	-	(9,224)	(496,208)	(4,267,045)	(55,111)	(718,297)	(6,696,044)
Cash payments to employees and retirees	(596,215)	-	-	-	-	-	-	(596,215)
Net cash provided (used) by operating activities	1,986,737	17,789	(9,224)	(68,616)	(14,909)	(13,414)	90,063	1,988,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	-	17,000	5,000	-	-	-	-	22,000
Net cash provided (used) by noncapital financing activities	-	17,000	5,000	-	-	-	-	22,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES								
Proceeds from sale of equipment	155,295	-	-	-	-	-	-	155,295
Acquisition and construction of capital assets	(1,237,729)	(20,357)	-	-	-	-	-	(1,258,086)
Principal and interest payments for capital debt	(2,528)	-	-	-	-	-	-	(2,528)
Net cash provided (used) by capital financing activities	(1,084,962)	(20,357)	-	-	-	-	-	(1,105,319)
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sales and maturities of investments	-	-	-	-	2,094	16,798	-	18,892
Purchase of investments	-	-	-	(8,267)	-	-	174,449	166,182
Interest on investments	-	-	-	(190)	(50)	(60)	465	166
Net cash provided (used) by investing activities	-	-	-	(8,457)	2,044	16,738	174,914	185,240
Net increase (decrease) in cash and cash equivalents	901,776	14,432	(4,224)	(77,072)	(12,865)	3,324	264,977	1,090,348
Cash and cash equivalents, January 1	2,630,779	25,000	25,000	160,737	39,596	-	3,000	2,884,112
Cash and cash equivalents, December 31	3,532,555	39,432	20,776	83,665	26,731	3,324	267,977	3,974,460

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	239,011	17,484	(9,224)	(99,658)	(14,909)	(13,414)	106,231	225,522
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:								
Depreciation and amortization of deferred charge	1,471,614	305	-	-	-	-	-	1,471,919
(Increase) decrease in accounts receivable	2,838	-	-	-	-	-	-	2,838
(Increase) decrease in due from other funds/gov	20,180	-	-	-	-	-	-	20,180
(Increase) decrease in inventory/prepaid expenses	6,791	-	-	-	-	-	-	6,791
Increase (decrease) in vouchers/contracts payable	252,591	-	-	(9,361)	-	-	3,823	247,053
Increase (decrease) in due to other funds/gov	2,325	-	-	40,403	-	-	(19,992)	22,736
Increase (decrease) in payables/other liabilities	1,294	-	-	-	-	-	-	1,294
Increase (decrease) in accrued employee leave benefits	(9,906)	-	-	-	-	-	-	(9,906)
Total adjustments	<u>1,747,726</u>	<u>305</u>	<u>-</u>	<u>31,042</u>	<u>-</u>	<u>-</u>	<u>(16,169)</u>	<u>1,762,905</u>
Net cash provided (used) by operating activities	<u>1,986,737</u>	<u>17,789</u>	<u>(9,224)</u>	<u>(68,616)</u>	<u>(14,909)</u>	<u>(13,414)</u>	<u>90,063</u>	<u>1,988,427</u>

The County is not aware of any material noncash transactions.

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: accounts 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: accounts for the retainage fees deducted from county roads projects payment to the constructors prior to project completion.

CASA: accounts for the funding from the state to the CASA program.

Network Grant: accounts for the funding from the state to the Chelan Douglas Community Action program.

Substance Abuse: accounts for the financing of drug rehabilitation programs, most of which comes through the state.

Infrastructure Improvement Project: accounts 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: accounts for the community development block pass-through grant that is administered by the Planning Department.

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

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

RJC Partnership: accounts for the proceeds of the regional jail partners which were used to finance the RJC 60-bed annex.

Columbia River Drug Task Force: accounts for the finances of the Columbia River Drug Task Force.

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

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

TV District Number 1: accounts for the finances of the TV District #1.

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

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

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

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

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

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

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

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

Park Districts: accounts for the finances of Manson Park.

Upper Valley Parks & Recreation: accounts for the finances of Manson Park.

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

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

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

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

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

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

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

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2006

	Regional Jail Prisoner	County Roads Retainage	CASA	Network Grant	Substance Abuse	Infrastructure Improvement
ASSETS						
Cash	8,000	-	-	-	31,357	-
Investments	29,980	38,225	-	-	-	165,544
Deposits with fiscal agents	-	-	-	-	-	-
Accounts receivable	-	-	2,755	-	-	-
Taxes receivable	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-
Interest receivable	119	167	-	-	-	706
Due from other governments	-	-	-	-	88,406	-
Total assets	<u>38,099</u>	<u>38,393</u>	<u>2,755</u>	<u>-</u>	<u>119,763</u>	<u>166,250</u>
LIABILITIES						
Accounts payable	8,030	-	2,755	-	85,447	-
Due to other governments	313	-	-	-	-	-
Other accrued liabilities	23	-	-	-	-	-
Custodial accounts	29,733	38,393	-	-	34,316	166,250
Total liabilities	<u>38,099</u>	<u>38,393</u>	<u>2,755</u>	<u>-</u>	<u>119,763</u>	<u>166,250</u>

CDBG- Planning	LID 85-1	Chelan/Douglas Health District	RJC Partnership	Columbia River Drug Task Force	NCR Library	Link	TV Reception Improvement Dist No 1
-	-	28,874	54	-	917,895	526,060	1,916
-	25,325	497,379	-	181,759	7,014,017	4,633,108	8,426
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	73,878	-	-
-	61	-	-	-	-	-	-
-	108	1,680	-	641	31,408	21,033	36
-	-	-	-	-	-	-	-
-	<u>25,495</u>	<u>527,934</u>	<u>54</u>	<u>182,400</u>	<u>8,037,198</u>	<u>5,180,201</u>	<u>10,379</u>
-	-	-	-	32,347	356,838	-	431
-	-	-	-	-	-	-	-
-	-	247,902	-	-	20,546	-	-
-	<u>25,495</u>	<u>280,032</u>	<u>54</u>	<u>150,053</u>	<u>7,659,814</u>	<u>5,180,201</u>	<u>9,948</u>
-	<u>25,495</u>	<u>527,934</u>	<u>54</u>	<u>182,400</u>	<u>8,037,198</u>	<u>5,180,201</u>	<u>10,379</u>

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2006

	<u>State</u>	<u>NCESD</u>	<u>School Districts</u>	<u>Fire Districts</u>	<u>Cemetery Districts</u>	<u>Port of Chelan County</u>
ASSETS						
Cash	339,310	-	373,430	340,950	178,740	57,714
Investments	-	10,034,902	26,058,914	2,558,873	480,713	3,934,601
Deposits with fiscal agents	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Taxes receivable	477,911	-	648,330	93,186	4,922	55,916
Assessments receivable	-	-	-	-	-	-
Interest receivable	-	44,118	36,216	11,550	2,103	10,970
Due from other governments	-	-	-	-	-	-
Total assets	<u>817,221</u>	<u>10,079,020</u>	<u>27,116,890</u>	<u>3,004,559</u>	<u>666,477</u>	<u>4,059,202</u>
LIABILITIES						
Accounts payable	-	-	-	29,860	2,417	-
Due to other governments	-	-	-	-	-	-
Other accrued liabilities	-	-	-	114,131	6,779	-
Custodial accounts	<u>817,221</u>	<u>10,079,020</u>	<u>27,116,890</u>	<u>2,860,567</u>	<u>657,281</u>	<u>4,059,202</u>
Total liabilities	<u>817,221</u>	<u>10,079,020</u>	<u>27,116,890</u>	<u>3,004,559</u>	<u>666,477</u>	<u>4,059,202</u>

Pangborn Field	Lake Chelan Sewer Revenue Bond	Park Districts	Upper Valley Park and Rec	Mosquito Districts	Water Districts	Irrigation Districts	Water Conservancy Board
36,050	148,080	1,885	41,268	81,627	344,014	938,198	14,870
105	1,189,051	78,869	911	-	860,149	3,506,050	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,287	4,253	1,219	-	-	-
-	-	-	-	-	-	-	-
-	5,454	322	4	-	2,864	15,920	-
-	-	-	-	-	-	-	-
<u>36,155</u>	<u>1,342,585</u>	<u>83,363</u>	<u>46,435</u>	<u>82,846</u>	<u>1,207,026</u>	<u>4,460,168</u>	<u>14,870</u>
-	-	2,163	-	53	25,389	198,049	650
-	-	-	-	-	-	-	-
-	-	2,215	-	-	11,674	14,692	-
<u>36,155</u>	<u>1,342,585</u>	<u>78,985</u>	<u>46,435</u>	<u>82,793</u>	<u>1,169,964</u>	<u>4,247,427</u>	<u>14,220</u>
<u>36,155</u>	<u>1,342,585</u>	<u>83,363</u>	<u>46,435</u>	<u>82,846</u>	<u>1,207,026</u>	<u>4,460,168</u>	<u>14,870</u>

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2006

	<u>Hospitals</u>	<u>Cities</u>	<u>County</u>	<u>Total</u>
ASSETS				
Cash	182,882	143,116	110,713	4,847,001
Investments	12,165,334	-	-	73,462,236
Deposits with fiscal agents	-	-	1,666,179	1,666,179
Accounts receivable	-	-	-	2,755
Taxes receivable	63,120	183,646	-	1,608,668
Assessments receivable	-	-	-	61
Interest receivable	59,832	-	-	245,250
Due from other governments	-	-	-	88,406
Total assets	<u>12,471,168</u>	<u>326,762</u>	<u>1,776,892</u>	<u>81,920,556</u>
LIABILITIES				
Accounts payable	-	-	-	744,429
Due to other governments	-	-	-	313
Other accrued liabilities	-	-	-	417,962
Custodial accounts	12,471,168	326,762	1,776,892	80,757,852
Total liabilities	<u>12,471,168</u>	<u>326,762</u>	<u>1,776,892</u>	<u>81,920,556</u>

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Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2006

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
REGIONAL JAIL PRISONER				
Assets				
Cash	8,000	219,040	219,040	8,000
Investments	20,137	43,161	33,318	29,980
Accounts receivable	-	5,559	5,559	-
Interest receivable	69	119	69	119
Due from other governments	4,843	-	4,843	-
Total assets	<u>33,049</u>	<u>267,879</u>	<u>262,829</u>	<u>38,099</u>
Liabilities				
Accounts payable	8,011	176,211	176,192	8,030
Due to other funds	-	-	-	-
Due to other governments	-	313	-	313
Other accrued liabilities	25	1,934	1,937	23
Custodial accounts	<u>25,013</u>	<u>180,420</u>	<u>175,701</u>	<u>29,733</u>
Total liabilities	<u>33,049</u>	<u>358,879</u>	<u>353,830</u>	<u>38,099</u>
COUNTY ROADS RETAINAGE				
Assets				
Cash	-	133,060	133,060	-
Investments	57,596	41,026	60,397	38,225
Accounts receivable	-	41,001	41,001	-
Interest receivable	195	167	195	167
Due from other funds	-	-	-	-
Total assets	<u>57,791</u>	<u>215,254</u>	<u>234,652</u>	<u>38,393</u>
Liabilities				
Custodial accounts	<u>57,791</u>	<u>44,404</u>	<u>63,802</u>	<u>38,393</u>
Total liabilities	<u>57,791</u>	<u>44,404</u>	<u>63,802</u>	<u>38,393</u>
CASA				
Assets				
Cash	-	18,933	18,933	-
Accounts receivable	2,755	15,453	15,453	2,755
Total assets	<u>2,755</u>	<u>34,386</u>	<u>34,386</u>	<u>2,755</u>
Liabilities				
Accounts payable	2,755	17,620	17,620	2,755
Custodial accounts	-	16,307	16,307	-
Total liabilities	<u>2,755</u>	<u>33,926</u>	<u>33,926</u>	<u>2,755</u>

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
NETWORK GRANT				
Assets				
Cash	-	35,602	35,602	-
Accounts receivable	-	35,172	35,172	-
Due from other governments	-	-	-	-
Total assets	<u>-</u>	<u>70,774</u>	<u>70,774</u>	<u>-</u>
Liabilities				
Accounts payable	-	35,602	35,602	-
Custodial accounts	-	35,602	35,602	-
Total liabilities	<u>-</u>	<u>71,204</u>	<u>71,204</u>	<u>-</u>
SUBSTANCE ABUSE				
Assets				
Cash	46,584	900,189	915,416	31,357
Accounts receivable	-	981,046	981,046	-
Due from other governments	72,830	88,406	72,830	88,406
Total assets	<u>119,414</u>	<u>1,969,641</u>	<u>1,969,292</u>	<u>119,763</u>
Liabilities				
Accounts payable	75,836	925,027	915,416	85,447
Custodial accounts	43,578	915,765	925,027	34,316
Total liabilities	<u>119,414</u>	<u>1,840,792</u>	<u>1,840,443</u>	<u>119,763</u>
INFRASTRUCTURE IMPROVEMENT				
Assets				
Cash	-	7,532	7,532	-
Investments	158,012	7,532	-	165,544
Interest receivable	538	706	538	706
Total assets	<u>158,550</u>	<u>15,770</u>	<u>8,070</u>	<u>166,250</u>
Liabilities				
Custodial accounts	158,550	7,700	-	166,250
Total liabilities	<u>158,550</u>	<u>7,700</u>	<u>-</u>	<u>166,250</u>
CDBG-PLANNING				
Assets				
Cash	10,000	-	10,000	-
Total assets	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Liabilities				
Custodial accounts	10,000	-	10,000	-
Total liabilities	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2006

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LID 85-1				
Assets				
Cash	573	6,651	7,224	-
Investments	18,101	7,224	-	25,325
Assessments receivable	5,638	-	5,576	61
Interest receivable	62	108	62	108
Total assets	<u>24,374</u>	<u>13,983</u>	<u>12,862</u>	<u>25,495</u>
Liabilities				
Custodial accounts	24,374	6,697	5,576	25,495
Total liabilities	<u>24,374</u>	<u>6,697</u>	<u>5,576</u>	<u>25,495</u>

CHELAN/DOUGLAS HEALTH DISTRICT

Assets				
Cash	51,535	5,243,444	5,266,105	28,874
Investments	489,366	597,518	589,505	497,379
Interest receivable	1,700	1,680	1,700	1,680
Total assets	<u>542,601</u>	<u>5,842,642</u>	<u>5,857,309</u>	<u>527,934</u>
Liabilities				
Accounts payable	-	2,613,919	2,613,919	-
Other accrued liabilities	231,895	3,589,418	3,573,410	247,902
Custodial accounts	310,707	4,299,632	4,330,307	280,032
Total liabilities	<u>542,601</u>	<u>10,502,969</u>	<u>10,517,636</u>	<u>527,934</u>

REGIONAL JUSTICE CENTER PARTNERSHIP

Assets				
Cash	9,481	-	9,427	54
Total assets	<u>9,481</u>	<u>-</u>	<u>9,427</u>	<u>54</u>
Liabilities				
Accounts payable	9,310	118	9,427	-
Other accrued liabilities	-	-	-	-
Custodial accounts	171	-	118	54
Total liabilities	<u>9,481</u>	<u>118</u>	<u>9,545</u>	<u>54</u>

COLUMBIA RIVER DRUG TASKFORCE

Assets				
Cash	61,394	1,958,915	2,020,309	-
Investments	-	1,853,003	1,671,243	181,759
Interest receivable	-	641	-	641
Total assets	<u>61,394</u>	<u>3,812,558</u>	<u>3,691,553</u>	<u>182,400</u>
Liabilities				
Accounts payable	3,224	196,430	167,307	32,347
Custodial accounts	58,171	323,442	231,559	150,053
Total liabilities	<u>61,394</u>	<u>519,872</u>	<u>398,866</u>	<u>182,400</u>

	Balance January 1	Additions	Deductions	Balance December 31
NCR LIBRARY				
Assets				
Cash	1,332,363	8,259,240	8,673,708	917,895
Investments	5,960,306	1,336,713	283,002	7,014,017
Taxes receivable	78,573	73,878	78,573	73,878
Interest receivable	21,169	31,408	21,169	31,408
Total assets	<u>7,392,410</u>	<u>9,701,239</u>	<u>9,056,451</u>	<u>8,037,198</u>
Liabilities				
Accounts payable	284,756	5,540,928	5,468,846	356,838
Other accrued liabilities	20,972	3,455,697	3,456,123	20,546
Custodial accounts	7,086,682	8,039,582	7,466,450	7,659,814
Total liabilities	<u>7,392,410</u>	<u>17,036,207</u>	<u>16,391,420</u>	<u>8,037,198</u>
LINK				
Assets				
Cash	1,465,078	11,330,880	12,269,897	526,060
Investments	2,806,291	2,662,336	835,518	4,633,108
Interest receivable	10,337	21,033	10,337	21,033
Total assets	<u>4,281,706</u>	<u>14,014,248</u>	<u>13,115,753</u>	<u>5,180,201</u>
Liabilities				
Custodial accounts	4,281,706	9,936,457	9,037,962	5,180,201
Total liabilities	<u>4,281,706</u>	<u>9,936,457</u>	<u>9,037,962</u>	<u>5,180,201</u>
TV RECEPTION IMPROVEMENT DIST NO 1				
Assets				
Cash	1,980	2,236	2,300	1,916
Investments	8,043	416	33	8,426
Interest receivable	27	36	27	36
Total assets	<u>10,050</u>	<u>2,688</u>	<u>2,360</u>	<u>10,379</u>
Liabilities				
Accounts payable	-	2,314	1,884	431
Custodial accounts	10,050	2,212	2,314	9,948
Total liabilities	<u>10,050</u>	<u>4,526</u>	<u>4,198</u>	<u>10,379</u>
STATE				
Assets				
Cash	767,461	28,921,786	29,349,938	339,310
Taxes receivable	486,962	477,911	486,962	477,911
Total assets	<u>1,254,423</u>	<u>29,399,697</u>	<u>29,836,900</u>	<u>817,221</u>
Liabilities				
Custodial accounts	1,254,423	29,399,697	29,836,900	817,221
Total liabilities	<u>1,254,423</u>	<u>29,399,697</u>	<u>29,836,900</u>	<u>817,221</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2006

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
NCESD				
Assets				
Cash	412,740	18,648,600	19,061,339	-
Investments	11,976,728	1,765,743	3,707,569	10,034,902
Interest receivable	41,358	44,118	41,358	44,118
Total assets	<u>12,430,826</u>	<u>20,458,461</u>	<u>22,810,267</u>	<u>10,079,020</u>
Liabilities				
Custodial accounts	12,430,826	15,104,630	17,456,436	10,079,020
Total liabilities	<u>12,430,826</u>	<u>15,104,630</u>	<u>17,456,436</u>	<u>10,079,020</u>
SCHOOL DISTRICTS				
Assets				
Cash	1,341,155	160,423,885	161,391,611	373,430
Investments	20,291,933	35,737,590	29,970,608	26,058,914
Taxes receivable	668,574	648,330	668,574	648,330
Interest receivable	15,979	36,216	15,979	36,216
Total assets	<u>22,317,641</u>	<u>196,846,021</u>	<u>192,046,772</u>	<u>27,116,890</u>
Liabilities				
Custodial accounts	22,317,641	130,911,085	126,111,835	27,116,890
Total liabilities	<u>22,317,641</u>	<u>130,911,085</u>	<u>126,111,835</u>	<u>27,116,890</u>
FIRE DISTRICTS				
Assets				
Cash	348,706	6,488,075	6,495,832	340,950
Investments	2,090,171	1,987,049	1,518,347	2,558,873
Taxes receivable	92,906	93,186	92,906	93,186
Interest receivable	7,734	11,550	7,734	11,550
Total assets	<u>2,539,518</u>	<u>8,579,860</u>	<u>8,114,819</u>	<u>3,004,559</u>
Liabilities				
Accounts payable	27,932	2,368,750	2,366,822	29,860
Other accrued liabilities	108,429	1,915,925	1,910,223	114,131
Custodial accounts	2,403,157	4,923,503	4,466,094	2,860,567
Total liabilities	<u>2,539,518</u>	<u>9,208,179</u>	<u>8,743,139</u>	<u>3,004,559</u>

	Balance January 1	Additions	Deductions	Balance December 31
CEMETERY DISTRICTS				
Assets				
Cash	195,826	239,971	257,058	178,740
Investments	458,370	24,237	1,895	480,713
Taxes receivable	5,076	4,922	5,076	4,922
Interest receivable	1,588	2,103	1,588	2,103
Total assets	<u>660,860</u>	<u>271,233</u>	<u>265,616</u>	<u>666,477</u>
Liabilities				
Accounts payable	670	141,186	139,439	2,417
Other accrued liabilities	6,156	125,002	124,379	6,779
Custodial accounts	654,034	243,153	239,906	657,281
Total liabilities	<u>660,860</u>	<u>509,341</u>	<u>503,724</u>	<u>666,477</u>
PORT OF CHELAN COUNTY				
Assets				
Cash	87,077	6,325,671	6,355,034	57,714
Investments	4,428,532	1,608,584	2,102,515	3,934,601
Taxes receivable	58,874	55,916	58,874	55,916
Interest receivable	10,646	10,970	10,646	10,970
Total assets	<u>4,585,130</u>	<u>8,001,141</u>	<u>8,527,069</u>	<u>4,059,202</u>
Liabilities				
Custodial accounts	4,585,130	4,480,687	5,006,615	4,059,202
Total liabilities	<u>4,585,130</u>	<u>4,480,687</u>	<u>5,006,615</u>	<u>4,059,202</u>
PANGBORN FIELD				
Assets				
Cash	193,773	1,231,972	1,389,695	36,050
Investments	100	6	1	105
Total assets	<u>193,873</u>	<u>1,231,978</u>	<u>1,389,696</u>	<u>36,155</u>
Liabilities				
Custodial accounts	193,873	1,231,972	1,389,690	36,155
Total liabilities	<u>193,873</u>	<u>1,231,972</u>	<u>1,389,690</u>	<u>36,155</u>
LAKE CHELAN SEWER REVENUE BOND				
Assets				
Cash	113,849	1,148,703	1,114,472	148,080
Investments	1,202,126	871,838	884,913	1,189,051
Interest receivable	4,346	5,454	4,346	5,454
Total assets	<u>1,320,321</u>	<u>2,025,996</u>	<u>2,003,732</u>	<u>1,342,585</u>
Liabilities				
Custodial accounts	1,320,321	264,898	242,634	1,342,585
Total liabilities	<u>1,320,321</u>	<u>264,898</u>	<u>242,634</u>	<u>1,342,585</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2006

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
PARK DISTRICTS				
Assets				
Cash	2,113	288,442	288,670	1,885
Investments	69,629	60,951	51,711	78,869
Taxes receivable	1,962	2,287	1,962	2,287
Interest receivable	236	322	236	322
Total assets	<u>73,941</u>	<u>352,002</u>	<u>342,580</u>	<u>83,363</u>
Liabilities				
Accounts payable	3,592	111,989	113,418	2,163
Other accrued liabilities	977	153,254	152,016	2,215
Custodial accounts	69,372	227,763	218,151	78,985
Total liabilities	<u>73,941</u>	<u>493,006</u>	<u>483,585</u>	<u>83,363</u>
UPPER VALLEY PARK AND REC				
Assets				
Cash	11,875	219,322	189,928	41,268
Investments	869	45	4	911
Taxes receivable	5,638	4,253	5,638	4,253
Interest receivable	3	4	3	4
Total assets	<u>18,385</u>	<u>223,623</u>	<u>195,573</u>	<u>46,435</u>
Liabilities				
Accounts payable	-	107,000	107,000	-
Custodial accounts	18,385	223,572	195,522	46,435
Total liabilities	<u>18,385</u>	<u>330,572</u>	<u>302,522</u>	<u>46,435</u>
MOSQUITO DISTRICTS				
Assets				
Cash	85,313	45,059	48,746	81,627
Taxes receivable	2,470	1,219	2,470	1,219
Total assets	<u>87,783</u>	<u>46,278</u>	<u>51,216</u>	<u>82,846</u>
Liabilities				
Accounts payable	-	33,034	32,981	53
Other accrued liabilities	190	21,169	21,359	-
Custodial accounts	87,593	46,278	51,079	82,793
Total liabilities	<u>87,783</u>	<u>100,481</u>	<u>105,419</u>	<u>82,846</u>

	Balance January 1	Additions	Deductions	Balance December 31
WATER DISTRICTS				
Assets				
Cash	545,600	2,963,823	3,165,409	344,014
Investments	1,230,295	195,614	565,761	860,149
Interest receivable	3,659	2,864	3,659	2,864
Total assets	<u>1,779,554</u>	<u>3,162,301</u>	<u>3,734,829</u>	<u>1,207,026</u>
Liabilities				
Accounts payable	82,965	1,290,861	1,348,436	25,389
Other accrued liabilities	8,988	139,985	137,300	11,674
Custodial accounts	1,687,601	1,787,162	2,304,799	1,169,964
Total liabilities	<u>1,779,554</u>	<u>3,218,008</u>	<u>3,790,535</u>	<u>1,207,026</u>
IRRIGATION DISTRICTS				
Assets				
Cash	647,538	6,863,292	6,572,631	938,198
Investments	2,991,521	1,549,523	1,034,994	3,506,050
Interest receivable	10,763	15,920	10,763	15,920
Total assets	<u>3,649,822</u>	<u>8,428,734</u>	<u>7,618,388</u>	<u>4,460,168</u>
Liabilities				
Accounts payable	187,688	3,905,226	3,894,865	198,049
Other accrued liabilities	12,863	184,336	182,507	14,692
Custodial accounts	3,449,271	5,787,661	4,989,506	4,247,427
Total liabilities	<u>3,649,822</u>	<u>9,877,223</u>	<u>9,066,878</u>	<u>4,460,168</u>
WATER CONSERVANCY BOARD				
Assets				
Cash	5,260	19,956	10,346	14,870
Total assets	<u>5,260</u>	<u>19,956</u>	<u>10,346</u>	<u>14,870</u>
Liabilities				
Accounts payable	888	10,108	10,346	650
Custodial accounts	4,372	19,956	10,108	14,220
Total liabilities	<u>5,260</u>	<u>30,064</u>	<u>20,454</u>	<u>14,870</u>
HOSPITALS				
Assets				
Cash	672,721	28,452,764	28,942,604	182,882
Investments	9,310,509	4,816,814	1,961,988	12,165,334
Taxes receivable	60,162	63,120	60,162	63,120
Interest receivable	29,778	59,832	29,778	59,832
Total assets	<u>10,073,170</u>	<u>33,392,531</u>	<u>30,994,532</u>	<u>12,471,168</u>
Liabilities				
Custodial accounts	10,073,170	26,583,951	24,185,952	12,471,168
Total liabilities	<u>10,073,170</u>	<u>26,583,951</u>	<u>24,185,952</u>	<u>12,471,168</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2006

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CITIES				
Assets				
Cash	150,652	9,249,340	9,256,876	143,116
Taxes receivable	201,428	183,646	201,428	183,646
Total assets	<u>352,080</u>	<u>9,432,986</u>	<u>9,458,304</u>	<u>326,762</u>
Liabilities				
Custodial accounts	352,080	9,432,986	9,458,304	326,762
Total liabilities	<u>352,080</u>	<u>9,432,986</u>	<u>9,458,304</u>	<u>326,762</u>
COUNTY				
Assets				
Cash	132,231	1,285,305	1,306,823	110,713
Deposits with fiscal agents	1,315,930	1,666,179	1,315,930	1,666,179
Total assets	<u>1,448,160</u>	<u>2,951,484</u>	<u>2,622,753</u>	<u>1,776,892</u>
Liabilities				
Custodial accounts	1,448,160	1,657,072	1,328,340	1,776,892
Total liabilities	<u>1,448,160</u>	<u>1,657,072</u>	<u>1,328,340</u>	<u>1,776,892</u>
TOTAL AGENCY FUNDS				
Assets				
Cash	8,700,878	300,931,688	304,785,565	4,847,001
Investments	63,568,635	55,166,922	45,273,321	73,462,236
Deposits with fiscal agents	1,315,930	1,666,179	1,315,930	1,666,179
Accounts receivable	2,755	1,078,231	1,078,231	2,755
Taxes receivable	1,662,625	1,608,668	1,662,625	1,608,668
Assessments receivable	5,638	-	5,576	61
Interest receivable	160,189	245,250	160,189	245,250
Due from other governments	77,673	88,406	77,673	88,406
Total assets	<u>75,494,323</u>	<u>360,785,344</u>	<u>354,359,111</u>	<u>81,920,556</u>
Liabilities				
Accounts payable	687,625	17,476,324	17,419,519	744,429
Due to other governments	-	313	-	313
Other accrued liabilities	390,496	9,586,720	9,559,254	417,962
Custodial accounts	74,416,202	256,134,245	249,792,595	80,757,852
Total liabilities	<u>75,494,323</u>	<u>283,197,603</u>	<u>276,771,369</u>	<u>81,920,556</u>

CHELAN COUNTY, WASHINGTON

Schedule of Expenditures of Federal Awards - Schedule 16

For the Year Ended December 31, 2006

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	10,701
Total CFDA Number	10.553		<u>10,701</u>
Passed through WA Supt of Public Instruction			
National School Lunch Program	10.555	04-246-9777	16,870
Total CFDA Number	10.555		<u>16,870</u>
Passed through WA Treasurer			
Schools and Roads/Grants to States - Federal Forest Yield	10.665	N/A	1,152,705
Schools and Roads/Grants to States - Forest Title III	10.665	N/A	425,745
Total CFDA Number	10.665		<u>1,578,450</u>
Total U.S. Dept of Agriculture			<u>1,606,021</u>
U.S. Department of Commerce			
Passed through WA Interagency Comm. for Outdoor Rec.			
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - SRFB Gagnon	11.438	04-1538N	14,221
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - SRFB Irwin	11.438	04-1517N	18,313
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - SRFB Wenatchee Instream Flow	11.438	04-1700N	35,379
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - Skinney Creek Culvert	11.438	05-1509R	64,592
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - Peshastin Creek Fish Barrier Removal	11.438	04-1509R	8,400
Passed through NCW Resource Conservation & Development			
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program - Upper Columbia Salmon Recovery Board	11.438	03-1234N	5,747
Total CFDA Number	11.438		<u>146,652</u>
Total U.S. Department of Commerce			<u>146,652</u>
U.S. Department of the Interior			
Distribution of Receipts to State and Local Governments -			
Taylor Grazing	15.227	N/A	270
Total CFDA Number	15.227		<u>270</u>
Passed through Bureau of Reclamation			
Salmon Habitat Advisory and Assistance Services	15.999	06CK101628	69,786
Total CFDA Number	15.999		<u>69,786</u>
Passed through WA Department of Fish and Wildlife			
Conservation Grants Private Stewardship For Imperiled Species - Peshastin Creek Passage (FRIMA)	15.632	04-1399	13,538
Total CFDA Number	15.632		<u>13,538</u>
Total U.S. Dept of the Interior			<u>83,594</u>
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants -			
COPS Universal Hiring Program	16.710	2003-UMWX-0281	41,667
Total CFDA Number	16.710		<u>41,667</u>

CHELAN COUNTY, WASHINGTON

Schedule of Expenditures of Federal Awards - Schedule 16

For the Year Ended December 31, 2006

Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Other Identification Number	Current Year Expenditures
Passed through WA Office of Financial Management			
National Criminal History Improvement Program - Livescan	16.554	2004-RU-BX-K032	17,681
Total CFDA Number	16.554		<u>17,681</u>
Passed through WA Dept of Community Trade & Economic Development			
Juvenile Accountability Incentive Block Grants	16.523	0463-59716	2,167
Total CFDA Number	16.523		<u>2,167</u>
Violence Against Women Formula Grants - Stop Grant	16.588	F04-30304-005	15,363
Violence Against Women Formula Grants - Stop Grant	16.588	F05-31103-004	10,379
Total CFDA Number	16.588		<u>25,742</u>
Passed through WA Association of Sheriffs			
Public Safety Partnership and Community Policing Grants - Methamphetamine Initiative	16.710	2001-CKWX-0177	56,355
Total CFDA Number	16.710		<u>56,355</u>
Passed through WA Dept of Social & Health Services			
Domestic Cannabis Eradication/Suppression Program	16.999	C010603GSC	20,000
Total CFDA Number	16.999		<u>20,000</u>
Total U. S. Dept of Justice			<u><u>163,612</u></u>
U.S. Department of Transportation			
Passed through WA State Department of Transportation			
Highway Planning and Construction - FHWA CRP 513	20.205	STPXP-WARR(012)	170
Highway Planning and Construction - FHWA CRP 597	20.205	BROS-2004(077)	17,647
Total CFDA Number			<u>17,817</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	E06-220	4,800
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	E06-224	2,378
Total CFDA Number			<u>7,178</u>
Passed through WA Traffic Safety Commission			
Safety Incentive Grants for Use of Seatbelts - Traffic Safety Commission	20.604	N/A	6,212
Total CFDA Number	20.604		<u>6,212</u>
Total U.S. Department of Transportation			<u><u>31,207</u></u>
U.S. Department of Education			
Passed through Together For Drug Free Youth			
Twenty-First Century Community Learning Centers - Strengthening Families Program	84.287	N/A	4,106
Total CFDA Number	84.287		<u>4,106</u>
Total U.S Department of Education			<u><u>4,106</u></u>
Election Assistance Commission			
Passed through WA Secretary of State			
Help America Vote Act	90.401	G-2829	281,060
Total CFDA Number	90.401		<u>281,060</u>
Total Election Assistance Commission			<u><u>281,060</u></u>

CHELAN COUNTY, WASHINGTON

Schedule of Expenditures of Federal Awards - Schedule 16

For the Year Ended December 31, 2006

Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Other Identification Number	Current Year Expenditures
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	275,916
Child Support Enforcement - Clerk	93.563	N/A	157,264
Total CFDA Number	93.563		<u>430,273</u>
Passed through WA Dept of Social & Health Services			
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Prevention	93.959	8871	74,378
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Community Prevention Training	93.959	8871	5,665
Block Grants for Prevention and Treatment of Substance Abuse - TANF Fed Staff	93.959	8871	30,912
Block Grants for Prevention and Treatment of Substance Abuse - TANF Tmt Srv	93.959	8871	1,032
Block Grants for Prevention and Treatment of Substance Abuse - SAPT Grant in Aid	93.959	8871	110,986
Block Grants for Prevention and Treatment of Substance Abuse - Youth Tmt Exp	93.959	8871	10,686
Block Grants for Prevention and Treatment of Substance Abuse - Adult Tmt Exp	93.959	8871	20,746
Block Grants for Prevention and Treatment of Substance Abuse - Fed SPF/SIG	93.959	8871	13,117
Total CFDA Number	93.959		<u>267,522</u>
Total U.S. Dept of Health and Human Services			<u>697,795</u>
U.S. Department of Homeland Security			
Passed through WA Military Department			
State Domestic Preparedness Equipment Support Program	97.004	E06-028	267,586
State Domestic Preparedness Equipment Support Program	97.004	E05-068	132,984
Total CFDA Number	97.004		<u>400,570</u>
Passed through WA Military Department			
Emergency Management Performance Grants - FEMA	97.042	E04-121	32,473
Total CFDA Number	97.042		<u>32,473</u>
Total U.S. Department of Homeland Security			<u>433,043</u>
Total Federal Assistance			<u><u>3,447,090</u></u>

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, 2006

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenditures
Washington State		
1/2 Prosecutor's Salary	RCW 36.17.020	48,919
Witness Payments	RCW 10.46.230	401
CASA/GAL Program	ICA-2003-512	16,307
Total Washington State		65,627
Department of Fish & Wildlife		
Lead Entity Grant	05-2044	73,968
Stream Gauging	G0600033	23,301
Total Dept of Fish & Wildlife		97,269
Department of Ecology		
Lake Chelan TMDL DOE	G0400274	133,502
Watershed Planning General Funds	G0000075	92,447
Watershed Planning Instream Flow Recommendation	G0400335	9,522
Watershed Planning WRIA40a Squilchuck-Stemilt	G0400123	80,429
Watershed Planning WRIA 45 Multi-Purpose Water Storage	G0500130	60,589
Roses Lake DOE	G0500100	3,279
Conservation District #2 - Department of Ecology	Interlocal	26,504
Watershed Planning WRIA 40a Multi-Purpose Water Storage	G0600142	19,302
Roses Lake IAVMP	G0300350	5,119
Campbell Creek	G0700003	44,213
Wenatchee River Sub	G0700037	1,327
Chum/Miss Forum	G0700064	6,665
Total Department of Ecology		482,898
Department of Social & Health Services		
Child Support - Clerks	N/A	25,840
Support Enforcement	1507-23929	140,641
VRDE Grant in Aid	8871	453,664
VRDE Detoxification	8871	101,441
CJ Treat	8871	93,011
CJTA Innov	8871	2,189
JRA/Diagnostics	0563-84864	27,000
JRA/Detention	0563-84864	16,170
JRA/CJS	0563-84552	101,872
JRA/SSODA	0563-84552	30,981

CHELAN COUNTY, WASHINGTON

Schedule of State & Local Financial Assistance - Schedule 16

For the Year Ended December 31, 2006

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenditures
BECCA/AOC	0363-1663	104,657
CRC/DCFS/DSHS	0663-98863	281,266
JRA/CDDA	0563-84552	29,767
JRA/CJAA	0563-84552	37,853
3900 Program	0563-84864	38,350
Community Network	N/A	35,602
Total Dept of Social & Health Services		1,520,307
Washington State Department of Transportation		
CRP 525 RATA	0495-02/CRP 525	1,973
CAPA	N/A	308,695
Wapato Point	N/A	11,084
S/W/P - DOE - LTCA	G0400221, G0500019	299,945
DOE - WRRMLC	C0400027, C0600018	43,509
CRP 572 RATA	0400-02/CRP 572	656,930
CRP 619 RATA	LA-6266/CRP 619	13,547
CRP 621 RATA	LA-6295/CRP 621	1,205
Total Department of Transportation		1,336,888
Washington Traffic Safety Commission		
CRP 622 RATA	CRP 622	29,754
Total Washington Traffic Safety Commission		29,754
Washington State County Road Administration Board		
CRP 519 RATA	0495-03/CRP 519	623,505
CRP 559 RATA	0401-01/CRP 559	118,064
CRP 612 RATA	0403-01/CRP612	14,064
Total Washington State County Road Administration Board		755,633
Parks & Recreation Commission		
Snowmobile	WR-05/06-73	9,465
Total Parks & Recreation Commission		9,465
Inter-Agency Commission for Outdoor Recreation		
Interagency Comm for ORV	03-1269E	211,900
Total IAC for Outdoor Recreation		211,900
TOTAL STATE & LOCAL ASSISTANCE		4,509,741

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, 2006 Through December 31, 2006

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.

CHELAN COUNTY, WASHINGTON

Statistical Section

STATISTICAL SECTION

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

Page

Financial Trends

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

Net Assets by Component	143
Changes in Net Assets	144
Fund Balances of Governmental Funds	146
Changes in Fund Balances of Governmental Funds	147
General Government Tax Revenues by Source	148

Revenue Capacity

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

Assessed Value and Estimated Actual Value of Taxable Property	149
Property Tax Rates – Direct and Overlapping Governments	150
Principal Property Taxpayers	151
Property Tax Levies and Collections	152

Debt Capacity

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

Ratios of Outstanding Debt by Type	153
Ratios of General Bonded Debt Outstanding	154
Legal Debt Margin Information	155

Demographic and Economic Information

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

Demographic and Economic Statistics	156
Principal Employers	157

Operating Information

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

Full-time Equivalent City Government Employees by Function	158
Operating Indicators by Function	159
Capital Asset Statistics by Function	160

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

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CHELAN COUNTY, WASHINGTON

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	5,982,622	15,229,008	23,064,659	45,256,287
Restricted	1,594,582	2,091,324	2,423,099	3,016,727
Unrestricted	25,060,621	21,057,517	18,762,671	15,279,911
Total governmental activities net assets	<u>32,637,826</u>	<u>38,377,850</u>	<u>44,250,429</u>	<u>63,552,926</u>
Business-type activities				
Invested in capital assets, net of related debt	2,357,662	2,075,020	2,138,608	2,106,615
Unrestricted	429,108	994,720	1,304,432	682,535
Total business-type activities net assets	<u>2,786,770</u>	<u>3,069,740</u>	<u>3,443,039</u>	<u>2,789,150</u>
Primary government				
Invested in capital assets, net of related debt	8,340,284	17,304,028	25,203,267	47,362,902
Restricted	1,594,582	2,091,324	2,423,099	3,016,727
Unrestricted	25,489,729	22,052,237	20,067,102	15,962,447
Total primary government net assets	<u>35,424,595</u>	<u>41,447,590</u>	<u>47,693,468</u>	<u>66,342,076</u>

Notes:

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

Governmental activities invested in capital assets almost doubled in 2006 due to retrospective reporting of infrastructure (see note 15).

CHELAN COUNTY, WASHINGTON

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	15,704,699	14,983,530	15,820,567	16,875,815
Judicial	2,518,104	2,583,105	2,788,489	2,878,666
Public safety	11,039,550	15,411,584	15,300,244	14,505,817
Physical environment	1,665,874	1,430,752	2,298,744	2,218,962
Transportation	4,032,318	5,728,453	8,564,054	12,860,070
Health and human services	491,423	497,421	501,035	466,656
Economic environment	1,772,667	1,722,704	2,090,119	2,762,824
Culture and recreation	678,752	763,942	837,424	780,326
Interest on long-term debt	607,156	631,657	592,364	544,672
Total governmental activities expenses	38,510,542	43,753,148	48,793,040	53,893,807
Business-type activities:				
Utilities	918,952	1,369,149	980,186	1,088,631
Public safety	4,642,425	4,911,932	5,917,493	7,116,572
Other	486,114	524,758	624,481	615,657
Total business-type activities expenses	6,047,492	6,805,839	7,522,161	8,820,861
Total primary government expenses	44,558,034	50,558,986	56,315,201	62,714,668
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,142,742	5,270,139	7,042,373	8,268,024
Judicial	1,448,838	2,086,950	2,318,144	2,634,870
Public safety	570,103	2,023,007	1,758,700	2,198,422
Physical environment	48,060	182,762	261,758	85,411
Transportation	121,870	260,659	2,742,542	3,659,967
Health and human services	-	-	-	751
Economic environment	1,169,163	1,207,780	1,486,343	1,771,371
Culture and recreation	158,289	364,966	370,846	204,010
Operating grants and contributions	7,523,707	6,202,763	6,714,602	4,888,389
Capital grants and contributions	362,022	1,809,396	2,263,123	1,551,641
Total governmental activities program revenues	14,544,794	19,408,422	24,958,431	25,262,855

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Utilities	718,523	796,490	834,517	1,048,184
Public safety	2,891,934	6,002,190	5,847,098	6,083,928
Other	393,457	519,050	456,199	485,751
Operating grants and contributions	2,446,887	256,809	412,792	378,208
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>6,450,801</u>	<u>7,574,539</u>	<u>7,550,606</u>	<u>7,996,070</u>
Total primary government program revenues	<u>20,995,595</u>	<u>26,982,961</u>	<u>32,509,037</u>	<u>33,258,925</u>
Net (expense)/revenue:				
Governmental activities	(23,965,749)	(24,344,725)	(23,834,608)	(28,630,953)
Business-type activities	403,310	768,700	28,445	(824,790)
Total primary government net expense	<u>(23,562,439)</u>	<u>(23,576,025)</u>	<u>(23,806,163)</u>	<u>(29,455,743)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	12,932,495	13,452,658	14,437,672	14,079,978
Sales and use taxes	5,033,958	4,976,610	5,611,908	6,230,355
Motor vehicle fuel tax	2,078,464	2,101,802	2,162,824	2,238,789
Other taxes	3,911,797	5,169,333	5,806,352	6,535,512
Interest and investment earnings	622,193	509,483	888,244	1,541,264
Miscellaneous	2,520,597	778,147	794,711	5,606
Transfers	535,398	675,229	4,476	(55,835)
Total governmental activities	<u>27,634,903</u>	<u>27,663,263</u>	<u>29,706,188</u>	<u>30,575,669</u>
Business-type activities:				
Other taxes	48,167	48,329	46,768	46,001
Interest and investment earnings	7,684	3,936	11,210	27,501
Miscellaneous	90,037	137,235	291,352	41,565
Transfers	(535,398)	(675,229)	(4,476)	55,835
Total business-type activities	<u>(389,510)</u>	<u>(485,730)</u>	<u>344,854</u>	<u>170,901</u>
Total primary government	<u>27,245,393</u>	<u>27,177,533</u>	<u>30,051,042</u>	<u>30,746,570</u>
Change in Net Assets				
Governmental activities	3,669,154	3,318,538	5,871,580	1,944,716
Business-type activities	13,800	282,970	373,300	(653,889)
Total primary government	<u>3,682,954</u>	<u>3,601,508</u>	<u>6,244,879</u>	<u>1,290,827</u>

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

CHELAN COUNTY, WASHINGTON

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	769,683	-	-	-	-	-	-	120,000	-	-
Unreserved	2,020,053	2,247,135	1,949,613	2,055,514	3,194,740	3,655,861	2,970,554	2,040,710	1,893,826	2,717,995
Total General fund	2,789,736	2,247,135	1,949,613	2,055,514	3,194,740	3,655,861	2,970,554	2,160,710	1,893,826	2,717,995
All other governmental funds										
Reserved	3,596,041	4,349,204	2,238,525	1,993,807	2,306,676	2,663,943	1,594,582	2,138,054	2,503,099	3,116,727
Unreserved, reported in:										
Special revenue funds	6,808,238	6,482,895	6,087,013	6,891,908	8,528,838	8,726,835	9,664,676	8,865,378	9,995,517	7,086,530
Capital project funds	91,606	139,834	147,074	28,466	1,487,725	1,714,819	5,091,274	3,713,732	1,743,007	1,279,830
Total all other governmental funds	10,495,885	10,971,933	8,472,612	8,914,181	12,323,239	13,105,597	16,350,532	14,717,165	14,241,623	11,483,088

CHELAN COUNTY, WASHINGTON

Changes in Fund Balances of Governmental Funds

Last Four Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	14,828,923	15,835,550	17,235,498	18,401,962	18,995,748	19,782,253	20,782,272	21,682,449	23,537,843	24,885,151
Licenses and permits	373,643	403,313	443,647	485,118	488,015	510,579	575,042	659,499	749,512	832,002
Intergovernmental revenues	9,052,664	10,328,603	10,686,970	11,854,381	14,051,670	10,944,356	10,690,407	12,196,873	13,915,923	11,861,297
Charges for services	1,854,839	1,833,579	2,125,566	2,085,324	2,893,294	3,160,507	4,142,544	4,342,974	4,650,320	5,383,426
Fees and fines	959,992	959,964	883,175	925,891	848,442	1,095,754	1,130,273	1,218,182	1,133,455	1,303,721
Miscellaneous	1,775,374	5,543,592	1,564,418	1,702,832	1,860,741	1,002,031	1,073,130	2,323,893	2,018,459	2,286,489
Total revenues	28,845,435	34,904,601	32,939,274	35,455,508	39,137,910	36,495,480	38,393,669	42,423,869	46,005,511	46,552,086
Expenditures										
General government	7,926,288	8,605,472	9,433,872	8,715,144	9,376,451	10,575,057	10,756,389	10,868,927	11,414,253	11,744,332
Security of persons and property	8,108,204	9,067,841	9,912,081	9,660,763	10,322,993	10,895,333	11,751,741	13,438,209	15,058,453	14,249,525
Utilities & environment	368,217	2,982,003	390,266	380,706	769,887	901,138	1,701,870	1,467,956	2,297,620	2,217,838
Transportation	6,017,544	6,925,253	5,822,384	7,033,917	7,002,680	7,170,610	6,443,486	6,258,446	6,206,477	7,987,502
Economic environment	913,642	999,965	1,545,207	1,846,019	1,517,268	1,922,960	1,921,489	1,998,431	2,198,298	2,819,565
Mental health and physical health	1,017,145	1,153,521	1,124,713	1,201,862	1,321,188	571,528	569,236	573,150	595,995	552,469
Culture and recreation	1,411,957	1,013,129	1,022,179	700,797	702,310	786,826	568,238	640,847	639,202	655,953
Debt service:										
Principal	-	-	1,064,784	1,084,847	1,211,135	1,506,392	2,257,971	924,893	1,279,978	1,330,543
Interest and other charges	-	-	-	-	-	-	657,083	631,657	594,889	549,479
Capital outlay	10,513,685	2,941,057	5,642,407	4,001,190	2,559,736	814,662	2,718,871	8,049,832	6,621,306	6,316,599
Total expenditures	36,276,682	33,688,241	35,957,893	34,625,245	34,783,648	35,144,506	39,346,374	44,852,348	46,906,471	48,423,804
Excess of revenues over (under) expenditures.	(7,431,021)	1,216,370	(3,018,619)	830,263	4,354,262	1,350,974	(952,705)	(2,428,479)	(900,960)	(1,871,719)
Other financing sources (uses)										
Capital-related debt issued	-	-	-	-	-	-	3,445,000	-	-	-
Refunding bonds issued	-	-	-	-	-	-	3,315,000	-	-	-
Payment to refunding escrow agent	-	-	-	-	-	-	(3,315,000)	-	-	-
Proceeds from sale of capital assets	204,284	139,249	126,177	80,294	39,518	13,057	12,063	13,074	17,097	15,188
Transfers in	659,505	312,393	780,763	193,980	394,578	(79,238)	327,070	272,369	466,287	2,606,568
Transfers out	(312,422)	(1,114,065)	(632,907)	(532,962)	(193,457)	(1,096,244)	(274,064)	(384,454)	(324,850)	(2,684,402)
Other	9,873,706	(620,821)	(60,693)	8,335	(5,474)	(121,765)	2,265	84,278	-	-
Total other financing sources (uses)	10,425,073	(1,283,244)	213,340	(250,353)	235,165	(1,284,190)	3,512,334	(14,732)	158,534	(62,647)
Net change in fund balances	2,993,824	(54,484)	(2,805,279)	579,910	4,589,427	66,789	2,559,629	(2,443,211)	(742,426)	(1,934,366)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	3.51%	3.54%	3.76%	4.39%	7.96%	4.23%	4.65%	4.46%

CHELAN COUNTY, WASHINGTON

General Government Tax Revenues By Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	General Property Tax	Timber Harvest Tax	Retail Sales and Use Taxes	Excise and Other Taxes	Total
1997	9,352,864	32,814	4,760,229	683,016	14,828,923
1998	10,264,478	45,621	4,872,791	652,661	15,835,550
1999	11,503,447	15,426	5,207,922	508,704	17,235,498
2000	11,696,315	29,874	5,515,259	1,160,514	18,401,962
2001	12,041,381	51,297	5,802,234	1,100,836	18,995,748
2002	12,360,714	20,658	6,210,989	1,189,893	19,782,253
2003	12,932,495	49,822	6,409,121	1,390,835	20,782,272
2004	13,452,658	25,919	6,405,720	1,798,152	21,682,449
2005	14,022,223	54,570	7,144,030	2,317,020	23,537,843
2006	14,093,548	36,252	8,190,125	2,565,226	24,885,151

CHELAN COUNTY, WASHINGTON

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

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed
							Value as a Percentage of Actual Value
1997	3,539,722,792	174,001,321	39,506,624	3,674,217,489	3.2342	4,317,529,364	85.1%
1998	3,862,051,663	146,620,641	37,569,282	3,971,103,022	3.2897	4,633,725,813	85.7%
1999	4,066,127,727	148,620,641	72,129,425	4,142,618,943	3.3983	4,925,825,140	84.1%
2000	4,260,653,380	148,696,333	65,614,211	4,343,735,502	3.4669	5,329,736,812	81.5%
2001	4,396,678,221	151,685,890	64,165,917	4,484,198,194	3.4317	5,422,246,909	82.7%
2002	4,521,104,432	159,624,187	59,525,202	4,621,203,417	3.3146	5,449,532,331	84.8%
2003	4,687,593,937	147,353,730	57,922,434	4,777,025,233	3.3059	5,686,934,801	84.0%
2004	4,872,628,292	147,386,402	57,920,414	4,962,094,280	3.2561	6,179,444,932	80.3%
2005	5,122,190,051	160,288,138	88,765,052	5,193,713,137	3.2458	7,153,874,844	72.6%
2006	5,375,160,737	166,997,635	89,441,177	5,452,717,195	3.1087	7,834,363,786	69.6%

Data Sources:

Chelan County Assessor

Washington State Department of Revenue, property tax statistics

CHELAN COUNTY, WASHINGTON

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

Fiscal Year	Chelan County			Districts							Totals
	General Fund	Special Revenue Funds	Total	Hospital Districts	Fire Districts	Cemetery Districts	School Districts	Miscellaneous Districts	Cities & Towns		
1997	1.3955	1.8387	3.2342	0.4988	0.8950	0.0767	3.4524	0.3578	2.4962	11.0110	
1998	1.4311	1.8585	3.2897	0.5122	0.9825	0.1900	3.4916	0.4455	2.6037	11.5150	
1999	1.4585	1.9398	3.3983	0.5427	0.9787	0.0790	3.1783	0.3538	2.6021	11.1329	
2000	1.4790	1.9879	3.4669	0.4906	0.9294	0.0839	3.1725	0.3534	2.6496	11.1463	
2001	1.4647	1.9671	3.4317	0.6523	0.9865	0.0807	3.1966	0.2942	2.7458	11.3879	
2002	1.5469	1.7677	3.3146	0.9059	0.9934	0.0843	3.2096	0.3443	2.8805	11.7325	
2003	1.5466	1.7594	3.3059	0.9093	0.9772	0.0847	3.0453	0.3649	2.8330	11.5203	
2004	1.5301	1.7260	3.2561	0.8671	0.9287	0.0833	3.1989	0.3416	2.7534	11.4291	
2005	1.6114	1.6344	3.2458	0.8308	0.9424	0.0823	3.1105	0.3405	2.7863	11.3384	
2006	1.6215	1.4872	3.1087	0.9752	0.9556	0.0813	3.7752	0.3204	2.7165	11.9330	

Source: Chelan County Assessor's Office

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

CHELAN COUNTY, WASHINGTON

Principal Property Taxpayers - Top Ten
December 31, 2006

Taxpayer	2006			2001		
	2006 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	2001 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
ALCOA Inc.	61,094,105	1	1.12%	51,363,142	1	1.15%
Stemilt Growers Inc	55,551,189	2	1.02%	36,847,900	2	0.82%
Verizon Northwest Inc.	43,631,828	3	0.80%	-	-	-
Trout Blue Chelan Inc.	34,812,109	4	0.64%	31,606,504	3	0.70%
Wenatchee Valley Clinic	31,105,637	5	0.57%	20,519,416	5	0.46%
BNSF Railway Company	27,466,867	6	0.50%	-	-	-
Tree Top Inc	23,235,525	7	0.43%	15,966,836	8	0.36%
Dovex Fruit Company	22,120,558	8	0.41%	21,436,040	4	0.48%
Blue Bird Inc.	17,998,852	9	0.33%	16,460,266	7	0.37%
Longview Fibre Company	13,916,454	10	0.26%	19,758,500	6	0.44%
Chief Wenatchee	-	-	-	15,473,426	9	0.35%
Blue Star Growers Inc.	-	-	-	11,493,815	10	0.26%
Totals	<u>330,933,124</u>		<u>6.07%</u>	<u>240,925,845</u>		<u>5.37%</u>
Total Taxable Value:	\$ 5,452,717,195			\$ 4,484,198,194		

Source: Chelan County Assessor

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

CHELAN COUNTY, WASHINGTON

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	8,969,501	Not available	Not available	Not available	8,969,501	100.00%
1998	9,856,394	Not available	Not available	Not available	9,836,916	99.80%
1999	10,552,930	Not available	Not available	Not available	10,546,145	99.94%
2000	11,304,605	10,938,813	96.76%	354,142	11,292,955	99.90%
2001	11,566,648	11,085,002	95.84%	478,712	11,563,713	99.97%
2002	11,777,775	11,395,989	96.76%	378,981	11,774,969	99.98%
2003	12,115,666	11,766,717	97.12%	346,310	12,113,026	99.98%
2004	12,469,748	12,198,777	97.83%	235,300	12,434,076	99.71%
2005	13,233,355	12,982,188	98.10%	163,237	13,145,425	99.34%
2006	13,476,608	13,218,345	98.08%	Not available	13,218,345	98.08%

Source: Chelan County Treasurer, tax distribution reports

Levy and collections include those of Chelan County's general and special revenue funds.

CHELAN COUNTY, WASHINGTON

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation		Capital Leases			
	Bonds	Capital Leases				
1997	9,360,100	-	-	9,360,100	0.64%	142
1998	11,762,360	-	-	11,762,360	0.76%	177
1999	11,247,941	-	-	11,247,941	0.72%	168
2000	14,720,112	-	-	14,720,112	0.88%	221
2001	14,582,401	105,828	-	14,688,229	0.83%	219
2002	16,317,342	211,392	17,561	16,546,295	0.91%	245
2003	17,994,373	265,358	12,667	18,272,398	0.98%	269
2004	16,969,480	140,059	7,773	17,125,085	0.86%	250
2005	15,589,502	57,039	4,915	15,651,456	Not available	226
2006	14,153,958	8,432	-	14,162,390	Not available	202

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

CHELAN COUNTY, WASHINGTON

Ratio of General Obligation Bonded Debt Outstanding Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1997	9,360,100	1,232,672	8,127,428	0.19%	123
1998	11,762,360	1,460,270	10,302,090	0.22%	155
1999	11,247,941	1,710,240	9,537,701	0.19%	143
2000	14,720,112	1,993,807	12,726,305	0.24%	191
2001	14,582,401	2,306,676	12,275,725	0.23%	183
2002	16,317,342	2,663,943	13,653,399	0.25%	202
2003	17,994,373	1,594,582	16,399,791	0.29%	242
2004	16,969,480	2,091,324	14,878,156	0.24%	218
2005	15,589,502	2,423,099	13,166,403	0.18%	190
2006	14,153,958	3,016,727	11,137,231	0.14%	159

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

CHELAN COUNTY, WASHINGTON

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Non-Voted Debt										
Legal debt limit	55,113	59,566	62,139	65,156	67,262	69,318	71,655	74,431	76,368	81,791
Total net debt applicable to limit	9,360	11,762	3,039	14,309	13,277	1,387	(9,515)	1,884	1,547	3,013
Legal debt margin	45,753	47,804	59,100	50,847	53,985	67,931	81,170	72,547	74,821	78,778

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

16.98% 19.75% 4.89% 21.96% 19.74% 2.00% -13.28% 2.53% 2.03% 3.68%

Voted and Non-Voted Debt

Legal debt limit	91,855	99,277	103,565	108,593	112,104	115,530	119,425	124,052	127,280	136,318
Total net debt applicable to limit	9,360	11,762	3,039	14,309	13,277	1,387	(9,515)	1,884	1,547	3,013
Legal debt margin	82,495	87,515	100,526	94,284	98,827	114,143	128,940	122,168	125,733	133,305

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

10.19% 11.85% 2.93% 13.18% 11.84% 1.20% -7.97% 1.52% 1.22% 2.21%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Valuations	5,452,717
Limited Tax General Obligation Debt Capacity (non-voted):	
Legal limit of up to 1.5% on the assessed valuation	81,791
Less: outstanding debt	(18,947)
Add: available assets	15,934
Remaining Debt Capacity (non voted)	78,778
Total General Obligation Debt Capacity (voted and non-voted):	
Legal limit of up to 2.5% on the assessed valuation	136,318
Less: outstanding debt	(18,947)
Add: available assets	15,934
Remaining Debt Capacity (voted and non-voted)	133,305

CHELAN COUNTY, WASHINGTON

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
1997	65,936	1,452,324,000	22,968	35.6	13,138	7.7%
1998	66,411	1,538,043,000	23,877	35.8	13,122	9.2%
1999	66,913	1,566,723,000	23,823	36.0	13,200	8.1%
2000	66,616	1,675,244,000	25,101	36.3	13,024	7.5%
2001	67,100	1,760,754,000	26,337	36.5	12,910	11.0%
2002	67,600	1,809,501,000	26,938	36.8	12,777	9.6%
2003	67,900	1,856,296,000	27,311	37.1	12,941	9.2%
2004	68,400	1,985,233,000	28,815	37.5	12,874	7.7%
2005	69,200	Not Available	Not Available	37.8	12,901	6.4%
2006	70,100	Not Available	Not Available	38.0	Not Available	6.1%

Data sources:

- (1) Washington State Office of Financial Management (OFM) - 2001 through 2006 are OFM projections.
- (2) Bureau of Economic Analysis at <http://www.bea.gov/regional/index.htm>
- (3) Washington State Office of Financial Management <http://www.ofm.wa.gov/pop/coagemf/default.asp>
- (4) Washington State Office of Superintendent of Public Instruction at <http://www.k12.wa.us/dataadmin/>
- (5) Washington State Employment Security Department at <http://www.workforceexplorer.com>, rates as of December, not seasonally adjusted

CHELAN COUNTY, WASHINGTON

Principal Employers

Current Year

<u>Employer (1)</u>	<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentile of Total County Employment</u>
Wenatchee Valley Medical Center	1,420	1	4.23%
Stemilt Growers, Inc.	1,402	2	4.18%
Central Washington Hospital	1,352	3	4.03%
Wenatchee School District	963	4	2.87%
Chelan County PUD #1	658	5	1.96%
Chelan Fruit, Inc.	610	6	1.82%
Blue Bird, Inc.	600	7	1.79%
C&O Nursery	600	8	1.79%
Chelan County	590	9	1.76%
Blue Star Growers	412	10	1.23%
Total County Employment (2):	33,559		

Principal Employer data is not available for prior years.

Data Sources:

(1) Principal employer data is obtained from the Port of Chelan County

(2) Total county employment is the 2nd quarter data from the US Census Bureau at <http://lehd.dsd.census.gov/led/datatools/qwiapp.html>

CHELAN COUNTY, WASHINGTON

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

Function	Full-time Equivalent Employees									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	104	106	105	100	99	101	102	97	102	106
Judicial	36	36	38	37	38	42	41	41	43	44
Public safety	148	158	170	182	179	177	182	181	186	196
Physical environment	2	3	3	3	3	3	7	7	8	7
Transportation	61	62	64	65	65	64	61	60	53	56
Economic environment	17	18	17	22	23	19	20	21	21	28
Culture and recreation	11	11	10	6	6	7	6	7	9	9
Utilities	2	1	2	2	2	3	2	2	2	3
Total	381	395	409	417	415	416	421	416	424	449

Actual paid FTE as of December 31 is used for 2003 - 2006. Prior to this, budgeted FTE is used because actual data is not available.

CHELAN COUNTY, WASHINGTON

Operating Indicators by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Total documents recorded by Auditor	20,533	24,440	23,419	18,584	21,734	25,078	31,535	26,198	27,262	27,939
Total vehicle licensing transactions	N/A	N/A	N/A	61,068	54,854	52,665	51,930	52,699	60,003	57,462
General election:										
Number of registered voters	33,102	34,349	32,803	33,755	32,393	32,703	33,327	37,395	36,185	35,314
Number of votes	20,455	13,770	20,903	26,754	18,028	20,378	15,737	29,617	20,408	23,518
Percent of registered voters voting	61.79%	40.09%	63.72%	79.26%	55.65%	62.31%	47.22%	79.20%	56.40%	66.60%
Judicial										
Superior Court cases filed	3,852	4,091	4,191	3,536	3,732	3,829	4,037	3,961	4,101	4,095
Documents filed with Clerk	100,058	107,702	110,032	107,694	112,752	110,845	116,704	118,226	134,101	156,606
District Court filings	18,689	17,641	17,212	15,935	14,962	19,563	19,181	19,419	19,466	21,958
Public safety										
Sheriff										
Total warrants entered	N/A	N/A	N/A	N/A	N/A	N/A	667	1,846	1,972	2,298
Total arrests carried out	N/A	N/A	N/A	N/A	N/A	N/A	2,181	2,209	2,150	2,645
Total citations issued	N/A	N/A	N/A	N/A	N/A	N/A	4,101	4,783	4,721	5,053
Concealed weapons permits issued	N/A	N/A	N/A	N/A	N/A	N/A	425	392	384	591
Jail average daily population	N/A	N/A	N/A	N/A	N/A	N/A	N/A	287	332	N/A
Juvenile average daily population	22	21	30	26	25	29	27	20	23	20
Transportation										
Miles of county road repaired/preserved	N/A	N/A	N/A	N/A	98	107	231	175	346	177
Economic environment										
Total residential building permits	285	268	N/A	N/A	N/A	296	351	369	441	504
Total commercial building permits	N/A	N/A	N/A	N/A	N/A	66	75	57	70	69

CHELAN COUNTY, WASHINGTON

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Motor pool vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48
Public safety										
Sheriff patrol vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59
Transportation										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	643
Culture and recreation										
Parks	1	1	1	1	1	1	1	1	1	1