

CHELAN COUNTY WASHINGTON



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Prepared by:

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

CHELAN COUNTY, WASHINGTON

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

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CHELAN COUNTY

~ AUDITOR ~

Skip Moore

June 30, 2011

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, 2010. 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, 2010, 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, 2010, 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. 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. Like much of the rest of the nation, Chelan County has experienced a downturn in the economic environment. From 2003 through mid-2008, both residential and commercial construction thrived in Chelan County. In the middle of 2008 the construction industry slowed in a slightly delayed response to the national economic recession. This has made a significant impact to the construction related revenues on which the County relies. Major industries with headquarters or divisions located within the county's boundaries or in close proximity consist mainly of agricultural related packing and processing plants.

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

The county adopts a 5-year capital improvement plan which outlines the counties major road and building projects as well as other planned capital improvements. The county has recently undergone a remodel of the Auditorium and Courthouse buildings. The County has used bonds and real estate excise tax proceeds to finance much of these construction projects. Bonds have been issued to finance a remodel of the Regional Justice Center that is currently under way and estimated to cost \$8 million. Criminal justice sales tax funds are expected to be used to pay for these bonds.

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chelan County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was the sixth consecutive year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Skip Moore
Chelan County Auditor



Bradley J. Posenjak, CPA
Chief Deputy Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chelan County
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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

List of Elected Officials

CHELAN COUNTY ELECTED OFFICIALS

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

INDEPENDENT AUDITOR'S REPORT



June 23, 2011

Washington State Auditor Brian Sonntag

Board of Commissioners
Chelan County
Wenatchee, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chelan County, Washington, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chelan County, Washington, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and County Roads funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 23, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the County's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 8 through 15 and other post-employment benefits information on page 51 are not a required part of the basic financial statements but are 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 52 through 122 are 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

Chelan County's discussion and analysis presents the readers of the County's annual financial report a narrative overview and analysis of the County's financial performance during the fiscal year that ended on December 31, 2010. 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 \$76,480,727. Of this amount, \$5,748,520 may be used to meet the government's general ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,943,745.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$13,802,205, a decrease of \$2,900,552 in comparison with the prior year. Over 99% of the fund balance is generally available for spending at the government's discretion.
- At the end of the current fiscal year unreserved fund balance for the general fund was \$1,144,302, which is 3.8% of total general fund expenditures.
- The County's total non-current debt decreased by \$601,263 during the current fiscal year. This was due, in part, to regular principal payments of general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accounts receivable, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, security of persons & property, utilities & environment, transportation, economic environment, mental health & physical health, and culture and recreation. The business-type activities of the County include utilities, recreation, education, and prisoner housing.

The County has no separately identified component units included in the government-wide financial statements. The government-wide financial statements can be found on pages 17-18.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Chelan County, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 39 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, County Roads fund, and L&J Construction fund, all of which are considered to be major funds. Data from the other 36 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 19-24 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 25-27 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 28 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 29-50 of this report.

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

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds are presented immediately following the notes to the financial statements. Combining and individual statements and schedules can be found on pages 52-122 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 \$76,480,727 at the close of the most recent fiscal year. This increased by \$2,943,745 over the previous year. The majority of the growth was due to the recent recession driving the County to tighten the budgets of the General fund and County Roads fund to replenish the fund balances.

Chelan County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current & other assets	23,034,005	24,718,797	3,201,109	3,903,143	26,235,113	28,621,941
Capital assets (net of depr.)	73,035,991	68,046,551	2,634,337	2,558,851	75,670,328	70,605,402
Total assets	96,069,996	92,765,348	5,835,445	6,461,995	101,905,441	99,227,343
Long-term liabilities	19,870,938	20,398,929	508,672	471,550	20,379,610	20,870,479
Other liabilities	4,398,445	3,326,992	646,659	1,492,889	5,045,104	4,819,881
Total liabilities	24,269,383	23,725,921	1,155,331	1,964,438	25,424,714	25,690,360
Net assets:						
Invested in capital assets						
Net of related debt	57,752,757	58,126,820	2,634,337	2,558,851	60,387,094	60,685,671
Restricted	10,345,113	-	-	-	10,345,113	-
Unrestricted	3,702,742	10,912,607	2,045,777	1,938,705	5,748,520	12,851,312
Total net assets	71,800,613	69,039,427	4,680,114	4,497,556	76,480,727	73,536,983

A large portion of the County's net assets (79%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to pay repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

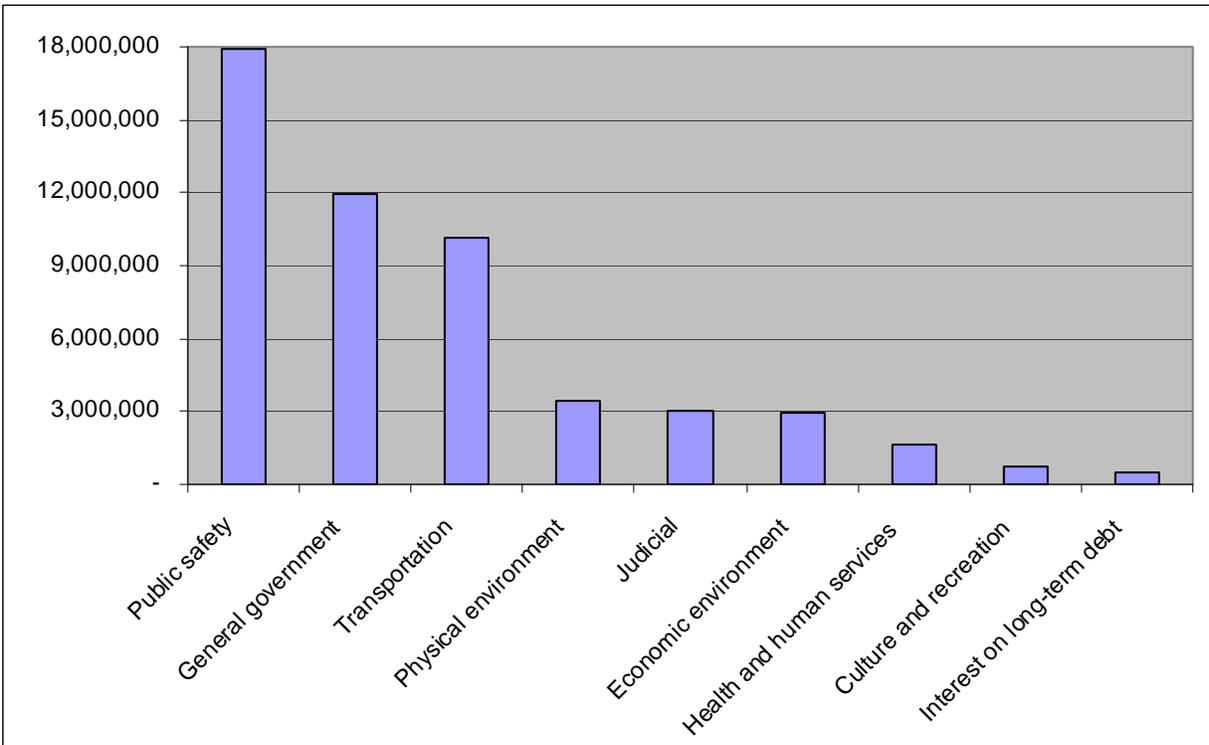
An additional portion of the County's net assets (13.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (7.5%) may be used to meet the county's general ongoing obligations to citizens and creditors.

Chelan County's Changes in Net Assets

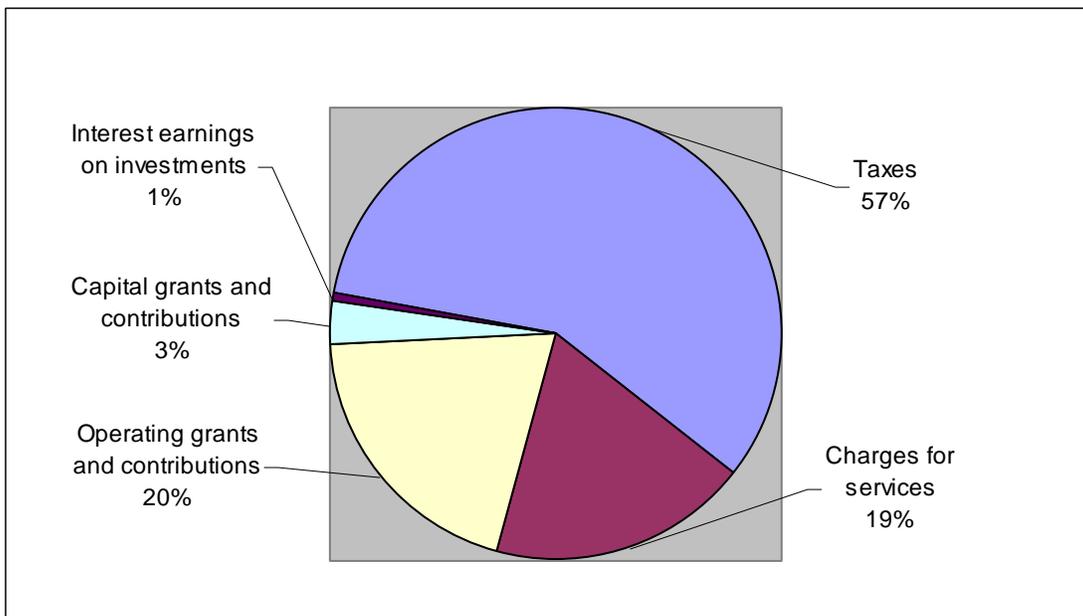
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	10,330,072	18,417,166	10,528,880	11,671,157	20,858,952	30,088,323
Operating grants and contrib.	10,589,492	14,952,201	384,400	565,301	10,973,892	15,517,502
Capital grants and contributions	1,717,337	1,287,484	-	-	1,717,337	1,287,484
General revenues:						
Taxes	31,813,903	30,720,099	8,925	9,413	31,822,827	30,729,512
Interest earnings on invest.	328,537	314,081	1,548	4,054	330,085	318,135
Total revenues	54,779,341	65,691,032	10,923,753	12,249,924	65,703,094	77,940,956
Program Expenses						
General government	11,921,365	19,913,816	-	-	11,921,365	19,913,816
Judicial	3,055,970	3,436,578	-	-	3,055,970	3,436,578
Public safety	17,703,729	17,339,824	-	-	17,703,729	17,339,824
Physical environment	3,431,739	5,857,814	-	-	3,431,739	5,857,814
Transportation	10,162,953	11,388,104	-	-	10,162,953	11,388,104
Health and human services	1,624,062	1,451,089	-	-	1,624,062	1,451,089
Economic environment	2,911,280	3,341,484	-	-	2,911,280	3,341,484
Culture and recreation	713,204	794,016	-	-	713,204	794,016
Utilities	-	-	1,528,671	1,381,051	1,528,671	1,381,051
Regional justice center	-	-	8,538,243	9,235,002	8,538,243	9,235,002
Other	-	-	644,281	642,405	644,281	642,405
Interest on long term debt	523,852	466,759	-	-	523,852	466,759
Total expenses	52,048,154	63,989,484	10,711,195	11,258,458	62,759,349	75,247,941
Excess (deficiency) revenues over (under) expenses	2,731,187	1,701,548	212,558	991,467	2,943,745	2,693,015
Transfers	30,000	(20,000)	(30,000)	20,000	-	-
Change in net assets	2,761,187	1,681,548	182,558	1,011,467	2,943,745	2,693,015
Net assets as of Jan 1	69,039,427	67,357,879	4,497,556	3,486,089	73,536,982	70,843,968
Net assets as of Dec 31	71,800,613	69,039,427	4,680,114	4,497,556	76,480,727	73,536,983

Governmental Activities. Chelan County’s governmental activities increased the County’s net assets by \$2,761,187. This was due largely to budget reductions across the General and County Roads funds. The fund balances of these funds were hit hard during the economic downturn and expenditures were reduced across all functions to rebuild the fund balances.

Expenses – Governmental Activities

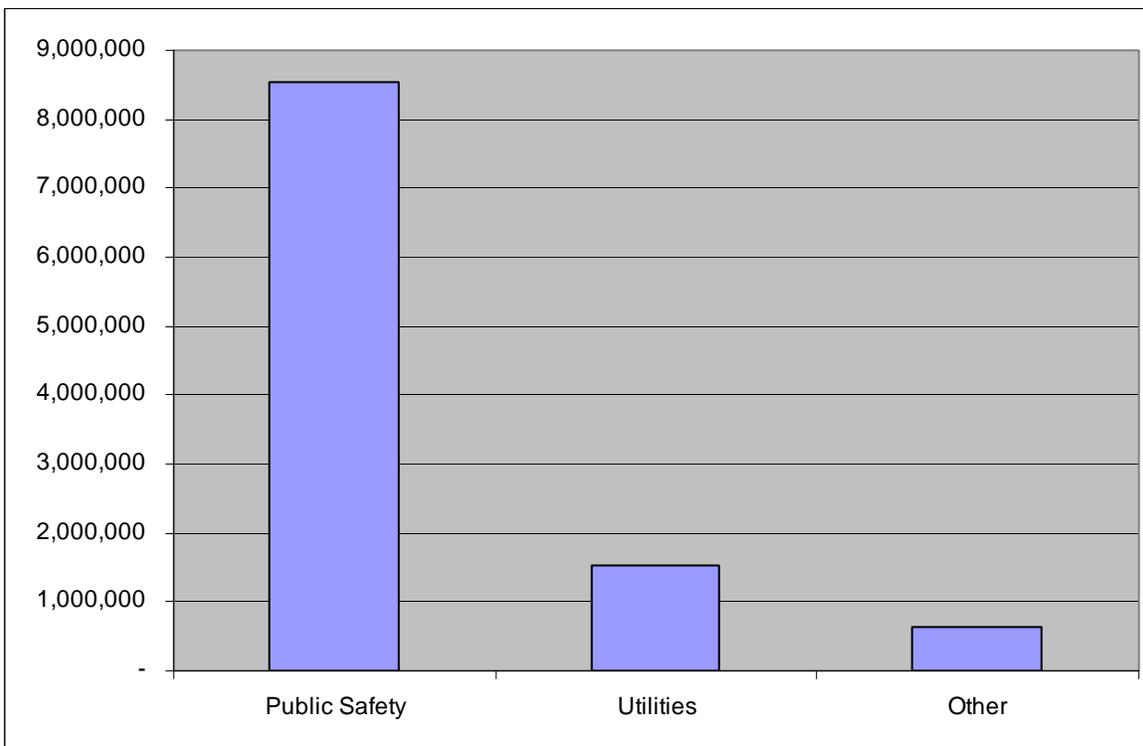


Revenues by Source – Governmental Activities

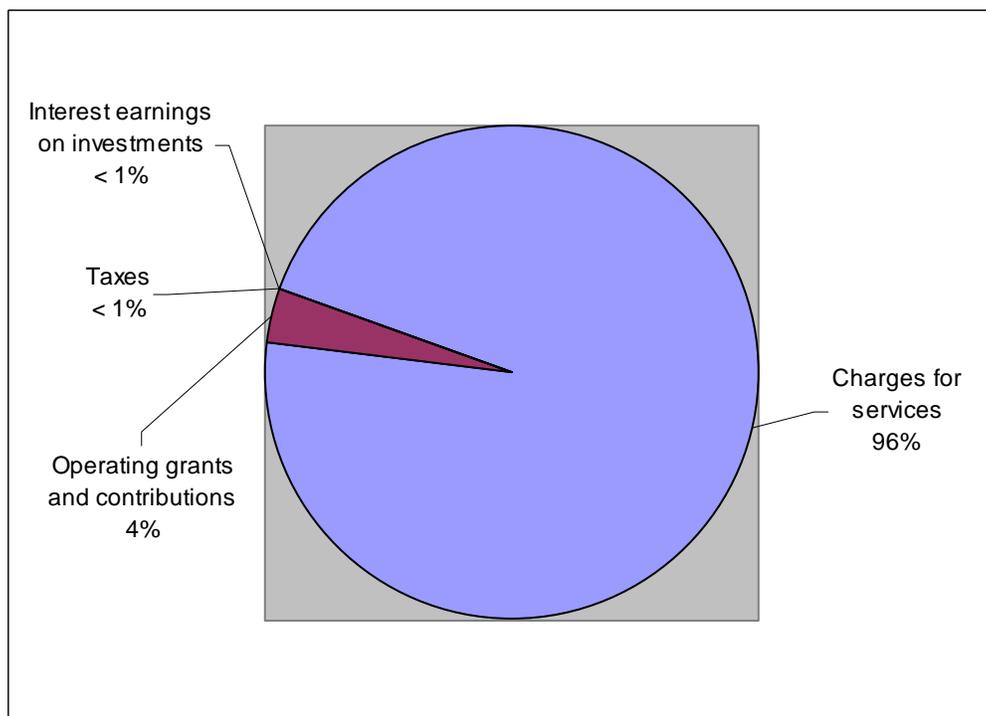


Business-type Activities. Business-type activities slightly increased Chelan County's net assets by \$182,558. The factor in this growth was due to the Surface & Storm Water Utility building its net assets from its utility service fee. It has been building a fund balance since it was created in 2008 without beginning any major infrastructure outlays.

Expenses– Business-type Activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The General, County Roads, and L&J Construction funds made up the County's major funds during the most recent fiscal year. Together these three funds account for 59% of total governmental fund assets and 47% 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 \$13,802,205, a decrease of \$2,900,552 in comparison with the prior year. A \$6,137,191 decrease in the L&J Construction fund was the driving factor in the overall decrease. This was offset by the previously mentioned fund balance growth in the General and County Roads funds as well as various other funds whose fund balances were strengthened during the year due to across-the-board budget cuts. The majority of the fund balances are unreserved, which is available for spending within the designated funds. The \$110,394 of reserved fund balance is due to a long term working capital loan from the Department of Health and Human Services for Substance Abuse.

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 \$1,144,302. 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 3.8% of total general fund expenditures.

The fund balance of Chelan County's General fund increased by \$914,008 during the current fiscal year. Between 2006 and 2009 the General fund lost almost \$2.5 million from its funds balance going from \$2.7 million down to \$230,000. This was due to the economic recession that slowed the building industry in the County. To remedy the downturn, significant budget reductions had to be made. Between 2009 and 2010, General fund expenditures were reduced by almost \$3 million, a 10% expenditure reduction. These budget reductions allowed the General fund to start successfully rebuilding its fund balance in 2010.

The fund balance of the County Roads special revenue fund increased by \$1,479,810 during the current fiscal year. In the past few years, several major projects have been completed that used up much of the fund balance. During 2009 and 2010, the major projects utilized more outside funds and less property tax revenues. This allowed the fund balance to grow.

The L&J Construction fund was created in December 2009 to receive the bond proceeds for the law and justice facility renovation. The bond proceeds were receipted in 2009 and a large portion of these proceeds were spent in 2010 for the L&J building remodel.

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 \$1,558,851. The total decrease in net assets for this fund was \$70,346. This decrease in fund balance reflects a decrease in customers using the Solid Waste services and an increase in hauling costs.

Total net assets of the Regional Justice Center fund at the end of the year amounted to \$1,315,016. The total increase in net assets for this fund was \$19,494. In the previous year, the Regional Justice Center grew its fund balance by increasing its rates to cover costs. However, at the end of the previous year, the Regional Justice Center partnership agreement was terminated the number of paid inmate bed rentals declined. Expenditures were held steady as a decrease in revenues leveled out the growth seen in previous years.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget amounted to \$368,128 of increases in appropriations. Of this budget increase, \$72,828 was to be funded out of an unexpected grant and increases in various revenues. The remaining \$295,300 was to be budgeted from available fund balance.

Department	Amount	Explanation
District Court	15,083	Increase general authority. From increases in fee revenues.
Community Development	24,000	To account for pass through grant funding.
Horticulture	15,800	For additional services. From available fund balance.
Extension	5,631	For increased salaries. From reimbursements and donations.
Non Departmental	220,000	For severance pay and indigent defense services. From available fund balance.
District Court	12,777	Additional authority for minor equipment. From additional revenue.
Juvenile	439	For increased salaries. From additional revenue.
Sheriff	1,398	For increased overtime. From additional revenue.
Non Departmental	10,000	For severance pay. From available fund balance.
Sheriff	13,000	For capital purchases. From additional grant revenue.
Facilities Maintenance	50,000	For utilities. From available fund balance.
Total	368,128	

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

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, 2010, amounts to \$75,670,328 (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 7% (a 7% increase for governmental activities and a 3% increase for business-type activities). In business-type activities, the increase was due to the construction of a scale at the Dryden Transfer Station. In governmental activities, the increase was driven by major construction of new infrastructure, upgrades to the law and justice building, and the purchase of heavy machinery and law enforcement vehicles.

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

- \$5,762,452 for the bonded L&J building mechanical improvement.
- \$1,902,744 for the West Monitor Bridge Rehabilitation infrastructure improvement.

Chelan County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	3,240,629	3,287,831	209,348	209,348	3,449,977	3,497,179
Other improvements	1,287,749	1,397,465	157,378	157,378	1,445,127	1,554,843
Construction in progress	4,350,224	1,328,454	-	-	4,350,224	1,328,454
Buildings & structures	28,008,691	23,018,614	1,240,576	1,304,455	29,249,266	24,323,069
Machinery & equipment	6,225,290	6,999,178	1,027,035	887,670	7,252,326	7,886,848
Infrastructure	29,923,408	32,015,009	-	-	29,923,408	32,015,009
Total	73,035,991	68,046,551	2,634,337	2,558,851	75,670,328	70,605,402

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

Long-term Debt. At the end of the current fiscal year, Chelan County had total bonded debt outstanding of \$17,203,328. 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 \$866,403 (5%) during the current fiscal year. This was due solely to the regularly scheduled bond payments. See note 8 on page 47 for further information about long term debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Chelan County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chelan County Auditor's Office, PO Box 400, Wenatchee, WA 98807. Financial information requests can also be emailed to accounting@co.chelan.wa.us

CHELAN COUNTY, WASHINGTON

Description of Basic Financial Statements

BASIC FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

CHELAN COUNTY, WASHINGTON

Statement of Net Assets
December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	10,205,606	2,195,115	12,400,721
Deposits with fiscal agents	50,880	12,080	62,960
Investments	7,535,325	558,830	8,094,155
Accounts receivable	241,595	38,248	279,843
Taxes receivable	1,085,920	-	1,085,920
Court judgements receivable	453,120	-	453,120
Interest receivable	127,684	119	127,803
Due from other governments	2,773,168	348,237	3,121,405
Internal balances	(48,479)	48,479	-
Inventory	609,186	-	609,186
Capital assets not being depreciated:			
Land	3,240,629	209,348	3,449,977
Other improvements	-	157,378	157,378
Construction in progress	4,350,224	-	4,350,224
Capital assets net of accumulated depreciation:			
Other improvements	1,287,749	-	1,287,749
Buildings	28,008,691	1,240,576	29,249,266
Equipment	6,225,290	1,027,035	7,252,326
Infrastructure	29,923,408	-	29,923,408
Total capital assets	73,035,991	2,634,337	75,670,328
Total assets:	96,069,996	5,835,445	101,905,441
LIABILITIES			
Accounts payable	1,599,013	83,465	1,682,478
Due to other governments	603,835	3,022	606,857
Retainage payable	113,836	1,257	115,093
Other accrued liabilities	2,081,761	558,915	2,640,676
Noncurrent liabilities:			
Due within one year	1,254,743	182,988	1,437,731
Due in more than one year	18,616,195	325,684	18,941,879
Total liabilities	24,269,383	1,155,331	25,424,714
NET ASSETS			
Invested in capital assets, net of related debt	57,752,757	2,634,337	60,387,094
Restricted for:			
Capital projects	1,399,021	-	1,399,021
General government	825,443	-	825,443
Security of persons and property	1,551,755	-	1,551,755
Utilities and environment	459,910	-	459,910
Transportation	3,318,495	-	3,318,495
Economic environment	2,693,393	-	2,693,393
Mental and physical health	10,866	-	10,866
Culture and recreation	86,230	-	86,230
Unrestricted	3,702,742	2,045,777	5,748,520
Total net assets	71,800,613	4,680,114	76,480,727

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

CHELAN COUNTY, WASHINGTON

Statement of Activities

For the Year Ended December 31, 2010

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets - Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	11,921,365	277,164	113,699	(8,740,652)	-	(8,740,652)
Judicial	3,055,970	1,560,884	-	1,566,396	-	1,566,396
Public safety	17,703,729	2,251,260	-	(13,049,627)	-	(13,049,627)
Physical environment	3,431,739	3,939,860	-	731,047	-	731,047
Transportation	10,162,953	1,224,568	1,603,638	(6,970,921)	-	(6,970,921)
Health and human services	1,624,062	941,162	-	(682,690)	-	(682,690)
Economic environment	2,911,280	366,013	-	(1,269,365)	-	(1,269,365)
Culture and recreation	713,204	28,581	-	(471,590)	-	(471,590)
Interest on long-term debt	523,852	-	-	(523,852)	-	(523,852)
Total governmental activities	52,048,154	10,589,492	1,717,337	(29,411,253)	-	(29,411,253)
Business-type activities:						
Utilities	1,528,671	201,667	-	-	131,484	131,484
Public safety	8,538,243	131,637	-	-	19,494	19,494
Other	644,281	51,096	-	-	51,107	51,107
Total business-type activities	10,711,195	384,400	-	-	202,086	202,086
Total primary government	62,759,349	10,973,892	1,717,337	(29,411,253)	202,086	(29,209,168)
General revenues						
Taxes:						
Property				17,442,036	-	17,442,036
Sales and use				6,727,803	-	6,727,803
Motor vehicle fuel tax				2,172,656	-	2,172,656
Other taxes				5,471,408	8,925	5,480,333
Interest and investment earnings				328,537	1,548	330,085
Transfers				30,000	(30,000)	-
Total general revenues and transfers				32,172,440	(19,527)	32,152,913
Change in net assets				2,761,187	182,558	2,943,745
Net assets - beginning				69,039,427	4,497,556	73,536,982
Net assets - ending				71,800,613	4,680,114	76,480,727

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

CHELAN COUNTY, WASHINGTON

Balance Sheet

Governmental Funds

December 31, 2010

	General Fund	County Roads	L&J Construction	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	2,270,054	3,017,326	-	2,830,192	8,117,572
Deposits with fiscal agents	-	12,080	-	-	12,080
Investments	-	93,240	2,487,739	4,586,454	7,167,433
Accounts receivable	117,675	-	-	81,150	198,825
Taxes receivable	647,803	417,189	-	20,928	1,085,920
Court judgements receivable	453,120	-	-	-	453,120
Interest receivable	126,013	40	592	960	127,605
Due from other funds	289,197	228	-	135,405	424,830
Due from other governments	297,905	1,700,545	-	774,165	2,772,616
Total assets	<u>4,201,767</u>	<u>5,240,648</u>	<u>2,488,330</u>	<u>8,429,255</u>	<u>20,360,000</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	199,164	256,555	494,199	444,085	1,394,003
Due to other funds	138,136	591,138	74,038	83,588	886,899
Due to other governments	50,578	16,466	-	536,319	603,363
Retainage Payable	-	97,946	-	15,889	113,836
Other accrued liabilities	1,568,665	374,355	-	77,634	2,020,654
Deferred revenue	1,100,923	417,189	-	20,928	1,539,040
Total Liabilities	<u>3,057,465</u>	<u>1,753,649</u>	<u>568,237</u>	<u>1,178,443</u>	<u>6,557,795</u>
Fund balances:					
Reserved for long term debt	-	-	-	110,394	110,394
Unreserved, reported in:					
General fund	1,144,302	-	-	-	1,144,302
Special revenue funds	-	3,486,998	-	5,741,396	9,228,394
Capital projects funds	-	-	1,920,094	1,399,021	3,319,115
Total fund balances	<u>1,144,302</u>	<u>3,486,998</u>	<u>1,920,094</u>	<u>7,250,811</u>	<u>13,802,205</u>
Total liabilities and fund balances	<u>4,201,767</u>	<u>5,240,648</u>	<u>2,488,330</u>	<u>8,429,255</u>	<u>20,360,000</u>

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

CHELAN COUNTY, WASHINGTON

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets December 31, 2010

Fund balances of governmental funds:		13,802,205
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	120,411,163	
Depreciation	<u>(52,786,741)</u>	
Capital assets net of depreciation		67,624,422
Liabilities for earned but deferred revenues are removed from governmental activities.		
Property tax	1,085,920	
Court judgements	<u>453,120</u>	
Liabilities for earned revenues		1,539,040
Long-term debt and compensated absences that have not been included in the governmental fund activity		
Bonds payable	(17,203,328)	
Compensated absences	(1,665,012)	
OPEB benefit for LEOFF	(848,186)	
Working capital loan for Substance Abuse	<u>(110,394)</u>	
Long-term debt		(19,826,920)
Internal service funds are used by management to charge the cost of certain activities, such as equipment management and insurance to individual funds. These assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		
Assets	9,043,019	
Liabilities	<u>(381,153)</u>	
Internal service net assets		8,661,866
Net assets of governmental activities		<u><u>71,800,613</u></u>

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

CHELAN COUNTY, WASHINGTON

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2010

	General Fund	County Roads	L&J Construction	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	15,970,897	6,385,936	-	4,209,499	26,566,332
Licenses and permits	606,264	-	-	-	606,264
Intergovernmental revenues	8,273,879	5,905,863	-	4,593,509	18,773,252
Charges for services	3,921,651	40,937	-	1,033,565	4,996,154
Fees and fines	1,222,770	-	-	37,906	1,260,675
Miscellaneous	566,260	26,075	15,162	1,290,571	1,898,068
Total revenues	<u>30,561,721</u>	<u>12,358,812</u>	<u>15,162</u>	<u>11,165,050</u>	<u>54,100,746</u>
EXPENDITURES					
Current:					
General government	12,473,611	7,871	-	184,152	12,665,634
Security of persons and property	14,720,355	-	-	2,361,920	17,082,276
Utilities and environment	186,223	-	-	3,280,665	3,466,888
Transportation	-	8,209,550	-	34,070	8,243,621
Economic environment	1,300,831	-	-	1,638,561	2,939,392
Mental and physical health	453,752	-	-	1,253,921	1,707,674
Culture and recreation	272,109	-	-	205,613	477,722
Debt Service:					
Principal	-	-	-	751,403	751,403
Interest and other charges	1,219	-	-	522,576	523,795
Capital outlay	14,030	3,149,187	5,786,111	342,524	9,291,852
Total expenditures	<u>29,422,130</u>	<u>11,366,608</u>	<u>5,786,111</u>	<u>10,575,407</u>	<u>57,150,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,139,591</u>	<u>992,204</u>	<u>(5,770,948)</u>	<u>589,643</u>	<u>(3,049,510)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	30,328	87,606	-	1,024	118,958
Transfers in	108,123	400,000	-	732,277	1,240,400
Transfers out	(364,034)	-	(366,243)	(480,123)	(1,210,400)
Total other financing sources and uses	<u>(225,582)</u>	<u>487,606</u>	<u>(366,243)</u>	<u>253,177</u>	<u>148,958</u>
Net change in fund balances	<u>914,008</u>	<u>1,479,810</u>	<u>(6,137,191)</u>	<u>842,821</u>	<u>(2,900,552)</u>
Fund balances - beginning	<u>230,294</u>	<u>2,007,188</u>	<u>8,057,285</u>	<u>6,407,991</u>	<u>16,702,758</u>
Fund balances - ending	<u>1,144,302</u>	<u>3,486,998</u>	<u>1,920,094</u>	<u>7,250,811</u>	<u>13,802,205</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, 2010

Amounts reported for governmental activities in the statement of activities (page 18) are different because:

Net change in fund balances - total governmental funds (page 21) (2,900,552)

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	9,269,348	
Decreases in governmental fund capital assets	(163,664)	
Increases in governmental fund depreciation expense	(3,760,195)	
Decreases in governmental fund depreciation expense	<u>139,780</u>	5,485,269

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increases in governmental fund court judgements receivable	453,120	
Increases in governmental fund taxes receivable	<u>196,706</u>	649,826

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	866,403	
Increase in governmental fund OPEB benefit for LEOFF	(550,517)	
Decrease in governmental fund OPEB benefit for LEOFF	312,630	
Increases in governmental fund compensated absences payable	(8,550)	
Decreases in governmental fund compensated absences payable	24,207	
Increase in governmental fund working capital loan	<u>(110,394)</u>	533,779

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

(1,007,136)

Change in net assets of governmental activities (page 18)

2,761,187

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, 2010

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Reserve	2,000	2,000	-	(2,000)
Assessor	1,040	1,040	1,068	28
Auditor	833,221	833,221	818,058	(15,163)
Community Development	1,141,650	1,165,650	1,135,367	(30,283)
Civil Service Commission	500	500	-	(500)
Clerk	806,822	806,822	798,077	(8,745)
Commissioners	9,222,813	9,222,813	8,992,205	(230,608)
Coroner	15,000	15,000	14,774	(226)
Information Technology	130,856	130,856	131,841	985
Facilities Maintenance	787,717	787,717	776,922	(10,795)
District Court	1,397,270	1,425,130	1,413,543	(11,587)
District Court Probation	353,832	353,832	331,631	(22,201)
Extension	43,892	50,023	32,676	(17,347)
Horticulture	42,668	42,668	19,596	(23,072)
Juvenile	655,831	655,831	665,182	9,351
Non-Departmental	194,714	196,551	210,664	14,113
Child Support Enforcement	445,000	445,000	375,507	(69,493)
Prosecuting Attorney	614,045	614,045	617,900	3,855
Sheriff	2,752,120	2,765,120	2,778,786	13,666
Superior Court	121,363	121,363	109,858	(11,505)
Treasurer	746,682	746,682	1,160,244	413,562
Taxes	10,463,269	10,463,269	10,316,276	(146,993)
Total revenues	<u>30,772,305</u>	<u>30,845,133</u>	<u>30,700,173</u>	<u>(144,961)</u>
EXPENDITURES				
Assessor	1,077,015	1,077,015	1,036,255	40,760
Auditor	1,003,055	1,003,055	976,578	26,477
Board of Equalization	7,005	7,005	4,935	2,070
Community Development	1,420,667	1,444,667	1,297,341	147,326
Civil Service Commission	11,097	11,097	9,589	1,508
Clerk	1,015,149	1,015,149	991,243	23,906
Commissioners	616,500	616,500	603,579	12,921
Coroner	155,987	155,987	146,343	9,644
Information Technology	586,121	586,121	543,499	42,622
Facilities Maintenance	1,488,713	1,538,713	1,395,485	143,228
District Court	1,080,880	1,108,740	1,071,048	37,692
District Court Probation	390,209	390,209	384,315	5,894
Extension	262,473	268,104	262,241	5,863
Horticulture	61,671	77,471	64,954	12,517
Juvenile	2,588,921	2,589,360	2,449,490	139,870
Non-Departmental	7,017,703	7,256,743	7,082,666	174,077
Child Support Enforcement	396,715	396,715	374,120	22,595
Prosecuting Attorney	1,640,054	1,640,054	1,600,441	39,613
Sheriff	7,394,921	7,400,279	7,707,393	(307,114)
Superior Court	954,072	954,072	921,860	32,212
Treasurer	562,605	562,605	528,757	33,848
Taxes	345,796	345,796	334,034	11,762
Total expenditures	<u>30,077,329</u>	<u>30,445,457</u>	<u>29,786,164</u>	<u>659,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>694,976</u>	<u>399,676</u>	<u>914,008</u>	<u>514,332</u>
Fund balances - beginning	500,000	500,000	230,294	(269,706)
Fund balances - ending	<u>1,194,976</u>	<u>899,676</u>	<u>1,144,302</u>	<u>244,626</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	6,762,675	6,762,675	6,385,936	(376,739)
Intergovernmental revenues	6,528,135	6,528,135	5,905,863	(622,272)
Charges for services	52,000	52,000	40,937	(11,063)
Miscellaneous	500	500	26,075	25,575
Total revenues	<u>13,343,310</u>	<u>13,343,310</u>	<u>12,358,812</u>	<u>(984,498)</u>
EXPENDITURES				
Current:				
General government	-	-	7,871	(7,871)
Transportation	9,068,241	9,068,241	8,209,550	858,691
Capital outlay	<u>3,891,500</u>	<u>3,891,500</u>	<u>3,149,187</u>	<u>742,313</u>
Total expenditures	<u>12,959,741</u>	<u>12,959,741</u>	<u>11,366,608</u>	<u>1,593,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>383,569</u>	<u>383,569</u>	<u>992,204</u>	<u>608,635</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	4,800	4,800	87,606	82,806
Transfers in	400,000	400,000	400,000	-
Total other financing sources and uses	<u>404,800</u>	<u>404,800</u>	<u>487,606</u>	<u>82,806</u>
Net change in fund balances	788,369	788,369	1,479,810	691,441
Fund balances - beginning	<u>2,069,224</u>	<u>2,069,224</u>	<u>2,007,188</u>	<u>(62,036)</u>
Fund balances - ending	<u><u>2,857,593</u></u>	<u><u>2,857,593</u></u>	<u><u>3,486,998</u></u>	<u><u>629,405</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, 2010

	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	131,007	986,748	1,077,360	2,195,115	2,088,035
Deposits with fiscal agents	12,080	-	-	12,080	38,800
Investments	378,618	-	180,212	558,830	367,893
Accounts receivable	37,480	768	-	38,248	42,770
Interest receivable	81	-	38	119	78
Due from other funds	-	75,383	-	75,383	484,136
Due from other governments	72,116	240,216	35,906	348,237	552
Inventory	-	-	-	-	609,186
Total current assets	<u>631,382</u>	<u>1,303,115</u>	<u>1,293,516</u>	<u>3,228,012</u>	<u>3,631,449</u>
Noncurrent assets:					
Capital assets: net of accumulated depreciation)					
Land	8,096	-	201,252	209,348	-
Buildings	437,421	739,774	63,380	1,240,576	35,198
Other improvements	157,378	-	-	157,378	-
Equipment	404,433	327,433	295,169	1,027,035	5,376,372
Total noncurrent assets	<u>1,007,328</u>	<u>1,067,208</u>	<u>559,801</u>	<u>2,634,337</u>	<u>5,411,570</u>
Total assets	<u>1,638,710</u>	<u>2,370,322</u>	<u>1,853,316</u>	<u>5,862,349</u>	<u>9,043,019</u>
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	52,264	15,002	16,199	83,465	205,010
Due to other funds	145	26,759	-	26,903	70,546
Due to other governments	437	735	1,850	3,022	471
Retainage Payable	1,257	-	-	1,257	-
Other accrued liabilities	22,697	514,273	21,945	558,915	61,108
Compensated absences	1,101	179,342	2,545	182,988	6,604
Total current liabilities	<u>77,901</u>	<u>736,110</u>	<u>42,539</u>	<u>856,551</u>	<u>343,739</u>
Noncurrent liabilities:					
Compensated absences	1,959	319,196	4,530	325,684	37,414
Total noncurrent liabilities	<u>1,959</u>	<u>319,196</u>	<u>4,530</u>	<u>325,684</u>	<u>37,414</u>
Total liabilities	<u>79,860</u>	<u>1,055,306</u>	<u>47,069</u>	<u>1,182,235</u>	<u>381,153</u>
NET ASSETS					
Invested in capital assets	1,007,328	1,067,208	559,801	2,634,337	5,411,570
Unrestricted	551,522	247,809	1,246,447	2,045,777	3,250,296
Total net assets	<u>1,558,851</u>	<u>1,315,016</u>	<u>1,806,247</u>	<u>4,680,114</u>	<u>8,661,866</u>

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, 2010

	Business-Type Activities			Totals	Governmental
	Enterprise Funds				Activities
	Regional	Nonmajor			Internal Service
	Justice	Enterprise			
	Solid Waste	Center	Funds		Fund
OPERATING REVENUES					
Intergovernmental revenues	59,348	4,052,542	270,238	4,382,128	-
Charges for services	958,354	4,136,157	594,418	5,688,928	506,628
Fines & forfeits	-	12,196	-	12,196	-
Miscellaneous	6,195	356,137	466,749	829,081	9,043,489
Total operating revenues	<u>1,023,896</u>	<u>8,557,032</u>	<u>1,331,405</u>	<u>10,912,333</u>	<u>9,550,117</u>
OPERATING EXPENSES					
Salaries	121,133	4,793,173	281,343	5,195,649	520,860
Personnel benefits	37,344	1,897,058	114,499	2,048,901	166,630
Supplies	15,712	480,651	64,788	561,152	1,165,294
Other services & charges	778,666	388,138	499,464	1,666,268	6,925,619
Intergovernmental/interfund services and taxes	30,753	-	4,658	35,411	-
Interfund payments for services	76,533	858,235	59,385	994,152	504,156
Depreciation	43,025	120,987	45,649	209,661	1,321,962
Total operating expenses	<u>1,103,167</u>	<u>8,538,243</u>	<u>1,069,786</u>	<u>10,711,195</u>	<u>10,604,520</u>
Operating income (loss)	<u>(79,270)</u>	<u>18,789</u>	<u>261,619</u>	<u>201,138</u>	<u>(1,054,402)</u>
NONOPERATING REVENUES (EXPENSES)					
Taxes	8,925	-	-	8,925	-
Gain on sale of capital assets	-	705	1,790	2,495	47,267
Total nonoperating revenues (expenses)	<u>8,925</u>	<u>705</u>	<u>1,790</u>	<u>11,420</u>	<u>47,267</u>
Income (loss) before transfers	<u>(70,346)</u>	<u>19,494</u>	<u>263,409</u>	<u>212,558</u>	<u>(1,007,136)</u>
Transfers in	-	-	51,496	51,496	-
Transfers out	-	-	(81,496)	(81,496)	-
Change in net assets	<u>(70,346)</u>	<u>19,494</u>	<u>233,409</u>	<u>182,558</u>	<u>(1,007,136)</u>
Total net assets - beginning	<u>1,629,196</u>	<u>1,295,522</u>	<u>1,572,838</u>	<u>4,497,556</u>	<u>9,669,002</u>
Total net assets - ending	<u>1,558,851</u>	<u>1,315,016</u>	<u>1,806,247</u>	<u>4,680,114</u>	<u>8,661,866</u>

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, 2010

	Business-Type Activities Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Solid Waste	Regional	Nonmajor		
		Justice Center	Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	1,039,278	8,481,525	1,364,661	10,885,464	9,304,280
Cash payments to suppliers	(937,160)	(2,537,413)	(621,440)	(4,096,013)	(8,418,915)
Cash payments to employees and retirees	(154,575)	(6,628,516)	(405,345)	(7,188,435)	(683,389)
Net cash provided (used) by operating activities	<u>(52,456)</u>	<u>(684,404)</u>	<u>337,877</u>	<u>(398,983)</u>	<u>201,977</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	51,496	51,496	-
Transfers out	-	-	(81,496)	(81,496)	-
Tax receipts	8,925	-	-	8,925	-
Net cash provided (used) by noncapital financing activities	<u>8,925</u>	<u>-</u>	<u>(30,000)</u>	<u>(21,075)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Proceeds from sale of equipment	-	1,335	1,790	3,125	47,267
Acquisition and construction of capital assets	(208,291)	(21,590)	(55,895)	(285,777)	(826,133)
Net cash provided (used) by capital financing activities	<u>(208,291)</u>	<u>(20,255)</u>	<u>(54,105)</u>	<u>(282,652)</u>	<u>(778,867)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	-	-	-	-	231,444
Purchase of investments	(5,204)	-	(510)	(5,715)	(1,215)
Interest on investments	21	-	10	31	83
Net cash provided (used) by investing activities	<u>(5,184)</u>	<u>-</u>	<u>(500)</u>	<u>(5,684)</u>	<u>230,312</u>
Net increase (decrease) in cash and cash equivalents	<u>(257,007)</u>	<u>(704,659)</u>	<u>253,271</u>	<u>(708,395)</u>	<u>(346,578)</u>
Cash and cash equivalents, January 1	<u>388,013</u>	<u>1,691,407</u>	<u>824,089</u>	<u>2,903,509</u>	<u>2,434,613</u>
Cash and cash equivalents, December 31	<u>131,007</u>	<u>986,748</u>	<u>1,077,360</u>	<u>2,195,115</u>	<u>2,088,035</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(79,270)	18,789	261,619	201,138	(1,054,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:					
Depreciation and amortization of deferred charge	43,025	120,987	45,649	209,661	1,321,962
(Increase) decrease in accounts receivable	52,727	2,795	-	55,522	(37,851)
(Increase) decrease in due from other funds/gov	(37,346)	(78,302)	33,257	(82,392)	(207,986)
(Increase) decrease in inventory/prepaid expenses	-	-	-	-	22,368
Increase (decrease) in vouchers/contracts payable	(33,535)	(316,350)	8,295	(341,590)	85,604
Increase (decrease) in due to other funds/gov	(1,960)	(494,038)	(1,441)	(497,439)	68,181
Increase (decrease) in payables/other liabilities	2,200	20,741	(3,947)	18,994	(1,687)
Increase (decrease) in accrued employee leave benefits	1,703	40,974	(5,556)	37,122	5,788
Total adjustments	<u>26,814</u>	<u>(703,193)</u>	<u>76,258</u>	<u>(600,122)</u>	<u>1,256,379</u>
Net cash provided (used) by operating activities	<u>(52,456)</u>	<u>(684,404)</u>	<u>337,877</u>	<u>(398,983)</u>	<u>201,977</u>

The County is not aware of any material noncash transactions.

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

CHELAN COUNTY, WASHINGTON

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	8,006,913
Investments	74,966,164
Deposits with fiscal agents	1,562,313
Taxes receivable	4,215,969
Interest receivable	18,069
Total assets	<u>88,769,428</u>
LIABILITIES	
Accounts payable	414,442
Other accrued liabilities	496,647
Custodial accounts	<u>87,858,339</u>
Total liabilities	<u>88,769,428</u>

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

CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2010

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CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Chelan County reports the following major governmental funds:

- The General fund (Current Expense) is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Roads fund accounts for the finance, design, construction, and maintenance of Chelan County roads.
- L&J Construction fund accounts for the bond proceeds used for mechanical and electrical upgrades in the Law and Justice building.

Chelan County reports the following major proprietary funds:

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

Additionally, Chelan County reports the following fund types:

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

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. An exception to this rule is that interfund charges for services are not excluded when elimination would distort the direct costs and program revenues reported for the various functions.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Solid Waste are from charges for services and state grants, the principal operating revenues of the Expo Center and Fair are from event admission fees and off-season rentals, the principal operating revenues of the Surface and Storm Water Utility are from user fees, and the principal operating revenues from the Regional Justice Center are from Chelan County, other governments, and charges for detention services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2010, the Treasurer was holding \$18,548,497 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.

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

2. Receivables

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

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

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

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

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 or is paid out at year-end (depending on union affiliation). Upon setting an official date of retirement, an employee is paid out all accumulated sick leave hours in excess of 720 hours to a maximum of 240 hours.

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

7. Other Accrued Liabilities

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

8. Long-term Debt – See Note 8

9. Deferred Revenues

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

10. Fund 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 and department levels. Appropriations for all budgeted funds lapse at year-end. Major capital projects are also included in the County's capital financing plan, which carries forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

2. Procedures for Adopting the Original Budget

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

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

3. Amending the Budget

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

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

4. Excess of Expenditures Over Appropriations

The following excess of expenditures over appropriations were not anticipated in the original 2010 budget and the expenditures occurred late in 2010 after any supplemental budget appropriations could be legally made.

In the General fund, the Sheriff department expenditures exceeded appropriations by \$307,114. The excess expenditures were covered with the General fund balance.

The L&J Construction fund expenditures exceeded appropriations by \$298,475. The excess expenditures were covered with its fund balance that came from the L&J bond proceeds.

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, 2010 the County had the following investments:

Investment	Weighted average maturity of Chelan County's own investments	Fair value of Chelan County's own investments	Fair value of investments held by Chelan County as an agent for other local governments	Total
State investment pool	less than 90 days	8,094,155	73,052,846	81,147,001
U.S. Government Securities	N/A	-	206,282	206,282
Certificate of deposit	N/A	-	1,707,036	1,707,036
Total		8,094,155	74,966,164	83,060,319

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

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

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

NOTE 4 - PROPERTY TAXES

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

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

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

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

The County's regular levy for 2010 was \$1.1001 per \$1,000 on an assessed valuation of \$9,512,545,285 for a total regular levy of \$10,464,610.

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 2010 was \$1.1582 per \$1,000 on an assessed valuation of \$5,545,079,142 for a total road levy of \$6,422,241.

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, 2010 was as follows:

Governmental Activities	Beginning Balance 01/01/2010	Increases	Decreases	Ending Balance 12/31/2010
Capital assets, not being depreciated:				
Land	3,240,629	-	-	3,240,629
Construction in progress	1,328,454	3,021,770	-	4,350,224
Total capital assets, not being depreciated	4,569,083	3,021,770	-	7,590,853
Capital assets, being depreciated:				
Other improvements	2,126,112	14,923	-	2,141,035
Buildings and structures	43,258,615	5,968,254	-	49,226,869
Machinery and equipment	20,095,336	1,008,313	775,008	20,328,640
Infrastructure	58,338,701	108,145	-	58,446,846
Total capital assets being depreciated	123,818,763	7,099,635	775,008	130,143,390
Less accumulated depreciation for:				
Other improvements	681,444	171,841	-	853,285
Buildings and structures	20,240,001	978,178	-	21,218,178
Machinery and equipment	13,096,158	1,732,392	725,201	14,103,350
Infrastructure	26,323,692	2,199,746	-	28,523,438
Total accumulated depreciation	60,341,295	5,082,157	725,201	64,698,251
Total capital assets, being depreciated, net	63,477,468	2,017,478	49,807	65,445,138
Governmental activities capital assets, net	68,046,551	5,039,248	49,807	73,035,991

Depreciation expense was charged to functions as follows:

General government	815,145
Judicial	2,842
Public safety	487,792
Physical environment	13,581
Transportation	3,458,753
Economic environment	51,682
Culture and recreation	252,361
Total depreciation - governmental activities	5,082,157

Business-Type Activities	Beginning Balance 01/01/2010	Increases	Decreases	Ending Balance 12/31/2010
Capital assets, not being depreciated:				
Land	209,348	-	-	209,348
Other improvements	157,378	-	-	157,378
Total capital assets, not being depreciated	366,726	-	-	366,726
Capital assets, being depreciated:				
Buildings and structures	2,461,993	-	-	2,461,993
Machinery and equipment	1,573,408	285,777	6,300	1,852,885
Total capital assets being depreciated	4,035,401	285,777	6,300	4,314,878
Less accumulated depreciation for:				
Buildings and structures	1,157,537	63,880	-	1,221,417
Machinery and equipment	685,739	145,782	5,670	825,850
Total accumulated depreciation	1,843,276	209,661	5,670	2,047,267
Total capital assets, being depreciated, net	2,192,125	76,116	630	2,267,611
Business-type activities capital assets, net	2,558,851	76,116	630	2,634,337
Depreciation expense was charged to functions as follows:				
Public safety		120,987		
Utilities		76,730		
Culture and recreation		11,944		
Total depreciation - business-type activities		209,661		

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*.

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

1. Plan Description

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

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state

and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

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

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

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

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

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

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

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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

contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf*, *Operation Iraqi Freedom*.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

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

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

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

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

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

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

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

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

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

2. Judicial Benefit Multiplier

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

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75 percent of AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, are required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Retirees and beneficiaries receiving benefits	74,857
Terminated plan members entitled to but not yet receiving benefits	28,074
Active plan members vested	105,339
Active plan members nonvested	53,896
Total	262,166

3. 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 at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2010 are as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%	5.31%	5.31%**
Employee	6.00%	3.90%	***

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

** Plan 3 defined benefit portion only.

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

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%	5.31%	5.31%**
Employee	12.26%	9.75%	7.50%***

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

** Plan 3 defined benefit portion only.

*** Minimum rate.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2010	69,498	685,258	151,177
2009	107,154	983,745	222,692
2008	111,740	982,935	222,488

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

1. Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters, and as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. Chelan County does not currently employ any active LEOFF Plan 1 members.

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

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months.) Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

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

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

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

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

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

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

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

There are 372 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Retirees and beneficiaries receiving benefits	9,454
Terminated plan members entitled to but not yet receiving benefits	674
Active plan members vested	13,363
Active plan members nonvested	3,944
Total	27,435

2. Funding Policy

Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature by means of a special funding arrangement appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2010, were as follows:

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

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

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

LEOFF Plan 2	
2010	203,320
2009	222,073
2008	198,657

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

1. Plan Description

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

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of 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 the following: state of Washington agencies: Department of Corrections, Department of Natural Resources, 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 one of the following:

- 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.
- Primary responsibility to ensure the custody and security of incarcerated or probationary individuals.
- Limited authority to function as a Washington peace officer, as defined in RCW 10.93.020.
- Primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in Chapter 41.37 RCW and may be amended only by the State Legislature.

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

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a

PSERS employer and leaving that employment as a result of the disability. The disability allowance is 2 percent of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years).

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

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

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

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

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2009:

Retirees and beneficiaries receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members vested	-
Active plan members nonvested	4,340
Total	4,342

2. Funding Policy

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

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2010, were as follows:

	PSERS Plan 2
Employer*	7.85%
Employee	6.55%

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

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

	PSERS Plan 2
2010	105,751
2009	111,712
2008	91,573

NOTE 7 - RISK MANAGEMENT

A. Risk Pool

Chelan County was one of the twenty-eight members of the Washington Counties Risk Pool ("Pool") during 2010. Other members included: Adams, Benton, Clallam and Clark, Columbia, Cowlitz, Douglas and Franklin, Garfield, Grays Harbor, Island and Jefferson, Kitsap, Kittitas, Lewis and Mason, Okanogan, Pacific, Pend Oreille and San Juan, Skagit, Skamania, Spokane and Thurston, Walla Walla, Whatcom and Yakima Counties. Kitsap County terminated its membership September 30, 2010.

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

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

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

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

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

The Washington Counties Risk Pool is a cooperative program, so there is joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Pool member counties are required to timely submit their 3rd party liability claims which are handled by the Pool's staff. This includes establishing reserves for both reported and unreported covered events, as well as estimates of the undiscounted future cash payments for losses and related claims adjustment expenses. Deficits resulting from any Pool fiscal year are financed by proportional reassessments against that year's membership. The Pool's reassessments receivable balance as of December 31, 2010 was zero.

B. Risk Management

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

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

NOTE 8 - LONG-TERM DEBT

A. Long-Term Debt

The County issues general obligation bonds to finance the purchase and construction of buildings and other capital assets. Bonded indebtedness has also been entered into to advance refund general obligation bonds. General obligation bonds have been issued for general government activities and are being repaid from the Criminal Justice Sales Tax, Distressed Counties Tax, and REET funds. These bonds are set to mature between 2010 and 2036.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount Outstanding
2001 G.O. bonds for acquisition and installation of phone system and accounting system, original issue \$404,000	4.25%	48,328
2002 LTGO E911 bonds for acquisition and construction of a multi-jurisdictional public safety answering point for use by the county and other governmental agencies, original issue \$2,560,000	Not to exceed 5.0%	1,815,000
2003 LTGO 2003A bonds to make improvements to certain county facilities, original issue \$3,445,000	2.0% - 4.5%	2,485,000
2007 LTGO and refunding bonds to advance refund the county's 1998 and 2000 G.O. bonds and \$1,200,000 for technology projects, original issue \$5,735,000	4.0% - 5.0%	4,705,000
2009 LTGO bonds for the law and justice facility renovation, original issue \$8,150,000	2.0% - 5.0%	8,150,000
Total		17,203,328

The annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2011	998,328	752,067
2012	985,000	715,124
2013	755,000	678,594
2014	780,000	650,890
2015	805,000	621,308
2016-2020	4,130,000	2,558,589
2021-2025	2,795,000	1,749,908
2026-2030	2,335,000	1,210,475
2030-2035	2,945,000	588,508
2036	675,000	31,725
Total	17,203,328	9,557,187

B. Refunded Debt

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

NOTE 9 – CAPITAL LEASES

The County has entered into lease agreements for financing equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. As of December 31, 2010, all capital lease obligations were paid. The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-Type Activities
Office equipment	11,891	-
Tractor	-	22,451
Vehicles	126,906	-
Less accumulated depreciation	132,257	16,838
Total	6,540	5,613

NOTE 10 – CHANGES IN LONG TERM LIABILITIES

During the year ended December 31, 2010, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/10	Additions	Reductions	Ending Balance 12/31/10	Due Within One Year
Governmental Activities:					
Bonds payable	18,069,731	-	866,403	17,203,328	998,328
OPEB benefit for LEOFF	610,299	550,517	312,630	848,186	-
Working capital loan	110,394	-	-	110,394	-
Compensated absences	1,718,899	195,133	205,003	1,709,030	256,415
Governmental activity long-term liabilities:	20,509,323	745,650	1,384,036	19,870,938	1,254,743
Business-Type Activities:					
Compensated absences	471,550	205,409	168,287	508,672	182,988
Business-type activity long-term liabilities:	471,550	205,409	168,287	508,672	182,988

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, \$44,018 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.

During 2008 and 2009, Chelan County received a total of \$773,203 from the Department of Community, Trade and Economic Development (CTED) for the express purpose of the construction of restroom, shower, and laundry facilities for the Monitor Park temporary farm worker camp. Repayment of the non-interest bearing loan principal shall be deferred until the change of use, noncompliance with agreement, or December 31, 2022, whichever occurs first. The loan is forgiven at a rate of 1/15th per year over the 15 year deferral period. Upon completion of the deferral period, the entire loan will be forgiven. Since the probability of repayment is remote, loan proceeds were recorded as a capital grant in 2008 and 2009. The potential liability for the unamortized balance on December 31, 2010 was \$618,562.

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, 2010 are as follows:

Due To	Due From							Total
	General Fund	County Roads	L&J Construction	Nonmajor Governmental	Solid Waste	Regional Justice Center	Internal Service	
General Fund	-	112,336	-	80,763	-	25,669	70,429	289,197
County Roads	228	-	-	-	-	-	-	228
Nonmajor governmental	134,910	-	-	495	-	-	-	135,405
Regional Justice Center	264	236	74,038	600	128	-	117	75,383
Internal service	2,734	478,565	-	1,730	17	1,089	-	484,136
Total	138,136	591,138	74,038	83,588	145	26,759	70,546	984,348

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 2010:

Borrowing Fund	Lending Fund	Interfund Loans and Advances Payable			
		1/1/2010	New Loans	Repayments	12/31/2010
General Fund	Criminal Justice Sales Tax	-	400,000	400,000	-
General Fund	Distressed Counties Tax	-	944,000	944,000	-
General Fund	R.E.E.T. I	-	583,000	583,000	-
General Fund	L&J Construction	-	261,000	261,000	-
General Fund	Equipment Rental & Revolving	-	450,000	450,000	-
Boating Safety	R.E.E.T. I	-	10,000	10,000	-
Noxious Weed	Equipment Rental & Revolving	-	53,000	53,000	-
Natural Resources	R.E.E.T. I	-	338,000	338,000	-
Fair	R.E.E.T. I	-	49,000	49,000	-
	Total	-	3,088,000	3,088,000	-

C. Interfund Transfers

During 2010, interfund transfers were used to move General funds property tax revenues to support the Veteran's Relief, Mental Health & Retardation, and Law Library operations. Transfers from nonmajor governmental funds were to reimburse Superior Court law library costs, supplant Superior Court's General fund budget reductions, support General Fund drug enforcement work, and support event promotion at Ohme Gardens and Expo Center. Some REET funds were transferred to County Roads so that some of the road property tax levy could be shifted to the General fund.

The following table displays interfund transfers during 2010:

Transfers In	Transfers Out				Total
	General	L&J Construction	Nonmajor Governmental	Nonmajor Enterprise	
General	-	-	58,123	50,000	108,123
County Roads	-	-	400,000	-	400,000
Nonmajor governmental	364,034	366,243	2,000	-	732,277
Nonmajor enterprise	-	-	20,000	31,496	51,496
Total transfers	364,034	366,243	480,123	81,496	1,291,896

NOTE 13 – JOINT VENTURES

A. Rivercom

Chelan County participates in Rivercom, a joint venture, which was created with an interlocal agreement to build and operate a regional 911 communications center. The other participants in this venture include: Douglas County, the City of East Wenatchee and the City of Wenatchee. Rivercom charges the participants a fee based on the volume of calls generated by each participant. The fees are designed to cover Rivercom's costs. In addition to the fees, the participants provide their 911 tax revenues to the organization. Although Chelan County does have an equity interest in Rivercom, the agreement does not explicitly specify a method for measuring each partner's interest. During 2010, Rivercom received total revenues of \$5,122,555 and incurred total expenses of \$4,298,471 resulting in an increase in net assets of \$824,084, and ending fund balance of \$1,643,675. A copy of Rivercom's financial statements can be obtained from Rivercom at: PO Box 3344, Wenatchee, WA 98807 or (509) 662-4650.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Plan Description

In addition to the pension benefits described in Note 6, the County provides single-employer defined benefit health insurance for retired public safety employees who are vested in LEOFF 1. All the County's LEOFF 1 employees may become eligible for these benefits if they reach normal retirement age while working for the County. There are 25 participants eligible to receive these benefits. The benefits are 100 percent provided by the County in order to meet state statutory requirements under the LEOFF 1 system whereby the County pays for their medical and dental premiums and out-of-pocket medical costs for life.

B. Funding Policy

The County has the authority to establish and amend OPEB contribution policy. The County funds its OPEB obligation on a pay-as-you-go basis, i.e., the cost of retiree medical benefits is recognized as an expense as premiums and medical expenses are paid. For the fiscal year ending December 31, 2010, the County's combined plan contributions were \$312,630.

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on an annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB costs for the fiscal year ending December 31, 2010, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual required contribution	579,881
Interest on net OPEB contribution	27,463
Adjustments to the annual required contribution	<u>(56,827)</u>
Annual OPEB cost (expense)	550,517
Contributions made	<u>(312,630)</u>
Increase in the net OPEB obligation	237,887
Net OPEB obligation, beginning of year	<u>610,299</u>
Net OPEB obligation, end of year	848,186

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Actual Plan Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$550,517	\$312,630	57%	\$848,186
12/31/2009	\$587,091	\$310,103	53%	\$610,299
12/31/2008	\$637,339	\$312,949	49%	\$324,390

D. Funding Status and Funding Progress

The funded status of the plan as of December 31, 2010, was as follows:

Actuarial accrued liability (AAL)	6,227,653
Actuarial value of plan assets	0
Unfunded actuarial accrued liability	6,227,653
Funded ratio (actuarial value of plan assets / AAL)	0%

E. Methods and Assumptions

Due to the size of the plan (less than 100 participants) the County elected to use the alternative measurement method permitted under GASB Statement No. 45. Actuarial valuations involve estimates of the value of benefits and assumptions about the probability of events far into the future. Calculations are based on the current level of benefits provided by the employer. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and as new estimates are made about the future. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the AAL and normal cost. An interest discount rate of Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. Medical inflation rates were expected to start at 8.5% and decreases to 5.0% for years beginning in 2016. A return on investment earnings rate of 4.5% was assumed. General inflation was projected at 3.5%. General salary increases (including inflation) were projected at 4.5%. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

CHELAN COUNTY, WASHINGTON

Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2010	0	6,227,653	6,227,653	0%	0	N/A
12/31/2009	0	6,472,713	6,472,713	0%	0	N/A
12/31/2008	0	6,844,736	6,844,736	0%	0	N/A

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
ASSETS			
Cash and cash equivalents	2,197,589	632,603	2,830,192
Investments	3,816,122	770,332	4,586,454
Accounts receivable	81,150	-	81,150
Taxes receivable	20,928	-	20,928
Interest receivable	796	164	960
Due from other funds	135,405	-	135,405
Due from other governments	774,165	-	774,165
Total assets	<u>7,026,155</u>	<u>1,403,099</u>	<u>8,429,255</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	440,007	4,078	444,085
Due to other funds	83,588	-	83,588
Due to other governments	536,319	-	536,319
Retainage Payable	15,889	-	15,889
Other accrued liabilities	77,634	-	77,634
Deferred revenue	20,928	-	20,928
Total liabilities	<u>1,174,365</u>	<u>4,078</u>	<u>1,178,443</u>
Fund balances:			
Reserved for long term loan	110,394	-	110,394
Unreserved, reported in nonmajor:	5,741,396	1,399,021	7,140,417
Total fund balances	<u>5,851,790</u>	<u>1,399,021</u>	<u>7,250,811</u>
Total liabilities and fund balances	<u>7,026,155</u>	<u>1,403,099</u>	<u>8,429,255</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
REVENUES			
Taxes	3,473,152	736,346	4,209,499
Intergovernmental	4,593,509	-	4,593,509
Charges for services	1,033,565	-	1,033,565
Fees and fines	37,906	-	37,906
Miscellaneous	1,284,414	6,157	1,290,571
Total revenues	<u>10,422,547</u>	<u>742,503</u>	<u>11,165,050</u>
EXPENDITURES			
Current:			
General government	184,152	-	184,152
Security of persons and property	2,361,920	-	2,361,920
Utilities and environment	3,280,665	-	3,280,665
Transportation	34,070	-	34,070
Economic environment	1,638,561	-	1,638,561
Mental and physical health	1,253,921	-	1,253,921
Culture and recreation	205,613	-	205,613
Debt service:			
Principal	705,000	46,403	751,403
Interest and other charges	486,263	36,312	522,576
Capital outlay	26,132	316,392	342,524
Total expenditures	<u>10,176,299</u>	<u>399,108</u>	<u>10,575,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>246,248</u>	<u>343,395</u>	<u>589,643</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,024	-	1,024
Transfers in	732,277	-	732,277
Transfers out	(80,123)	(400,000)	(480,123)
Total other financing sources and uses	<u>653,177</u>	<u>(400,000)</u>	<u>253,177</u>
Net change in fund balances	<u>899,426</u>	<u>(56,605)</u>	<u>842,821</u>
Fund balances - beginning	<u>4,952,364</u>	<u>1,455,626</u>	<u>6,407,991</u>
Fund balances - ending	<u>5,851,790</u>	<u>1,399,021</u>	<u>7,250,811</u>

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2010

	<u>Paths & Trails</u>	<u>Drug Enforce- ment Reserve</u>	<u>Felony Seizure & Forfeiture</u>	<u>Auditor O&M</u>	<u>ORV Ed. & Enforce- ment</u>	<u>Boating Safety</u>	<u>Ohme Gardens</u>
ASSETS							
Cash and cash equivalents	36,890	6,000	3,531	64,764	15,769	25,976	2,379
Investments	25,124	1,499	-	130,349	-	-	68,660
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Interest receivable	5	4	-	27	-	-	15
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>62,020</u>	<u>7,503</u>	<u>3,531</u>	<u>195,140</u>	<u>15,769</u>	<u>25,976</u>	<u>71,054</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	-	2,224	-	-	778
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	-	-	4,577	-	-	-
Retainage payable	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	191	5,355
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,800</u>	<u>-</u>	<u>191</u>	<u>6,133</u>
Fund balances:							
Reserved for long term loan	-	-	-	-	-	-	-
Unreserved, undesignated	<u>62,020</u>	<u>7,503</u>	<u>3,531</u>	<u>188,340</u>	<u>15,769</u>	<u>25,785</u>	<u>64,920</u>
Total fund balances	<u>62,020</u>	<u>7,503</u>	<u>3,531</u>	<u>188,340</u>	<u>15,769</u>	<u>25,785</u>	<u>64,920</u>
Total liabilities and fund balances	<u>62,020</u>	<u>7,503</u>	<u>3,531</u>	<u>195,140</u>	<u>15,769</u>	<u>25,976</u>	<u>71,054</u>

Sheriff Donation	Farm Worker Housing	Pest Control Intern	R.E.E.T. Tech- nology	Juvenile Donation	Noxious Weeds	Trial Court Improve- ment	911 Comm.	Parent Education	Cashmere Dryden Airport
14,292	142,494	5,788	242,898	907	18,674	111,600	-	23,257	567
-	-	-	-	-	-	-	-	-	10,501
-	-	-	-	-	-	-	-	2,252	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	-	-	-
-	49,602	-	-	-	-	-	-	-	-
<u>14,292</u>	<u>192,095</u>	<u>5,788</u>	<u>242,898</u>	<u>907</u>	<u>18,674</u>	<u>111,600</u>	<u>-</u>	<u>25,509</u>	<u>11,071</u>
-	60	244	-	-	232	3,058	-	1,228	3,054
-	-	-	-	-	-	-	-	600	-
-	751	-	-	-	4	-	-	-	200
-	-	-	-	-	-	-	-	-	-
-	-	4	-	-	12,329	-	-	1,253	1,414
-	-	-	-	-	-	-	-	-	-
<u>-</u>	<u>811</u>	<u>248</u>	<u>-</u>	<u>-</u>	<u>12,564</u>	<u>3,058</u>	<u>-</u>	<u>3,081</u>	<u>4,668</u>
-	-	-	-	-	-	-	-	-	-
<u>14,292</u>	<u>191,284</u>	<u>5,541</u>	<u>242,898</u>	<u>907</u>	<u>6,110</u>	<u>108,542</u>	<u>-</u>	<u>22,428</u>	<u>6,403</u>
<u>14,292</u>	<u>191,284</u>	<u>5,541</u>	<u>242,898</u>	<u>907</u>	<u>6,110</u>	<u>108,542</u>	<u>-</u>	<u>22,428</u>	<u>6,403</u>
<u>14,292</u>	<u>192,095</u>	<u>5,788</u>	<u>242,898</u>	<u>907</u>	<u>18,674</u>	<u>111,600</u>	<u>-</u>	<u>25,509</u>	<u>11,071</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2010

	Drug Task Force	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treasurer O&M	Tourist & Convention
ASSETS							
Cash and cash equivalents	600	77,364	219,391	228	208,960	8,357	636,190
Investments	449,839	-	26,831	-	-	123,701	7,936
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	-	31	6,603	14,294	-	-	-
Interest receivable	95	-	6	-	-	26	2
Due from other funds	-	30,000	32,247	72,663	-	-	-
Due from other governments	-	-	-	-	40,548	-	-
Total assets	450,534	107,395	285,078	87,185	249,508	132,085	644,128
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	323	2,152	1,963	-	15,304	-	38,448
Due to other funds	57,311	-	2,000	-	-	-	-
Due to other governments	15,200	-	-	72,000	16,109	-	127,177
Retainage payable	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-	-
Deferred revenue	-	31	6,603	14,294	-	-	-
Total liabilities	72,834	2,183	10,566	86,294	31,413	-	165,624
Fund balances:							
Reserved for long term loan	-	-	-	-	-	-	-
Unreserved, undesignated	377,700	105,212	274,513	891	218,095	132,085	478,503
Total fund balances	377,700	105,212	274,513	891	218,095	132,085	478,503
Total liabilities and fund balances	450,534	107,395	285,078	87,185	249,508	132,085	644,128

Election Reserve	Natural Resources Program	RJC Prisoner	Forest Title III	Criminal Justice Sales Tax	CASA	Network Grant	Sub-stance Abuse	Distressed Counties Tax	Total
11,421	60,929	8,000	8,576	-	10,926	-	230,862	-	2,197,589
20,792	15,886	18,377	-	1,385,340	-	-	-	1,531,285	3,816,122
-	73,642	-	-	-	5,256	-	-	-	81,150
-	-	-	-	-	-	-	-	-	20,928
4	3	3	-	287	-	-	-	315	796
-	495	-	-	-	-	-	-	-	135,405
5,224	466,397	-	115,628	-	-	5,541	91,225	-	774,165
<u>37,442</u>	<u>617,352</u>	<u>26,380</u>	<u>124,204</u>	<u>1,385,627</u>	<u>16,182</u>	<u>5,541</u>	<u>322,087</u>	<u>1,531,601</u>	<u>7,026,155</u>
-	146,928	4,675	7,221	996	5,256	5,541	199,718	604	440,007
-	1,751	-	19,926	-	-	-	2,000	-	83,588
-	263	40	-	300,000	-	-	-	-	536,319
-	15,889	-	-	-	-	-	-	-	15,889
-	57,061	27	-	-	-	-	-	-	77,634
-	-	-	-	-	-	-	-	-	20,928
-	<u>221,892</u>	<u>4,743</u>	<u>27,147</u>	<u>300,996</u>	<u>5,256</u>	<u>5,541</u>	<u>201,718</u>	<u>604</u>	<u>1,174,365</u>
-	-	-	-	-	-	-	110,394	-	110,394
<u>37,442</u>	<u>395,460</u>	<u>21,638</u>	<u>97,057</u>	<u>1,084,631</u>	<u>10,926</u>	<u>-</u>	<u>9,975</u>	<u>1,530,997</u>	<u>5,741,396</u>
<u>37,442</u>	<u>395,460</u>	<u>21,638</u>	<u>97,057</u>	<u>1,084,631</u>	<u>10,926</u>	<u>-</u>	<u>120,369</u>	<u>1,530,997</u>	<u>5,851,790</u>
<u>37,442</u>	<u>617,352</u>	<u>26,380</u>	<u>124,204</u>	<u>1,385,627</u>	<u>16,182</u>	<u>5,541</u>	<u>322,087</u>	<u>1,531,601</u>	<u>7,026,155</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2010

	<u>Paths & Trails</u>	<u>Drug Enforce- ment Reserve</u>	<u>Felony Seizure & Forfeiture</u>	<u>Auditor O&M</u>	<u>ORV Ed. & Enforce- ment</u>	<u>Boating Safety</u>	<u>Ohme Gardens</u>
REVENUES							
Taxes	-	-	-	-	-	-	-
Intergovernmental	10,863	-	-	61,906	27,995	79,722	-
Charges for services	-	-	-	45,966	-	-	156,152
Fees and fines	-	6,654	-	-	-	-	-
Miscellaneous	70	95	3,600	361	-	7,729	19,603
Total revenues	<u>10,933</u>	<u>6,749</u>	<u>3,600</u>	<u>108,233</u>	<u>27,995</u>	<u>87,451</u>	<u>175,755</u>
EXPENDITURES							
Current:							
General government	-	-	-	50,859	-	-	-
Security of persons and property	-	84	1,485	-	84,917	74,596	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	713	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	175,857
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay							
Total expenditures	<u>713</u>	<u>84</u>	<u>1,485</u>	<u>50,859</u>	<u>84,917</u>	<u>74,596</u>	<u>175,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,220</u>	<u>6,665</u>	<u>2,115</u>	<u>57,374</u>	<u>(56,922)</u>	<u>12,854</u>	<u>(102)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	1,024	-
Transfers in	-	-	-	-	-	-	2,000
Transfers out	-	(19,000)	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(19,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024</u>	<u>2,000</u>
Net change in fund balances	<u>10,220</u>	<u>(12,335)</u>	<u>2,115</u>	<u>57,374</u>	<u>(56,922)</u>	<u>13,878</u>	<u>1,898</u>
Fund balances - beginning	<u>51,800</u>	<u>19,839</u>	<u>1,416</u>	<u>130,967</u>	<u>72,691</u>	<u>11,907</u>	<u>63,023</u>
Fund balances - ending	<u>62,020</u>	<u>7,503</u>	<u>3,531</u>	<u>188,340</u>	<u>15,769</u>	<u>25,785</u>	<u>64,920</u>

Sheriff Donation	Farm Worker Housing	Pest Control Internship Program	R.E.E.T. Tech- nology	Juvenile Donation	Noxious Weeds	Trial Court Improve- ment	911 Comm.	Parent Educ.	Cashmere Dryden Airport
-	-	-	-	-	-	-	689,341	-	-
-	180,045	-	113,699	-	36,378	60,014	417,441	7,946	-
-	-	-	-	-	195,228	-	-	13,790	-
-	-	-	-	-	-	-	-	-	-
4,216	93,891	536	-	-	16	-	-	11,578	39,432
4,216	273,936	536	113,699	-	231,621	60,014	1,106,782	33,314	39,432
-	-	-	-	-	-	7,145	-	-	-
4,640	-	-	-	65	-	-	1,106,782	-	-
-	-	10,738	-	-	199,380	-	-	-	-
-	-	-	-	-	-	-	-	-	33,357
-	264,080	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	29,756	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	26,132	-	-	-	-
4,640	264,080	10,738	-	65	225,511	7,145	1,106,782	29,756	33,357
(425)	9,856	(10,202)	113,699	(65)	6,110	52,869	-	3,558	6,075
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(18,965)	-	-	-
-	-	-	-	-	-	(18,965)	-	-	-
(425)	9,856	(10,202)	113,699	(65)	6,110	33,904	-	3,558	6,075
14,717	181,428	15,742	129,199	972	-	74,637	-	18,870	328
14,292	191,284	5,541	242,898	907	6,110	108,542	-	22,428	6,403

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2010

	Drug Task Force	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treas- urer's O&M	Tourist & Convention
REVENUES							
Taxes	-	107	1,776	3,944	-	-	847,176
Intergovernmental revenues	303,451	-	94	210	147,416	-	-
Charges for services	-	31,616	-	-	455,083	16,712	-
Fees and fines	31,252	-	-	-	-	-	-
Miscellaneous	142,108	-	74	-	-	354	22
Total revenues	<u>476,811</u>	<u>31,724</u>	<u>1,945</u>	<u>4,154</u>	<u>602,499</u>	<u>17,066</u>	<u>847,198</u>
EXPENDITURES							
Current:							
General government	-	36,371	-	-	-	19,862	-
Security of persons and prop	503,103	-	-	-	-	-	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	21,306	-	591,003	-	713,331
Mental and physical health	-	-	-	233,475	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>503,103</u>	<u>36,371</u>	<u>21,306</u>	<u>233,475</u>	<u>591,003</u>	<u>19,862</u>	<u>713,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,292)</u>	<u>(4,647)</u>	<u>(19,362)</u>	<u>(229,322)</u>	<u>11,495</u>	<u>(2,796)</u>	<u>133,868</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	30,000	103,821	230,213	-	-	-
Transfers out	-	(20,158)	-	-	-	-	(22,000)
Total other financing sources and uses	<u>-</u>	<u>9,842</u>	<u>103,821</u>	<u>230,213</u>	<u>-</u>	<u>-</u>	<u>(22,000)</u>
Net change in fund balances	<u>(26,292)</u>	<u>5,195</u>	<u>84,460</u>	<u>891</u>	<u>11,495</u>	<u>(2,796)</u>	<u>111,868</u>
Fund balances - beginning	<u>403,992</u>	<u>100,017</u>	<u>190,053</u>	<u>-</u>	<u>206,600</u>	<u>134,880</u>	<u>366,636</u>
Fund balances - ending	<u><u>377,700</u></u>	<u><u>105,212</u></u>	<u><u>274,513</u></u>	<u><u>891</u></u>	<u><u>218,095</u></u>	<u><u>132,085</u></u>	<u><u>478,503</u></u>

Election Reserve	Natural Resources Program	RJC Prisoner	Forest Title III	Criminal Justice Sales Tax	CASA	Network Grant	Substance Abuse	Distressed Counties Tax	Total
-	-	-	-	676,902	-	-	-	1,253,907	3,473,152
-	1,918,354	-	115,736	-	67,470	27,536	1,017,234	-	4,593,509
7,621	4,800	106,597	-	-	-	-	-	-	1,033,565
-	-	-	-	-	-	-	-	-	37,906
58	950,519	2,522	-	3,009	-	-	-	4,621	1,284,414
<u>7,679</u>	<u>2,873,673</u>	<u>109,119</u>	<u>115,736</u>	<u>679,912</u>	<u>67,470</u>	<u>27,536</u>	<u>1,017,234</u>	<u>1,258,528</u>	<u>10,422,547</u>
7,702	-	-	-	-	62,214	-	-	-	184,152
-	-	117,022	-	469,226	-	-	-	-	2,361,920
-	2,953,492	-	117,055	-	-	-	-	-	3,280,665
-	-	-	-	-	-	-	-	-	34,070
-	-	-	-	-	-	36,511	-	12,330	1,638,561
-	-	-	-	-	-	-	1,020,446	-	1,253,921
-	-	-	-	-	-	-	-	-	205,613
-	-	-	-	-	-	-	-	705,000	705,000
-	3,243	-	-	183,092	-	-	-	299,928	486,263
-	-	-	-	-	-	-	-	-	26,132
<u>7,702</u>	<u>2,956,735</u>	<u>117,022</u>	<u>117,055</u>	<u>652,318</u>	<u>62,214</u>	<u>36,511</u>	<u>1,020,446</u>	<u>1,017,258</u>	<u>10,176,299</u>
<u>(23)</u>	<u>(83,062)</u>	<u>(7,903)</u>	<u>(1,319)</u>	<u>27,593</u>	<u>5,256</u>	<u>(8,975)</u>	<u>(3,212)</u>	<u>241,270</u>	<u>246,248</u>
-	-	-	-	-	-	-	-	-	1,024
-	-	-	-	366,243	-	-	-	-	732,277
-	-	-	-	-	-	-	-	-	(80,123)
-	-	-	-	366,243	-	-	-	-	653,177
<u>(23)</u>	<u>(83,062)</u>	<u>(7,903)</u>	<u>(1,319)</u>	<u>393,836</u>	<u>5,256</u>	<u>(8,975)</u>	<u>(3,212)</u>	<u>241,270</u>	<u>899,426</u>
<u>37,465</u>	<u>478,523</u>	<u>29,541</u>	<u>98,376</u>	<u>690,794</u>	<u>5,670</u>	<u>8,975</u>	<u>123,581</u>	<u>1,289,727</u>	<u>4,952,364</u>
<u>37,442</u>	<u>395,460</u>	<u>21,638</u>	<u>97,057</u>	<u>1,084,631</u>	<u>10,926</u>	<u>-</u>	<u>120,369</u>	<u>1,530,997</u>	<u>5,851,790</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	12,000	10,863	(1,137)
Miscellaneous	500	70	(430)
Total revenues	<u>12,500</u>	<u>10,933</u>	<u>(1,567)</u>
EXPENDITURES			
Current:			
Transportation	40,000	713	39,287
Total expenditures	<u>40,000</u>	<u>713</u>	<u>39,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,500)</u>	<u>10,220</u>	<u>37,720</u>
Fund balances - beginning	<u>27,500</u>	<u>51,800</u>	<u>24,300</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>62,020</u></u>	<u><u>62,020</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fees and fines	4,000	6,654	2,654
Miscellaneous	13,750	95	(13,655)
Total revenues	<u>17,750</u>	<u>6,749</u>	<u>(11,001)</u>
EXPENDITURES			
Current:			
Security of persons and property	15,084	84	15,000
Total expenditures	<u>15,084</u>	<u>84</u>	<u>15,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,666</u>	<u>6,665</u>	<u>3,999</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,500	-	(1,500)
Transfers out	(25,000)	(19,000)	6,000
Total other financing sources and uses	<u>(23,500)</u>	<u>(19,000)</u>	<u>4,500</u>
Net change in fund balances	<u>(20,834)</u>	<u>(12,335)</u>	<u>8,499</u>
Fund balances - beginning	23,983	19,839	(4,144)
Fund balances - ending	<u>3,149</u>	<u>7,503</u>	<u>4,354</u>

CHELAN COUNTY, WASHINGTON

Felony Seizure & Forfeiture Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	5,000	3,600	(1,400)
Total revenues	5,000	3,600	(1,400)
EXPENDITURES			
Security of persons and property	5,000	1,485	3,515
Total expenditures	5,000	1,485	3,515
Excess (deficiency) of revenues over (under) expenditures	-	2,115	2,115
Fund balances - beginning	-	1,416	1,416
Fund balances - ending	-	3,531	3,531

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	60,000	61,906	1,906
Charges for services	50,230	45,966	(4,264)
Miscellaneous	1,000	361	(639)
Total revenues	<u>111,230</u>	<u>108,233</u>	<u>(2,997)</u>
EXPENDITURES			
Current:			
General government	62,400	50,859	11,541
Capital outlay	10,000	-	10,000
Total expenditures	<u>72,400</u>	<u>50,859</u>	<u>21,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,830</u>	<u>57,374</u>	<u>18,544</u>
Fund balances - beginning	<u>100,000</u>	<u>130,967</u>	<u>30,967</u>
Fund balances - ending	<u>138,830</u>	<u>188,340</u>	<u>49,510</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	80,000	27,995	(52,005)
Total revenues	<u>80,000</u>	<u>27,995</u>	<u>(52,005)</u>
EXPENDITURES			
Current:			
Security of persons and property	87,230	84,917	2,313
Total expenditures	<u>87,230</u>	<u>84,917</u>	<u>2,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,230)</u>	<u>(56,922)</u>	<u>(49,692)</u>
Fund balances - beginning	26,833	72,691	45,858
Fund balances - ending	<u>19,603</u>	<u>15,769</u>	<u>(3,834)</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	66,000	79,722	13,722
Miscellaneous	45,900	7,729	(38,171)
Total revenues	<u>111,900</u>	<u>87,451</u>	<u>(24,449)</u>
EXPENDITURES			
Current:			
Security of persons and property	178,070	74,596	103,474
Total expenditures	<u>178,070</u>	<u>74,596</u>	<u>103,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,170)</u>	<u>12,854</u>	<u>79,024</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	1,024	1,024
Total other financing sources and uses	<u>-</u>	<u>1,024</u>	<u>1,024</u>
Net change in fund balances	<u>(66,170)</u>	<u>13,878</u>	<u>80,048</u>
Fund balances - beginning	<u>71,098</u>	<u>11,907</u>	<u>(59,191)</u>
Fund balances - ending	<u><u>4,928</u></u>	<u><u>25,785</u></u>	<u><u>20,857</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	169,275	156,152	(13,123)
Miscellaneous	30,390	19,603	(10,787)
Total revenues	<u>199,665</u>	<u>175,755</u>	<u>(23,910)</u>
EXPENDITURES			
Current:			
Culture and recreation	206,434	175,857	30,577
Total expenditures	<u>206,434</u>	<u>175,857</u>	<u>30,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,769)</u>	<u>(102)</u>	<u>6,667</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>(4,729)</u>	<u>1,898</u>	<u>6,627</u>
Fund balances - beginning	64,325	63,023	(1,302)
Fund balances - ending	<u>59,596</u>	<u>64,920</u>	<u>5,324</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	3,140	4,216	1,076
Total revenues	3,140	4,216	1,076
EXPENDITURES			
Current:			
Security of persons and property	9,161	4,640	4,521
Total expenditures	9,161	4,640	4,521
Excess (deficiency) of revenues over (under) expenditures	(6,021)	(425)	5,596
Fund balances - beginning	6,722	14,717	7,995
Fund balances - ending	701	14,292	13,591

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	304,500	180,045	(124,455)
Miscellaneous	82,175	93,891	11,716
Total revenues	<u>386,675</u>	<u>273,936</u>	<u>(112,739)</u>
EXPENDITURES			
Current:			
Economic environment	338,766	264,080	74,686
Total expenditures	<u>338,766</u>	<u>264,080</u>	<u>74,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,909</u>	<u>9,856</u>	<u>(38,053)</u>
Fund balances - beginning	65,325	181,428	116,103
Fund balances - ending	<u>113,234</u>	<u>191,284</u>	<u>78,050</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	12,750	536	(12,214)
Total revenues	<u>12,750</u>	<u>536</u>	<u>(12,214)</u>
EXPENDITURES			
Current:			
Utilities and environment	31,687	10,738	20,949
Total expenditures	<u>31,687</u>	<u>10,738</u>	<u>20,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,937)</u>	<u>(10,202)</u>	<u>8,735</u>
Fund balances - beginning	25,000	15,742	(9,258)
Fund balances - ending	<u><u>6,063</u></u>	<u><u>5,541</u></u>	<u><u>(522)</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	20,000	113,699	93,699
Total revenues	<u>20,000</u>	<u>113,699</u>	<u>93,699</u>
EXPENDITURES			
Capital outlay	103,200	-	103,200
Total expenditures	<u>103,200</u>	<u>-</u>	<u>103,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,200)</u>	<u>113,699</u>	<u>196,899</u>
Fund balances - beginning	107,200	129,199	21,999
Fund balances - ending	<u>24,000</u>	<u>242,898</u>	<u>218,898</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Security of persons and property	<u>972</u>	<u>65</u>	<u>907</u>
Total expenditures	<u>972</u>	<u>65</u>	<u>907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(972)</u>	<u>(65)</u>	<u>(907)</u>
Fund balances - beginning	<u>972</u>	<u>972</u>	<u>(0)</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>907</u></u>	<u><u>907</u></u>

CHELAN COUNTY, WASHINGTON

Noxious Weed Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	73,658	36,378	(37,280)
Charges for services	212,951	195,228	(17,723)
Miscellaneous	-	16	16
Total revenues	<u>286,609</u>	<u>231,621</u>	<u>(54,988)</u>
EXPENDITURES			
Current:			
Utilities and environment	213,630	199,380	14,250
Capital outlay	23,000	26,132	(3,132)
Total expenditures	<u>236,630</u>	<u>225,511</u>	<u>11,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,979</u>	<u>6,110</u>	<u>(43,869)</u>
Fund balances - beginning	-	-	-
Fund balances - ending	<u>49,979</u>	<u>6,110</u>	<u>(43,869)</u>

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	49,580	60,014	10,434
Total revenues	49,580	60,014	10,434
EXPENDITURES			
Current:			
General government	136,602	7,145	129,457
Total expenditures	136,602	7,145	129,457
Excess (deficiency) of revenues over (under) expenditures	(87,022)	52,869	139,891
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(18,965)	(18,965)
Total other financing sources and uses	-	(18,965)	(18,965)
Net change in fund balances	(87,022)	33,904	120,926
Fund balances - beginning	87,022	74,637	(12,385)
Fund balances - ending	-	108,542	108,542

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	686,000	689,341	3,341
Intergovernmental revenues	579,000	417,441	(161,559)
Total revenues	<u>1,265,000</u>	<u>1,106,782</u>	<u>(158,218)</u>
EXPENDITURES			
Current:			
Security of persons and property	1,265,000	1,106,782	158,218
Total expenditures	<u>1,265,000</u>	<u>1,106,782</u>	<u>158,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	17,707	7,946	(9,761)
Charges for services	25,150	13,790	(11,360)
Miscellaneous	27,349	11,578	(15,771)
Total revenues	<u>70,206</u>	<u>33,314</u>	<u>(36,892)</u>
EXPENDITURES			
Current:			
Culture and recreation	68,133	29,756	38,377
Total expenditures	<u>68,133</u>	<u>29,756</u>	<u>38,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,073</u>	<u>3,558</u>	<u>1,485</u>
Fund balances - beginning	<u>27,000</u>	<u>18,870</u>	<u>(8,130)</u>
Fund balances - ending	<u><u>29,073</u></u>	<u><u>22,428</u></u>	<u><u>(6,645)</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	37,511	39,432	1,921
Total revenues	<u>37,511</u>	<u>39,432</u>	<u>1,921</u>
EXPENDITURES			
Current:			
Transportation	37,511	33,357	4,154
Total expenditures	<u>37,511</u>	<u>33,357</u>	<u>4,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>6,075</u>	<u>6,075</u>
Fund balances - beginning	<u>2,206</u>	<u>328</u>	<u>(1,878)</u>
Fund balances - ending	<u><u>2,206</u></u>	<u><u>6,403</u></u>	<u><u>4,197</u></u>

CHELAN COUNTY, WASHINGTON

Columbia River Drug Task Force Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Intergovernmental	367,285	303,451	(63,834)
Fees and fines	32,000	31,252	(748)
Miscellaneous	143,000	142,108	(892)
Total revenues	<u>542,285</u>	<u>476,811</u>	<u>(65,474)</u>
EXPENDITURES			
Current:			
Security of persons and property	554,000	503,103	50,897
Total expenditures	<u>554,000</u>	<u>503,103</u>	<u>50,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,715)</u>	<u>(26,292)</u>	<u>(14,577)</u>
Fund balances - beginning	<u>403,992</u>	<u>403,992</u>	<u>0</u>
Fund balances - ending	<u><u>392,277</u></u>	<u><u>377,700</u></u>	<u><u>(14,577)</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	-	107	107
Charges for services	31,450	31,616	166
Total revenues	<u>31,450</u>	<u>31,724</u>	<u>274</u>
EXPENDITURES			
Current:			
General government	40,821	36,371	4,450
Total expenditures	<u>40,821</u>	<u>36,371</u>	<u>4,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,371)</u>	<u>(4,647)</u>	<u>4,724</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	30,000	30,000	-
Transfers out	(20,158)	(20,158)	-
Total other financing sources and uses	<u>9,842</u>	<u>9,842</u>	<u>-</u>
Net change in fund balances	<u>471</u>	<u>5,195</u>	<u>4,724</u>
Fund balances - beginning	106,000	100,017	(5,983)
Fund balances - ending	<u><u>106,471</u></u>	<u><u>105,212</u></u>	<u><u>(1,259)</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	300	1,776	1,476
Intergovernmental	-	94	94
Miscellaneous	1,002	74	(928)
Total revenues	<u>1,302</u>	<u>1,945</u>	<u>643</u>
EXPENDITURES			
Current:			
Economic environment	100,132	21,306	78,826
Total expenditures	<u>100,132</u>	<u>21,306</u>	<u>78,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,830)</u>	<u>(19,362)</u>	<u>79,468</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	107,316	103,821	(3,495)
Total other financing sources and uses	<u>107,316</u>	<u>103,821</u>	<u>(3,495)</u>
Net change in fund balances	<u>8,486</u>	<u>84,460</u>	<u>75,974</u>
Fund balances - beginning	<u>132,000</u>	<u>190,053</u>	<u>58,053</u>
Fund balances - ending	<u><u>140,486</u></u>	<u><u>274,513</u></u>	<u><u>134,027</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	500	3,944	3,444
Intergovernmental	-	210	210
Total revenues	<u>500</u>	<u>4,154</u>	<u>3,654</u>
EXPENDITURES			
Current:			
Mental and physical health	<u>233,676</u>	<u>233,475</u>	<u>201</u>
Total expenditures	<u>233,676</u>	<u>233,475</u>	<u>201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(233,176)</u>	<u>(229,322)</u>	<u>3,854</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>238,480</u>	<u>230,213</u>	<u>(8,267)</u>
Total other financing sources and uses	<u>238,480</u>	<u>230,213</u>	<u>(8,267)</u>
Net change in fund balances	<u>5,304</u>	<u>891</u>	<u>(4,413)</u>
Fund balances - beginning	<u>2,901</u>	<u>-</u>	<u>(2,901)</u>
Fund balances - ending	<u>8,205</u>	<u>891</u>	<u>(7,314)</u>

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	200,000	147,416	(52,584)
Charges for services	375,800	455,083	79,283
Total revenues	<u>575,800</u>	<u>602,499</u>	<u>26,699</u>
EXPENDITURES			
Current:			
Economic environment	605,800	591,003	14,797
Total expenditures	<u>605,800</u>	<u>591,003</u>	<u>14,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,000)</u>	<u>11,495</u>	<u>41,495</u>
Fund balances - beginning	30,000	206,600	176,600
Fund balances - ending	<u><u>-</u></u>	<u><u>218,095</u></u>	<u><u>218,095</u></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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	16,000	16,712	712
Miscellaneous	2,400	354	(2,046)
Total revenues	<u>18,400</u>	<u>17,066</u>	<u>(1,334)</u>
EXPENDITURES			
Current:			
General government	112,634	19,862	92,772
Total expenditures	<u>112,634</u>	<u>19,862</u>	<u>92,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(94,234)</u>	<u>(2,796)</u>	<u>91,438</u>
Fund balances - beginning	137,200	134,880	(2,320)
Fund balances - ending	<u>42,966</u>	<u>132,085</u>	<u>89,119</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	580,000	847,176	267,176
Miscellaneous	100	22	(78)
Total revenues	<u>580,100</u>	<u>847,198</u>	<u>267,098</u>
EXPENDITURES			
Current:			
Economic environment	<u>719,766</u>	<u>713,331</u>	<u>6,435</u>
Total expenditures	<u>719,766</u>	<u>713,331</u>	<u>6,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(139,666)</u>	<u>133,868</u>	<u>273,534</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
Net change in fund balances	<u>(161,666)</u>	<u>111,868</u>	<u>273,534</u>
Fund balances - beginning	<u>98,000</u>	<u>366,636</u>	<u>268,636</u>
Fund balances - ending	<u>(63,666)</u>	<u>478,503</u>	<u>542,169</u>

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	300	7,621	7,321
Miscellaneous	100	58	(42)
Total revenues	<u>400</u>	<u>7,679</u>	<u>7,279</u>
EXPENDITURES			
Current:			
General government	7,982	7,702	280
Total expenditures	<u>7,982</u>	<u>7,702</u>	<u>280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,582)</u>	<u>(23)</u>	<u>7,559</u>
Fund balances - beginning	8,000	37,465	29,465
Fund balances - ending	<u>418</u>	<u>37,442</u>	<u>37,024</u>

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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	1,870,324	1,918,354	48,030
Charges for services	15,000	4,800	(10,200)
Miscellaneous	2,395,000	950,519	(1,444,481)
Total revenues	<u>4,280,324</u>	<u>2,873,673</u>	<u>(1,406,651)</u>
EXPENDITURES			
Current:			
Utilities and environment	4,363,079	2,953,492	1,409,587
Debt Service			
Interest and other charges	250	3,243	(2,993)
Total expenditures	<u>4,363,329</u>	<u>2,956,735</u>	<u>1,406,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,005)</u>	<u>(83,062)</u>	<u>(57)</u>
Fund balances - beginning	<u>433,744</u>	<u>478,523</u>	<u>44,779</u>
Fund balances - ending	<u><u>350,739</u></u>	<u><u>395,460</u></u>	<u><u>44,721</u></u>

CHELAN COUNTY, WASHINGTON

RJC Prisoner Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	130,000	106,597	(23,403)
Miscellaneous	-	2,522	2,522
Total revenues	<u>130,000</u>	<u>109,119</u>	<u>(20,881)</u>
EXPENDITURES			
Current:			
Security of persons and property	130,000	117,022	12,978
Total expenditures	<u>130,000</u>	<u>117,022</u>	<u>12,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,903)</u>	<u>(7,903)</u>
Fund balances - beginning	<u>25,000</u>	<u>29,541</u>	<u>4,541</u>
Fund balances - ending	<u><u>25,000</u></u>	<u><u>21,638</u></u>	<u><u>(3,362)</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	137,529	115,736	(21,793)
Total revenues	<u>137,529</u>	<u>115,736</u>	<u>(21,793)</u>
EXPENDITURES			
Current:			
Utilities and environment	120,276	117,055	3,221
Total expenditures	<u>120,276</u>	<u>117,055</u>	<u>3,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,253</u>	<u>(1,319)</u>	<u>(18,572)</u>
Fund balances - beginning	-	98,376	98,376
Fund balances - ending	<u>17,253</u>	<u>97,057</u>	<u>79,804</u>

CHELAN COUNTY, WASHINGTON

Criminal Justice Sales Tax Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	700,000	676,902	(23,098)
Miscellaneous	7,000	3,009	(3,991)
Total revenues	<u>707,000</u>	<u>679,912</u>	<u>(27,089)</u>
EXPENDITURES			
Current:			
Security of persons and property	700,584	469,226	231,358
Debt Service			
Interest and other charges	-	183,092	(183,092)
Total expenditures	<u>700,584</u>	<u>652,318</u>	<u>48,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,416</u>	<u>27,593</u>	<u>21,177</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	366,243	366,243
Total other financing sources and uses	<u>-</u>	<u>366,243</u>	<u>366,243</u>
Net change in fund balances	<u>6,416</u>	<u>393,836</u>	<u>387,420</u>
Fund balances - beginning	<u>585,000</u>	<u>690,794</u>	<u>105,794</u>
Fund balances - ending	<u><u>591,416</u></u>	<u><u>1,084,631</u></u>	<u><u>126,972</u></u>

CHELAN COUNTY, WASHINGTON

CASA Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	67,799	67,470	(329)
Miscellaneous	-	-	-
Total revenues	<u>67,799</u>	<u>67,470</u>	<u>(329)</u>
EXPENDITURES			
Current:			
General government	67,799	62,214	5,585
Total expenditures	<u>67,799</u>	<u>62,214</u>	<u>5,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,256</u>	<u>5,256</u>
Fund balances - beginning	-	5,670	5,670
Fund balances - ending	<u>-</u>	<u>10,926</u>	<u>10,926</u>

CHELAN COUNTY, WASHINGTON

Network Grant Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	50,000	27,536	(22,464)
Total revenues	<u>50,000</u>	<u>27,536</u>	<u>(22,464)</u>
EXPENDITURES			
Current:			
Economic environment	50,000	36,511	13,489
Total expenditures	<u>50,000</u>	<u>36,511</u>	<u>13,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(8,975)</u>	<u>(8,975)</u>
Fund balances - beginning	<u>-</u>	<u>8,975</u>	<u>8,975</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CHELAN COUNTY, WASHINGTON

Substance Abuse Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	1,200,000	1,017,234	(182,766)
Total revenues	<u>1,200,000</u>	<u>1,017,234</u>	<u>(182,766)</u>
EXPENDITURES			
Current:			
Mental and physical health	1,200,000	1,020,446	179,554
Total expenditures	<u>1,200,000</u>	<u>1,020,446</u>	<u>179,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,212)</u>	<u>(3,212)</u>
Fund balances - beginning	-	123,581	123,581
Fund balances - ending	<u>-</u>	<u>120,369</u>	<u>120,369</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	1,120,000	1,253,907	133,907
Miscellaneous	10,000	4,621	(5,379)
Total revenues	<u>1,130,000</u>	<u>1,258,528</u>	<u>128,528</u>
EXPENDITURES			
Current:			
Economic environment	1,121,475	12,330	1,109,145
Debt Service:			
Principal	390,000	705,000	(315,000)
Interest and other charges	393,700	299,928	93,772
Total expenditures	<u>1,905,175</u>	<u>1,017,258</u>	<u>887,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(775,175)</u>	<u>241,270</u>	<u>1,016,445</u>
Fund balances - beginning	1,200,000	1,289,727	89,727
Fund balances - ending	<u>424,825</u>	<u>1,530,997</u>	<u>1,106,172</u>

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Capital Projects Funds

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Technology Bond Projects	Total
ASSETS				
Cash and cash equivalents	470,844	161,760	-	632,603
Investments	620,541	109,797	39,994	770,332
Interest receivable	132	23	9	164
Total assets	<u>1,091,517</u>	<u>271,580</u>	<u>40,003</u>	<u>1,403,099</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	4,078	-	4,078
Total Liabilities	<u>-</u>	<u>4,078</u>	<u>-</u>	<u>4,078</u>
Fund balances:				
Unreserved, reported in nonmajor:	1,091,517	267,501	40,003	1,399,021
Total fund balances	<u>1,091,517</u>	<u>267,501</u>	<u>40,003</u>	<u>1,399,021</u>
Total liabilities and fund balances	<u>1,091,517</u>	<u>271,580</u>	<u>40,003</u>	<u>1,403,099</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Technology Bond Projects	Total
REVENUES				
Taxes	368,174	368,173	-	736,346
Miscellaneous	5,489	305	363	6,157
Total revenues	<u>373,663</u>	<u>368,478</u>	<u>363</u>	<u>742,503</u>
EXPENDITURES				
Debt service:				
Principal	46,403	-	-	46,403
Interest and other charges	36,312	-	-	36,312
Capital outlay	<u>73,374</u>	<u>17,503</u>	<u>225,515</u>	<u>316,392</u>
Total expenditures	<u>156,090</u>	<u>17,503</u>	<u>225,515</u>	<u>399,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>217,573</u>	<u>350,975</u>	<u>(225,153)</u>	<u>343,395</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(400,000)	-	(400,000)
Total other financing sources and uses	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
Net change in fund balances	<u>217,573</u>	<u>(49,025)</u>	<u>(225,153)</u>	<u>(56,605)</u>
Fund balances - beginning	<u>873,944</u>	<u>316,527</u>	<u>265,155</u>	<u>1,455,626</u>
Fund balances - ending	<u>1,091,517</u>	<u>267,501</u>	<u>40,003</u>	<u>1,399,021</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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	400,000	368,174	(31,826)
Miscellaneous	4,000	5,489	1,489
Total revenues	<u>404,000</u>	<u>373,663</u>	<u>(30,338)</u>
EXPENDITURES			
Debt service:			
Principal	337,250	46,403	290,847
Interest and other charges	16,975	36,312	(19,337)
Capital outlay	563,865	73,374	490,491
Total expenditures	<u>918,090</u>	<u>156,090</u>	<u>762,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(514,090)</u>	<u>217,573</u>	<u>731,663</u>
Fund balances - beginning	<u>800,000</u>	<u>873,944</u>	<u>73,944</u>
Fund balances - ending	<u><u>285,910</u></u>	<u><u>1,091,517</u></u>	<u><u>805,607</u></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, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	400,000	368,173	(31,827)
Miscellaneous	4,000	305	(3,695)
Total revenues	<u>404,000</u>	<u>368,478</u>	<u>(35,522)</u>
EXPENDITURES			
Capital outlay	105,010	17,503	87,507
Total expenditures	<u>105,010</u>	<u>17,503</u>	<u>87,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>298,990</u>	<u>350,975</u>	<u>51,985</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(400,000)	(400,000)	-
Total other financing sources and uses	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balances	(101,010)	(49,025)	51,985
Fund balances - beginning	125,000	316,527	191,527
Fund balances - ending	<u>23,990</u>	<u>267,501</u>	<u>243,511</u>

CHELAN COUNTY, WASHINGTON

Technology Bond Projects Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	2,500	363	(2,137)
Total revenues	2,500	363	(2,137)
EXPENDITURES			
Capital outlay	302,500	225,515	76,985
Total expenditures	302,500	225,515	76,985
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(225,153)	74,847
Fund balances - beginning	300,000	265,155	(34,845)
Fund balances - ending	-	40,003	40,003

CHELAN COUNTY, WASHINGTON

L&J Construction Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Miscellaneous	-	15,162	15,162
Total revenues	-	15,162	15,162
EXPENDITURES			
Capital Outlay	5,853,879	5,786,111	67,768
Total expenditures	5,853,879	5,786,111	67,768
Excess (deficiency) of revenues over (under) expenditures	(5,853,879)	(5,770,948)	82,931
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(366,243)	(366,243)
Total other financing sources and uses	-	(366,243)	(366,243)
Net change in fund balances	(5,853,879)	(6,137,191)	(283,312)
Fund balances - beginning	7,900,000	8,057,285	157,285
Fund balances - ending	2,046,121	1,920,094	(126,027)

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

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets

Nonmajor Enterprise Funds

December 31, 2010

	Solid Waste Planning	Wenatchee River County Park	Expo Center	Fair	Public Education	Surface & Storm Water Utility	Total
ASSETS							
Current assets:							
Cash and cash equivalents	58,615	96,072	58,175	9,035	40,783	814,679	1,077,360
Investments	180,212	-	-	-	-	-	180,212
Interest receivable	38	-	-	-	-	-	38
Due from other governments	35,906	-	-	-	-	-	35,906
Total current assets	<u>274,771</u>	<u>96,072</u>	<u>58,175</u>	<u>9,035</u>	<u>40,783</u>	<u>814,679</u>	<u>1,293,516</u>
Noncurrent assets:							
Capital assets: (net of accumulated depreciation)							
Land	201,252	-	-	-	-	-	201,252
Buildings	46,322	-	17,058	-	-	-	63,380
Equipment	202,642	12,986	30,670	-	-	48,871	295,169
Total noncurrent assets	<u>450,216</u>	<u>12,986</u>	<u>47,728</u>	<u>-</u>	<u>-</u>	<u>48,871</u>	<u>559,801</u>
Total assets	<u>724,987</u>	<u>109,058</u>	<u>105,903</u>	<u>9,035</u>	<u>40,783</u>	<u>863,550</u>	<u>1,853,316</u>
LIABILITIES							
Liabilities:							
Current liabilities:							
Accounts payable	1,582	12,695	124	56	82	1,660	16,199
Due to other governments	-	699	1,092	-	59	-	1,850
Other accrued liabilities	7,531	3,790	5,831	2,143	-	2,650	21,945
Compensated absences	477	-	2,068	-	-	-	2,545
Total current liabilities	<u>9,590</u>	<u>17,184</u>	<u>9,115</u>	<u>2,199</u>	<u>142</u>	<u>4,310</u>	<u>42,539</u>
Noncurrent liabilities:							
Compensated absences	849	-	3,680	-	-	-	4,530
Total noncurrent liabilities	<u>849</u>	<u>-</u>	<u>3,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,530</u>
Total liabilities	<u>10,440</u>	<u>17,184</u>	<u>12,796</u>	<u>2,199</u>	<u>142</u>	<u>4,310</u>	<u>47,069</u>
NET ASSETS							
Invested in capital assets	450,216	12,986	47,728	-	-	48,871	559,801
Unrestricted	264,331	78,888	45,379	6,837	40,642	810,369	1,246,447
Total net assets	<u>714,547</u>	<u>91,874</u>	<u>93,107</u>	<u>6,837</u>	<u>40,642</u>	<u>859,240</u>	<u>1,806,247</u>

CHELAN COUNTY, WASHINGTON

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

Nonmajor Enterprise Funds

For the Year Ending December 31, 2010

	Solid Waste Planning	Wenatchee River Co Park	Expo Center	Fair	Public Education	Surface & Storm Water Utility	Total
OPERATING REVENUES							
Intergovernmental revenues	32,159	-	-	35,996	91,923	110,160	270,238
Charges for services	100,000	2,240	-	110,014	17,322	364,841	594,418
Miscellaneous	30,647	242,664	124,618	49,312	19,507	-	466,749
Total revenues	<u>162,806</u>	<u>244,905</u>	<u>124,618</u>	<u>195,323</u>	<u>128,752</u>	<u>475,001</u>	<u>1,331,405</u>
OPERATING EXPENSES							
Salaries	48,486	79,960	45,105	39,771	38,992	29,028	281,343
Personnel benefits	13,989	48,243	17,268	11,752	11,623	11,625	114,499
Supplies	685	15,776	11,184	17,968	19,138	38	64,788
Other services and charges	190,058	51,717	28,560	107,999	29,529	91,600	499,464
Intergovernmental/interfund services and taxes	269	734	2,659	996	-	-	4,658
Interfund payments for services	4,362	15,094	19,571	10,000	8,697	1,660	59,385
Depreciation	32,576	2,568	9,376	-	-	1,129	45,649
Total operating expenses	<u>290,424</u>	<u>214,093</u>	<u>133,723</u>	<u>188,486</u>	<u>107,979</u>	<u>135,080</u>	<u>1,069,786</u>
Operating income (loss)	<u>(127,618)</u>	<u>30,812</u>	<u>(9,105)</u>	<u>6,837</u>	<u>20,773</u>	<u>339,921</u>	<u>261,619</u>
NONOPERATING REVENUES (EXPENSES)							
Gain on sale of capital assets	-	579	1,212	-	-	-	1,790
Total nonoperating revenues (exp)	<u>-</u>	<u>579</u>	<u>1,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,790</u>
Income (loss) before transfers	(127,618)	31,390	(7,893)	6,837	20,773	339,921	263,409
Transfers in	-	-	35,748	15,748	-	-	51,496
Transfers out	-	(50,000)	(15,748)	(15,748)	-	-	(81,496)
Change in net assets	<u>(127,618)</u>	<u>(18,610)</u>	<u>12,107</u>	<u>6,837</u>	<u>20,773</u>	<u>339,921</u>	<u>233,409</u>
Total net assets - beginning	<u>842,166</u>	<u>110,484</u>	<u>81,000</u>	<u>-</u>	<u>19,869</u>	<u>519,319</u>	<u>1,572,838</u>
Total net assets - ending	<u>714,547</u>	<u>91,874</u>	<u>93,107</u>	<u>6,837</u>	<u>40,642</u>	<u>859,240</u>	<u>1,806,247</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2010

	Solid Waste Planning	Wenatchee River County Park	Expo Center	Fair	Public Education	Surface & Storm Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers and users	191,665	244,905	129,016	195,323	128,752	475,001	1,364,661
Cash payments to suppliers	(194,394)	(74,856)	(63,473)	(136,907)	(60,053)	(91,756)	(621,440)
Cash payments to employees and retirees	(58,242)	(128,479)	(64,208)	(49,380)	(61,091)	(43,944)	(405,345)
Net cash provided (used) by operating activities	(60,972)	41,569	1,335	9,035	7,608	339,302	337,877
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in	-	-	35,748	15,748	-	-	51,496
Transfers out	-	(50,000)	(15,748)	(15,748)	-	-	(81,496)
Net cash provided (used) by noncapital financing activities	-	(50,000)	20,000	0	-	-	(30,000)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES							
Proceeds from sale of equipment	-	579	1,212	-	-	-	1,790
Acquisition and construction of capital assets	-	(5,895)	-	-	-	(50,000)	(55,895)
Net cash provided (used) by capital financing activities	-	(5,317)	1,212	-	-	(50,000)	(54,105)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(510)	-	-	-	-	-	(510)
Interest on investments	10	-	-	-	-	-	10
Net cash provided (used) by investing activities	(500)	-	-	-	-	-	(500)
Net increase (decrease) in cash and cash equiv.	(61,473)	(13,747)	22,546	9,035	7,608	289,302	253,271
Cash and cash equivalents, January 1	120,088	109,820	35,629	-	33,175	525,377	824,089
Cash and cash equivalents, December 31	58,615	96,072	58,175	9,035	40,783	814,679	1,077,360
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	(127,618)	30,812	(9,105)	6,837	20,773	339,921	261,619
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:							
Depreciation and amortization of deferred charge	32,576	2,568	9,376	-	-	1,129	45,649
(Increase) decrease in due from other funds/gov	28,859	-	4,398	-	-	-	33,257
Increase (decrease) in vouchers/contracts payable	979	8,567	(221)	56	(2,628)	1,542	8,295
Increase (decrease) in due to other funds/gov	-	(101)	(1,279)	-	(61)	-	(1,441)
Increase (decrease) in payables/other liabilities	3,788	(276)	(1,835)	2,143	(4,476)	(3,291)	(3,947)
Increase (decrease) in accrued employee leave benefits	444	-	-	-	(6,000)	-	(5,556)
Total adjustments	66,646	10,757	10,439	2,199	(13,165)	(619)	76,258
Net cash provided (used) by operating activities	(60,972)	41,569	1,335	9,035	7,608	339,302	337,877

The County is not aware of any material noncash transactions.

CHELAN COUNTY, WASHINGTON

Description of Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Assets

Internal Service Funds

December 31, 2010

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
ASSETS						
Current assets:						
Cash and cash equivalents	1,902,094	64,988	13,343	36,371	71,238	2,088,035
Deposits with fiscal agents	-	38,800	-	-	-	38,800
Investments	-	177,947	87,558	15,805	86,582	367,893
Accounts receivable	38,329	-	4,441	-	-	42,770
Interest receivable	-	38	19	3	18	78
Due from other funds	484,136	-	-	-	-	484,136
Due from other governments	552	-	-	-	-	552
Inventory	609,186	-	-	-	-	609,186
Total current assets	<u>3,034,297</u>	<u>281,774</u>	<u>105,361</u>	<u>52,179</u>	<u>157,839</u>	<u>3,631,449</u>
Noncurrent assets:						
Capital assets: (net of accumulated depreciation)						
Buildings	35,198	-	-	-	-	35,198
Equipment	5,376,372	-	-	-	-	5,376,372
Total noncurrent assets	<u>5,411,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,411,570</u>
Total assets	<u>8,445,867</u>	<u>281,774</u>	<u>105,361</u>	<u>52,179</u>	<u>157,839</u>	<u>9,043,019</u>
LIABILITIES						
Current liabilities:						
Accounts payable	175,150	1,565	-	-	28,295	205,010
Due to other funds	117	21,431	-	-	48,998	70,546
Due to other governments	471	-	-	-	-	471
Other accrued liabilities	60,854	254	-	-	-	61,108
Compensated absences	6,604	-	-	-	-	6,604
Total current liabilities	<u>243,196</u>	<u>23,250</u>	<u>-</u>	<u>-</u>	<u>77,294</u>	<u>343,739</u>
Noncurrent liabilities:						
Compensated absences	37,414	-	-	-	-	37,414
Total noncurrent liabilities	<u>37,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,414</u>
Total liabilities	<u>280,610</u>	<u>23,250</u>	<u>-</u>	<u>-</u>	<u>77,294</u>	<u>381,153</u>
NET ASSETS						
Invested in capital assets	5,411,570	-	-	-	-	5,411,570
Unrestricted	2,753,688	258,524	105,361	52,179	80,545	3,250,296
Total net assets	<u>8,165,257</u>	<u>258,524</u>	<u>105,361</u>	<u>52,179</u>	<u>80,545</u>	<u>8,661,866</u>

CHELAN COUNTY, WASHINGTON

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

Internal Service Funds

For the Year Ending December 31, 2010

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
OPERATING REVENUES						
Charges for services	506,628	-	-	-	-	506,628
Miscellaneous	2,401,852	658,836	4,908,340	220,852	853,609	9,043,489
Total operating revenues	<u>2,908,480</u>	<u>658,836</u>	<u>4,908,340</u>	<u>220,852</u>	<u>853,609</u>	<u>9,550,117</u>
OPERATING EXPENSES						
Salaries	520,447	412	-	-	-	520,860
Personnel benefits	160,113	159	6,359	-	-	166,630
Supplies	1,165,294	-	-	-	-	1,165,294
Other services and charges	100,704	651,441	4,900,445	239,140	1,033,888	6,925,619
Interfund payments for services	343,908	23,660	22,399	370	113,819	504,156
Depreciation	1,321,962	-	-	-	-	1,321,962
Total operating expenses	<u>3,612,427</u>	<u>675,672</u>	<u>4,929,203</u>	<u>239,510</u>	<u>1,147,707</u>	<u>10,604,520</u>
Operating income (loss)	<u>(703,947)</u>	<u>(16,836)</u>	<u>(20,862)</u>	<u>(18,658)</u>	<u>(294,098)</u>	<u>(1,054,402)</u>
NONOPERATING REVENUES (EXPENSES)						
Gain on sale of capital assets	47,267	-	-	-	-	47,267
Change in net assets	<u>(656,681)</u>	<u>(16,836)</u>	<u>(20,862)</u>	<u>(18,658)</u>	<u>(294,098)</u>	<u>(1,007,136)</u>
Total net assets - beginning	<u>8,821,938</u>	<u>275,360</u>	<u>126,223</u>	<u>70,838</u>	<u>374,643</u>	<u>9,669,002</u>
Total net assets - ending	<u>8,165,257</u>	<u>258,524</u>	<u>105,361</u>	<u>52,179</u>	<u>80,545</u>	<u>8,661,866</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Unemploy. Comp.	Insurance Admin & Purchasing	Total
Cash received from customers and users	2,634,194	658,836	4,903,899	220,852	886,499	9,304,280
Cash payments to suppliers	(1,499,390)	(670,524)	(4,923,397)	(239,510)	(1,086,094)	(8,418,915)
Cash payments to employees and retirees	(676,713)	(317)	(6,359)	-	-	(683,389)
Net cash provided (used) by operating activities	458,091	(12,005)	(25,856)	(18,658)	(199,595)	201,977

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Proceeds from sale of equipment	47,267	-	-	-	-	47,267
Acquisition and construction of capital assets	(826,133)	-	-	-	-	(826,133)
Net cash provided (used) by capital financing activities	(778,867)	-	-	-	-	(778,867)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	-	25,744	28,694	14,850	162,156	231,444
Purchase of investments	-	(408)	(181)	(50)	(577)	(1,215)
Interest on investments	-	17	13	5	49	83
Net cash provided (used) by investing activities	-	25,353	28,525	14,805	161,628	230,312

Net increase (decrease) in cash and cash equivalents

	(320,776)	13,349	2,669	(3,853)	(37,967)	(346,578)
Cash and cash equivalents, January 1	2,222,870	51,640	10,674	40,224	109,205	2,434,613
Cash and cash equivalents, December 31	1,902,094	64,988	13,343	36,371	71,238	2,088,035

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

Operating income (loss)	(703,947)	(16,836)	(20,862)	(18,658)	(294,098)	(1,054,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:						
Depreciation and amortization of deferred charge	1,321,962	-	-	-	-	1,321,962
(Increase) decrease in accounts receivable	(33,410)	-	(4,441)	-	-	(37,851)
(Increase) decrease in due from other funds/gov	(240,876)	-	-	-	32,890	(207,986)
(Increase) decrease in inventory/prepaid expenses	22,368	-	-	-	-	22,368
Increase (decrease) in vouchers/contracts payable	90,396	(16,854)	(553)	-	12,615	85,604
Increase (decrease) in due to other funds/gov	(2,248)	21,431	-	-	48,998	68,181
Increase (decrease) in payables/other liabilities	(1,941)	254	-	-	-	(1,687)
Increase (decrease) in accrued employee leave benefits	5,788	-	-	-	-	5,788
Total adjustments	1,162,038	4,832	(4,994)	-	94,503	1,256,379
Net cash provided (used) by operating activities	458,091	(12,005)	(25,856)	(18,658)	(199,595)	201,977

The County is not aware of any material noncash transactions.

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CHELAN COUNTY, WASHINGTON

Description of Agency Funds

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2010

	<u>LID 85-1</u>	<u>Chelan/ Douglas Health Dist</u>	<u>NCR Library</u>	<u>Link</u>	<u>State</u>	<u>NCESD</u>
ASSETS						
Cash	61	9,588	1,704,180	556,324	361,112	113,845
Investments	27,682	375,578	9,486,721	1,890,173	-	12,714,314
Deposits with fiscal agents	-	-	-	-	-	-
Taxes receivable	-	-	220,639	-	1,448,090	-
Interest receivable	6	68	2,052	403	-	2,613
Total assets	<u>27,749</u>	<u>385,234</u>	<u>11,413,591</u>	<u>2,446,900</u>	<u>1,809,202</u>	<u>12,830,772</u>
LIABILITIES						
Accounts payable	-	-	220,870	-	-	-
Other accrued liabilities	-	190,007	26,007	-	-	-
Custodial accounts	<u>27,749</u>	<u>195,227</u>	<u>11,166,714</u>	<u>2,446,900</u>	<u>1,809,202</u>	<u>12,830,772</u>
Total liabilities	<u>27,749</u>	<u>385,234</u>	<u>11,413,591</u>	<u>2,446,900</u>	<u>1,809,202</u>	<u>12,830,772</u>

School Districts	Fire Districts	Cemetery Districts	Port of Chelan County	Pangborn Field	Lake Chelan Sewer Rev Bond	Park Districts	Mosquito Districts
720,567	1,390,129	288,225	51,454	4,210	75,183	30,808	99,481
26,266,118	4,529,805	523,403	4,701,982	-	991,441	115,418	-
-	-	-	-	-	-	-	-
1,389,104	338,140	16,595	146,175	-	-	25,715	-
7,940	990	112	720	-	212	25	-
<u>28,383,729</u>	<u>6,259,064</u>	<u>828,334</u>	<u>4,900,331</u>	<u>4,210</u>	<u>1,066,835</u>	<u>171,966</u>	<u>99,481</u>
-	10,257	297	-	-	-	-	-
-	241,472	6,136	-	-	-	6,236	343
<u>28,383,729</u>	<u>6,007,335</u>	<u>821,902</u>	<u>4,900,331</u>	<u>4,210</u>	<u>1,066,835</u>	<u>165,731</u>	<u>99,138</u>
<u>28,383,729</u>	<u>6,259,064</u>	<u>828,334</u>	<u>4,900,331</u>	<u>4,210</u>	<u>1,066,835</u>	<u>171,966</u>	<u>99,481</u>

Combining Statement of Fiduciary Net Assets
 Agency Funds
 December 31, 2010

	Water Districts	Irrigation Districts	Water Cons. Board	Hospital Districts	Cities	County	Total
ASSETS							
Cash	337,391	352,434	2,529	1,638,102	154,696	116,593	8,006,913
Investments	1,144,419	4,269,771	-	7,835,270	-	94,071	74,966,164
Deposits with fiscal agents	-	-	-	-	-	1,562,313	1,562,313
Taxes receivable	11	-	-	229,721	401,779	-	4,215,969
Interest receivable	208	940	-	1,760	-	20	18,069
Total assets	<u>1,482,029</u>	<u>4,623,145</u>	<u>2,529</u>	<u>9,704,853</u>	<u>556,475</u>	<u>1,772,998</u>	<u>88,769,428</u>
LIABILITIES							
Accounts payable	17,165	164,887	966	-	-	-	414,442
Other accrued liabilities	11,571	14,874	-	-	-	-	496,647
Custodial accounts	1,453,292	4,443,383	1,563	9,704,853	556,475	1,772,998	87,858,339
Total liabilities	<u>1,482,029</u>	<u>4,623,145</u>	<u>2,529</u>	<u>9,704,853</u>	<u>556,475</u>	<u>1,772,998</u>	<u>88,769,428</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LID 85-1				
Assets				
Cash	61	85	85	61
Investments	27,603	78	-	27,682
Interest receivable	7	6	7	6
Total assets	<u>27,672</u>	<u>169</u>	<u>92</u>	<u>27,749</u>
Liabilities				
Custodial accounts	<u>27,672</u>	<u>77</u>	-	<u>27,749</u>
Total liabilities	<u>27,672</u>	<u>77</u>	<u>-</u>	<u>27,749</u>

CHELAN/DOUGLAS HEALTH DISTRICT

Assets				
Cash	5,917	4,074,229	4,070,559	9,588
Investments	310,584	486,335	421,341	375,578
Interest receivable	61	68	61	68
Total assets	<u>316,563</u>	<u>4,560,632</u>	<u>4,491,960</u>	<u>385,234</u>
Liabilities				
Accounts payable	9,211	1,765,085	1,774,296	-
Other accrued liabilities	217,948	2,957,114	2,985,055	190,007
Custodial accounts	89,404	3,369,651	3,263,828	195,227
Total liabilities	<u>316,563</u>	<u>8,091,850</u>	<u>8,023,178</u>	<u>385,234</u>

NCR LIBRARY

Assets				
Cash	1,570,707	10,170,353	10,036,880	1,704,180
Investments	8,405,414	1,123,212	41,905	9,486,721
Taxes receivable	172,941	220,639	172,941	220,639
Interest receivable	2,306	2,052	2,306	2,052
Total assets	<u>10,151,368</u>	<u>11,516,255</u>	<u>10,254,032</u>	<u>11,413,591</u>
Liabilities				
Accounts payable	265,125	6,457,422	6,501,676	220,870
Other accrued liabilities	30,092	4,499,155	4,503,239	26,007
Custodial accounts	9,856,152	10,292,361	8,981,800	11,166,714
Total liabilities	<u>10,151,368</u>	<u>21,248,938</u>	<u>19,986,715</u>	<u>11,413,591</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2010

LINK	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	1,835,387	16,441,717	17,720,779	556,324
Investments	1,469,672	1,640,224	1,219,724	1,890,173
Interest receivable	397	403	397	403
Total assets	<u>3,305,456</u>	<u>18,082,344</u>	<u>18,940,900</u>	<u>2,446,900</u>
Liabilities				
Custodial accounts	<u>3,305,456</u>	<u>15,211,709</u>	<u>16,070,265</u>	<u>2,446,900</u>
Total liabilities	<u>3,305,456</u>	<u>15,211,709</u>	<u>16,070,265</u>	<u>2,446,900</u>
 STATE				
Assets				
Cash	338,392	29,340,756	29,318,036	361,112
Taxes receivable	<u>1,108,181</u>	<u>1,448,090</u>	<u>1,108,181</u>	<u>1,448,090</u>
Total assets	<u>1,446,573</u>	<u>30,788,846</u>	<u>30,426,217</u>	<u>1,809,202</u>
Liabilities				
Custodial accounts	<u>1,446,573</u>	<u>30,623,523</u>	<u>30,260,893</u>	<u>1,809,202</u>
Total liabilities	<u>1,446,573</u>	<u>30,623,523</u>	<u>30,260,893</u>	<u>1,809,202</u>
 NCESD				
Assets				
Cash	239,808	18,540,324	18,666,287	113,845
Investments	11,565,287	2,147,105	998,078	12,714,314
Interest receivable	<u>3,072</u>	<u>2,613</u>	<u>3,072</u>	<u>2,613</u>
Total assets	<u>11,808,168</u>	<u>20,690,041</u>	<u>19,667,437</u>	<u>12,830,772</u>
Liabilities				
Custodial accounts	<u>11,808,168</u>	<u>17,534,409</u>	<u>16,511,805</u>	<u>12,830,772</u>
Total liabilities	<u>11,808,168</u>	<u>17,534,409</u>	<u>16,511,805</u>	<u>12,830,772</u>
 SCHOOL DISTRICTS				
Assets				
Cash	1,146,785	206,059,185	206,485,402	720,567
Investments	23,507,244	55,693,384	52,934,510	26,266,118
Taxes receivable	1,121,280	1,389,104	1,121,280	1,389,104
Interest receivable	<u>5,995</u>	<u>7,940</u>	<u>5,995</u>	<u>7,940</u>
Total assets	<u>25,781,303</u>	<u>263,149,613</u>	<u>260,547,187</u>	<u>28,383,729</u>
Liabilities				
Custodial accounts	<u>25,781,303</u>	<u>136,197,107</u>	<u>133,594,681</u>	<u>28,383,729</u>
Total liabilities	<u>25,781,303</u>	<u>136,197,107</u>	<u>133,594,681</u>	<u>28,383,729</u>

FIRE DISTRICTS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	925,094	10,627,092	10,162,057	1,390,129
Investments	4,667,651	3,417,398	3,555,245	4,529,805
Taxes receivable	264,165	338,140	264,165	338,140
Interest receivable	1,282	990	1,282	990
Total assets	<u>5,858,193</u>	<u>14,383,621</u>	<u>13,982,749</u>	<u>6,259,064</u>
Liabilities				
Accounts payable	39,785	3,524,867	3,554,395	10,257
Other accrued liabilities	230,827	3,138,365	3,127,720	241,472
Custodial accounts	5,587,581	7,138,358	6,718,604	6,007,335
Total liabilities	<u>5,858,193</u>	<u>13,801,590</u>	<u>13,400,718</u>	<u>6,259,064</u>
CEMETERY DISTRICTS				
Assets				
Cash	279,290	243,471	234,536	288,225
Investments	521,921	1,482	-	523,403
Taxes receivable	12,355	16,595	12,355	16,595
Interest receivable	141	112	141	112
Total assets	<u>813,706</u>	<u>261,660</u>	<u>247,032</u>	<u>828,334</u>
Liabilities				
Accounts payable	6,617	123,071	129,391	297
Other accrued liabilities	6,539	133,382	133,785	6,136
Custodial accounts	800,550	258,258	236,907	821,902
Total liabilities	<u>813,706</u>	<u>514,711</u>	<u>500,083</u>	<u>828,334</u>
PORT OF CHELAN COUNTY				
Assets				
Cash	83,484	8,391,969	8,423,999	51,454
Investments	7,309,429	864,226	3,471,673	4,701,982
Taxes receivable	119,688	146,175	119,688	146,175
Interest receivable	1,638	720	1,638	720
Total assets	<u>7,514,240</u>	<u>9,403,090</u>	<u>12,016,998</u>	<u>4,900,331</u>
Liabilities				
Custodial accounts	7,514,240	5,051,585	7,665,494	4,900,331
Total liabilities	<u>7,514,240</u>	<u>5,051,585</u>	<u>7,665,494</u>	<u>4,900,331</u>
PANGBORN FIELD				
Assets				
Cash	9,902	1,923,779	1,929,470	4,210
Investments	-	31,688	31,688	-
Total assets	<u>9,902</u>	<u>1,955,467</u>	<u>1,961,158</u>	<u>4,210</u>
Liabilities				
Custodial accounts	9,902	1,892,091	1,897,783	4,210
Total liabilities	<u>9,902</u>	<u>1,892,091</u>	<u>1,897,783</u>	<u>4,210</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LAKE CHELAN SEWER REVENUE BOND				
Assets				
Cash	53,338	185,547	163,701	75,183
Investments	990,748	2,625	1,933	991,441
Interest receivable	268	212	268	212
Total assets	<u>1,044,354</u>	<u>188,383</u>	<u>165,901</u>	<u>1,066,835</u>
Liabilities				
Custodial accounts	<u>1,044,354</u>	<u>183,326</u>	<u>160,844</u>	<u>1,066,835</u>
Total liabilities	<u>1,044,354</u>	<u>183,326</u>	<u>160,844</u>	<u>1,066,835</u>
 PARK DISTRICTS				
Assets				
Cash	26,222	748,670	744,084	30,808
Investments	92,022	111,548	88,152	115,418
Taxes receivable	21,032	25,715	21,032	25,715
Interest receivable	27	25	27	25
Total assets	<u>108,317</u>	<u>885,958</u>	<u>853,294</u>	<u>171,966</u>
Liabilities				
Accounts payable	4,177	397,904	402,080	-
Other accrued liabilities	7,578	166,398	167,740	6,236
Custodial accounts	127,548	661,142	622,959	165,731
Total liabilities	<u>108,317</u>	<u>1,225,443</u>	<u>1,192,779</u>	<u>171,966</u>
 MOSQUITO DISTRICTS				
Assets				
Cash	102,215	48,792	51,526	99,481
Taxes receivable	52	-	52	-
Total assets	<u>102,267</u>	<u>48,792</u>	<u>51,578</u>	<u>99,481</u>
Liabilities				
Accounts payable	556	31,451	32,007	-
Other accrued liabilities	1,299	26,978	27,934	343
Custodial accounts	100,412	48,434	49,709	99,138
Total liabilities	<u>102,267</u>	<u>106,863</u>	<u>109,649</u>	<u>99,481</u>

WATER DISTRICTS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	273,791	1,995,976	1,932,376	337,391
Investments	1,433,380	339,832	628,793	1,144,419
Taxes receivable	222	11	222	11
Interest receivable	320	208	320	208
Total assets	<u>1,707,712</u>	<u>2,336,027</u>	<u>2,561,710</u>	<u>1,482,029</u>
Liabilities				
Accounts payable	14,122	649,065	646,022	17,165
Other accrued liabilities	10,859	155,081	154,368	11,571
Custodial accounts	1,682,732	1,481,108	1,710,547	1,453,292
Total liabilities	<u>1,707,712</u>	<u>2,285,253</u>	<u>2,510,937</u>	<u>1,482,029</u>
IRRIGATION DISTRICTS				
Assets				
Cash	276,337	7,276,740	7,200,644	352,434
Investments	4,194,516	2,545,091	2,469,837	4,269,771
Interest receivable	1,167	940	1,167	940
Total assets	<u>4,472,020</u>	<u>9,822,772</u>	<u>9,671,647</u>	<u>4,623,145</u>
Liabilities				
Accounts payable	225,842	3,626,820	3,687,775	164,887
Other accrued liabilities	15,420	206,004	206,550	14,874
Custodial accounts	4,230,758	4,762,475	4,549,849	4,443,383
Total liabilities	<u>4,472,020</u>	<u>8,595,299</u>	<u>8,444,174</u>	<u>4,623,145</u>
WATER CONSERVANCY BOARD				
Assets				
Cash	9,362	7,978	14,811	2,529
Total assets	<u>9,362</u>	<u>7,978</u>	<u>14,811</u>	<u>2,529</u>
Liabilities				
Accounts payable	603	15,147	14,785	966
Custodial accounts	8,759	7,978	15,174	1,563
Total liabilities	<u>9,362</u>	<u>23,125</u>	<u>29,958</u>	<u>2,529</u>
HOSPITALS				
Assets				
Cash	665,608	55,885,980	54,913,486	1,638,102
Investments	15,093,317	10,780,723	18,038,770	7,835,270
Taxes receivable	191,950	229,721	191,950	229,721
Interest receivable	4,341	1,760	4,341	1,760
Total assets	<u>15,955,215</u>	<u>66,898,183</u>	<u>73,148,546</u>	<u>9,704,853</u>
Liabilities				
Custodial accounts	15,955,215	30,874,388	37,124,751	9,704,853
Total liabilities	<u>15,955,215</u>	<u>30,874,388</u>	<u>37,124,751</u>	<u>9,704,853</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CITIES				
Assets				
Cash	156,745	9,507,839	9,509,889	154,696
Taxes receivable	308,556	401,779	308,556	401,779
Total assets	<u>465,301</u>	<u>9,909,618</u>	<u>9,818,445</u>	<u>556,475</u>
Liabilities				
Custodial accounts	465,301	9,860,758	9,769,584	556,475
Total liabilities	<u>465,301</u>	<u>9,860,758</u>	<u>9,769,584</u>	<u>556,475</u>
COUNTY				
Assets				
Cash	90,260	4,096,821	4,070,488	116,593
Deposits with fiscal agents	1,595,902	-	33,588	1,562,313
Investments	-	282,093	188,022	94,071
Interest receivable	-	20	-	20
Total assets	<u>1,686,162</u>	<u>4,378,934</u>	<u>4,292,098</u>	<u>1,772,998</u>
Liabilities				
Custodial accounts	1,686,162	3,908,777	3,821,941	1,772,998
Total liabilities	<u>1,686,162</u>	<u>3,908,777</u>	<u>3,821,941</u>	<u>1,772,998</u>
TOTAL AGENCY FUNDS				
Assets				
Cash	8,088,705	385,567,301	385,649,093	8,006,913
Investments	79,588,788	79,467,044	84,089,668	74,966,164
Deposits with fiscal agents	1,595,902	-	33,588	1,562,313
Taxes receivable	3,320,422	4,215,969	3,320,422	4,215,969
Interest receivable	21,023	18,069	21,023	18,069
Total assets	<u>92,614,839</u>	<u>469,268,383</u>	<u>473,113,794</u>	<u>88,769,428</u>
Liabilities				
Accounts payable	566,037	16,590,832	16,742,426	414,442
Other accrued liabilities	520,562	11,282,475	11,306,390	496,647
Custodial accounts	91,528,241	279,357,515	283,027,417	87,858,339
Total liabilities	<u>92,614,839</u>	<u>307,230,822</u>	<u>311,076,233</u>	<u>88,769,428</u>

CHELAN COUNTY, WASHINGTON

Statistical Section

STATISTICAL SECTION

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

Page

Financial Trends

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

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Changes in Net Assets	126
Fund Balances of Governmental Funds	128
Changes in Fund Balances of Governmental Funds	129
General Government Tax Revenues by Source	130

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	131
Property Tax Rates – Direct and Overlapping Governments	132
Principal Property Taxpayers	133
Property Tax Levies and Collections	134

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	135
Ratios of General Bonded Debt Outstanding	136
Legal Debt Margin Information	137

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	138
Principal Employers	139

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	140
Operating Indicators by Function	141
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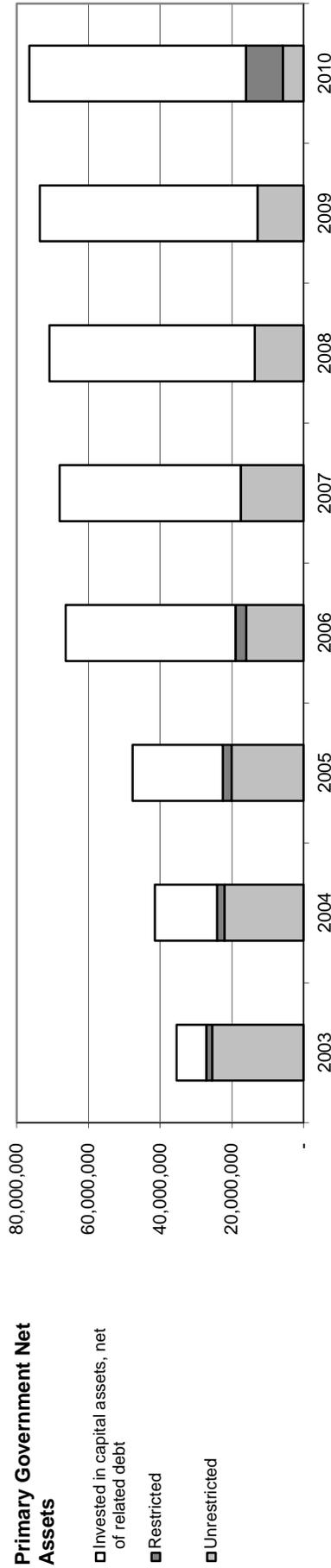
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CHELAN COUNTY, WASHINGTON

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

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



Notes:

The County implemented GASB #34 in 2003, and therefore no prior information is available. Governmental activities invested in capital assets almost doubled in 2006 due to retrospective reporting of infrastructure. Due to the defeasance of general obligation bonds in the debt service fund, the restricted net assets were removed in 2007. Prior to 2010 restricted net assets were not properly classified so complete information about restricted net assets is not available.

CHELAN COUNTY, WASHINGTON

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	15,704,699	14,983,530	15,820,567	16,875,815	19,779,898	20,075,480	19,913,816	11,921,365
Judicial	2,518,104	2,583,105	2,788,489	2,878,666	3,093,301	3,330,840	3,436,578	3,055,970
Public safety	11,039,550	15,411,584	15,300,244	14,505,817	16,196,980	17,219,829	17,339,824	17,703,729
Physical environment	1,665,874	1,430,752	2,298,744	2,218,962	3,921,161	3,267,209	5,857,814	3,431,739
Transportation	4,032,318	5,728,453	8,564,054	12,860,070	16,734,747	12,763,691	11,388,104	10,162,953
Health and human services	491,423	497,421	501,035	466,656	530,354	501,462	1,451,089	1,624,062
Economic environment	1,772,667	1,722,704	2,090,119	2,762,824	3,460,391	5,455,692	3,341,484	2,911,280
Culture and recreation	678,752	763,942	837,424	780,326	935,089	976,024	794,016	713,204
Interest on long-term debt	607,156	631,657	592,364	544,672	488,311	421,294	466,759	523,852
Total governmental activities expenses	38,510,542	43,753,148	48,793,040	53,893,807	65,140,233	64,011,522	63,989,484	52,048,154
Business-type activities:								
Utilities	918,952	1,369,149	980,186	1,088,631	1,357,762	1,888,505	1,381,051	1,528,671
Public safety	4,642,425	4,911,932	5,917,493	7,116,572	7,707,781	8,399,137	9,235,002	8,538,243
Other	486,114	524,758	624,481	615,657	592,670	649,449	642,405	644,281
Total business-type activities expenses	6,047,492	6,805,839	7,522,161	8,820,861	9,658,213	10,937,091	11,258,458	10,711,195
Total primary government expenses	44,558,034	50,558,986	56,315,201	62,714,668	74,798,445	74,948,614	75,247,941	62,759,349

Program Revenues								
Governmental activities:								
Charges for services:								
General government	3,142,742	5,270,139	7,042,373	8,268,024	10,168,264	10,273,848	10,963,542	2,789,851
Judicial	1,448,838	2,086,950	2,318,144	2,634,870	2,866,511	2,761,898	2,845,137	3,061,482
Public safety	570,103	2,023,007	1,758,700	2,198,422	2,120,818	2,264,493	2,755,974	2,402,842
Physical environment	48,060	182,762	261,758	85,411	13,373	22,640	47,771	222,926
Transportation	121,870	260,659	2,742,542	3,659,967	3,884,330	1,063,365	276,378	363,826
Health and human services	-	-	-	751	495	210	-	210
Economic environment	1,169,163	1,207,780	1,486,343	1,771,371	1,739,092	1,802,103	1,291,662	1,275,902
Culture and recreation	158,289	364,966	370,846	204,010	192,718	212,802	236,702	213,034
Operating grants and contributions	7,523,707	6,202,763	6,714,602	4,888,389	10,685,200	9,856,702	14,952,201	10,589,492
Capital grants and contributions	362,022	1,809,396	2,263,123	1,551,641	2,324,298	6,682,665	1,287,484	1,717,337
Total governmental activities program revenues	14,544,794	19,408,422	24,958,431	25,262,855	33,995,099	34,940,726	34,656,851	22,636,901

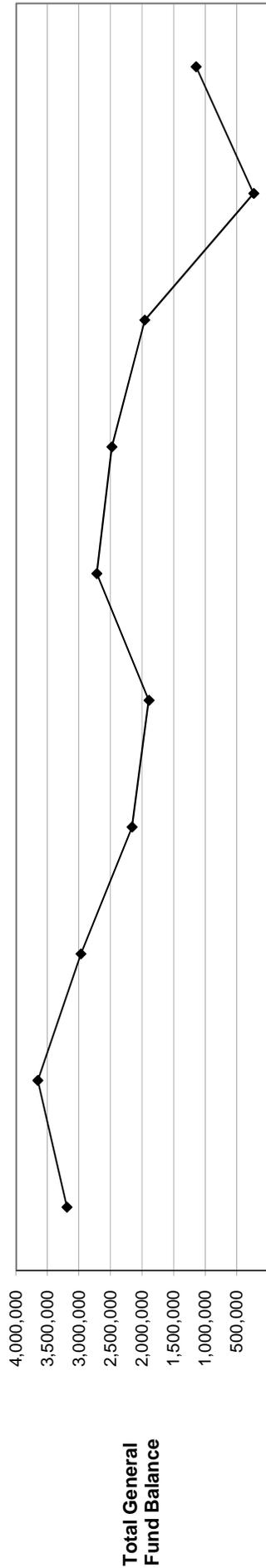
	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:								
Charges for services:								
Utilities	718,523	796,490	834,517	1,048,184	1,568,913	1,649,101	1,555,568	1,458,488
Public safety	2,891,934	6,002,190	5,847,098	6,083,928	7,256,312	8,516,446	9,575,932	8,426,100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

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

CHELAN COUNTY, WASHINGTON

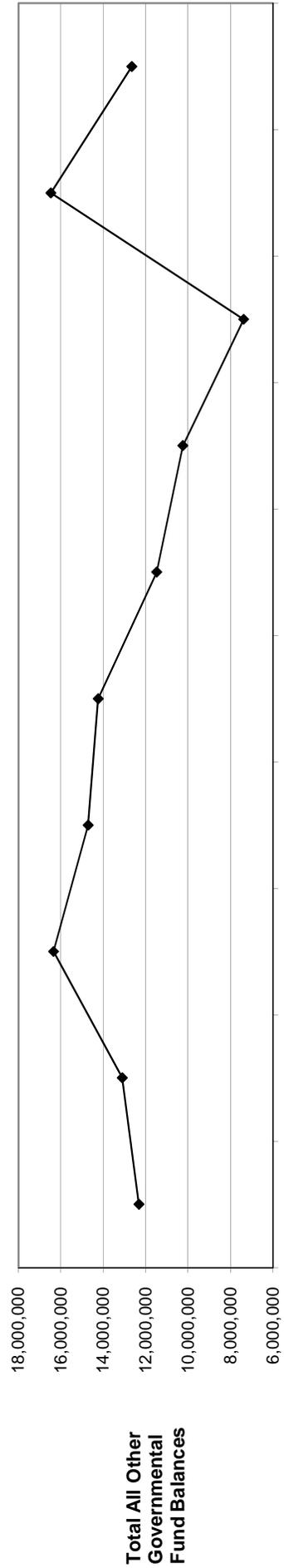
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	-	3,655,861	-	120,000	-	-	-	-	-	-
Unreserved	3,194,740	3,655,861	2,970,554	2,040,710	1,893,826	2,717,995	2,480,438	1,960,442	230,294	1,144,302
Total General fund	3,194,740	3,655,861	2,970,554	2,160,710	1,893,826	2,717,995	2,480,438	1,960,442	230,294	1,144,302



Total General Fund Balance

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All other governmental funds										
Reserved	2,306,676	2,663,943	1,594,582	2,138,054	2,503,099	3,116,727	100,000	-	-	110,394
Unreserved, reported in:										
Special revenue funds	8,528,838	8,726,835	9,664,676	8,865,378	9,995,517	7,086,530	7,408,546	4,949,269	6,959,552	9,228,394
Capital project funds	1,487,725	1,714,819	5,091,274	3,713,732	1,743,007	1,279,830	2,741,570	2,435,897	9,512,911	3,319,115
Total all other governmental funds	12,323,239	13,105,597	16,350,532	14,717,165	14,241,623	11,483,088	10,250,116	7,385,167	16,472,463	12,657,903



Total All Other Governmental Fund Balances

Notes: The decrease in 2009 General fund balance is due to a slowing in revenues from the recession. The increase in 2009 all other governmental funds, and the following decrease in 2010, is due to receiving proceeds of bonds issued for the L&J mechanical improvement and spending a large portion of these proceeds in the following year.

CHELAN COUNTY, WASHINGTON

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	18,995,748	19,782,253	20,782,272	21,682,449	23,537,843	24,885,151	26,761,084	25,869,996	25,735,639	26,566,332
Licenses and permits	488,015	510,579	575,042	659,499	749,512	832,002	883,035	828,632	606,938	606,264
Intergovernmental revenues	14,051,670	10,944,356	10,690,407	12,196,873	13,915,923	11,861,297	17,855,898	21,150,213	19,170,335	18,773,252
Charges for services	2,893,294	3,160,507	4,142,544	4,342,974	4,650,320	5,383,426	5,591,290	5,244,527	4,950,032	4,996,154
Fees and fines	848,442	1,095,754	1,130,273	1,218,182	1,133,455	1,303,721	1,377,250	1,271,913	1,339,310	1,260,675
Miscellaneous	1,860,741	1,002,031	1,073,130	2,323,893	2,018,459	2,286,489	2,858,423	2,517,035	5,645,276	1,898,068
Total revenues	39,137,910	36,495,480	38,393,668	42,423,870	46,005,512	46,552,086	55,326,979	56,882,317	57,447,530	54,100,746
Expenditures										
General government	9,376,451	10,575,057	10,756,389	10,868,927	11,414,253	11,744,332	13,142,930	13,966,147	13,815,248	12,665,634
Security of persons and property	10,322,993	10,895,333	11,751,741	13,438,209	15,058,453	14,249,525	15,913,411	16,516,677	17,556,196	17,082,276
Utilities & environment	769,887	901,138	1,701,870	1,467,956	2,297,620	2,217,838	3,925,161	3,343,268	5,893,729	3,466,888
Transportation	7,002,680	7,170,610	6,443,486	6,258,446	6,206,477	7,987,502	9,643,443	8,331,859	8,661,917	8,243,621
Economic environment	1,517,268	1,922,960	1,921,489	1,998,431	2,198,298	2,819,565	3,589,407	6,511,228	3,372,013	2,939,392
Mental health and physical health	1,321,188	571,528	569,236	573,150	595,995	552,469	555,406	571,622	1,566,606	1,707,674
Culture and recreation	702,310	786,826	568,238	640,847	639,202	655,953	732,406	723,409	579,866	477,722
Debt service:										
Principal	1,211,135	1,506,392	2,257,971	924,893	1,279,978	1,330,543	1,507,020	697,697	729,512	751,403
Interest and other charges	-	-	657,083	631,657	594,889	549,479	538,550	427,180	368,039	523,795
Bond issuance costs	-	-	-	-	-	-	-	-	98,720	-
Capital outlay	2,559,736	814,662	2,718,871	8,049,832	6,621,306	6,316,599	6,089,249	9,686,066	5,601,264	9,291,852
Total expenditures	34,783,648	35,144,506	39,346,374	44,852,348	46,906,471	48,423,804	55,636,982	60,775,152	58,243,110	57,150,256
Excess of revenues over (under) expenditures.	4,354,262	1,350,974	(952,706)	(2,428,478)	(900,959)	(1,871,719)	(310,003)	(3,892,835)	(795,580)	(3,049,510)
Other financing sources (uses)										
Sale of capital assets	39,518	13,057	12,063	13,074	17,097	15,188	29,256	7,825	16,864	118,958
Transfers in	394,578	(79,238)	327,070	272,369	466,287	2,606,568	894,892	2,009,029	845,801	1,240,400
Transfers out	(193,457)	(1,096,244)	(274,064)	(384,454)	(324,850)	(2,684,402)	(964,892)	(1,508,965)	(865,801)	(1,210,400)
Other	(5,474)	(121,765)	2,265	84,278	-	-	-	-	-	-
General obligation bonds issued	-	-	3,445,000	-	-	-	1,210,000	-	8,150,000	-
Refunding bonds issued	-	-	3,315,000	-	-	-	4,525,000	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-	-	57,726	-	5,865	-
Payment to refunding escrow agent	-	-	(3,315,000)	-	-	-	(6,912,508)	-	-	-
Total other financing sources (uses)	235,165	(1,284,190)	3,512,334	(14,733)	158,534	(62,647)	(1,160,526)	507,890	8,152,729	148,958
Net change in fund balances	4,589,427	66,784	2,559,628	(2,443,211)	(742,425)	(1,934,366)	(1,470,529)	(3,384,946)	7,357,149	(2,900,552)
Debt service as a percentage of noncapital expenditures	3.76%	4.39%	7.80%	3.89%	4.52%	4.07%	3.78%	2.09%	2.13%	2.47%

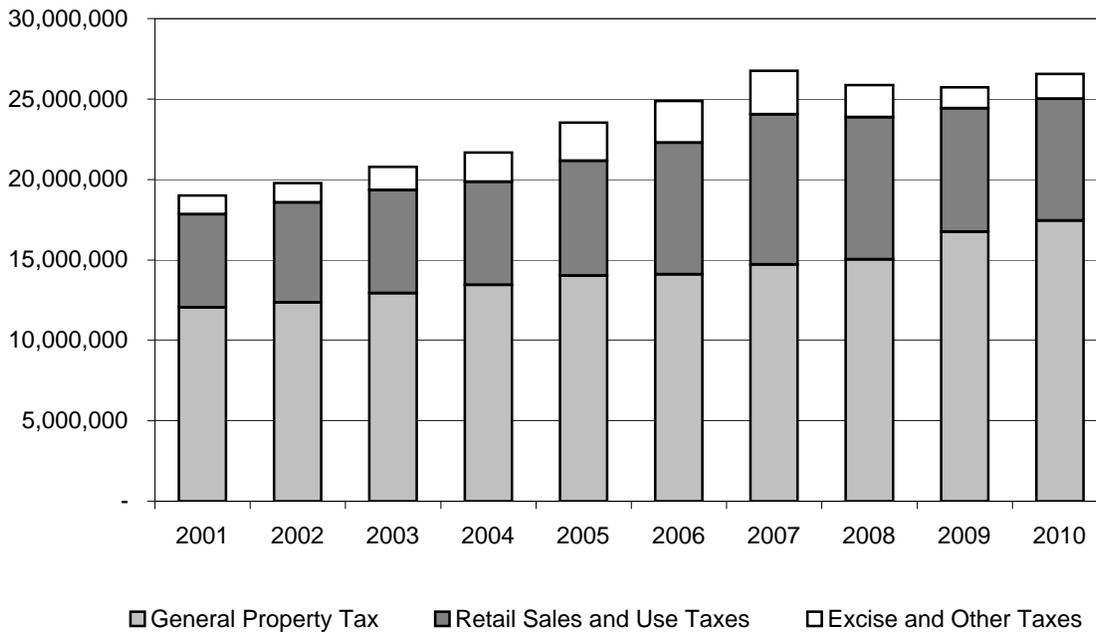
CHELAN COUNTY, WASHINGTON

General Government Tax Revenues By Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

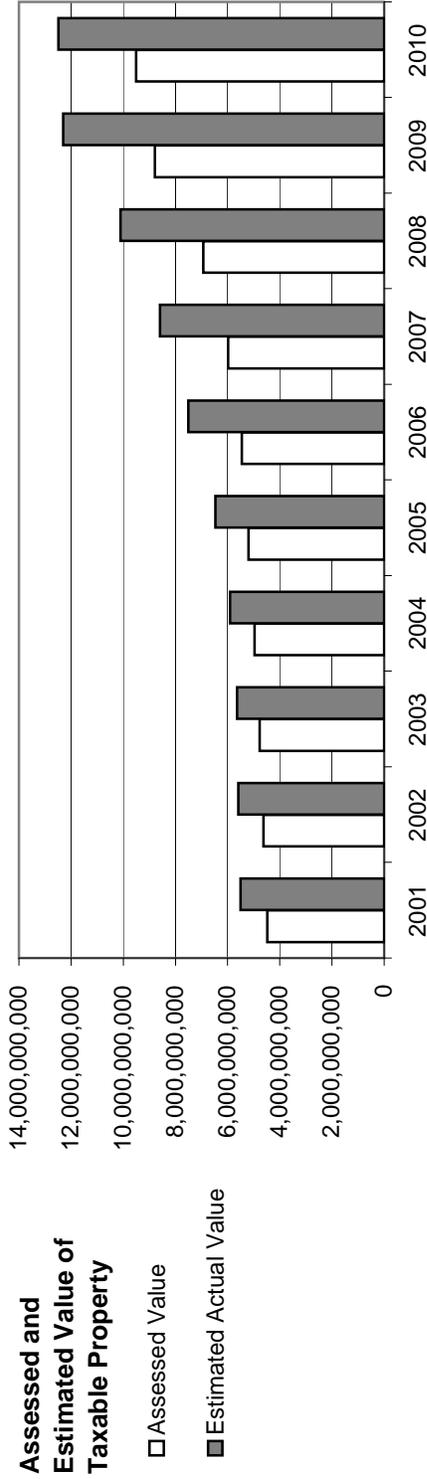
Fiscal Year	General Property Tax	Retail Sales and Use Taxes	Excise and Other Taxes	Total
2001	12,041,381	5,802,234	1,152,133	18,995,748
2002	12,360,714	6,210,989	1,210,551	19,782,253
2003	12,932,495	6,409,121	1,440,657	20,782,272
2004	13,452,658	6,405,720	1,824,071	21,682,449
2005	14,022,223	7,144,030	2,371,590	23,537,843
2006	14,093,548	8,190,125	2,601,478	24,885,151
2007	14,706,768	9,349,690	2,704,626	26,761,084
2008	15,036,880	8,823,307	2,009,810	25,869,996
2009	16,745,569	7,669,654	1,320,415	25,735,639
2010	17,442,036	7,574,979	1,549,317	26,566,332



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
2001	4,396,678,221	151,685,890	64,165,917	4,484,198,194	3.4317	5,502,083,674	81.5%
2002	4,521,104,432	159,624,187	59,525,202	4,621,203,417	3.3146	5,587,912,233	82.7%
2003	4,687,593,937	147,353,730	57,922,434	4,777,025,233	3.3059	5,633,284,473	84.8%
2004	4,872,628,292	147,386,402	57,920,414	4,962,094,280	3.2561	5,907,255,095	84.0%
2005	5,122,190,051	160,288,138	88,765,052	5,193,713,137	3.2458	6,467,886,846	80.3%
2006	5,375,160,737	166,997,635	89,441,177	5,452,717,195	3.1087	7,510,629,745	72.6%
2007	5,878,975,610	187,932,639	87,973,397	5,978,934,852	3.0457	8,590,423,638	69.6%
2008	6,827,144,362	195,716,362	87,499,133	6,935,361,591	2.6827	10,109,856,547	68.6%
2009	8,575,092,121	278,823,141	71,346,757	8,782,568,505	2.3692	12,300,516,113	71.4%
2010	9,288,503,785	308,803,648	84,762,148	9,512,545,285	2.2583	12,483,655,230	76.2%



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

CHELAN COUNTY, WASHINGTON

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

Fiscal Year	Chelan County				Overlapping Rates - Districts							Total Direct and Overlapping Rates
	General Fund	Special Revenue Funds	Total County	Hospital Districts	Fire Districts	Cemetery Districts	School Districts	Miscellaneous Districts	Cities and Towns			
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		
2007	1.5370	1.5088	3.0457	1.0238	0.9993	0.0729	4.1492	0.5248	2.5696	12.3853		
2008	1.3844	1.2983	2.6827	0.9024	0.8119	0.0696	3.4134	0.3140	2.1238	10.3177		
2009	1.1255	1.2434	2.3689	0.6789	0.6605	0.0614	2.9814	0.2503	2.1017	9.1031		
2010	1.0638	1.1944	2.2583	0.6841	0.6854	0.0568	2.8680	0.2441	1.8913	8.6879		

Source: Chelan County Assessor's Office

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

CHELAN COUNTY, WASHINGTON

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

Taxpayer	2010			2001		
	2010 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	2001 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Stemilt Growers Inc	68,024,632	1	0.72%	36,847,900	2	0.82%
Wenatchee Valley Clinic	50,031,546	2	0.53%	20,519,416	5	0.46%
ALCOA Inc.	47,968,409	3	0.50%	51,363,142	1	1.15%
Trout Blue Chelan Inc	37,997,768	4	0.40%	31,606,504	3	0.70%
Verizon Northwest Inc	35,677,314	5	0.38%	-	-	-
BNSF Railway Company	33,321,479	6	0.35%	-	-	-
The Lake House Chelan LLC	23,841,777	7	0.25%			
Yahoo Inc	23,621,044	8	0.25%			
Dovex Fruit Company	20,366,646	9	0.21%	21,436,040	4	0.48%
Bear Mountain Ranch	18,687,907	10	0.20%	-	-	-
Tree Top Inc	-	-	-	15,966,836	8	0.36%
Longview Fibre Company	-	-	-	19,758,500	6	0.44%
Blue Bird Inc	-	-	-	16,460,266	7	0.37%
Chief Wenatchee	-	-	-	15,473,426	9	0.35%
Blue Star Growers Inc	-	-	-	11,493,815	10	0.26%
Totals	<u>359,538,522</u>		<u>3.78%</u>	<u>240,925,845</u>		<u>5.37%</u>
Total Taxable Value:	\$ 9,512,545,285			\$ 4,484,198,194		

Source: Chelan County Assessor

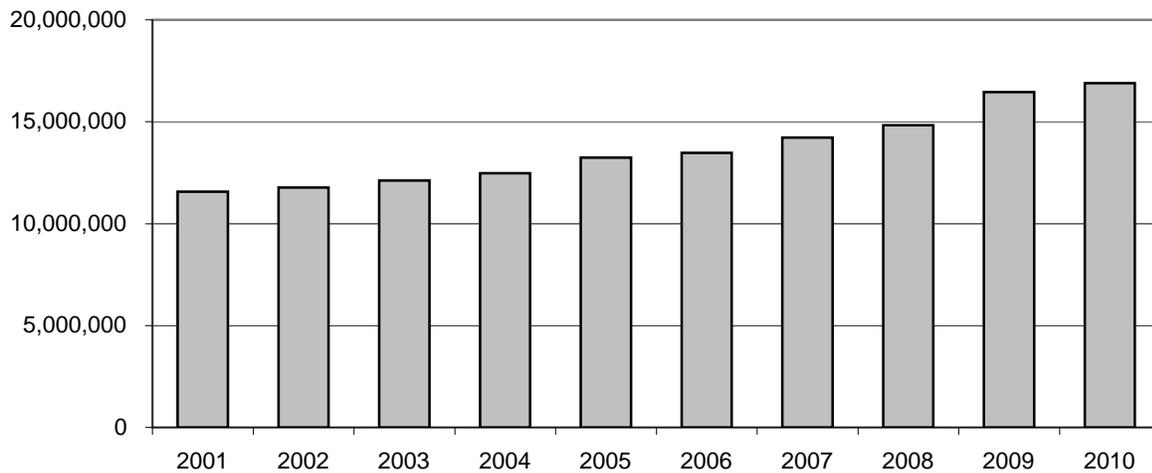
This list does not include lending institutions who are taxed on behalf of individual mortgages they are holding.

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
2001	11,566,648	11,085,002	95.84%	477,092	11,562,094	99.96%
2002	11,777,775	11,395,989	96.76%	380,571	11,776,560	99.99%
2003	12,115,666	11,766,717	97.12%	347,765	12,114,482	99.99%
2004	12,469,748	12,198,777	97.83%	269,301	12,468,078	99.99%
2005	13,233,355	12,982,188	98.10%	249,641	13,231,829	99.99%
2006	13,476,608	13,218,345	98.08%	256,891	13,475,236	99.99%
2007	14,230,327	13,976,296	98.21%	247,141	14,223,437	99.95%
2008	14,838,833	14,415,873	97.15%	345,872	14,415,873	97.15%
2009	16,449,753	15,792,831	96.01%	357,373	15,792,831	96.01%
2010	16,886,851	16,215,755	96.03%	Not applicable	16,215,755	96.03%

Total Tax Levy

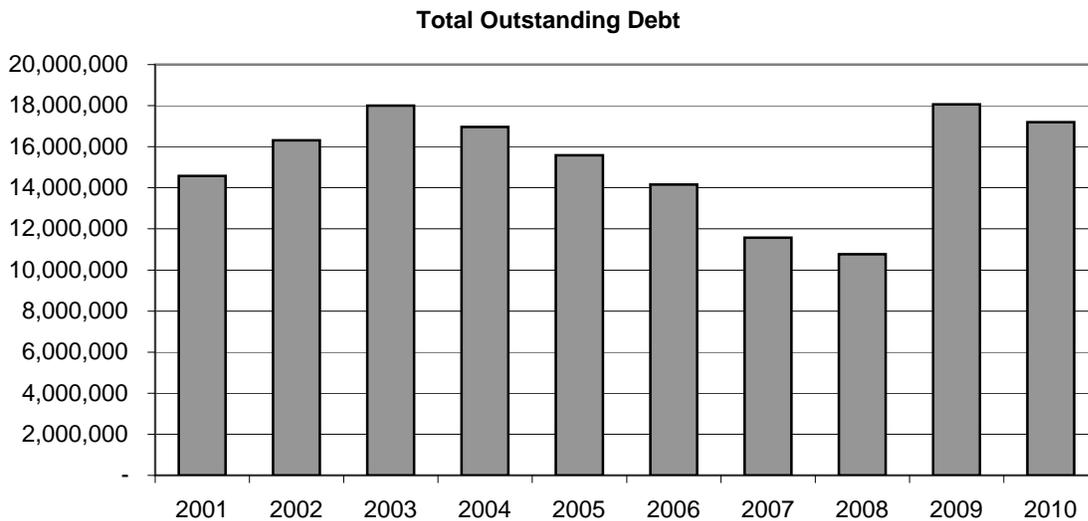


Source: Chelan County Treasurer, tax distribution report
Levy and collections include those of Chelan County's general and special revenue funds.

CHELAN COUNTY, WASHINGTON

Ratio of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation		Capital Leases			
	Bonds	Capital Leases	Capital Leases			
2001	14,582,401	105,828	-	14,688,229	0.81%	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	0.95%	269
2004	16,969,480	140,059	7,773	17,125,085	0.85%	250
2005	15,589,502	57,039	4,915	15,651,456	0.75%	226
2006	14,153,958	8,432	-	14,162,390	0.64%	202
2007	11,566,939	5,059	-	11,571,998	0.49%	163
2008	10,759,242	2,583	-	10,761,825	0.43%	149
2009	18,069,731	-	-	18,069,731	Not available	249
2010	17,203,328	-	-	17,203,328	Not available	235

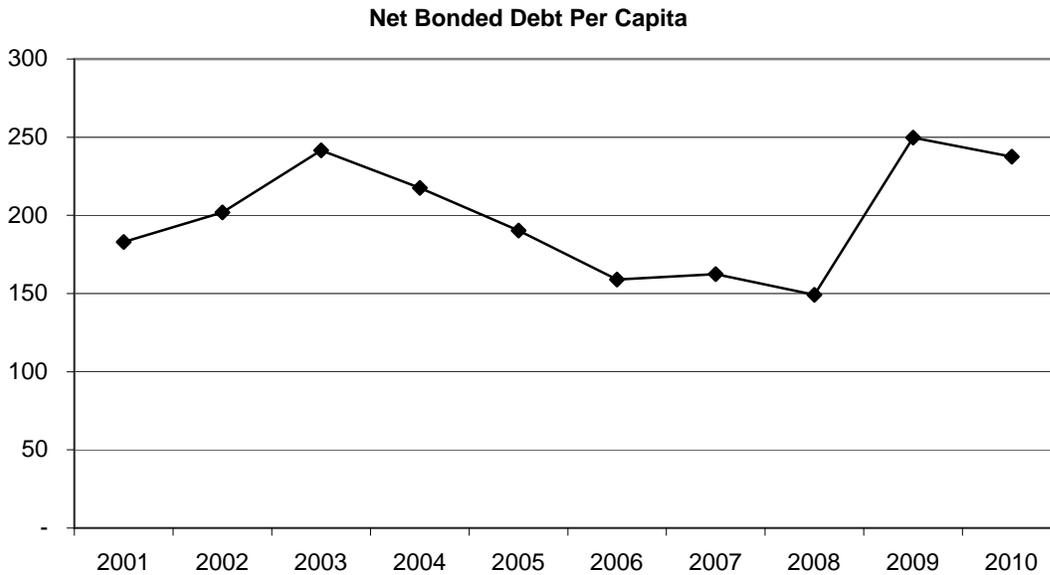


Details regarding the County's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.

CHELAN COUNTY, WASHINGTON

Ratio of General Obligation Bonded Debt Outstanding Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amonts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2001	14,582,401	2,306,676	12,275,725	0.22%	183
2002	16,317,342	2,663,943	13,653,399	0.24%	202
2003	17,994,373	1,594,582	16,399,791	0.29%	242
2004	16,969,480	2,091,324	14,878,156	0.25%	218
2005	15,589,502	2,423,099	13,166,403	0.20%	190
2006	14,153,958	3,016,727	11,137,231	0.15%	159
2007	11,566,939	-	11,566,939	0.13%	162
2008	10,759,242	-	10,759,242	0.11%	149
2009	18,069,731	-	18,069,731	0.15%	250
2010	17,203,328	-	17,203,328	0.14%	237



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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-Voted Debt										
Legal debt limit	67,262	69,318	71,655	74,431	76,368	81,791	89,684	104,030	131,739	142,688
Total net debt applicable to limit	13,277	1,387	(9,515)	1,884	1,547	3,013	3,972	6,535	7,577	9,438
Legal debt margin	53,985	67,931	81,170	72,547	74,821	78,778	85,712	97,496	124,161	133,250

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

	19.74%	2.00%	-13.28%	2.53%	2.03%	3.68%	4.43%	6.28%	5.75%	6.61%
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Voted and Non-Voted Debt

Legal debt limit	112,104	115,530	119,425	124,052	127,280	136,318	149,473	173,384	219,564	237,814
Total net debt applicable to limit	1,387	(9,515)	1,884	1,547	1,547	3,013	3,972	6,535	7,577	9,438
Legal debt margin	110,717	125,045	117,541	122,505	125,733	133,305	145,501	166,849	211,987	228,375

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

	1.24%	-8.24%	1.58%	1.25%	1.22%	2.21%	2.66%	3.77%	3.45%	3.97%
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Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Valuations	9,512,545
Limited Tax General Obligation Debt Capacity (non-voted):	
Legal limit of up to 1.5% on the assessed valuation	142,688
Less: outstanding debt	(24,735)
Add: available assets	15,297
Remaining Debt Capacity (non voted)	133,250
Total General Obligation Debt Capacity (voted and non-voted):	
Legal limit of up to 2.5% on the assessed valuation	237,814
Less: outstanding debt	(24,735)
Add: available assets	15,297
Remaining Debt Capacity (voted and non-voted)	228,375

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)
2001	67,100	1,806,911,000	27,093	36.5	12,910	11.0%
2002	67,600	1,822,432,000	27,230	36.8	12,777	9.5%
2003	67,900	1,925,844,000	28,583	37.1	12,941	9.1%
2004	68,400	2,010,711,000	29,503	37.5	12,874	7.6%
2005	69,200	2,073,619,000	30,024	37.8	12,901	6.4%
2006	70,100	2,222,555,000	31,788	38.0	12,911	5.9%
2007	71,200	2,367,218,000	33,493	38.1	12,883	5.6%
2008	72,100	2,493,574,000	34,969	38.3	12,868	6.5%
2009	72,372	Not Available	Not Available	38.5	12,722	9.0%
2010	72,453	Not Available	Not Available	38.8	12,811	9.0%

Data sources:

- (1) Washington State Office of Financial Management (OFM) - 2001 through 2008 are OFM projections. U.S. Census Bureau - 2009 is an estimate, 2010 is actual from the census
- (2) Bureau of Economic Analysis at <http://www.bea.gov/regional/reis/>
- (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 and Four Years Ago

Employer (1)	2010			2006		
	Employees	Rank	Percentile of Total County Employment	Employees	Rank	Percentile of Total County Employment
Stemilt Growers, Inc	2,334	1	6.54%	1,402	2	3.89%
Wenatchee Valley Medical Center	1,554	2	4.35%	1,420	1	3.94%
Central Washington Hospital	1,450	3	4.06%	1,352	3	3.76%
Wenatchee School District	972	4	2.72%	963	4	2.67%
Dovex Fruit Company	725	5	2.03%	-	-	-
Chelan County PUD #1	665	6	1.86%	658	5	1.83%
Chelan Fruit, Inc	550	7	1.54%	610	6	1.69%
Chelan County	539	8	1.51%	590	9	1.64%
McDougall & Sons, Inc.	531	9	1.49%	-	-	-
Blue Star Growers	452	10	1.27%	412	10	1.14%
C&O Nursery	450	-	1.26%	600	8	1.67%
Blue Bird, Inc	300	-	0.84%	600	7	1.67%
Total County Employment (2):	35,689			36,002		

Principal Employer data is not available prior to 2006.

Data Sources:

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

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

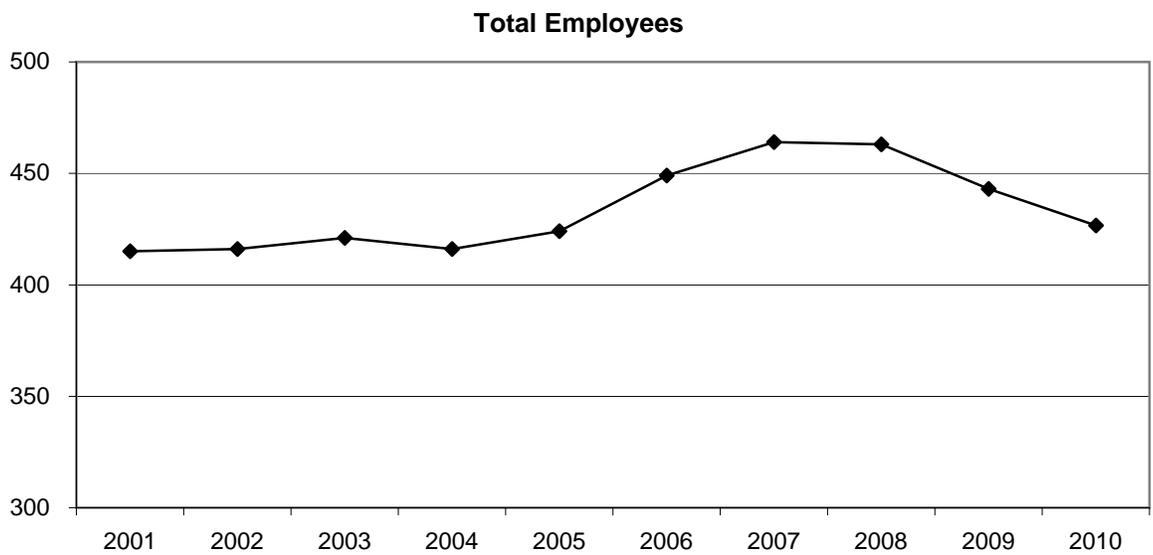
The Port did not conduct a employment survey during 2010, so the 2008 figures are repeated for the current year.

(2) Total county employment uses 2nd quarter data averaged over the past year. From the US Census Bureau at <http://lehd.did.census.gov/led/datatools/qwiapp.html>

CHELAN COUNTY, WASHINGTON

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

Function	Full-time Equivalent Employees									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	99	101	102	97	102	106	106	104	102	98
Judicial	38	42	41	41	43	44	45	45	42	41
Public safety	179	177	182	181	186	196	199	201	195	189
Physical environment	3	3	7	7	8	7	9	8	11	13
Transportation	65	64	61	60	53	56	63	66	58	58
Economic environment	23	19	20	21	21	28	29	27	23	18
Culture and recreation	6	7	6	7	9	9	10	9	9	7
Utilities	2	3	2	2	2	3	3	3	3	4
Total	415	416	421	416	424	449	464	463	443	427



Actual paid FTE as of December 31 is used for 2003 - 2010. Prior to this, budgeted FTE is used because actual data is not available.

Data sources:

2001-2002 data was obtained from the Chelan County budget books.

2003-2010 data was obtained from payroll data in the Chelan County Auditor's office.

CHELAN COUNTY, WASHINGTON

Operating Indicators by Function Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Total documents recorded by Auditor	21,734	25,078	31,535	26,198	27,262	27,939	27,105	22,486	19,767	17,141
Total vehicle licensing transactions	54,854	52,665	51,930	52,699	60,003	57,462	56,119	59,656	66,494	60,917
General election:										
Number of registered voters	32,393	32,703	33,327	37,395	36,185	35,314	35,983	38,650	37,715	37,972
Number of votes	18,028	20,378	15,737	29,617	20,408	23,518	19,174	32,392	20,656	28,071
Percent of registered voters voting	55.65%	62.31%	47.22%	79.20%	56.40%	66.60%	53.29%	83.81%	54.77%	73.93%
Judicial										
Superior Court cases filed	3,732	3,829	4,037	3,961	4,101	4,095	3,920	4,119	3,762	3,607
Documents filed with Clerk	112,752	110,845	116,704	118,226	134,101	156,669	138,171	145,050	123,012	130,480
District Court filings	14,962	19,563	19,181	19,419	19,466	21,958	21,868	20,047	22,841	19,427
Public safety										
Sheriff										
Total warrants entered	N/A	N/A	667	1,846	1,972	2,298	2,128	1,957	1,806	1,801
Total arrests carried out	N/A	N/A	2,181	2,209	2,150	2,645	2,330	2,211	2,345	1,292
Total citations issued	N/A	N/A	4,101	4,783	4,721	5,053	5,055	4,072	3,989	3,590
Concealed weapons permits issued	N/A	N/A	425	392	384	591	533	767	814	765
Regional Justice Center										
Total bookings	5,568	5,867	6,307	6,175	6,131	7,278	7,224	7,017	6,371	5,672
Average daily population	270	305	314	306	332	367	357	358	322	280
Meals served	305,130	348,765	354,870	344,175	371,328	431,769	431,043	413,910	377,049	306,699
Juvenile average daily population	25	29	27	20	23	20	21	21	29	11
Transportation										
Miles of county road repaired/preserved	98	107	231	175	346	177	301	164	41	196
Economic environment										
Total residential building permits	N/A	296	351	369	441	504	500	375	255	243
Total commercial building permits	N/A	66	75	57	70	69	60	51	44	42

Data sources:

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

CHELAN COUNTY, WASHINGTON

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Motor pool vehicles	N/A	N/A	N/A	N/A	N/A	48	36	26	41	38
Public safety										
Sheriff patrol vehicles	N/A	N/A	N/A	N/A	N/A	59	66	63	58	60
Transportation										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	643	655	655	655	655
Culture and recreation										
Parks	1	1	1	1	1	1	1	2	2	2

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

Data sources:

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

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