

CHELAN COUNTY WASHINGTON



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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, 2012

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CHELAN COUNTY

~ AUDITOR ~

Skip Moore

June 30, 2013

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, 2012. 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, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component on the financial section of this report.

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

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

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Chelan County operates.

Local economy. Like much of the rest of the nation, Chelan County experienced a downturn in the economic environment. In the middle of 2008 the construction industry slowed in a slightly delayed response to the national economic recession. This made a significant impact to the construction related revenues on which the County relies. During 2010 and 2011, the local economy had flattened out, and then in 2012, construction related revenues as well as sales and property taxes started showing signs of improvement. 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. After the downturn in the county's revenues, sharp budget cuts were enacted. These cuts have generally been held while revenues increased during 2012. The General fund balance is exactly where the county desires it to be (15% of expenditures) and the 2013 general fund budgets have been built to balance the expenditures and revenues to maintain the fund balance at 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 Regional Justice Center building. The County has used bonds and real estate excise tax and criminal justice sales tax proceeds to finance much of these construction projects.

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chelan County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the eighth 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, 2011

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.



Christopher P. Moivell

President

Jeffrey R. Enner

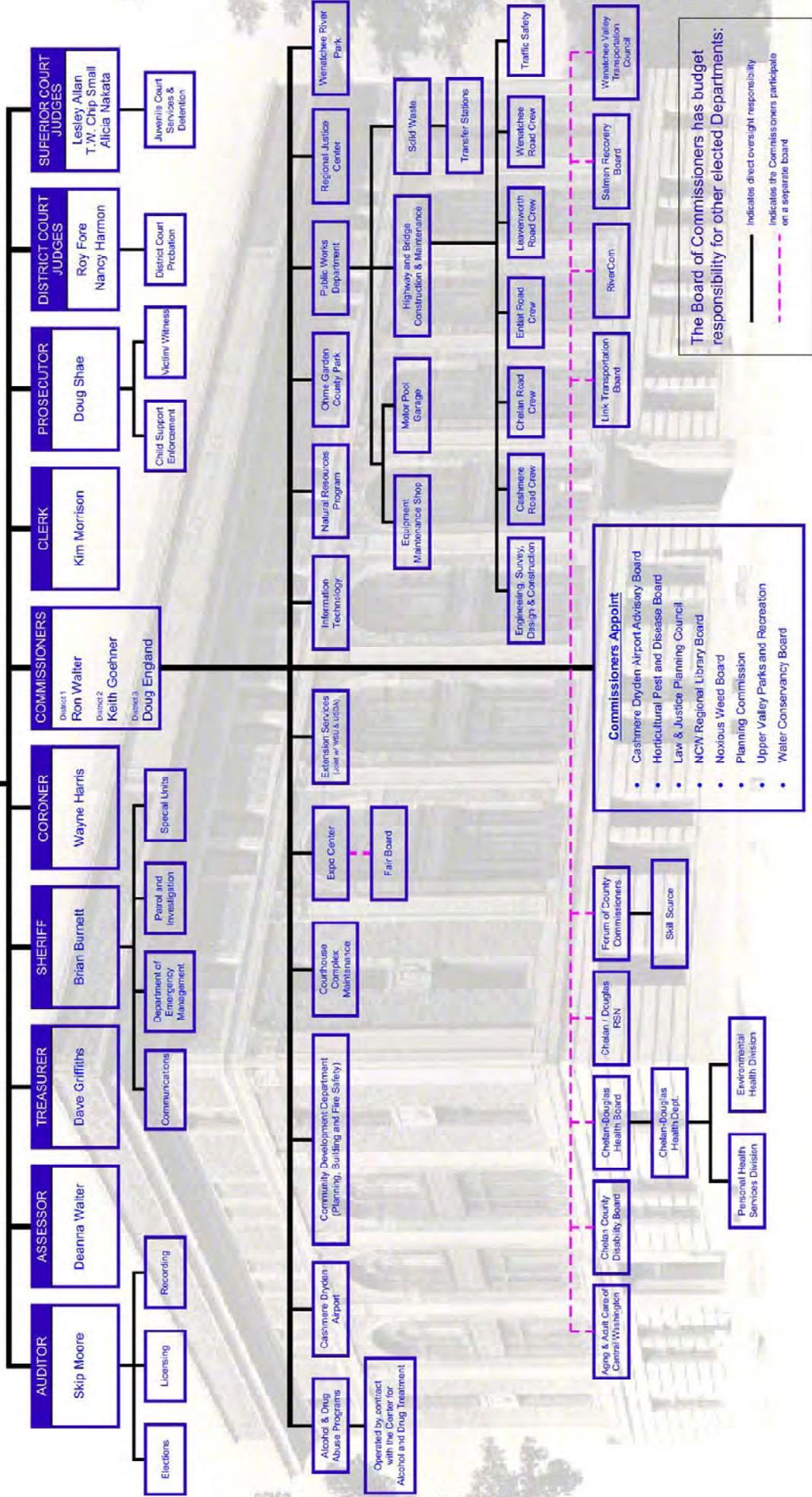
Executive Director



COUNTY OF CHELAN GOVERNMENTAL ORGANIZATION



CITIZENS OF CHELAN COUNTY (Electorate)



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, 2016
District 2	Keith Goehner	4	December 31, 2014
District 3	Doug England	4	December 31, 2016
Assessor	Deanna Walter	4	December 31, 2014
Auditor	Skip Moore	4	December 31, 2014
Clerk	Kim Morrison	4	December 31, 2014
Coroner	Wayne Harris	4	December 31, 2014
Prosecuting Attorney	Douglas Shae	4	November 26, 2013
Sheriff	Brian Burnett	4	December 31, 2014
Treasurer	David Griffiths	4	December 31, 2014
District Court Judges	Nancy Harmon	4	January 11, 2015
	Roy Fore	4	November 25, 2014
Superior Court Judges	Chip Small	4	January 8, 2017
	Lesley Allan	4	January 8, 2017
	Alicia Nakata	4	January 8, 2017



Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 26, 2013

Board of Commissioners
Chelan County
Wenatchee, Washington

REPORT ON FINANCIAL STATEMENTS

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chelan County, Washington, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, County Roads Special Revenue and Distressed Counties Tax Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2012, the County has implemented the Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 15 and information on postemployment benefits other than pensions on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The accompanying information listed as combining financial statements and supplementary information on pages 54 through 104 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 26, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in black ink and is positioned above the printed name and title.

TROY KELLEY
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, 2012. 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 \$86,932,126. Of this amount, \$9,265,251 may be used to meet the government's general ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,045,793.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$18,531,228, an increase of \$3,938,639 in comparison with the prior year. Approximately 24% of the fund balance is available for spending at the government's discretion. The rest is either restricted by outside sources or committed by the County for specific purposes.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$4,386,965, which is 15% of total general fund expenditures.
- The County's total non-current debt decreased by \$864,951 during the current fiscal year. The majority of this decrease was due 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 position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, and Distressed Counties Tax, which are all considered 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 19-25 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 & 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, Surface & Storm Water Utility, 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 26-28 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 29 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 30-52 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 54-104 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Chelan County, assets exceeded liabilities by \$86,932,126 at the close of the most recent fiscal year. This increased by \$6,045,793 over the previous year. Some of the growth was a reaction to the recent recession that drove the County to tighten the budgets of the General fund and County Roads fund to replenish the fund balances. Other net asset growth was due to large infrastructure assets being capitalized, selling a small piece of property, and modest growth in the local economy which drives sales tax.

Chelan County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & other assets	27,355,319	23,983,509	3,244,421	3,583,123	30,599,740	27,566,632
Capital assets (net of depr.)	77,374,617	75,765,185	2,084,570	2,246,166	79,459,187	78,011,351
Total assets	104,729,936	99,748,694	5,328,991	5,829,289	110,058,927	105,577,983
Long-term liabilities	18,222,960	19,071,764	520,422	536,570	18,743,382	19,608,334
Other liabilities	3,706,276	4,347,136	677,143	736,181	4,383,419	5,083,316
Total liabilities	21,929,236	23,418,899	1,197,565	1,272,751	23,126,801	24,691,650
Net position:						
Net investment in capital assets	62,812,448	60,286,575	2,084,570	2,246,075	64,897,018	62,532,650
Restricted	12,769,857	10,966,825	-	-	12,769,857	10,966,825
Unrestricted	7,218,396	5,076,395	2,046,856	2,310,463	9,265,251	7,386,858
Total net position	82,800,700	76,329,796	4,131,426	4,556,538	86,932,126	80,886,333

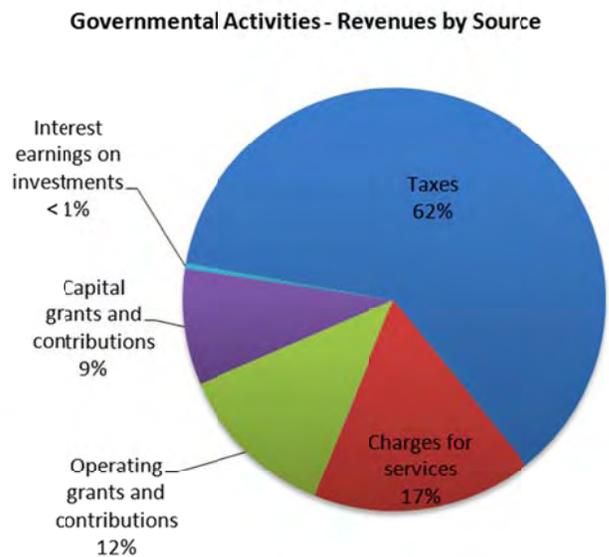
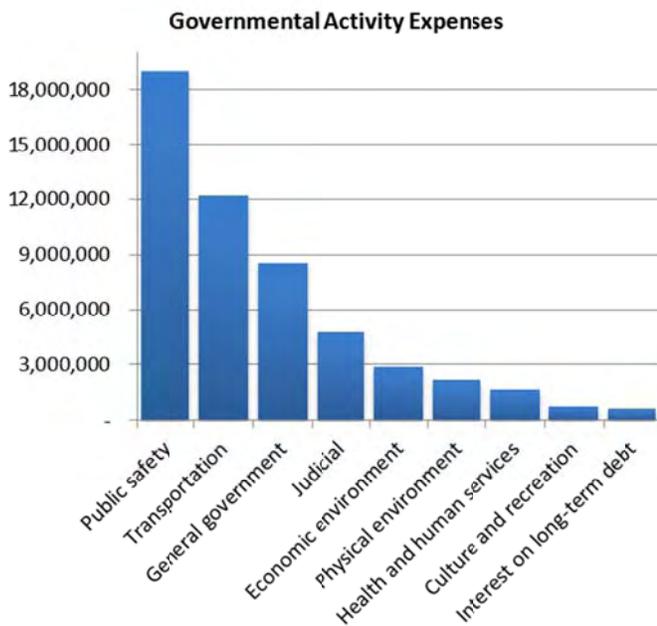
Chelan County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	9,946,322	10,099,974	9,633,511	10,582,422	19,579,833	20,682,396
Operating grants and contrib.	7,266,384	7,697,637	471,069	487,631	7,737,452	8,185,268
Capital grants and contributions	5,277,809	4,297,107	-	-	5,277,809	4,297,107
General revenues:						
Taxes	36,305,834	34,235,229	10,138	9,420	36,315,972	34,244,649
Interest earnings on invest.	227,235	158,001	975	969	228,210	158,970
Sale of asset	-	270,320	-	-	-	270,320
Total revenues	59,023,584	56,758,268	10,115,692	11,080,442	69,139,276	67,838,710
Program Expenses						
General government	8,533,353	8,419,537	-	-	8,533,353	8,419,537
Judicial	4,771,923	4,655,371	-	-	4,771,923	4,655,371
Public safety	18,994,713	18,938,202	-	-	18,994,713	18,938,202
Physical environment	2,166,320	2,536,994	-	-	2,166,320	2,536,994
Transportation	12,184,649	11,651,801	-	-	12,184,649	11,651,801
Health and human services	1,659,125	1,551,060	-	-	1,659,125	1,551,060
Economic environment	2,879,754	3,023,289	-	-	2,879,754	3,023,289
Culture and recreation	733,164	760,314	-	-	733,164	760,314
Utilities	-	-	1,566,644	1,414,523	1,566,644	1,414,523
Regional justice center	-	-	8,270,353	8,951,729	8,270,353	8,951,729
Other	-	-	693,808	700,388	693,808	700,388
Interest on long term debt	639,677	672,520	-	-	639,677	672,520
Total expenses	52,562,678	52,209,087	10,530,805	11,066,640	63,093,483	63,275,727
Excess (deficiency) revenues over (under) expenses	6,460,906	4,549,181	(415,113)	13,802	6,045,793	4,562,983
Transfers	10,000	(20,000)	(10,000)	20,000	-	-
Change in net position	6,470,906	4,529,181	(425,113)	33,802	6,045,793	4,562,983
Net position as of Jan 1, restated	76,329,795	71,800,613	4,556,538	4,522,737	80,886,333	76,323,350
Net position as of Dec 31	82,800,700	76,329,795	4,131,426	4,556,538	86,932,126	80,886,333

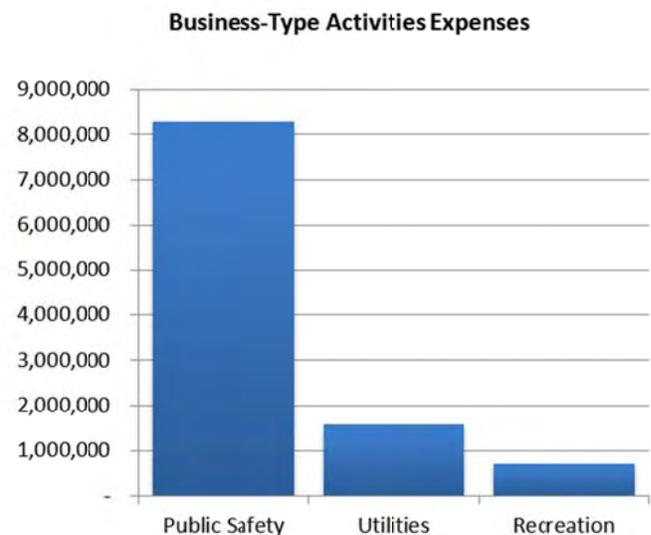
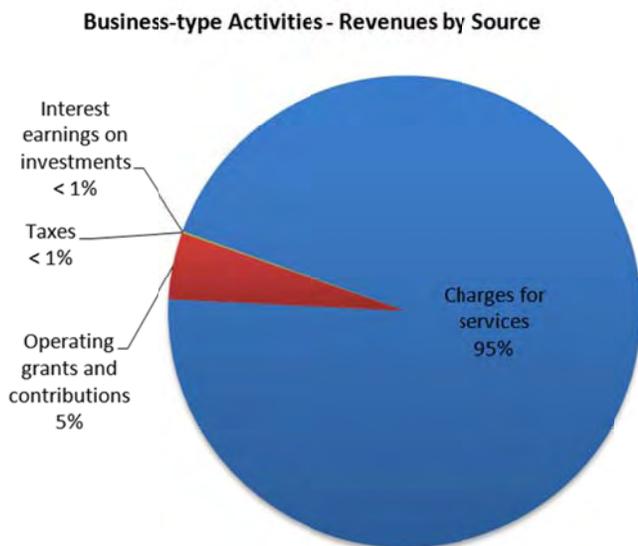
A large portion of the County's net position (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; 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 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 position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10%) may be used to meet the county's general ongoing obligations to citizens and creditors.

Governmental Activities. Chelan County's governmental activities increased the County's net position by \$6,470,906. This was due largely to the capitalization of a large infrastructure asset and budget reductions across the General and County Roads funds. The fund balances of these funds were hit hard during the economic downturn and expenses were reduced across all functions to rebuild the fund balances.



Business-type Activities. Business-type activities decreased Chelan County's net position by \$425,113. The Regional Justice Center housed fewer contract inmates during 2012 thereby bringing in less revenue. This account for the majority of the decrease in the business-type activities net position.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The General fund, County Roads, and Distressed Counties Tax funds were the County's major funds during the most recent fiscal year. Together these three funds account for 67% of total governmental fund assets and 63% of total government fund balance.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,531,228, an increase of \$3,938,639 in comparison with the prior year. The tightening of budgets in the General and County Roads funds along with an increase in tax revenues from a slightly better local economy were the driving factors in the overall increase. The majority of the fund balances are restricted to specific purposes by state law or contracts, which allows the funds to be available for spending within the designated funds. The general fund balance is unassigned and can be used for any County purposes established by statute.

The General fund is the chief operating fund of Chelan County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,386,965. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15% of total general fund expenditures.

The fund balance of Chelan County's General fund increased by \$2,155,510 during the current fiscal year. Due to the economic recession, between 2009 and 2010, General fund expenditures were reduced by almost \$3 million, a 10% expenditure reduction. These budget reductions allowed the General fund to start successfully rebuilding its fund balance in 2010 and continue that into 2012. In combination with the continued reduced expenditures, the local economy appears to be turning around slightly, resulting in increased tax revenues and increased fund balance.

The fund balance of the County Roads special revenue fund increased by \$1,113,074 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 2012, the major road projects were able to utilize more outside funding and less property tax revenues. This allowed the fund balance to grow.

The fund balance of the Distressed Counties Tax special revenue fund increased by \$406,088 during the current fiscal year. This primary use of these funds are currently to cover bond payments. During 2012, the tax revenue received exceeded the amounts used to pay off bond debt, accounting for the increase in fund balance.

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 position of the Solid Waste fund at the end of the year amounted to \$1,186,319. The total decrease in net position for this fund was \$6,780. This 2012 decrease in fund balance is much smaller than the 2011 decrease, showing growth in customer charges for services, and resulting in a relatively flat change in net position.

The Surface & Storm Water Utility net position increased by \$337,644 during the past fiscal year to \$1,506,247. The projects this fund will finance are still in the development stage, so the utility assessment is bringing in revenue while the projects are still in the planning stages. This has resulted in continual yearly growth to the net position.

Total net position of the Regional Justice Center fund at the end of the year amounted to \$619,522. The total decrease in net position for this fund was \$680,029. This decrease was due to fewer contracted inmates being housed, which reduced the revenue brought in by this fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual expenditures are generally less than final budgeted expenditures. 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 addition, 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 greater than budgeted revenues due to the slight turnaround of the local economy. Sales tax, delinquent property taxes, and payments in lieu of tax all came in greater than budgeted.

Differences between the original budget and the final amended budget amounted to \$783,574 of increases in expenditure appropriations. Of this budget increase, \$115,000 was to be funded out of an unexpected grant and an increase in reimbursements. The remaining \$668,574 was to be budgeted from available fund balance.

Department	Amount	Explanation
Auditor	30,000	To account for special election printing costs. From increased election reimbursement revenue.
Board of Equalization	1,420	To increase wages and benefits. From available fund balance.
Civil Service Commission	6,200	For contractual services. From available fund balance.
Commissioners	32,270	For legal services and document preservation. From available fund balance.
Coroner	2,500	For extra salary. From available fund balance.
District Court	18,008	For increased supplies and services. From available fund balance.
Non-Departmental	270,200	For increased services and severance pay. From available fund balance.
Sheriff	381,711	For wages, overtime, supplies and capital outlays. From grants and available fund balance.
Superior Court	41,265	For increased salaries, investigations, and juror fees. From available fund balance.
Total	783,574	

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, 2012, amounts to \$79,459,187 (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 2% (a 2% increase for governmental activities and a 7% decrease for business-type activities). In business-type activities, the decrease was due to the annual depreciation of the assets. In governmental activities, the increase was driven by major asset events such as: \$2,678,008 for the Upper Squilchuck Road infrastructure improvement; \$800,130 for the Chumstick Highway, Phase III infrastructure improvement; \$714,315 for the Entiat River Road Chip Seal Program infrastructure improvement; \$549,098 for County Roads equipment, and; \$203,755 for the Sheriff Patrol vehicles.

Chelan County's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	3,356,019	3,351,064	209,348	209,348	3,565,367	3,560,412
Other improvements	951,168	1,115,349	-	-	951,168	1,115,349
Construction in progress	2,088,326	5,655,330	-	-	2,088,326	5,655,330
Buildings & structures	27,226,198	28,208,671	1,196,214	1,188,585	28,422,412	29,397,256
Machinery & equipment	5,361,189	5,650,857	679,008	848,233	6,040,197	6,499,090
Infrastructure	38,391,717	31,783,914	-	-	38,391,717	31,783,914
Total	77,374,617	75,765,185	2,084,570	2,246,166	79,459,187	78,011,351

Additional information on the County's capital assets can be found in note 5 on page 38.

Long-term Debt. At the end of the current fiscal year, Chelan County had total bonded debt outstanding of \$15,220,000. The total amount of this debt is backed by the full faith and credit of the government. Chelan County's total bonded debt decreased by \$985,000 (6%) during the current fiscal year. This was due solely to the regularly scheduled bond payments. See note 8 on page 48 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 Position – presents information on all county governmental and business-type assets and liabilities, with the difference reported as net position.

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 position.

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 Position

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 Position – Proprietary Funds – presents information on all proprietary fund assets and liabilities, with the difference reported as change in net position 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 Position – 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 Position – presents information on private-purpose trust fund and agency fund assets and liabilities, with the difference reported as change in net position.

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 Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	14,632,448	2,377,427	17,009,876
Deposits with fiscal agents	100,045	12,810	112,854
Investments	6,335,783	540,970	6,876,753
Accounts receivable	305,989	50,726	356,715
Taxes receivable	866,758	-	866,758
Court judgements receivable	420,041	-	420,041
Due from other governments	4,096,313	268,007	4,364,320
Internal balances	5,519	(5,519)	-
Inventory	592,425	-	592,425
Capital assets not being depreciated:			
Land	3,356,019	209,348	3,565,367
Construction in progress	2,088,326	-	2,088,326
Capital assets, net of accumulated depreciation:			
Other improvements	951,168	-	951,168
Buildings	27,226,198	1,196,214	28,422,412
Equipment	5,361,189	679,008	6,040,197
Infrastructure	38,391,717	-	38,391,717
Total capital assets	77,374,617	2,084,570	79,459,187
Total assets:	104,729,936	5,328,991	110,058,927
Liabilities			
Accounts payable	1,246,862	128,189	1,375,051
Due to other governments	262,010	3,464	265,474
Accrued payroll liabilities	2,176,160	532,680	2,708,840
Deposits payable	21,245	12,810	34,054
Noncurrent liabilities:			
Due within one year	979,756	202,726	1,182,482
Due in more than one year	17,243,204	317,696	17,560,901
Total liabilities	21,929,236	1,197,565	23,126,801
Net Position			
Net investment in capital assets	62,812,448	2,084,570	64,897,018
Restricted for:			
Transportation	4,702,247	-	4,702,247
Capital projects	3,824,829	-	3,824,829
Security of persons and property	1,560,856	-	1,560,856
Economic environment	1,026,847	-	1,026,847
Health services	220,815	-	220,815
General government technology	639,091	-	639,091
Physical environment	489,536	-	489,536
Judicial improvements	305,636	-	305,636
Unrestricted	7,218,396	2,046,856	9,265,251
Total net position	82,800,700	4,131,426	86,932,126

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

CHELAN COUNTY, WASHINGTON

Statement of Activities

For the Year Ended December 31, 2012

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position - Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	8,533,353	2,569,347	267,561	14,178	(5,682,267)	-	(5,682,267)
Judicial	4,771,923	2,938,774	1,054,757	-	(778,392)	-	(778,392)
Public safety	18,994,713	2,464,283	2,081,710	23,477	(14,425,243)	-	(14,425,243)
Physical environment	2,166,320	344,126	2,536,377	-	714,183	-	714,183
Transportation	12,184,649	84,913	11,202	5,240,153	(6,848,381)	-	(6,848,381)
Health and human services	1,659,125	91	984,550	-	(674,483)	-	(674,483)
Economic environment	2,879,754	1,325,961	280,003	-	(1,273,790)	-	(1,273,790)
Culture and recreation	733,164	218,827	50,224	-	(464,114)	-	(464,114)
Interest on long-term debt	639,677	-	-	-	(639,677)	-	(639,677)
Total governmental activities	52,562,678	9,946,322	7,266,384	5,277,809	(30,072,164)	-	(30,072,164)
Business-type activities:							
Utilities	1,566,644	1,510,191	209,701	-	-	153,248	153,248
Public safety	8,270,353	7,522,109	68,214	-	-	(680,029)	(680,029)
Recreation	693,808	601,211	193,154	-	-	100,556	100,556
Total business-type activities	10,530,805	9,633,511	471,069	-	-	(426,225)	(426,225)
Total primary government	63,093,483	19,579,833	7,737,452	5,277,809	(30,072,164)	(426,225)	(30,498,389)
General revenues							
Taxes:							
Property					18,976,216	-	18,976,216
Sales and use					7,200,137	-	7,200,137
Motor vehicle fuel tax					2,125,370	-	2,125,370
Emergency communication tax					2,107,753	-	2,107,753
Federal land PILT					2,313,538	-	2,313,538
Other taxes					3,582,820	10,138	3,592,958
Interest and investment earnings					227,235	975	228,210
Transfers					10,000	(10,000)	-
Total general revenues and transfers					36,543,069	1,113	36,544,182
Change in net position					6,470,906	(425,113)	6,045,793
Net position - beginning, restated (note 14)					76,329,795	4,556,538	80,886,333
Net position - ending					82,800,700	4,131,426	86,932,126

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

CHELAN COUNTY, WASHINGTON

Balance Sheet
 Governmental Funds
 December 31, 2012

	General Fund	County Roads	Distressed Counties Tax	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	5,430,034	2,994,226	-	3,262,826	11,687,086
Deposits with fiscal agents	-	21,245	-	-	21,245
Investments	301,014	-	2,303,873	3,476,495	6,081,381
Accounts receivable	34,867	254,702	-	-	289,569
Property tax receivable	515,574	338,138	-	13,046	866,758
Court judgements receivable	420,041	-	-	-	420,041
Due from other funds	228,664	-	-	5,898	234,563
Interfund loan receivable	-	-	-	96,000	96,000
Due from other governments	312,784	2,762,377	-	1,020,479	4,095,639
Total assets	<u>7,242,978</u>	<u>6,370,688</u>	<u>2,303,873</u>	<u>7,874,744</u>	<u>23,792,282</u>
Liabilities					
Accounts payable	230,750	375,802	302	445,601	1,052,456
Due to other funds	6,326	314,776	-	104,528	425,629
Interfund loan payable	-	-	-	96,000	96,000
Due to other governments	65,125	4,412	-	192,003	261,541
Accrued payroll liability	1,618,198	419,664	-	79,524	2,117,386
Deposits payable	-	21,245	-	-	21,245
Total liabilities	<u>1,920,398</u>	<u>1,135,899</u>	<u>302</u>	<u>917,657</u>	<u>3,974,256</u>
Deferred Inflows of Resources					
Unavailable revenue - property tax	515,574	338,138	-	13,046	866,758
Unavailable revenue - court judgements	420,041	-	-	-	420,041
Total deferred inflows of resources	<u>935,615</u>	<u>338,138</u>	<u>-</u>	<u>13,046</u>	<u>1,286,799</u>
Fund Balances					
Restricted	-	4,896,651	2,303,571	6,650,297	13,850,519
Committed	-	-	-	293,744	293,744
Unassigned	4,386,965	-	-	-	4,386,965
Total fund balances	<u>4,386,965</u>	<u>4,896,651</u>	<u>2,303,571</u>	<u>6,944,041</u>	<u>18,531,228</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>7,242,978</u>	<u>6,370,688</u>	<u>2,303,873</u>	<u>7,874,744</u>	<u>23,792,282</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 Position December 31, 2012

Fund balances of governmental funds: 18,531,228

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	132,348,185	
Depreciation	(59,680,849)	
Capital assets net of depreciation		72,667,337

Deferred inflows of resources that are not available to finance current liabilities are excluded from governmental activities.

Property tax	866,758	
Court judgements	420,041	
Deferred inflows of resources		1,286,799

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

Bonds payable	(15,220,000)	
Compensated absences	(1,593,316)	
OPEB benefit for LEOFF	(1,257,202)	
Working capital loan for Substance Abuse	(110,394)	
Long-term debt		(18,180,912)

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 position.

Assets	8,864,830	
Liabilities	(368,581)	
Internal service net position		8,496,249

Net position of governmental activities 82,800,700

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, 2012

	General Fund	County Roads	Distressed Counties Tax	Nonmajor Governmental Funds	Total
Revenues					
Taxes	17,329,861	6,873,729	1,271,986	5,000,024	30,475,600
Licenses and permits	686,805	-	-	-	686,805
Intergovernmental revenues	9,178,057	8,145,151	-	3,850,893	21,174,100
Charges for services	2,283,444	71,534	-	1,167,957	3,522,935
Fees and fines	1,067,991	-	-	33,993	1,101,984
Miscellaneous	569,004	4,464	4,185	365,694	943,347
Total revenues	<u>31,115,162</u>	<u>15,094,878</u>	<u>1,276,172</u>	<u>10,418,560</u>	<u>57,904,771</u>
Expenditures					
Current:					
General government	11,768,098	5,625	-	233,916	12,007,638
Security of persons and property	15,260,217	-	-	3,075,360	18,335,576
Utilities and environment	131,500	-	-	2,021,812	2,153,312
Transportation	-	8,718,125	-	40,874	8,758,999
Economic environment	1,253,443	-	5,622	1,714,880	2,973,945
Mental and physical health	475,006	-	-	1,236,752	1,711,758
Culture and recreation	282,286	-	-	222,878	505,164
Debt Service:					
Principal	-	-	760,000	100,000	860,000
Interest and other charges	-	-	104,462	535,215	639,677
Capital outlay	29,259	5,667,696	-	342,748	6,039,704
Total expenditures	<u>29,199,809</u>	<u>14,391,445</u>	<u>870,083</u>	<u>9,524,436</u>	<u>53,985,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,915,352</u>	<u>703,433</u>	<u>406,088</u>	<u>894,124</u>	<u>3,918,997</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	9,642	-	-	9,642
Transfers in	270,158	400,000	-	35,000	705,158
Transfers out	(30,000)	-	-	(665,158)	(695,158)
Total other financing sources and uses	<u>240,158</u>	<u>409,642</u>	<u>-</u>	<u>(630,158)</u>	<u>19,642</u>
Net change in fund balances	<u>2,155,510</u>	<u>1,113,074</u>	<u>406,088</u>	<u>263,966</u>	<u>3,938,639</u>
Fund balances - beginning	<u>2,231,455</u>	<u>3,783,577</u>	<u>1,897,483</u>	<u>6,680,075</u>	<u>14,592,589</u>
Fund balances - ending	<u>4,386,965</u>	<u>4,896,651</u>	<u>2,303,571</u>	<u>6,944,041</u>	<u>18,531,228</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, 2012

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

Net change in fund balances - total governmental funds (page 20) 3,938,639

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	11,221,923	
Disposition of capital assets	(6,037,749)	
Depreciation expense	<u>(3,303,865)</u>	
		1,880,309

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

Decreases in governmental fund court judgements receivable	(6,956)	
Decreases in governmental fund taxes receivable	<u>(172,126)</u>	
		(179,082)

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 position. 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	985,000	
Increase in liability for OPEB benefit for LEOFF	(477,660)	
Contributions toward OPEB benefit for LEOFF	306,057	
Increases in governmental fund compensated absences payable	(18,751)	
Decreases in governmental fund compensated absences payable	<u>52,411</u>	
		847,056

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

(16,016)

Change in net position of governmental activities (page 17)

6,470,906

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, 2012

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Reserve	0	0	509	509
Assessor	40	40	88,340	88,300
Auditor	853,967	883,967	959,325	75,358
Community Development	1,011,307	1,011,307	1,174,723	163,416
Clerk	786,515	786,515	849,084	62,569
Commissioners	9,153,453	9,153,453	10,187,789	1,034,336
Coroner	15,000	15,000	15,892	892
Information Technology	107,444	107,444	107,444	(0)
Facilities Maintenance	634,294	634,294	636,572	2,278
District Court	1,319,653	1,319,653	1,285,045	(34,608)
District Court Probation	306,529	306,529	290,560	(15,969)
Extension	56,385	56,385	52,731	(3,654)
Juvenile	653,997	653,997	697,649	43,652
Non-Departmental	623,440	623,440	580,374	(43,066)
Child Support Enforcement	402,638	402,638	326,200	(76,438)
Prosecuting Attorney	561,841	561,841	536,059	(25,782)
Sheriff	2,685,926	2,770,926	2,746,272	(24,654)
Superior Court	89,951	89,951	115,079	25,128
Treasurer	1,093,218	1,093,218	1,493,589	400,371
Taxes	10,572,216	10,572,216	10,774,985	202,769
Total revenues	30,927,814	31,042,814	32,918,221	1,875,407
Expenditures				
Assessor	1,107,849	1,107,849	1,052,802	55,047
Auditor	1,058,166	1,088,166	1,045,618	42,548
Board of Equalization	7,045	8,465	5,683	2,782
Community Development	1,476,894	1,411,894	1,300,925	110,969
Civil Service Commission	11,097	17,297	16,705	592
Clerk	1,014,020	1,014,020	988,774	25,246
Commissioners	657,054	689,324	670,253	19,071
Coroner	168,850	171,350	166,388	4,962
Information Technology	600,422	600,422	599,670	752
Facilities Maintenance	1,466,271	1,466,271	1,347,213	119,058
District Court	1,131,163	1,149,171	1,066,222	82,949
District Court Probation	405,227	405,227	399,144	6,083
Extension	275,735	275,735	272,107	3,628
Juvenile	2,598,999	2,598,999	2,536,365	62,634
Non-Departmental	7,215,183	7,550,383	7,389,342	161,041
Child Support Enforcement	354,044	354,044	300,064	53,980
Prosecuting Attorney	1,792,224	1,792,224	1,707,601	84,623
Sheriff	7,982,690	8,364,401	8,347,853	16,548
Superior Court	963,606	1,004,871	991,162	13,709
Treasurer	577,206	577,206	558,819	18,387
Total expenditures	30,863,745	31,647,319	30,762,710	884,609
Excess (deficiency) of revenues over (under) expenditures	64,069	(604,505)	2,155,510	2,760,015
Fund balances - beginning	1,600,000	1,600,000	2,231,455	631,455
Fund balances - ending	1,664,069	995,495	4,386,965	3,391,470

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	6,769,847	6,769,847	6,873,729	103,882
Intergovernmental revenues	10,225,170	10,225,170	8,145,151	(2,080,019)
Charges for services	22,000	22,000	71,534	49,534
Miscellaneous	500	500	4,464	3,964
Total revenues	<u>17,017,517</u>	<u>17,017,517</u>	<u>15,094,878</u>	<u>(1,922,639)</u>
Expenditures				
Current:				
General government	-	-	5,625	(5,625)
Transportation	8,847,477	8,847,477	8,718,125	129,352
Capital outlay	8,956,000	8,956,000	5,667,696	3,288,304
Total expenditures	<u>17,803,477</u>	<u>17,803,477</u>	<u>14,391,445</u>	<u>3,412,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(785,960)</u>	<u>(785,960)</u>	<u>703,433</u>	<u>1,489,393</u>
Other Financing Sources (Uses)				
Sale of capital assets	4,800	4,800	9,642	4,842
Transfers in	400,000	400,000	400,000	-
Total other financing sources and uses	<u>404,800</u>	<u>404,800</u>	<u>409,642</u>	<u>4,842</u>
Net change in fund balances	(381,160)	(381,160)	1,113,074	1,494,234
Fund balances - beginning	<u>2,646,179</u>	<u>2,646,179</u>	<u>3,783,577</u>	<u>1,137,398</u>
Fund balances - ending	<u><u>2,265,019</u></u>	<u><u>2,265,019</u></u>	<u><u>4,896,651</u></u>	<u><u>2,631,632</u></u>

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

CHELAN COUNTY, WASHINGTON

Distressed Counties Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	1,200,000	1,200,000	1,271,986	71,986
Miscellaneous	5,000	5,000	4,185	(815)
Total revenues	<u>1,205,000</u>	<u>1,205,000</u>	<u>1,276,172</u>	<u>71,171</u>
Expenditures				
Current:				
Economic Environment	305,320	305,320	5,622	299,698
Debt Service				
Principal	760,000	760,000	760,000	-
Interest	104,462	104,462	104,462	0
Total expenditures	<u>1,169,782</u>	<u>1,169,782</u>	<u>870,083</u>	<u>299,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,218</u>	<u>35,218</u>	<u>406,088</u>	<u>370,870</u>
Fund balances - beginning	<u>1,810,000</u>	<u>1,810,000</u>	<u>1,897,483</u>	<u>87,483</u>
Fund balances - ending	<u><u>1,845,218</u></u>	<u><u>1,845,218</u></u>	<u><u>2,303,571</u></u>	<u><u>458,353</u></u>

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

CHELAN COUNTY, WASHINGTON

Statement of Net Position
 Proprietary Funds
 December 31, 2012

	Business-Type Activities Enterprise Funds				Totals	Governmental Activities
	Solid Waste	Surface & Storm Water Utility	Regional Justice Center	Nonmajor Enterprise Funds		Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	112,625	1,355,324	637,954	271,524	2,377,427	2,945,362
Deposits with fiscal agents	12,810	-	-	-	12,810	78,800
Investments	360,088	-	-	180,882	540,970	254,401
Accounts receivable	49,859	-	867	-	50,726	16,419
Due from other funds	14	-	952	-	966	269,469
Due from other governments	19,887	57,214	189,281	1,625	268,007	673
Inventory	-	-	-	-	-	592,425
Total current assets	555,282	1,412,538	829,055	454,031	3,250,906	4,157,549
Noncurrent assets:						
Capital assets: net of accumulated depreciation)						
Land	8,096	-	-	201,252	209,348	-
Buildings	407,824	59,168	682,940	46,282	1,196,214	30,771
Equipment	307,027	39,836	141,015	191,130	679,008	4,676,510
Total noncurrent assets	722,947	99,004	823,955	438,663	2,084,570	4,707,281
Total assets	1,278,229	1,511,542	1,653,010	892,695	5,335,476	8,864,830
Liabilities						
Current liabilities:						
Accounts payable	59,529	4,290	27,882	36,488	128,189	194,406
Due to other funds	2,459	-	4,026	-	6,485	72,884
Due to other governments	335	-	1,638	1,491	3,464	469
Accrued payroll liability	11,615	1,004	494,218	25,843	532,680	58,774
Deposits payable	12,810	-	-	-	12,810	-
Compensated absences	2,011	-	197,000	3,715	202,726	5,773
Total current liabilities	88,759	5,295	724,764	67,536	886,354	332,306
Noncurrent liabilities:						
Compensated absences	3,151	-	308,724	5,821	317,696	36,275
Total noncurrent liabilities	3,151	-	308,724	5,821	317,696	36,275
Total liabilities	91,910	5,295	1,033,488	73,358	1,204,050	368,581
Net Position						
Investment in capital assets	722,947	99,004	823,955	438,663	2,084,570	4,707,281
Unrestricted	463,372	1,407,243	(204,433)	380,674	2,046,856	3,788,968
Total net position	1,186,319	1,506,247	619,522	819,337	4,131,426	8,496,249

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

CHELAN COUNTY, WASHINGTON

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ending December 31, 2012

	Business-Type Activities				Totals	Governmental
	Enterprise Funds			Internal		
	Solid Waste	Surface & Storm Water Utility	Regional Justice Center	Nonmajor Enterprise Funds		Service Fund
Operating Revenues						
Intergovernmental revenues	-	-	24,800	-	24,800	-
Charges for services	1,063,332	332,720	7,183,725	209,456	8,789,232	647,111
Fines & forfeits	-	-	16,731	-	16,731	-
Miscellaneous	60,720	-	296,854	422,616	780,190	10,112,269
Total operating revenues	1,124,052	332,720	7,522,109	632,071	9,610,953	10,759,380
Operating Expenses						
Salaries	129,688	21,669	4,649,285	312,661	5,113,303	502,773
Personnel benefits	44,283	10,114	1,992,543	100,117	2,147,058	177,760
Supplies	20,178	2,288	364,331	70,264	457,062	1,716,697
Other services & charges	795,772	32,425	291,875	429,908	1,549,980	6,825,642
Intergovernmental/interfund services and taxes	27,191	-	-	4,514	31,704	-
Interfund payments for services	80,929	3,460	853,602	72,658	1,010,649	444,641
Depreciation	62,112	4,800	118,716	35,419	221,048	1,107,818
Total operating expenses	1,160,153	74,758	8,270,353	1,025,541	10,530,805	10,775,331
Operating income (loss)	(36,102)	257,963	(748,243)	(393,470)	(919,852)	(15,950)
Nonoperating Revenues (Expenses)						
Grants and assistance	29,321	79,681	68,214	327,524	504,740	-
Gain on sale of capital assets	-	-	-	-	-	38,576
Loss on disposal of assets	-	-	-	-	-	(38,642)
Total nonoperating revenues (expenses)	29,321	79,681	68,214	327,524	504,740	(66)
Income (loss) before transfers	(6,780)	337,644	(680,029)	(65,946)	(415,113)	(16,016)
Transfers in	-	-	-	40,000	40,000	1,022,327
Transfers out	-	-	-	(50,000)	(50,000)	(1,022,327)
Change in net position	(6,780)	337,644	(680,029)	(75,946)	(425,113)	(16,016)
Net position - beginning, restated (note 14)	1,193,100	1,168,604	1,299,552	895,283	4,556,538	8,512,265
Net position - ending	1,186,319	1,506,247	619,522	819,337	4,131,426	8,496,249

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, 2012

	Business-Type Activities				Totals	Governmental
	Enterprise Funds					Activities
	Solid Waste	Surface & Storm Water Utility	Regional Justice Center	Nonmajor Enterprise Funds		Internal Service Funds
Cash Flows From Operating Activities:						
Cash received from customers and users	1,096,960	275,506	7,627,222	675,145	9,674,833	10,672,949
Cash payments to suppliers	(900,747)	(33,883)	(1,532,837)	(574,454)	(3,041,922)	(9,175,896)
Cash payments to employees and retirees	(176,070)	(32,904)	(6,719,849)	(414,379)	(7,343,202)	(687,570)
Net cash provided (used) by operating activities	20,144	208,719	(625,465)	(313,688)	(710,290)	809,484
Cash Flows From Noncapital Financing Activities						
Grants and assistance	29,321	79,681	68,214	327,524	504,740	-
Transfers in	-	-	-	40,000	40,000	358,783
Transfers out	-	-	-	(50,000)	(50,000)	(358,783)
Net cash provided (used) by noncapital financing activities	29,321	79,681	68,214	317,524	494,740	-
Cash Flows From Capital Financing Activities						
Proceeds from sale of equipment	-	-	-	-	-	38,576
Acquisition and construction of capital assets	-	(59,451)	-	-	(59,451)	(875,583)
Net cash provided (used) by capital financing activities	-	(59,451)	-	-	(59,451)	(837,008)
Cash Flows From Investing Activities						
Proceeds from sales and maturities of investments	18,470	-	-	-	18,470	-
Purchase of investments	(460)	-	-	(319)	(779)	(448)
Net cash provided (used) by investing activities	18,010	-	-	(319)	17,691	(448)
Net increase (decrease) in cash and cash equivalents	67,475	228,949	(557,251)	3,517	(257,311)	(27,972)
Cash and cash equivalents, January 1	45,150	1,126,375	1,195,205	268,007	2,634,738	2,973,334
Cash and cash equivalents, December 31	112,625	1,355,324	637,954	271,524	2,377,427	2,945,362
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(36,102)	257,963	(748,243)	(393,470)	(919,852)	(15,950)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:						
Depreciation and amortization of deferred charge	62,112	4,800	118,716	35,419	221,048	1,107,818
(Increase) decrease in accounts receivable	(27,317)	-	4,234	30	(23,053)	5,367
(Increase) decrease in due from other funds/gov	226	(57,214)	100,878	43,044	86,934	(91,798)
(Increase) decrease in inventory/prepaid expenses	-	-	-	-	-	127,945
Increase (decrease) in vouchers/contracts payable	22,248	4,290	(19,786)	25,765	32,517	(322,313)
Increase (decrease) in due to other funds/gov	1,075	-	(3,242)	(22,876)	(25,043)	5,453
Increase (decrease) in accrued payroll liabilities	(2,596)	(1,120)	(58,863)	(4,112)	(66,692)	(5,289)
Increase (decrease) in accrued employee leave benefits	498	-	(19,158)	2,512	(16,149)	(1,747)
Total adjustments	56,246	(49,244)	122,778	79,782	209,562	825,434
Net cash provided (used) by operating activities	20,144	208,719	(625,465)	(313,688)	(710,290)	809,484

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 Position

Fiduciary Funds

December 31, 2012

	<u>Agency Funds</u>
Assets	
Cash	15,476,065
Investments	76,730,012
Deposits with fiscal agents	2,836,403
Taxes receivable	3,442,855
Total assets	<u>98,485,335</u>
Liabilities	
Accounts payable	751,100
Other accrued liabilities	498,998
Custodial accounts	97,235,237
Total liabilities	<u>98,485,335</u>

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

CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2012

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CHELAN COUNTY, WASHINGTON

Notes to the Financial Statements
December 31, 2012

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Chelan County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Chelan County reports the following major governmental funds:

- The General fund (Current Expense) is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Roads special revenue fund accounts for the finance, design, construction, and maintenance of Chelan County roads. The majority of its funding comes from property taxes, motor vehicle fuel taxes, and state and federal grants.
- The Distressed Counties Tax fund must be used for public facilities and infrastructure which promote economic development. The revenue comes from a portion of the state sales tax that is distributed to rural counties.

Chelan County reports the following major proprietary funds:

- The Solid Waste fund accounts for the operations of solid waste disposal and management.
- The Surface & Storm Water Management Utility receives its revenue from an assessment on property in the unincorporated areas of Chelan County and grants. The fund is used to aid in the effort to implement the Storm Water Management Plan required by the Clean Water Act and to construct new storm water infrastructure.
- The Regional Justice Center fund accounts for the operation of the Chelan County regional correction facility. It receives its funding from providing Jail bed space to other entities as well as the Chelan County General fund.

Additionally, Chelan County reports the following fund types:

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

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

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

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

D. Assets, Liabilities and Equities

1. Deposits and Investments

It is the County's policy to invest all temporary cash surpluses. At December 31, 2012, the Treasurer was holding \$23,076,716 in residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is credited to the general fund.

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

2. Receivables

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

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

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund loans receivable/payable". 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 11.

4. Inventories

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. Implementation of GASB Statement 65

During 2012, Chelan County implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This statement changed the way deferred inflows and resources are displayed on the Balance Sheet of the Governmental Funds. Deferred inflows of resources were previously classified as an offsetting liability called deferred revenue. Due to Statement 65, they are now displayed in a separate section on the Balance Sheet and titled “Unavailable revenue.”

10. Deferred Inflows of Resources

Deferred inflows of resources in the fund financial statements include delinquent taxes and court judgments that are earned, but not yet available under the modified accrual basis of accounting.

11. Fund Balance Classification

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

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

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

12. Minimum Fund Balance Policy

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

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

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

13. Detailed Fund Balance Constraints

Fund Balances:	Special Revenue Funds				Nonmajor Capital Projects Funds	Total
	General Fund	County Roads	Distressed Counties Tax	Nonmajor Special Revenue Funds		
Restricted for:						
Transportation	-	4,896,651	-	68,571	-	4,965,222
Public safety	-	-	-	1,560,856	-	1,560,856
Archiving	-	-	-	281,965	-	281,965
Housing	-	-	-	462,920	-	462,920
Pest control	-	-	-	60,618	-	60,618
Technology	-	-	-	242,898	-	242,898
Weed control	-	-	-	10,967	-	10,967
Judicial	-	-	-	305,636	-	305,636
Veterans	-	-	-	280,240	-	280,240
Mental health	-	-	-	3,466	-	3,466
Foreclosure costs	-	-	-	114,228	-	114,228
Tourism	-	-	-	563,927	-	563,927
Natural resources	-	-	-	467,413	-	467,413
Substance abuse	-	-	-	47,503	-	47,503
L&J renovation	-	-	-	-	657,831	657,831
Other capital projects	-	-	2,303,571	-	1,521,258	3,824,829
Committed to:						
Public safety	-	-	-	48,839	-	48,839
Parks	-	-	-	91,479	-	91,479
Parent education	-	-	-	24,051	-	24,051
Transportation	-	-	-	22,665	-	22,665
Elections	-	-	-	106,711	-	106,711
Unassigned	4,386,965	-	-	-	-	4,386,965
	<u>4,386,965</u>	<u>4,896,651</u>	<u>2,303,571</u>	<u>4,764,953</u>	<u>2,179,089</u>	<u>18,531,228</u>

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for general, special revenue, debt service, capital project, and proprietary funds on the modified accrual basis of accounting. However, interfund activity is also budgeted and must be removed (see note 2(A)(5) for a reconciliation to GAAP basis). 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 2012 budget and the expenditures occurred late in 2012 after any supplemental budget appropriations could be legally made.

The 911 Communications fund expenditures exceeded appropriations by \$130,430. The excess expenditures were covered with revenue that was passed on to the regional 911 center.

The REET 2 Capital Improvement fund expenditures exceeded appropriations by \$7,094. The excess expenditures were covered with the REET 2 Capital Improvement fund balance.

The Solid Waste Planning fund expenditures exceeded appropriations by \$62,930. The excess expenditures were covered with the Solid Waste Planning fund balance.

The Motor Pool fund expenditures exceeded appropriations by \$65,223 because this was the first year they were operating outside the combined ER&R fund. The excess expenditures were covered with the Motor Pool fund balance.

5. Reconciliation of Budgetary and Actual Statements

The total revenues and total expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary and Actual do not tie to the total revenues and total expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances due to the elimination of interfund activity and separation of other financing sources and uses.

General Fund	Revenues	Expenditures
Budgetary basis	32,918,221	30,762,710
Interfund activity	(1,532,901)	(1,532,901)
Transfers	(270,158)	(30,000)
GAAP basis	31,115,162	29,199,809

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, 2012 the County had the following investments:

Investments	Weighted average maturity of Chelan County's own investments	Fair value of Chelan County's own investments	Fair value of investments held by Chelan County as an agent for other local governments	Total
State investment pool	less than 90 days	6,876,753	74,373,163	81,249,916
U.S. government securities	N/A	-	600,000	600,000
Certificate of deposit	N/A	-	1,696,810	1,696,810
Municipal money market	N/A	-	60,039	60,039
Total		6,876,753	76,730,012	83,606,765

Surplus cash pooled and invested, listed as cash and cash equivalents in the financial statements See Note 1(D)		
State investment pool	less than 90 days	14,851,043
Municipal money market	less than 90 days	1,000,126
U.S. government securities	24 months	6,975,547
Certificate of deposit	29 months	250,000
		23,076,716

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

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

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

NOTE 4 - PROPERTY TAXES

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

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

In governmental funds, property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are

recognized for collections expected to occur within 60 days. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

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

The County's regular levy for 2012 was \$1.224 per \$1,000 on an assessed valuation of \$8,928,599,905 for a total regular levy of \$10,929,211.

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 2012 was \$1.313 per \$1,000 on an assessed valuation of \$5,147,419,181 for a total road levy of \$6,758,333.

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, 2012 was as follows:

Governmental Activities	Beginning Balance 01/01/2012	Increases	Decreases	Ending Balance 12/31/2012
Capital assets, not being depreciated:				
Land	3,351,064	4,955	-	3,356,019
Construction in progress	5,655,330	1,737,484	5,304,489	2,088,326
Total capital assets, not being depreciated	9,006,394	1,742,439	5,304,489	5,444,345
Capital assets, being depreciated:				
Other improvements	2,141,035	-	-	2,141,035
Buildings and structures	50,445,053	37,600	-	50,482,653
Machinery and equipment	20,322,295	1,016,796	680,823	20,658,268
Infrastructure	62,573,252	9,300,672	616,395	71,257,529
Total capital assets being depreciated	135,481,635	10,355,067	1,297,218	144,539,484
Less accumulated depreciation for:				
Other improvements	1,025,686	164,180	-	1,189,866
Buildings and structures	22,236,382	1,020,073	-	23,256,455
Machinery and equipment	14,671,438	1,232,297	606,656	15,297,079
Infrastructure	30,789,338	2,631,229	554,755	32,865,812
Total accumulated depreciation	68,722,845	5,047,779	1,161,411	72,609,212
Total capital assets, being depreciated, net	66,758,790	5,307,289	135,806	71,930,273
Governmental activities capital assets, net	75,765,185	7,049,728	5,440,295	77,374,617

Depreciation expense was charged to functions as follows:

General government	633,461
Judicial	9,379
Public safety	477,827
Physical environment	13,008
Transportation	3,632,650
Economic environment	30,136
Culture and recreation	251,318
Total depreciation - governmental activities	5,047,779

Business-Type Activities	Beginning Balance 01/01/2012	Increases	Decreases	Ending Balance 12/31/2012
Capital assets, not being depreciated:				
Land	209,348	-	-	209,348
Total capital assets, not being depreciated	209,348	-	-	209,348
Capital assets, being depreciated:				
Buildings and structures	2,461,993	59,451	-	2,521,444
Machinery and equipment	1,844,675	-	-	1,844,675
Total capital assets being depreciated	4,306,668	59,451	-	4,366,119
Less accumulated depreciation for:				
Buildings and structures	1,273,408	51,822	-	1,325,230
Machinery and equipment	996,442	169,225	-	1,165,668
Total accumulated depreciation	2,269,850	221,048	-	2,490,898
Total capital assets, being depreciated, net	2,036,818	(161,596)	-	1,875,222
Business-type activities capital assets, net	2,246,166	(161,596)	-	2,084,570
Depreciation expense was charged to functions as follows:				
Public safety		118,716		
Utilities		94,160		
Culture and recreation		8,171		
Total depreciation - business-type activities		221,048		

NOTE 6 - PENSION PLANS

Substantially all County full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Washington State Department of Retirement Systems under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained from the Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

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

1. Plan Description

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

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

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

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

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service. PERS 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, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for 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. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

PERS Plan 1 members can receive credit for military service 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.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

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. The AFC is the monthly average of the 60 consecutive highest-paid service months. 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 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 (1) with a benefit that is reduced by 3 percent for each year before age 65 or, (2) 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. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan. For DRS' fiscal year 2012, PERS Plan 3 employee contributions were \$95.2 million, and plan refunds paid out were \$66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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 by 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 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

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.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PERS Plan 2 and Plan 3 members can 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. This provision applies to any member killed in the course of employment, on or after June 10, 2004, 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 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 the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Members who chose to participate 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; stop contributing to the Judicial Retirement Account (JRA); pay higher contributions; 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; not be subject to a benefit cap; continue to participate in JRA, if applicable; continue to pay contributions at the regular PERS rate; and never be a participant in the JBM Program.

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

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and beneficiaries receiving benefits	79,363
Terminated plan members entitled to but not yet receiving benefits	29,925
Active plan members vested	105,578
Active plan members nonvested	46,839
Total	261,705

2. Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2012 are as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.21%	7.21%	7.21% **
Employee	6.00%	4.64%	***

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

** Plan 3 defined benefit portion only.

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

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.21%	7.21%	7.21%
Employee	12.26%	11.60%	7.50%***

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

** Plan 3 defined benefit portion only.

*** Minimum rate.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2012	64,693	936,695	221,657
2011	70,719	800,020	184,509
2010	69,498	685,258	151,177

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

1. Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

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.

LEOFF 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. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior

to the age of 53 receive reduced benefits. 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. Otherwise, the benefits are actuarially reduced 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 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. 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 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 catastrophically 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 benefit 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 receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit. 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, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Legislation passed in 2009 provides to the Washington-state-registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

There are 373 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and beneficiaries receiving benefits	9,947
Terminated plan members entitled to but not yet receiving benefits	656
Active plan members vested	13,942
Active plan members nonvested	3,113
Total	27,658

2. Funding Policy

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

The Legislature, by means of a special funding arrangement, appropriates 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 recommendations 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. For DRS' fiscal year 2012, the state contributed \$52.8 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2012, 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
2012	210,700
2011	198,894
2010	203,320

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

1. Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

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

PSERS membership includes:

- Full-time employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- 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, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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

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

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) 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, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. 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 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.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. 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). 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 members can receive service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

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. 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, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2011:

Retirees and beneficiaries receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	1
Active plan members vested	167
Active plan members nonvested	4,020
Total	4,203

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. 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, 2012, were as follows:

	PSERS Plan 2
Employer*	8.87%
Employee	6.36%

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

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

	PSERS Plan 2
2012	144,596
2011	128,106
2010	105,751

NOTE 7 - RISK MANAGEMENT

A. Risk Pool

Chelan County was one of the twenty-seven county members of the Washington Counties Risk Pool ("Pool") during 2012. The Pool was formed August 18, 1988 when several Washington counties signed an Interlocal (Cooperative) Agreement. It was established to provide its member counties with "joint" programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management. The Pool operates under Washington's "pooling" laws, more specifically Chapters 48.62 RCW and 82.60 WAC and implemented via Chapter 39.34 RCW. It is overseen by the State Risk Manager and is subject to fiscal audits performed annually by the State Auditor.

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

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

Pool member counties presently acquire \$20 million (with another \$5 million optional) of joint liability coverage on a "per occurrence" basis for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, and includes public officials' errors and omissions. Annually, members select a per occurrence deductible amount of \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. The initial \$10 million of coverage, less the retention (the greater of the member's deductible or \$100,000), is fully reinsured by superior-

rated commercial carriers. The remaining insurance, up to \$15 million, is acquired from superior-rated commercial carriers as “following form” excess insurance. There are no aggregate limits to the payments made for any one member county or all member counties combined.

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

The Washington Counties Risk Pool is a cooperative program, so there is joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Pool member counties are required to timely submit their 3rd party liability claims which are handled by the Pool’s staff. This includes establishing reserves for both reported and unreported covered events, as well as estimates of the undiscounted future cash payments for losses and related claims adjustment expenses. Deficits resulting from any Pool fiscal year are financed by proportional reassessments against that year’s membership. The Pool’s reassessments receivable balance as of December 31, 2012 was zero, as no contingent liabilities were known to exist at that time.

B. Risk Management

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

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

NOTE 8 - LONG-TERM DEBT

A. Long-Term Debt

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

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount Outstanding
2002 LTGO E911 bonds for acquisition and construction of a multi-jurisdictional public safety answering point for use by the county and other governmental agencies, original issue \$2,560,000	Not to exceed 5.0%	1,570,000
2003 LTGO 2003A bonds to make improvements to certain county facilities, original issue \$3,445,000	2.0% - 4.5%	2,180,000
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%	3,520,000
2009 LTGO bonds for the law and justice facility renovation, original issue \$8,150,000	2.0% - 5.0%	7,950,000
Total		15,220,000

The annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2013	755,000	678,594
2014	780,000	650,890
2015	805,000	621,308
2016	835,000	585,859
2017	870,000	548,852
2018-2022	4,065,000	2,207,651
2023-2027	2,020,000	1,518,025
2028-2032	2,565,000	975,138
2033-2036	2,525,000	303,680
Total	15,220,000	8,089,996

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 – CHANGES IN LONG TERM LIABILITIES

During the year ended December 31, 2012, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/12	Additions	Reductions	Ending Balance 12/31/12	Due Within One Year
Governmental Activities:					
Bonds payable	16,205,000	-	985,000	15,220,000	755,000
OPEB benefit for LEOFF	1,085,598	477,660	306,057	1,257,202	-
Working capital loan	110,394	-	-	110,394	-
Compensated absences	1,670,771	243,242	278,649	1,635,364	224,756
Governmental activity long-term liabilities:	19,071,764	720,902	1,569,706	18,222,961	979,756
Business-Type Activities:					
Compensated absences	536,570	188,195	204,344	520,422	202,512
Business-type activity long-term liabilities:	536,570	188,195	204,344	520,422	202,512

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end, \$42,049 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general and county roads funds. The OPEB benefit for LEOFF is liquidated by the general fund. The majority of the business-type activities compensated absences are liquidated by the regional justice center fund.

NOTE 10 – 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, 2012 was \$515,469.

NOTE 11 - 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, 2012 are as follows:

	Due From						Total
	General Fund	County Roads	Nonmajor Govern-mental	Solid Waste	Regional Justice Center	Internal Service	
Due To							
General Fund	-	56,289	101,234	-	3,922	67,219	228,664
Nonmajor governmental	-	4,036	1,863	-	-	-	5,898
Solid Waste	-	14	-	-	-	-	14
Regional Justice Center	629	-	-	215	-	109	952
Internal service	5,697	254,437	1,431	2,245	104	5,556	269,469
Total	6,326	314,776	104,528	2,459	4,026	72,884	504,998

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 2012:

Borrowing Fund	Lending Fund	Interfund Loans and Advances Payable			
		1/1/2012	New Loans	Repayments	12/31/2012
Noxious Weed	REET I	-	24,000	24,000	-
Noxious Weed	REET I	-	26,000	26,000	-
Noxious Weed	REET I	-	41,000	41,000	-
Noxious Weed	REET I	-	2,000	-	2,000
Natural Resources	REET I	-	200,000	200,000	-
Natural Resources	REET I	-	26,000	26,000	-
Natural Resources	REET I	-	94,000	-	94,000
Expo Center	REET I	-	25,000	25,000	-
	Total	-	438,000	342,000	96,000

C. Interfund Transfers

During 2012, interfund transfers were used to move General funds property tax revenues to support Law Library operations. Transfers from nonmajor governmental funds were to cover Superior Court law library costs, support General Fund law enforcement, 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 Motor Pool was split into a separate fund from the Equipment Rental & Revolving fund, which required a transfer for the beginning balance.

The following table displays interfund transfers during 2012:

Transfers In	Transfers Out				Total
	General	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General	-	220,158	50,000	-	270,158
County Roads	-	400,000	-	-	400,000
Nonmajor governmental	30,000	5,000	-	-	35,000
Nonmajor enterprise	-	40,000	-	-	40,000
Internal service	-	-	-	1,022,327	1,022,327
Total transfers	30,000	665,158	50,000	1,022,327	1,767,485

NOTE 12 – 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 2012, Rivercom received total revenues of \$5,645,272 and incurred total expenses of \$5,532,299 resulting in an increase in fund balance of \$112,972, and ending fund balance of \$3,063,444. A copy of Rivercom’s financial statements can be obtained from Rivercom at: PO Box 3344, Wenatchee, WA 98807 or (509) 662-4650.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Plan Description

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

B. Funding Policy

The County has the authority to establish and amend OPEB contribution policy. The County funds its OPEB obligation on a pay-as-you-go basis, i.e., the cost of retiree medical benefits is recognized as an expense as premiums and medical expenses are paid. For the fiscal year ending December 31, 2012, the County’s combined plan contributions were \$306,057.

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, 2012, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual required contribution	529,893
Interest on net OPEB contribution	48,852
Adjustments to the annual required contribution	(101,084)
Annual OPEB cost/expense	477,661
Contributions made	(306,057)
Increase in the net OPEB obligation	171,604
Net OPEB obligation, beginning of year	1,085,598
Net OPEB obligation, end of year	1,257,202

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
12/31/2012	\$529,892	\$306,057	58%	\$1,257,202
12/31/2011	\$557,815	\$320,402	57%	\$1,085,598
12/31/2010	\$550,517	\$312,630	57%	\$848,186

D. Funding Status and Funding Progress

The funded status of the plan as of December 31, 2012, was as follows:

Actuarial accrued liability (AAL)	5,690,805
Actuarial value of plan assets	0
Unfunded actuarial accrued liability	5,690,805
Funded ratio (actuarial value of plan assets / AAL)	0%

E. Methods and Assumptions

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

NOTE 14 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$157,378 was made to the beginning net position balance of the Solid Waste enterprise fund and the business type activities due to a fully depreciated asset that had not been classified as such. Removing the fully depreciated asset had the following effect on the beginning net position:

	<u>Business-type activities</u>	<u>Solid Waste Enterprise Fund</u>
Net position at December 31, 2011, as previously reported	4,713,916	1,350,477
Prior period adjustment	(157,378)	(157,378)
Net position at December 31, 2011, as restated	<u>4,556,538</u>	<u>1,193,100</u>

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]
12/31/2012	0	5,690,805	5,690,805	0%	0	N/A
12/31/2011	0	6,428,952	6,428,952	0%	0	N/A
12/31/2010	0	6,227,653	6,227,653	0%	0	N/A

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets			
Cash and cash equivalents	2,559,018	703,809	3,262,826
Investments	1,939,979	1,536,515	3,476,495
Property tax receivable	13,046	-	13,046
Due from other funds	5,898	-	5,898
Interfund loan receivable	-	96,000	96,000
Due from other governments	1,020,479	-	1,020,479
Total assets	<u>5,538,420</u>	<u>2,336,324</u>	<u>7,874,744</u>
Liabilities			
Accounts payable	288,366	157,235	445,601
Due to other funds	104,528	-	104,528
Interfund loan payable	96,000	-	96,000
Due to other governments	192,003	-	192,003
Accrued payroll liability	79,524	-	79,524
Total liabilities	<u>760,421</u>	<u>157,235</u>	<u>917,657</u>
Deferred Inflows of Resources			
Unavailable revenue - property tax	13,046	-	13,046
Total deferred inflows of resources	<u>13,046</u>	<u>-</u>	<u>13,046</u>
Fund Balances			
Restricted	4,471,209	2,179,089	6,650,297
Committed	293,744	-	293,744
Total fund balances	<u>4,764,953</u>	<u>2,179,089</u>	<u>6,944,041</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>5,538,420</u>	<u>2,336,324</u>	<u>7,874,744</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
Revenues			
Taxes	3,968,993	1,031,031	5,000,024
Intergovernmental	3,836,715	14,178	3,850,893
Charges for services	1,167,957	-	1,167,957
Fees and fines	33,993	-	33,993
Miscellaneous	362,084	3,609	365,694
Total revenues	<u>9,369,741</u>	<u>1,048,819</u>	<u>10,418,560</u>
Expenditures			
Current:			
General government	233,916	-	233,916
Security of persons and property	3,075,360	-	3,075,360
Utilities and environment	2,021,812	-	2,021,812
Transportation	40,874	-	40,874
Economic environment	1,714,880	-	1,714,880
Mental and physical health	1,236,752	-	1,236,752
Culture and recreation	222,878	-	222,878
Debt service:			
Principal	100,000	-	100,000
Interest and other charges	364,459	170,756	535,215
Capital outlay	-	342,748	342,748
Total expenditures	<u>9,010,931</u>	<u>513,504</u>	<u>9,524,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>358,810</u>	<u>535,314</u>	<u>894,124</u>
Other Financing Sources (Uses)			
Transfers in	35,000	-	35,000
Transfers out	<u>(265,158)</u>	<u>(400,000)</u>	<u>(665,158)</u>
Total other financing sources and uses	<u>(230,158)</u>	<u>(400,000)</u>	<u>(630,158)</u>
Net change in fund balances	<u>128,652</u>	<u>135,314</u>	<u>263,966</u>
Fund balances - beginning	<u>4,636,301</u>	<u>2,043,774</u>	<u>6,680,075</u>
Fund balances - ending	<u>4,764,953</u>	<u>2,179,089</u>	<u>6,944,041</u>

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mental Health: 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.

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2012

	Paths & Trails	Drug Enforce- ment Reserve	Felony Seizure & Forfeiture	Auditor O&M	ORV Ed. & Enforce- ment	Boating Safety	Ohme Gardens
Assets							
Cash and cash equivalents	47,388	6,000	7,898	153,936	8,970	86,433	11,893
Investments	25,218	6,871	-	130,833	-	-	85,886
Taxes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>72,606</u>	<u>12,871</u>	<u>7,898</u>	<u>284,769</u>	<u>8,970</u>	<u>86,433</u>	<u>97,779</u>
Liabilities							
Accounts payable	4,036	-	-	-	-	1,034	59
Due to other funds	-	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-	-
Due to other governments	-	-	-	2,804	-	-	230
Accrued payroll liability	-	-	-	-	-	-	6,011
Total liabilities	<u>4,036</u>	<u>-</u>	<u>-</u>	<u>2,804</u>	<u>-</u>	<u>1,034</u>	<u>6,300</u>
Deferred Inflows of Resources							
Unavailable revenue - property tax	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	68,571	-	7,898	281,965	-	85,398	-
Committed	-	12,871	-	-	8,970	-	91,479
Total fund balances	<u>68,571</u>	<u>12,871</u>	<u>7,898</u>	<u>281,965</u>	<u>8,970</u>	<u>85,398</u>	<u>91,479</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>72,606</u>	<u>12,871</u>	<u>7,898</u>	<u>284,769</u>	<u>8,970</u>	<u>86,433</u>	<u>97,779</u>

<u>Sheriff Donation</u>	<u>Farm Worker Housing</u>	<u>Horti- culture Pest & Disease</u>	<u>R.E.E.T. Tech- nology</u>	<u>Juvenile Donation</u>	<u>Noxious Weeds</u>	<u>Trial Court Improve- ment</u>	<u>911 Comm.</u>	<u>Parent Education</u>	<u>Cashmere Dryden Airport</u>
29,278	78,779	65,584	242,898	907	831	175,445	-	21,432	545
-	-	-	-	-	-	-	-	-	23,385
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	134,358	-	-	-	26,627	-	-	5,029	-
<u>29,278</u>	<u>213,137</u>	<u>65,584</u>	<u>242,898</u>	<u>907</u>	<u>27,459</u>	<u>175,445</u>	<u>-</u>	<u>26,461</u>	<u>23,930</u>
588	-	31	-	-	444	-	-	730	464
-	-	-	-	-	57	-	-	-	-
-	-	-	-	-	2,000	-	-	-	-
-	623	7	-	-	4	-	-	-	41
-	-	4,929	-	-	13,986	-	-	1,680	760
<u>588</u>	<u>623</u>	<u>4,967</u>	<u>-</u>	<u>-</u>	<u>16,491</u>	<u>-</u>	<u>-</u>	<u>2,410</u>	<u>1,265</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
28,690	212,514	60,618	242,898	907	10,967	175,445	-	-	-
-	-	-	-	-	-	-	-	24,051	22,665
<u>28,690</u>	<u>212,514</u>	<u>60,618</u>	<u>242,898</u>	<u>907</u>	<u>10,967</u>	<u>175,445</u>	<u>-</u>	<u>24,051</u>	<u>22,665</u>
<u>29,278</u>	<u>213,137</u>	<u>65,584</u>	<u>242,898</u>	<u>907</u>	<u>27,459</u>	<u>175,445</u>	<u>-</u>	<u>26,461</u>	<u>23,930</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2012

	Drug Task Force	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treasurer O&M
Assets						
Cash and cash equivalents	600	113,060	258,105	3,466	265,681	6,112
Investments	328,362	-	26,931	-	-	108,116
Taxes receivable	-	-	1,987	11,059	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	2,940	-
Total assets	328,962	113,060	287,023	14,525	268,621	114,228
Liabilities						
Accounts payable	324	4	796	-	2,940	-
Due to other funds	35,787	-	4,000	-	-	-
Interfund loan payable	-	-	-	-	-	-
Due to other governments	13,898	-	-	-	15,275	-
Accrued payroll liability	-	1,280	-	-	-	-
Total liabilities	50,009	1,284	4,796	-	18,215	-
Deferred Inflows of Resources						
Unavailable revenue - property tax	-	-	1,987	11,059	-	-
Total deferred inflows of resources	-	-	1,987	11,059	-	-
Fund Balances						
Restricted	278,953	111,776	280,240	3,466	250,405	114,228
Committed	-	-	-	-	-	-
Total fund balances	278,953	111,776	280,240	3,466	250,405	114,228
Total liabilities, fund balances, and deferred inflows of resources	328,962	113,060	287,023	14,525	268,621	114,228

Tourist & Convention	Election Reserve	Natural Resources Program	RJC Prisoner	Forest Title III	Criminal Justice Sales Tax	CASA	Network Grant	Sub-stance Abuse	Total
763,499	79,901	1,809	8,000	68,346	-	5,670	-	46,551	2,559,018
7,966	20,870	-	16,230	-	1,159,311	-	-	-	1,939,979
-	-	-	-	-	-	-	-	-	13,046
-	-	5,898	-	-	-	-	-	-	5,898
-	5,940	571,668	6,500	107,561	-	12,745	-	147,110	1,020,479
<u>771,465</u>	<u>106,711</u>	<u>579,375</u>	<u>30,730</u>	<u>175,907</u>	<u>1,159,311</u>	<u>18,415</u>	<u>-</u>	<u>193,661</u>	<u>5,538,420</u>
67,565	-	63,260	3,633	-	301	-	-	142,158	288,366
-	-	146	-	60,538	-	-	-	4,000	104,528
-	-	94,000	-	-	-	-	-	-	96,000
139,973	-	19,048	101	-	-	-	-	-	192,003
-	-	50,878	-	-	-	-	-	-	79,524
<u>207,538</u>	<u>-</u>	<u>227,331</u>	<u>3,734</u>	<u>60,538</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>146,158</u>	<u>760,421</u>
-	-	-	-	-	-	-	-	-	13,046
-	-	-	-	-	-	-	-	-	13,046
563,927	-	352,044	-	115,369	1,159,010	18,415	-	47,503	4,471,209
-	106,711	-	26,997	-	-	-	-	-	293,744
<u>563,927</u>	<u>106,711</u>	<u>352,044</u>	<u>26,997</u>	<u>115,369</u>	<u>1,159,010</u>	<u>18,415</u>	<u>-</u>	<u>47,503</u>	<u>4,764,953</u>
<u>771,465</u>	<u>106,711</u>	<u>579,375</u>	<u>30,730</u>	<u>175,907</u>	<u>1,159,311</u>	<u>18,415</u>	<u>-</u>	<u>193,661</u>	<u>5,538,420</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2012

	Paths & Trails	Drug Enforce- ment Reserve	Felony Seizure & Forfeiture	Auditor O&M	ORV Ed. & Enforce- ment	Boating Safety	Ohme Gardens
Revenues							
Taxes	-	-	-	-	-	-	-
Intergovernmental	10,627	-	-	55,242	-	58,401	-
Charges for services	-	-	-	48,303	-	-	163,134
Fees and fines	-	5,303	-	-	-	-	-
Miscellaneous	44	9	5,912	231	-	4,738	17,441
Total revenues	<u>10,671</u>	<u>5,312</u>	<u>5,912</u>	<u>103,776</u>	<u>-</u>	<u>63,139</u>	<u>180,575</u>
Expenditures							
Current:							
General government	-	-	-	60,117	-	-	-
Security of persons and property	-	99	3,087	-	2,214	50,446	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	9,969	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	183,893
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	<u>9,969</u>	<u>99</u>	<u>3,087</u>	<u>60,117</u>	<u>2,214</u>	<u>50,446</u>	<u>183,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>702</u>	<u>5,213</u>	<u>2,826</u>	<u>43,659</u>	<u>(2,214)</u>	<u>12,693</u>	<u>(3,318)</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	5,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	<u>702</u>	<u>5,213</u>	<u>2,826</u>	<u>43,659</u>	<u>(2,214)</u>	<u>12,693</u>	<u>1,682</u>
Fund balances - beginning	<u>67,869</u>	<u>7,658</u>	<u>5,072</u>	<u>238,306</u>	<u>11,185</u>	<u>72,705</u>	<u>89,797</u>
Fund balances - ending	<u>68,571</u>	<u>12,871</u>	<u>7,898</u>	<u>281,965</u>	<u>8,970</u>	<u>85,398</u>	<u>91,479</u>

Sheriff Donation	Farm Worker Housing	Horti- culture Pest & Disease	R.E.E.T. Tech- nology	Juvenile Donation	Noxious Weeds	Trial Court Improve- ment	911 Comm.	Parent Educ.	Cashmere Dryden Airport
-	-	-	-	-	-	-	2,107,753	-	-
-	285,487	50,824	-	-	51,986	47,648	222,437	23,098	-
-	-	70,702	-	-	211,489	-	-	12,780	-
-	-	-	-	-	-	-	-	-	-
12,454	91,123	6	-	-	22	-	240	-	39,030
<u>12,454</u>	<u>376,610</u>	<u>121,532</u>	<u>-</u>	<u>-</u>	<u>263,497</u>	<u>47,648</u>	<u>2,330,430</u>	<u>35,878</u>	<u>39,030</u>
-	-	-	-	-	-	136	-	-	-
17,958	-	-	-	-	-	-	2,330,430	-	-
-	-	96,773	-	-	263,979	-	-	-	-
-	-	-	-	-	-	-	-	-	30,905
-	261,216	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	38,986	-
-	-	-	-	-	-	-	-	-	-
<u>17,958</u>	<u>261,216</u>	<u>96,773</u>	<u>-</u>	<u>-</u>	<u>263,979</u>	<u>136</u>	<u>2,330,430</u>	<u>38,986</u>	<u>30,905</u>
<u>(5,504)</u>	<u>115,394</u>	<u>24,759</u>	<u>-</u>	<u>-</u>	<u>(481)</u>	<u>47,512</u>	<u>-</u>	<u>(3,107)</u>	<u>8,126</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>(5,504)</u>	<u>115,394</u>	<u>24,759</u>	<u>-</u>	<u>-</u>	<u>(481)</u>	<u>47,512</u>	<u>-</u>	<u>(3,107)</u>	<u>8,126</u>
<u>34,194</u>	<u>97,120</u>	<u>35,859</u>	<u>242,898</u>	<u>907</u>	<u>11,449</u>	<u>127,933</u>	<u>-</u>	<u>27,158</u>	<u>14,539</u>
<u>28,690</u>	<u>212,514</u>	<u>60,618</u>	<u>242,898</u>	<u>907</u>	<u>10,967</u>	<u>175,445</u>	<u>-</u>	<u>24,051</u>	<u>22,665</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2012

	Drug Task Force	Law Library	Veterans Relief	Mental Health	Comm. Services and Housing	Treas- urer's O&M	Tourist & Convention
Revenues							
Taxes	-	-	3,987	226,289	-	-	961,566
Intergovernmental revenues	238,597	13,706	-	91	-	-	-
Charges for services	-	28,318	-	-	483,508	26,419	2,000
Fees and fines	28,689	-	-	-	-	-	-
Miscellaneous	106,855	-	47	-	-	204	20,230
Total revenues	<u>374,141</u>	<u>42,024</u>	<u>4,034</u>	<u>226,380</u>	<u>483,508</u>	<u>26,622</u>	<u>983,796</u>
Expenditures							
Current:							
General government	-	47,979	-	-	-	44,037	-
Security of persons and prop	425,299	-	-	-	-	-	-
Utilities and environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	67,618	-	418,325	-	930,744
Mental and physical health	-	-	-	222,914	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	<u>425,299</u>	<u>47,979</u>	<u>67,618</u>	<u>222,914</u>	<u>418,325</u>	<u>44,037</u>	<u>930,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,158)</u>	<u>(5,955)</u>	<u>(63,584)</u>	<u>3,466</u>	<u>65,183</u>	<u>(17,415)</u>	<u>53,052</u>
Other Financing Sources (Uses)							
Transfers in	-	30,000	-	-	-	-	-
Transfers out	-	(20,158)	-	-	-	-	(45,000)
Total other financing sources and uses	<u>-</u>	<u>9,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balances	<u>(51,158)</u>	<u>3,887</u>	<u>(63,584)</u>	<u>3,466</u>	<u>65,183</u>	<u>(17,415)</u>	<u>8,052</u>
Fund balances - beginning	<u>330,111</u>	<u>107,889</u>	<u>343,824</u>	<u>-</u>	<u>185,223</u>	<u>131,642</u>	<u>555,875</u>
Fund balances - ending	<u>278,953</u>	<u>111,776</u>	<u>280,240</u>	<u>3,466</u>	<u>250,405</u>	<u>114,228</u>	<u>563,927</u>

Election Reserve	Natural Resources Program	RJC Prisoner	Forest Title III	Criminal Justice Sales Tax	CASA	Network Grant	Substance Abuse	Total
-	-	-	-	669,399	-	-	-	3,968,993
-	1,543,058	74,706	107,581	-	73,508	36,977	942,739	3,836,715
13,934	5,935	101,435	-	-	-	-	-	1,167,957
-	-	-	-	-	-	-	-	33,993
37	53,407	7,975	-	2,078	-	-	-	362,084
<u>13,971</u>	<u>1,602,400</u>	<u>184,116</u>	<u>107,581</u>	<u>671,477</u>	<u>73,508</u>	<u>36,977</u>	<u>942,739</u>	<u>9,369,741</u>
3,160	-	-	-	-	78,487	-	-	233,916
-	-	172,228	-	73,598	-	-	-	3,075,360
-	1,569,218	-	91,842	-	-	-	-	2,021,812
-	-	-	-	-	-	-	-	40,874
-	-	-	-	-	-	36,977	-	1,714,880
-	-	-	-	-	-	-	1,013,839	1,236,752
-	-	-	-	-	-	-	-	222,878
-	-	-	-	100,000	-	-	-	100,000
-	275	-	-	364,184	-	-	-	364,459
<u>3,160</u>	<u>1,569,494</u>	<u>172,228</u>	<u>91,842</u>	<u>537,782</u>	<u>78,487</u>	<u>36,977</u>	<u>1,013,839</u>	<u>9,010,931</u>
<u>10,811</u>	<u>32,906</u>	<u>11,888</u>	<u>15,740</u>	<u>133,695</u>	<u>(4,979)</u>	<u>-</u>	<u>(71,099)</u>	<u>358,810</u>
-	-	-	-	-	-	-	-	35,000
-	-	-	-	(200,000)	-	-	-	(265,158)
-	-	-	-	(200,000)	-	-	-	(230,158)
<u>10,811</u>	<u>32,906</u>	<u>11,888</u>	<u>15,740</u>	<u>(66,305)</u>	<u>(4,979)</u>	<u>-</u>	<u>(71,099)</u>	<u>128,652</u>
<u>95,900</u>	<u>319,139</u>	<u>15,109</u>	<u>99,629</u>	<u>1,225,316</u>	<u>23,394</u>	<u>-</u>	<u>118,602</u>	<u>4,636,301</u>
<u>106,711</u>	<u>352,044</u>	<u>26,997</u>	<u>115,369</u>	<u>1,159,010</u>	<u>18,415</u>	<u>-</u>	<u>47,503</u>	<u>4,764,953</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Paths & Trails	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	11,000	10,627	(373)
Miscellaneous	30	44	14
Total revenues	<u>11,030</u>	<u>10,671</u>	<u>(359)</u>
Expenditures			
Current:			
Transportation	25,000	9,969	15,031
Total expenditures	<u>25,000</u>	<u>9,969</u>	<u>15,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,970)</u>	<u>702</u>	<u>14,672</u>
Fund balances - beginning	<u>54,830</u>	<u>67,869</u>	<u>13,039</u>
Fund balances - ending	<u><u>40,860</u></u>	<u><u>68,571</u></u>	<u><u>27,711</u></u>

Drug Enforcement Reserve	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Fees and fines	5,000	5,303	303
Miscellaneous	-	9	9
Total revenues	<u>5,000</u>	<u>5,312</u>	<u>312</u>
Expenditures			
Current:			
Security of persons and property	5,099	99	5,000
Total expenditures	<u>5,099</u>	<u>99</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99)</u>	<u>5,213</u>	<u>5,312</u>
Fund balances - beginning	<u>198</u>	<u>7,658</u>	<u>7,460</u>
Fund balances - ending	<u><u>99</u></u>	<u><u>12,871</u></u>	<u><u>12,772</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Felony Seizure & Forfeiture	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	3,600	5,912	2,312
Total revenues	3,600	5,912	2,312
Expenditures			
Security of persons and property	3,100	3,087	13
Total expenditures	3,100	3,087	13
Excess (deficiency) of revenues over (under) expenditures	500	2,826	2,326
Fund balances - beginning	4,667	5,072	405
Fund balances - ending	5,167	7,898	2,731

Auditor's O&M	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	60,000	55,242	(4,758)
Charges for services	42,650	48,303	5,653
Miscellaneous	200	231	31
Total revenues	102,850	103,776	926
Expenditures			
Current:			
General government	60,266	60,117	149
Capital outlay	10,000	-	10,000
Total expenditures	70,266	60,117	10,149
Excess (deficiency) of revenues over (under) expenditures	32,584	43,659	11,075
Fund balances - beginning	240,000	238,306	(1,694)
Fund balances - ending	272,584	281,965	9,381

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

ORV Educational & Enforcement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Total revenues	-	-	-
Expenditures			
Current:			
Security of persons and property	4,577	2,214	2,363
Total expenditures	4,577	2,214	2,363
Excess (deficiency) of revenues over (under) expenditures	(4,577)	(2,214)	2,363
Fund balances - beginning	4,594	11,185	6,591
Fund balances - ending	17	8,970	8,953

Boating Safety	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	69,300	58,401	(10,899)
Miscellaneous	-	4,738	4,738
Total revenues	69,300	63,139	(6,161)
Expenditures			
Current:			
Security of persons and property	66,420	50,446	15,974
Total expenditures	66,420	50,446	15,974
Excess (deficiency) of revenues over (under) expenditures	2,880	12,693	9,813
Fund balances - beginning	-	72,705	72,705
Fund balances - ending	2,880	85,398	82,518

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Ohme Gardens	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for services	171,900	163,134	(8,766)
Miscellaneous	29,790	17,441	(12,349)
Total revenues	<u>201,690</u>	<u>180,575</u>	<u>(21,115)</u>
Expenditures			
Current:			
Culture and recreation	227,142	183,893	43,249
Total expenditures	<u>227,142</u>	<u>183,893</u>	<u>43,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,452)</u>	<u>(3,318)</u>	<u>22,134</u>
Other Financing Sources (Uses)			
Transfers in	5,000	5,000	-
Total other financing sources and uses	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	<u>(20,452)</u>	<u>1,682</u>	<u>22,134</u>
Fund balances - beginning	<u>73,624</u>	<u>89,797</u>	<u>16,173</u>
Fund balances - ending	<u><u>53,172</u></u>	<u><u>91,479</u></u>	<u><u>38,307</u></u>

Sheriff Donation	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	10,000	12,454	2,454
Total revenues	<u>10,000</u>	<u>12,454</u>	<u>2,454</u>
Expenditures			
Current:			
Security of persons and property	23,175	17,958	5,217
Total expenditures	<u>23,175</u>	<u>17,958</u>	<u>5,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,175)</u>	<u>(5,504)</u>	<u>7,671</u>
Fund balances - beginning	<u>29,816</u>	<u>34,194</u>	<u>4,378</u>
Fund balances - ending	<u><u>16,641</u></u>	<u><u>28,690</u></u>	<u><u>12,049</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Farm Worker Housing	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	258,187	285,487	27,300
Miscellaneous	82,000	91,123	9,123
Total revenues	<u>340,187</u>	<u>376,610</u>	<u>36,423</u>
Expenditures			
Current:			
Economic environment	331,450	261,216	70,234
Total expenditures	<u>331,450</u>	<u>261,216</u>	<u>70,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,737</u>	<u>115,394</u>	<u>106,657</u>
Fund balances - beginning	<u>157,813</u>	<u>97,120</u>	<u>(60,693)</u>
Fund balances - ending	<u><u>166,550</u></u>	<u><u>212,514</u></u>	<u><u>45,964</u></u>

Horticulture Pest & Disease	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	60,879	50,824	(10,055)
Charges for services	60,879	70,702	9,823
Miscellaneous	-	6	6
Total revenues	<u>121,758</u>	<u>121,532</u>	<u>(226)</u>
Expenditures			
Current:			
Utilities and environment	134,149	96,773	37,376
Total expenditures	<u>134,149</u>	<u>96,773</u>	<u>37,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,391)</u>	<u>24,759</u>	<u>37,150</u>
Fund balances - beginning	<u>30,000</u>	<u>35,859</u>	<u>5,859</u>
Fund balances - ending	<u><u>17,609</u></u>	<u><u>60,618</u></u>	<u><u>43,009</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

REET Technology	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Total revenues	-	-	-
Expenditures			
Capital outlay	242,635	-	242,635
Total expenditures	242,635	-	242,635
Excess (deficiency) of revenues over (under) expenditures	(242,635)	-	242,635
Fund balances - beginning	242,898	242,898	(0)
Fund balances - ending	263	242,898	242,635

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

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Noxious Weed	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	45,000	51,986	6,986
Charges for services	222,951	211,489	(11,462)
Charges for services	32,000	22	(31,978)
Total revenues	<u>299,951</u>	<u>263,497</u>	<u>(36,454)</u>
Expenditures			
Current:			
Utilities and environment	311,633	263,979	47,654
Total expenditures	<u>311,633</u>	<u>263,979</u>	<u>47,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,682)</u>	<u>(481)</u>	<u>11,201</u>
Fund balances - beginning	<u>44,000</u>	<u>11,449</u>	<u>(32,551)</u>
Fund balances - ending	<u><u>32,318</u></u>	<u><u>10,967</u></u>	<u><u>(21,351)</u></u>

Trial Court Improvement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	47,300	47,648	348
Total revenues	<u>47,300</u>	<u>47,648</u>	<u>348</u>
Expenditures			
Current:			
General government	171,430	136	171,294
Total expenditures	<u>171,430</u>	<u>136</u>	<u>171,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,130)</u>	<u>47,512</u>	<u>171,642</u>
Fund balances - beginning	<u>124,418</u>	<u>127,933</u>	<u>3,515</u>
Fund balances - ending	<u><u>288</u></u>	<u><u>175,445</u></u>	<u><u>175,157</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

911 Communications	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	1,700,000	2,107,753	407,753
Intergovernmental revenues	500,000	222,437	(277,563)
Miscellaneous	-	240	240
Total revenues	<u>2,200,000</u>	<u>2,330,430</u>	<u>130,430</u>
EXPENDITURES			
Current:			
Security of persons and property	2,200,000	2,330,430	(130,430)
Total expenditures	<u>2,200,000</u>	<u>2,330,430</u>	<u>(130,430)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(0)</u>
Fund balances - beginning	-	-	-
Fund balances - ending	<u>-</u>	<u>-</u>	<u>-</u>

Parent Education	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	52,707	23,098	(29,609)
Charges for services	25,292	12,780	(12,512)
Miscellaneous	27,349	-	(27,349)
Total revenues	<u>105,348</u>	<u>35,878</u>	<u>(69,470)</u>
EXPENDITURES			
Current:			
Culture and recreation	68,648	38,986	29,662
Total expenditures	<u>68,648</u>	<u>38,986</u>	<u>29,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,700</u>	<u>(3,107)</u>	<u>(39,807)</u>
Fund balances - beginning	27,000	27,158	158
Fund balances - ending	<u>63,700</u>	<u>24,051</u>	<u>(39,649)</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Cashmere-Dryden Airport	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	37,511	39,030	1,519
Total revenues	<u>37,511</u>	<u>39,030</u>	<u>1,519</u>
Expenditures			
Current:			
Transportation	32,889	30,905	1,984
Total expenditures	<u>32,889</u>	<u>30,905</u>	<u>1,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,622</u>	<u>8,126</u>	<u>3,504</u>
Fund balances - beginning	-	14,539	14,539
Fund balances - ending	<u><u>4,622</u></u>	<u><u>22,665</u></u>	<u><u>18,043</u></u>

Columbia River Drug Task Force	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	206,797	238,597	31,800
Fees and fines	32,000	28,689	(3,311)
Miscellaneous	28,500	106,855	78,355
Total revenues	<u>267,297</u>	<u>374,141</u>	<u>106,844</u>
Expenditures			
Current:			
Security of persons and property	450,431	425,299	25,132
Total expenditures	<u>450,431</u>	<u>425,299</u>	<u>25,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(183,134)</u>	<u>(51,158)</u>	<u>131,976</u>
Fund balances - beginning	325,000	330,111	5,111
Fund balances - ending	<u><u>141,866</u></u>	<u><u>278,953</u></u>	<u><u>137,087</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Law Library	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	13,199	13,706	507
Charges for services	31,450	28,318	(3,132)
Total revenues	<u>44,649</u>	<u>42,024</u>	<u>(2,625)</u>
Expenditures			
Current:			
General government	56,246	47,979	8,267
Total expenditures	<u>56,246</u>	<u>47,979</u>	<u>8,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,597)</u>	<u>(5,955)</u>	<u>5,642</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>(1,755)</u>	<u>3,887</u>	<u>5,642</u>
Fund balances - beginning	<u>120,000</u>	<u>107,889</u>	<u>(12,111)</u>
Fund balances - ending	<u><u>118,245</u></u>	<u><u>111,776</u></u>	<u><u>(6,469)</u></u>

Veteran's Relief	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	100,970	3,987	(96,983)
Miscellaneous	175	47	(128)
Total revenues	<u>101,145</u>	<u>4,034</u>	<u>(97,111)</u>
Expenditures			
Current:			
Economic environment	104,111	67,618	36,493
Total expenditures	<u>104,111</u>	<u>67,618</u>	<u>36,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,966)</u>	<u>(63,584)</u>	<u>(60,618)</u>
Fund balances - beginning	<u>355,000</u>	<u>343,824</u>	<u>(11,176)</u>
Fund balances - ending	<u><u>352,034</u></u>	<u><u>280,240</u></u>	<u><u>(71,794)</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Mental Health & Retardation	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	223,710	226,289	2,579
Intergovernmental	-	91	91
Total revenues	<u>223,710</u>	<u>226,380</u>	<u>2,670</u>
Expenditures			
Current:			
Mental and physical health	223,857	222,914	943
Total expenditures	<u>223,857</u>	<u>222,914</u>	<u>943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(147)</u>	<u>3,466</u>	<u>3,613</u>
Fund balances - beginning	600	-	(600)
Fund balances - ending	<u>453</u>	<u>3,466</u>	<u>3,013</u>

Community Services & Housing	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for services	465,000	483,508	18,508
Total revenues	<u>465,000</u>	<u>483,508</u>	<u>18,508</u>
Expenditures			
Current:			
Economic environment	525,000	418,325	106,675
Total expenditures	<u>525,000</u>	<u>418,325</u>	<u>106,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,000)</u>	<u>65,183</u>	<u>125,183</u>
Fund balances - beginning	60,000	185,223	125,223
Fund balances - ending	<u>-</u>	<u>250,405</u>	<u>250,405</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Treasurer's O&M	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for services	16,000	26,419	10,419
Miscellaneous	300	204	(96)
Total revenues	<u>16,300</u>	<u>26,622</u>	<u>10,322</u>
Expenditures			
Current:			
General government	112,730	44,037	68,693
Total expenditures	<u>112,730</u>	<u>44,037</u>	<u>68,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(96,430)</u>	<u>(17,415)</u>	<u>79,015</u>
Fund balances - beginning	123,000	131,642	8,642
Fund balances - ending	<u><u>26,570</u></u>	<u><u>114,228</u></u>	<u><u>87,658</u></u>
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Tourist & Convention			
Revenues			
Taxes	740,000	961,566	221,566
Charges for services	-	2,000	2,000
Miscellaneous	20	20,230	20,210
Total revenues	<u>740,020</u>	<u>983,796</u>	<u>243,776</u>
Expenditures			
Current:			
Economic environment	957,878	930,744	27,134
Total expenditures	<u>957,878</u>	<u>930,744</u>	<u>27,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(217,858)</u>	<u>53,052</u>	<u>270,910</u>
Other Financing Sources (Uses)			
Transfers out	(25,000)	(45,000)	(20,000)
Total other financing sources and use	<u>(25,000)</u>	<u>(45,000)</u>	<u>(20,000)</u>
Net change in fund balances	<u>(242,858)</u>	<u>8,052</u>	<u>250,910</u>
Fund balances - beginning	520,000	555,875	35,875
Fund balances - ending	<u><u>277,142</u></u>	<u><u>563,927</u></u>	<u><u>286,785</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Election Reserve	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for services	3,000	13,934	10,934
Miscellaneous	50	37	(13)
Total revenues	<u>3,050</u>	<u>13,971</u>	<u>10,921</u>
Expenditures			
Current:			
General government	7,041	3,160	3,881
Total expenditures	<u>7,041</u>	<u>3,160</u>	<u>3,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,991)</u>	<u>10,811</u>	<u>14,802</u>
Fund balances - beginning	85,000	95,900	10,900
Fund balances - ending	<u>81,009</u>	<u>106,711</u>	<u>25,702</u>

Natural Resources	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	2,633,128	1,543,058	(1,090,070)
Charges for services	5,950	5,935	(15)
Miscellaneous	1,338,074	53,407	(1,284,667)
Total revenues	<u>3,977,152</u>	<u>1,602,400</u>	<u>(2,374,752)</u>
Expenditures			
Current:			
Utilities and environment	3,997,176	1,569,218	2,427,958
Debt service			
Interest and other charges	2,500	275	2,225
Total expenditures	<u>3,999,676</u>	<u>1,569,494</u>	<u>2,430,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,524)</u>	<u>32,906</u>	<u>55,430</u>
Fund balances - beginning	205,089	319,139	114,050
Fund balances - ending	<u>182,565</u>	<u>352,044</u>	<u>169,479</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

RJC Prisoner	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	70,111	74,706	4,595
Charges for services	130,000	101,435	(28,565)
Miscellaneous	-	7,975	7,975
Total revenues	<u>200,111</u>	<u>184,116</u>	<u>(15,995)</u>
Expenditures			
Current:			
Security of persons and property	200,111	172,228	27,883
Total expenditures	<u>200,111</u>	<u>172,228</u>	<u>27,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>11,888</u>	<u>11,888</u>
Fund balances - beginning	<u>12,000</u>	<u>15,109</u>	<u>3,109</u>
Fund balances - ending	<u><u>12,000</u></u>	<u><u>26,997</u></u>	<u><u>14,997</u></u>

Forest Title III	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenues	102,249	107,581	5,332
Total revenues	<u>102,249</u>	<u>107,581</u>	<u>5,332</u>
Expenditures			
Current:			
Utilities and environment	102,249	91,842	10,407
Total expenditures	<u>102,249</u>	<u>91,842</u>	<u>10,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15,740</u>	<u>15,740</u>
Fund balances - beginning	<u>-</u>	<u>99,629</u>	<u>99,629</u>
Fund balances - ending	<u><u>-</u></u>	<u><u>115,369</u></u>	<u><u>115,369</u></u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Criminal Justice Sales Tax	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	600,000	669,399	69,399
Miscellaneous	2,500	2,078	(422)
Total revenues	<u>602,500</u>	<u>671,477</u>	<u>68,977</u>
Expenditures			
Current:			
Security of persons and property	503,412	73,598	429,814
Debt Service			
Principal	100,000	100,000	-
Interest and other charges	364,184	364,184	0
Total expenditures	<u>967,596</u>	<u>537,782</u>	<u>429,814</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(365,096)</u>	<u>133,695</u>	<u>498,791</u>
Other Financing Sources (Uses)			
Transfers out	(200,000)	(200,000)	-
Total other financing sources and uses	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	<u>(565,096)</u>	<u>(66,305)</u>	<u>498,791</u>
Fund balances - beginning	1,389,475	1,225,316	(164,159)
Fund balances - ending	<u>824,379</u>	<u>1,159,010</u>	<u>334,631</u>

CASA	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	95,896	73,508	(22,388)
Total revenues	<u>95,896</u>	<u>73,508</u>	<u>(22,388)</u>
Expenditures			
Current:			
General government	95,896	78,487	17,409
Total expenditures	<u>95,896</u>	<u>78,487</u>	<u>17,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4,979)</u>	<u>(4,979)</u>
Fund balances - beginning	-	23,394	23,394
Fund balances - ending	<u>-</u>	<u>18,415</u>	<u>18,415</u>

CHELAN COUNTY, WASHINGTON

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Network Grant	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	50,000	36,977	(13,023)
Total revenues	50,000	36,977	(13,023)
Expenditures			
Current:			
Economic environment	50,000	36,977	13,023
Total expenditures	50,000	36,977	13,023
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	-	-	-

Substance Abuse	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	1,169,591	942,739	(226,852)
Total revenues	1,169,591	942,739	(226,852)
Expenditures			
Current:			
Mental and physical health	1,209,337	1,013,839	195,498
Total expenditures	1,209,337	1,013,839	195,498
Excess (deficiency) of revenues over (under) expenditures	(39,746)	(71,099)	(31,353)
Fund balances - beginning	120,000	118,602	(1,398)
Fund balances - ending	80,254	47,503	(32,751)

CHELAN COUNTY, WASHINGTON

Description of Nonmajor Capital Projects Funds

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

CHELAN COUNTY, WASHINGTON

Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Technology Bond Projects	L&J Construction	Total
Assets					
Cash and cash equivalents	507,699	182,227	13,883	-	703,809
Investments	732,447	110,205	36,033	657,831	1,536,515
Interfund loan receivable	96,000	-	-	-	96,000
Total assets	<u>1,336,145</u>	<u>292,432</u>	<u>49,916</u>	<u>657,831</u>	<u>2,336,324</u>
Liabilities					
Accounts payable	115,681	41,253	301	-	157,235
Total liabilities	<u>115,681</u>	<u>41,253</u>	<u>301</u>	<u>-</u>	<u>157,235</u>
Fund Balances					
Restricted	1,220,464	251,179	49,615	657,831	2,179,089
Total fund balances	<u>1,220,464</u>	<u>251,179</u>	<u>49,615</u>	<u>657,831</u>	<u>2,179,089</u>
Total liabilities and fund balances	<u>1,336,145</u>	<u>292,432</u>	<u>49,916</u>	<u>657,831</u>	<u>2,336,324</u>

CHELAN COUNTY, WASHINGTON

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

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2012

	R.E.E.T. 1 Capital Improvement	R.E.E.T. 2 Capital Improvement	Technology Bond Projects	L&J Construction	Total
Revenues					
Taxes	515,516	515,515	-	-	1,031,031
Intergovernmental	-	-	14,178	-	14,178
Miscellaneous	2,134	194	64	1,217	3,609
Total revenues	<u>517,650</u>	<u>515,709</u>	<u>14,242</u>	<u>1,217</u>	<u>1,048,819</u>
Expenditures					
Debt service:					
Interest and other charges	170,756	-	-	-	170,756
Capital outlay	242,214	29,277	1,481	69,777	342,748
Total expenditures	<u>412,970</u>	<u>29,277</u>	<u>1,481</u>	<u>69,777</u>	<u>513,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>104,680</u>	<u>486,433</u>	<u>12,761</u>	<u>(68,559)</u>	<u>535,314</u>
Other Financing Sources (Uses)					
Transfers out	-	(400,000)	-	-	(400,000)
Total other financing sources and uses	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Net change in fund balances	<u>104,680</u>	<u>86,433</u>	<u>12,761</u>	<u>(68,559)</u>	<u>135,314</u>
Fund balances - beginning	<u>1,115,784</u>	<u>164,746</u>	<u>36,854</u>	<u>726,390</u>	<u>2,043,774</u>
Fund balances - ending	<u><u>1,220,464</u></u>	<u><u>251,179</u></u>	<u><u>49,615</u></u>	<u><u>657,831</u></u>	<u><u>2,179,089</u></u>

CHELAN COUNTY, WASHINGTON

Capital Projects Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

R.E.E.T. 1 Capital Improvement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	330,000	515,516	185,516
Miscellaneous	2,000	2,134	134
Total revenues	<u>332,000</u>	<u>517,650</u>	<u>185,650</u>
Expenditures			
Debt service:			
Interest and other charges	170,756	170,756	0
Capital outlay	500,816	242,214	258,602
Total expenditures	<u>671,572</u>	<u>412,970</u>	<u>258,602</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(339,572)</u>	<u>104,680</u>	<u>444,252</u>
Fund balances - beginning	<u>1,000,000</u>	<u>1,115,784</u>	<u>115,784</u>
Fund balances - ending	<u><u>660,428</u></u>	<u><u>1,220,464</u></u>	<u><u>560,036</u></u>

R.E.E.T. 2 Capital Improvement	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	350,000	515,515	165,515
Miscellaneous	2,000	194	(1,806)
Total revenues	<u>352,000</u>	<u>515,709</u>	<u>163,709</u>
Expenditures			
Capital outlay	22,183	29,277	(7,094)
Total expenditures	<u>22,183</u>	<u>29,277</u>	<u>(7,094)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>329,817</u>	<u>486,433</u>	<u>156,616</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	<u>(70,183)</u>	<u>86,433</u>	<u>156,616</u>
Fund balances - beginning	<u>85,000</u>	<u>164,746</u>	<u>79,746</u>
Fund balances - ending	<u><u>14,817</u></u>	<u><u>251,179</u></u>	<u><u>236,362</u></u>

CHELAN COUNTY, WASHINGTON

Capital Projects Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

Technology Bond Projects	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	-	14,178	14,178
Miscellaneous	-	64	64
Total revenues	-	14,242	14,242
Expenditures			
Capital outlay	35,708	1,481	34,227
Total expenditures	35,708	1,481	34,227
Excess (deficiency) of revenues over (under) expenditures	(35,708)	12,761	48,469
Fund balances - beginning	37,139	36,854	(285)
Fund balances - ending	1,431	49,615	48,184

L&J Construction	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous	-	1,217	1,217
Total revenues	-	1,217	1,217
Expenditures			
Capital Outlay	200,000	69,777	130,223
Total expenditures	200,000	69,777	130,223
Excess (deficiency) of revenues over (under) expenditures	(200,000)	(68,559)	131,441
Fund balances - beginning	200,000	726,390	526,390
Fund balances - ending	-	657,831	657,831

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.

CHELAN COUNTY, WASHINGTON

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 December 31, 2012

	Solid Waste Planning	Wenatchee River County Park	Expo Center	Fair	Public Education	Total
Assets						
Current assets:						
Cash and cash equivalents	6,523	62,905	53,026	73,811	75,259	271,524
Investments	180,882	-	-	-	-	180,882
Due from other governments	1,625	-	-	-	-	1,625
Total current assets	<u>189,030</u>	<u>62,905</u>	<u>53,026</u>	<u>73,811</u>	<u>75,259</u>	<u>454,031</u>
Noncurrent assets:						
Capital assets: (net of accumulated depreciation)						
Land	201,252	-	-	-	-	201,252
Buildings	29,881	-	16,401	-	-	46,282
Equipment	164,136	6,788	20,206	-	-	191,130
Total noncurrent assets	<u>395,268</u>	<u>6,788</u>	<u>36,607</u>	<u>-</u>	<u>-</u>	<u>438,663</u>
Total assets	<u>584,299</u>	<u>69,693</u>	<u>89,633</u>	<u>73,811</u>	<u>75,259</u>	<u>892,695</u>
Liabilities						
Current liabilities:						
Accounts payable	31,538	3,948	122	460	420	36,488
Due to other governments	-	1,173	108	-	210	1,491
Accrued payroll liability	7,681	3,341	3,698	5,159	5,964	25,843
Compensated absences	1,389	-	1,157	-	1,168	3,715
Total current liabilities	<u>40,608</u>	<u>8,462</u>	<u>5,086</u>	<u>5,619</u>	<u>7,762</u>	<u>67,536</u>
Noncurrent liabilities:						
Compensated absences	2,177	-	1,813	-	1,831	5,821
Total noncurrent liabilities	<u>2,177</u>	<u>-</u>	<u>1,813</u>	<u>-</u>	<u>1,831</u>	<u>5,821</u>
Total liabilities	<u>42,785</u>	<u>8,462</u>	<u>6,899</u>	<u>5,619</u>	<u>9,592</u>	<u>73,358</u>
Net Position						
Investment in capital assets	395,268	6,788	36,607	-	-	438,663
Unrestricted	146,245	54,443	46,127	68,192	65,666	380,674
Total net position	<u>541,513</u>	<u>61,231</u>	<u>82,734</u>	<u>68,192</u>	<u>65,666</u>	<u>819,337</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Net Position
 Nonmajor Enterprise Funds
 For the Year Ending December 31, 2012

	Solid Waste Planning	Wenatchee River Co Park	Expo Center	Fair	Public Education	Total
Operating Revenues						
Charges for services	56,443	2,347	-	117,893	32,773	209,456
Miscellaneous	8,089	245,036	122,590	41,448	5,452	422,616
Total revenues	<u>64,532</u>	<u>247,383</u>	<u>122,590</u>	<u>159,341</u>	<u>38,225</u>	<u>632,071</u>
Operating Expenses						
Salaries	60,344	95,711	51,695	30,167	74,744	312,661
Personnel benefits	22,685	28,035	21,200	9,784	18,412	100,117
Supplies	4,638	14,927	7,006	10,946	32,749	70,264
Other services and charges	187,713	55,634	25,101	80,452	81,007	429,908
Intergovernmental/interfund services and taxes	-	716	3,794	3	-	4,514
Interfund payments for services	29,104	14,731	12,671	9,174	6,977	72,658
Depreciation	27,248	3,099	5,073	-	-	35,419
Total operating expenses	<u>331,733</u>	<u>212,853</u>	<u>126,540</u>	<u>140,526</u>	<u>213,889</u>	<u>1,025,541</u>
Operating income (loss)	<u>(267,201)</u>	<u>34,530</u>	<u>(3,950)</u>	<u>18,815</u>	<u>(175,663)</u>	<u>(393,470)</u>
Non Operating Revenues						
Grants and assistance	100,699	-	-	32,438	194,387	327,524
Total nonoperating revenues (expenses)	<u>100,699</u>	<u>-</u>	<u>-</u>	<u>32,438</u>	<u>194,387</u>	<u>327,524</u>
Income (loss) before transfers	<u>(166,502)</u>	<u>34,530</u>	<u>(3,950)</u>	<u>51,253</u>	<u>18,723</u>	<u>(65,946)</u>
Transfers in	-	-	40,000	-	-	40,000
Transfers out	-	(50,000)	-	-	-	(50,000)
Change in net position	<u>(166,502)</u>	<u>(15,470)</u>	<u>36,050</u>	<u>51,253</u>	<u>18,723</u>	<u>(75,946)</u>
Net position - beginning	<u>708,016</u>	<u>76,701</u>	<u>46,684</u>	<u>16,940</u>	<u>46,943</u>	<u>895,283</u>
Net position - ending	<u>541,513</u>	<u>61,231</u>	<u>82,734</u>	<u>68,192</u>	<u>65,666</u>	<u>819,337</u>

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2012

Cash Flows From Operating Activities:

	Solid Waste Planning	Wenatchee River County Park	Expo Center	Fair	Public Education	Total
Cash received from customers and users	107,606	247,383	122,590	159,341	38,225	675,145
Cash payments to suppliers	(209,356)	(85,651)	(54,006)	(101,405)	(124,036)	(574,454)
Cash payments to employees and retirees	(79,276)	(123,642)	(87,275)	(34,792)	(89,393)	(414,379)
Net cash provided (used) by operating activities	<u>(181,026)</u>	<u>38,089</u>	<u>(18,691)</u>	<u>23,144</u>	<u>(175,204)</u>	<u>(313,688)</u>

Cash Flows From noncapital Financing Activities

Grants and assistance	100,699	-	-	32,438	194,387	327,524
Transfers from other funds	-	-	40,000	-	-	40,000
Transfers to other funds	-	(50,000)	-	-	-	(50,000)
Net cash provided (used) by noncapital financing activities	<u>100,699</u>	<u>(50,000)</u>	<u>40,000</u>	<u>32,438</u>	<u>194,387</u>	<u>317,524</u>

Cash Flows From Investing Activities

Purchase of investments	(319)	-	-	-	-	(319)
Net cash provided (used) by investing activities	<u>(319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319)</u>

Net increase (decrease) in cash and cash equiv.

	<u>(80,646)</u>	<u>(11,911)</u>	<u>21,309</u>	<u>55,582</u>	<u>19,183</u>	<u>3,517</u>
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Cash and cash equivalents, January 1

	<u>87,169</u>	<u>74,816</u>	<u>31,717</u>	<u>18,229</u>	<u>56,076</u>	<u>268,007</u>
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Cash and cash equivalents, December 31

	<u>6,523</u>	<u>62,905</u>	<u>53,026</u>	<u>73,811</u>	<u>75,259</u>	<u>271,524</u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	(267,201)	34,530	(3,950)	18,815	(175,663)	(393,470)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:						
Depreciation and amortization of deferred charge	27,248	3,099	5,073	-	-	35,419
(Increase) decrease in accounts receivable	30	-	-	-	-	30
(Increase) decrease in due from other funds/gov	43,044	-	-	-	-	43,044
Increase (decrease) in vouchers/contracts payable	31,498	(92)	(1,874)	(585)	(3,183)	25,765
Increase (decrease) in due to other funds/gov	(19,398)	449	(3,561)	(245)	(120)	(22,876)
Increase (decrease) in accrued payroll liabilities	2,944	104	(14,875)	5,159	2,557	(4,112)
Increase (decrease) in accrued employee leave benefits	810	-	496	-	1,206	2,512
Total adjustments	<u>86,175</u>	<u>3,559</u>	<u>(14,741)</u>	<u>4,329</u>	<u>460</u>	<u>79,782</u>
Net cash provided (used) by operating activities	<u>(181,026)</u>	<u>38,089</u>	<u>(18,691)</u>	<u>23,144</u>	<u>(175,204)</u>	<u>(313,688)</u>

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 purchase, maintenance, and repair of equipment and inventory used in fulfilling the objectives of the Public Works Department.

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.

Motor Pool: accounts for the funds used to manage the operations and maintenance of the Chelan County Motor Pool.

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 Position

Internal Service Funds

December 31, 2012

Assets	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Motor Pool	Unemploy. Comp.	Insurance Admin & Purchasing	Total
Current assets:							
Cash and cash equivalents	1,522,442	697,880	173,516	288,541	136,322	126,662	2,945,362
Deposits with fiscal agents	-	78,800	-	-	-	-	78,800
Investments	-	178,609	54,007	-	15,864	5,921	254,401
Accounts receivable	8,385	-	700	7,334	-	-	16,419
Due from other funds	263,719	-	-	5,750	-	-	269,469
Due from other governments	-	-	-	673	-	-	673
Inventory	592,425	-	-	-	-	-	592,425
Total current assets	2,386,970	955,289	228,222	302,299	152,186	132,583	4,157,549
Noncurrent assets:							
Capital assets: (net of accumulated depreciation)							
Buildings	30,771	-	-	-	-	-	30,771
Equipment	3,913,533	-	-	762,977	-	-	4,676,510
Total noncurrent assets	3,944,304	-	-	762,977	-	-	4,707,281
Total assets	6,331,274	955,289	228,222	1,065,276	152,186	132,583	8,864,830
Liabilities							
Current liabilities:							
Accounts payable	138,421	9,527	536	17,488	-	28,434	194,406
Due to other funds	-	24,918	-	5,665	-	42,301	72,884
Due to other governments	444	-	-	-	-	25	469
Accrued payroll liability	42,630	-	-	16,144	-	-	58,774
Compensated absences	2,564	-	-	3,209	-	-	5,773
Total current liabilities	184,060	34,445	536	42,506	-	70,760	332,306
Noncurrent liabilities:							
Compensated absences	16,113	-	-	20,162	-	-	36,275
Total noncurrent liabilities	16,113	-	-	20,162	-	-	36,275
Total liabilities	200,172	34,445	536	62,668	-	70,760	368,581
Net Position							
Investment in capital assets	3,944,304	-	-	762,977	-	-	4,707,281
Unrestricted	2,186,798	920,844	227,686	239,631	152,186	61,823	3,788,968
Total net position	6,131,101	920,844	227,686	1,002,608	152,186	61,823	8,496,249

CHELAN COUNTY, WASHINGTON

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

Internal Service Funds

For the Year Ending December 31, 2012

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Motor Pool	Unemploy. Comp.	Insurance Admin & Purchasing	Total
Operating Revenues							
Charges for services	231,392	-	-	415,720	-	-	647,111
Miscellaneous	2,104,093	896,731	5,298,370	475,476	158,617	1,178,981	10,112,269
Total operating revenues	2,335,485	896,731	5,298,370	891,196	158,617	1,178,981	10,759,380
Operating Expenses							
Salaries	367,181	1,193	-	134,400	-	-	502,773
Personnel benefits	135,719	502	6,399	35,139	-	-	177,760
Supplies	1,428,061	-	-	288,636	-	-	1,716,697
Other services and charges	77,913	498,868	5,289,423	25,637	94,905	838,896	6,825,642
Interfund payments for services	89,971	42,908	25,793	232,262	1,252	52,456	444,641
Depreciation	886,401	-	-	221,416	-	-	1,107,818
Total operating expenses	2,985,247	543,471	5,321,615	937,490	96,157	891,351	10,775,331
Operating income (loss)	(649,762)	353,261	(23,246)	(46,294)	62,460	287,630	(15,950)
Nonoperating Revenues (Expenses)							
Gain on sale of capital assets	12,000	-	-	26,576	-	-	38,576
Loss on disposal of assets	(38,642)	-	-	-	-	-	(38,642)
Total nonoperating revenues (expenses)	(26,642)	-	-	26,576	-	-	(66)
Income (loss) before transfers	(676,403)	353,261	(23,246)	(19,718)	62,460	287,630	(16,016)
Transfers in	-	-	-	1,022,327	-	-	1,022,327
Transfers out	(1,022,327)	-	-	-	-	-	(1,022,327)
Change in net position	(1,698,730)	353,261	(23,246)	1,002,608	62,460	287,630	(16,016)
Total net position - beginning	7,829,831	567,583	250,932	-	89,726	(225,807)	8,512,265
Total net position - ending	6,131,101	920,844	227,686	1,002,608	152,186	61,823	8,496,249

CHELAN COUNTY, WASHINGTON

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

Cash Flows From Operating Activities:

	Equipment Rental & Revolving	Industrial Insurance	Health Insurance	Motor Pool	Unemploy. Comp.	Insurance Admin & Purchasing	Total
Cash received from customers and users	2,266,144	892,198	5,299,570	877,438	158,617	1,178,981	10,672,949
Cash payments to suppliers	(1,478,593)	(606,722)	(5,315,204)	(523,382)	(96,157)	(1,155,837)	(9,175,896)
Cash payments to employees and retirees	(549,343)	(1,805)	(6,399)	(130,024)	-	-	(687,570)
Net cash provided (used) by operating activities	238,209	283,672	(22,033)	224,032	62,460	23,144	809,484

Cash Flows From Noncapital Financing Activities

Transfers in	-	-	-	358,783	-	-	358,783
Transfers out	(358,783)	-	-	-	-	-	(358,783)
Net cash provided (used) by noncapital financing activities	(358,783)	-	-	358,783	-	-	-

Cash Flows From Capital Financing Activities

Proceeds from sale of equipment	12,000	-	-	26,576	-	-	38,576
Acquisition and construction of capital assets	(554,733)	-	-	(320,850)	-	-	(875,583)
Net cash provided (used) by capital financing activities	(542,733)	-	-	(294,274)	-	-	(837,008)

Cash Flows From Investing Activities

Purchase of investments	-	(315)	(95)	-	(28)	(10)	(448)
Net cash provided (used) by investing activities	-	(315)	(95)	-	(28)	(10)	(448)

Net increase (decrease) in cash and cash equivalents

	(663,308)	283,357	(22,129)	288,541	62,432	23,134	(27,972)
Cash and cash equivalents, January 1	2,185,750	414,523	195,644	-	73,890	103,528	2,973,334
Cash and cash equivalents, December 31	1,522,442	697,880	173,516	288,541	136,322	126,662	2,945,362

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

Operating income (loss)	(649,762)	353,261	(23,246)	(46,294)	62,460	287,630	(15,950)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:							
Depreciation and amortization of deferred charge	886,401	-	-	221,416	-	-	1,107,818
(Increase) decrease in accounts receivable	16,034	(4,533)	1,200	(7,334)	-	-	5,367
(Increase) decrease in due from other funds/gov	(85,375)	-	-	(6,423)	-	-	(91,798)
(Increase) decrease in inventory/prepaid expenses	127,945	-	-	-	-	-	127,945
Increase (decrease) in vouchers/contracts payable	(10,417)	(64,594)	12	17,488	-	(264,802)	(322,313)
Increase (decrease) in due to other funds/gov	(176)	(352)	-	5,665	-	316	5,453
Increase (decrease) in accrued payroll liabilities	(21,324)	(110)	-	16,144	-	-	(5,289)
Increase (decrease) in accrued employee leave benefits	(25,119)	-	-	23,371	-	-	(1,747)
Total adjustments	887,970	(69,589)	1,212	270,327	-	(264,486)	825,434
Net cash provided (used) by operating activities	238,209	283,672	(22,033)	224,032	62,460	23,144	809,484

The County is not aware of any material noncash transactions.

CHELAN COUNTY, WASHINGTON

Description of Agency Funds

AGENCY FUNDS

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

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

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 Position
 Agency Funds
 December 31, 2012

	County Roads Retainage	LID 85-1	Chelan/ Douglas Health Dist	NCR Library	Link	State
Assets						
Cash	-	61	4,471	2,007,413	1,548,050	456,390
Investments	16,887	27,785	762,277	13,311,689	3,289,471	-
Deposits with fiscal agents	-	-	-	-	-	-
Taxes receivable	-	-	-	181,963	-	1,127,242
Total assets	16,887	27,846	766,748	15,501,065	4,837,520	1,583,633
Liabilities						
Accounts payable	-	-	3,833	499,218	-	-
Accrued payroll liabilities	-	-	153,928	50,578	-	-
Custodial accounts	16,887	27,846	608,987	14,951,269	4,837,520	1,583,633
Total liabilities	16,887	27,846	766,748	15,501,065	4,837,520	1,583,633

NCESD	School Districts	Fire Districts	Cemetery Districts	Port of Chelan County	Pangborn Field	Lake Chelan Sewer Rev Bond	Park Districts	Mosquito Districts
617,690	4,691,209	1,554,640	354,336	750,965	284,146	4,459	49,076	91,534
14,238,276	24,932,793	4,262,176	554,202	2,790,975	39,202	966,527	83,746	-
-	-	-	-	-	-	-	-	-
-	1,205,790	252,813	12,051	114,790	-	-	10,876	6
<u>14,855,966</u>	<u>30,829,792</u>	<u>6,069,629</u>	<u>920,588</u>	<u>3,656,730</u>	<u>323,348</u>	<u>970,986</u>	<u>143,698</u>	<u>91,540</u>
-	-	100,468	1,789	-	-	-	-	-
-	-	252,054	8,224	-	-	-	6,840	407
<u>14,855,966</u>	<u>30,829,792</u>	<u>5,717,107</u>	<u>910,575</u>	<u>3,656,730</u>	<u>323,348</u>	<u>970,986</u>	<u>136,858</u>	<u>91,133</u>
<u>14,855,966</u>	<u>30,829,792</u>	<u>6,069,629</u>	<u>920,588</u>	<u>3,656,730</u>	<u>323,348</u>	<u>970,986</u>	<u>143,698</u>	<u>91,540</u>

Combining Statement of Fiduciary Net Position
 Agency Funds
 December 31, 2012

	<u>Water Districts</u>	<u>Irrigation Districts</u>	<u>Water Cons. Board</u>	<u>Hospital Districts</u>	<u>Cities</u>	<u>County</u>	<u>Total</u>
Assets							
Cash	498,716	329,848	1,783	1,108,712	245,471	877,095	15,476,065
Investments	1,243,846	4,701,084	-	5,493,149	-	15,928	76,730,012
Deposits with fiscal agents	-	-	-	-	-	2,836,403	2,836,403
Taxes receivable	-	-	-	175,219	362,104	-	3,442,855
Total assets	<u>1,742,563</u>	<u>5,030,932</u>	<u>1,783</u>	<u>6,777,080</u>	<u>607,575</u>	<u>3,729,426</u>	<u>98,485,335</u>
Liabilities							
Accounts payable	3,893	141,297	602	-	-	-	751,100
Accrued payroll liabilities	12,841	14,124	-	-	-	-	498,998
Custodial accounts	1,725,829	4,875,511	1,181	6,777,080	607,575	3,729,426	97,235,237
Total liabilities	<u>1,742,563</u>	<u>5,030,932</u>	<u>1,783</u>	<u>6,777,080</u>	<u>607,575</u>	<u>3,729,426</u>	<u>98,485,335</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2012

County Roads Retainage	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	-	845,804	845,804	-
Investments	-	823,901	807,015	16,887
Accounts Receivable	-	14,937	14,937	-
Total assets	<u>-</u>	<u>1,684,642</u>	<u>1,667,756</u>	<u>16,887</u>
Liabilities				
Custodial accounts	-	23,853	6,966	16,887
Total liabilities	<u>-</u>	<u>23,853</u>	<u>6,966</u>	<u>16,887</u>

LID 85-1

Assets				
Cash	61	49	49	61
Investments	27,736	49	-	27,785
Total assets	<u>27,797</u>	<u>98</u>	<u>49</u>	<u>27,846</u>
Liabilities				
Custodial accounts	27,797	49	-	27,846
Total liabilities	<u>27,797</u>	<u>49</u>	<u>-</u>	<u>27,846</u>

CHELAN/DOUGLAS HEALTH DISTRICT

Assets				
Cash	32,255	3,061,126	3,088,909	4,471
Investments	632,532	318,782	189,037	762,277
Total assets	<u>664,787</u>	<u>3,379,907</u>	<u>3,277,946</u>	<u>766,748</u>
Liabilities				
Accounts payable	5,725	1,414,250	1,416,141	3,833
Accrued payroll liabilities	177,257	2,292,567	2,315,895	153,928
Custodial accounts	481,805	2,645,898	2,518,717	608,987
Total liabilities	<u>664,787</u>	<u>6,352,714</u>	<u>6,250,753</u>	<u>766,748</u>

NCR LIBRARY

Assets				
Cash	1,868,981	13,140,982	13,002,549	2,007,413
Investments	11,118,936	3,466,578	1,273,825	13,311,689
Taxes receivable	211,313	181,963	211,313	181,963
Total assets	<u>13,199,229</u>	<u>16,789,523</u>	<u>14,487,687</u>	<u>15,501,065</u>
Liabilities				
Accounts payable	223,514	7,181,965	6,906,261	499,218
Accrued payroll liabilities	37,982	4,831,734	4,819,138	50,578
Custodial accounts	12,937,733	12,197,910	10,184,374	14,951,269
Total liabilities	<u>13,199,229</u>	<u>24,211,609</u>	<u>21,909,773</u>	<u>15,501,065</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2012

LINK	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	773,865	13,664,780	12,890,595	1,548,050
Investments	1,893,398	1,995,694	599,621	3,289,471
Total assets	<u>2,667,263</u>	<u>15,660,474</u>	<u>13,490,216</u>	<u>4,837,520</u>
Liabilities				
Custodial accounts	<u>2,667,263</u>	<u>13,007,815</u>	<u>10,837,558</u>	<u>4,837,520</u>
Total liabilities	<u>2,667,263</u>	<u>13,007,815</u>	<u>10,837,558</u>	<u>4,837,520</u>
 STATE				
Assets				
Cash	337,366	30,896,174	30,777,149	456,390
Taxes receivable	1,319,258	1,127,242	1,319,258	1,127,242
Total assets	<u>1,656,624</u>	<u>32,023,416</u>	<u>32,096,407</u>	<u>1,583,633</u>
Liabilities				
Custodial accounts	<u>1,656,624</u>	<u>32,023,416</u>	<u>32,096,407</u>	<u>1,583,633</u>
Total liabilities	<u>1,656,624</u>	<u>32,023,416</u>	<u>32,096,407</u>	<u>1,583,633</u>
 NCESD				
Assets				
Cash	552,614	17,945,208	17,880,131	617,690
Investments	13,738,781	1,486,666	987,171	14,238,276
Total assets	<u>14,291,395</u>	<u>19,431,874</u>	<u>18,867,303</u>	<u>14,855,966</u>
Liabilities				
Custodial accounts	<u>14,291,395</u>	<u>16,958,037</u>	<u>16,393,465</u>	<u>14,855,966</u>
Total liabilities	<u>14,291,395</u>	<u>16,958,037</u>	<u>16,393,465</u>	<u>14,855,966</u>
 SCHOOL DISTRICTS				
Assets				
Cash	4,177,123	154,300,065	153,785,979	4,691,209
Investments	29,015,393	15,741,410	19,824,010	24,932,793
Taxes receivable	1,368,529	1,205,790	1,368,529	1,205,790
Total assets	<u>34,561,045</u>	<u>171,247,266</u>	<u>174,978,518</u>	<u>30,829,792</u>
Liabilities				
Custodial accounts	<u>34,561,045</u>	<u>134,822,143</u>	<u>138,553,395</u>	<u>30,829,792</u>
Total liabilities	<u>34,561,045</u>	<u>134,822,143</u>	<u>138,553,395</u>	<u>30,829,792</u>

FIRE DISTRICTS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	1,479,681	7,469,830	7,394,871	1,554,640
Investments	4,155,371	983,273	876,468	4,262,176
Taxes receivable	308,132	252,813	308,132	252,813
Total assets	<u>5,943,184</u>	<u>8,705,916</u>	<u>8,579,471</u>	<u>6,069,629</u>
Liabilities				
Accounts payable	41,585	3,563,620	3,504,737	100,468
Accrued payroll liabilities	253,715	3,607,933	3,609,594	252,054
Custodial accounts	5,647,884	6,673,992	6,604,769	5,717,107
Total liabilities	<u>5,943,184</u>	<u>13,845,545</u>	<u>13,719,100</u>	<u>6,069,629</u>
CEMETERY DISTRICTS				
Assets				
Cash	352,624	279,846	278,134	354,336
Investments	524,082	30,119	-	554,202
Taxes receivable	15,577	12,051	15,577	12,051
Total assets	<u>892,283</u>	<u>322,016</u>	<u>293,711</u>	<u>920,588</u>
Liabilities				
Accounts payable	708	156,205	155,123	1,789
Accrued payroll liabilities	7,387	124,157	123,320	8,224
Custodial accounts	884,188	291,700	265,313	910,575
Total liabilities	<u>892,283</u>	<u>572,062</u>	<u>543,756</u>	<u>920,588</u>
PORT OF CHELAN COUNTY				
Assets				
Cash	301,697	8,722,846	8,273,579	750,965
Investments	3,751,014	1,264,292	2,224,330	2,790,975
Taxes receivable	136,656	114,790	136,656	114,790
Total assets	<u>4,189,366</u>	<u>10,101,928</u>	<u>10,634,565</u>	<u>3,656,730</u>
Liabilities				
Custodial accounts	<u>4,189,366</u>	<u>6,613,306</u>	<u>7,145,942</u>	<u>3,656,730</u>
Total liabilities	<u>4,189,366</u>	<u>6,613,306</u>	<u>7,145,942</u>	<u>3,656,730</u>
PANGBORN FIELD				
Assets				
Cash	288,036	3,745,870	3,749,760	284,146
Investments	19,754	161,155	141,706	39,202
Total assets	<u>307,790</u>	<u>3,907,025</u>	<u>3,891,466</u>	<u>323,348</u>
Liabilities				
Custodial accounts	<u>307,790</u>	<u>3,604,163</u>	<u>3,588,605</u>	<u>323,348</u>
Total liabilities	<u>307,790</u>	<u>3,604,163</u>	<u>3,588,605</u>	<u>323,348</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2012

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LAKE CHELAN SEWER REVENUE BOND				
Assets				
Cash	46,654	2,051,005	2,093,200	4,459
Investments	993,375	966,785	993,633	966,527
Total assets	<u>1,040,029</u>	<u>3,017,790</u>	<u>3,086,833</u>	<u>970,986</u>
Liabilities				
Custodial accounts	1,040,029	91,801	160,844	970,986
Total liabilities	<u>1,040,029</u>	<u>91,801</u>	<u>160,844</u>	<u>970,986</u>
PARK DISTRICTS				
Assets				
Cash	31,297	600,423	582,644	49,076
Investments	154,237	38,238	108,729	83,746
Taxes receivable	22,429	10,876	22,429	10,876
Total assets	<u>207,963</u>	<u>649,537</u>	<u>713,802</u>	<u>143,698</u>
Liabilities				
Accounts payable	7,340	349,740	357,080	-
Accrued payroll liabilities	6,666	167,999	167,824	6,840
Custodial accounts	193,957	546,095	603,193	136,858
Total liabilities	<u>207,963</u>	<u>1,063,833</u>	<u>1,128,098</u>	<u>143,698</u>
MOSQUITO DISTRICTS				
Assets				
Cash	97,700	49,813	55,979	91,534
Taxes receivable	12	6	12	6
Total assets	<u>97,712</u>	<u>49,819</u>	<u>55,991</u>	<u>91,540</u>
Liabilities				
Accounts payable	662	35,299	35,961	-
Accrued payroll liabilities	496	28,319	28,407	407
Custodial accounts	96,554	48,123	53,544	91,133
Total liabilities	<u>97,712</u>	<u>111,740</u>	<u>117,912</u>	<u>91,540</u>

WATER DISTRICTS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash	406,832	2,078,232	1,986,348	498,716
Investments	1,115,318	308,606	180,078	1,243,846
Total assets	1,522,150	2,386,838	2,166,426	1,742,563
Liabilities				
Accounts payable	16,541	1,034,026	1,046,675	3,893
Accrued payroll liabilities	12,297	175,684	175,140	12,841
Custodial accounts	1,493,311	1,888,268	1,655,751	1,725,829
Total liabilities	1,522,150	3,097,978	2,877,566	1,742,563
IRRIGATION DISTRICTS				
Assets				
Cash	342,324	5,422,497	5,434,973	329,848
Investments	4,247,624	1,586,486	1,133,027	4,701,084
Total assets	4,589,948	7,008,984	6,568,000	5,030,932
Liabilities				
Accounts payable	146,881	2,893,793	2,899,376	141,297
Accrued payroll liabilities	15,966	223,369	225,211	14,124
Custodial accounts	4,427,101	4,267,095	3,818,686	4,875,511
Total liabilities	4,589,948	7,384,257	6,943,273	5,030,932
WATER CONSERVANCY BOARD				
Assets				
Cash	1,387	40,500	40,104	1,783
Total assets	1,387	40,500	40,104	1,783
Liabilities				
Accounts payable	429	11,342	11,168	602
Custodial accounts	959	11,564	11,342	1,181
Total liabilities	1,387	22,906	22,510	1,783
HOSPITALS				
Assets				
Cash	1,371,183	41,613,693	41,876,163	1,108,712
Investments	4,457,932	4,808,546	3,773,330	5,493,149
Taxes receivable	220,192	175,219	220,192	175,219
Total assets	6,049,307	46,597,458	45,869,685	6,777,080
Liabilities				
Custodial accounts	6,049,307	35,117,969	34,390,196	6,777,080
Total liabilities	6,049,307	35,117,969	34,390,196	6,777,080

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2012

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CITIES				
Assets				
Cash	134,892	10,040,097	9,929,518	245,471
Taxes receivable	395,369	362,104	395,369	362,104
Total assets	<u>530,261</u>	<u>10,402,201</u>	<u>10,324,887</u>	<u>607,575</u>
Liabilities				
Custodial accounts	530,261	10,402,201	10,324,887	607,575
Total liabilities	<u>530,261</u>	<u>10,402,201</u>	<u>10,324,887</u>	<u>607,575</u>
COUNTY				
Assets				
Cash	1,332,360	132,236,696	132,691,961	877,095
Deposits with fiscal agents	1,386,860	1,449,543	-	2,836,403
Investments	35,408	63,161,159	63,180,638	15,928
Total assets	<u>2,754,628</u>	<u>196,847,398</u>	<u>195,872,599</u>	<u>3,729,426</u>
Liabilities				
Custodial accounts	2,754,628	5,844,107	4,869,309	3,729,426
Total liabilities	<u>2,754,628</u>	<u>5,844,107</u>	<u>4,869,309</u>	<u>3,729,426</u>
TOTAL AGENCY FUNDS				
Assets				
Cash	13,928,931	448,205,533	446,658,399	15,476,065
Investments	75,880,889	97,141,741	96,292,618	76,730,012
Deposits with fiscal agents	1,386,860	1,449,543	-	2,836,403
Taxes receivable	3,997,467	3,442,855	3,997,467	3,442,855
Total assets	<u>95,194,148</u>	<u>550,239,672</u>	<u>546,948,485</u>	<u>98,485,335</u>
Liabilities				
Accounts payable	443,385	16,640,239	16,332,524	751,100
Accrued payroll liabilities	511,766	11,451,760	11,464,528	498,998
Custodial accounts	94,238,997	287,079,505	284,083,265	97,235,237
Total liabilities	<u>95,194,148</u>	<u>315,171,504</u>	<u>311,880,316</u>	<u>98,485,335</u>

CHELAN COUNTY, WASHINGTON

Statistical Section

STATISTICAL SECTION

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

Page

Financial Trends

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

Net Position by Component	107
Changes in Net Position	108
Fund Balances of Governmental Funds	110
Changes in Fund Balances of Governmental Funds	111

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	112
Property Tax Rates – Direct and Overlapping Governments	113
Principal Property Taxpayers	114
Property Tax Levies and Collections	115

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	116
Ratios of General Bonded Debt Outstanding	117
Legal Debt Margin Information	118

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	119
Principal Employers	120

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	121
Operating Indicators by Function	122
Capital Asset Statistics by Function	123

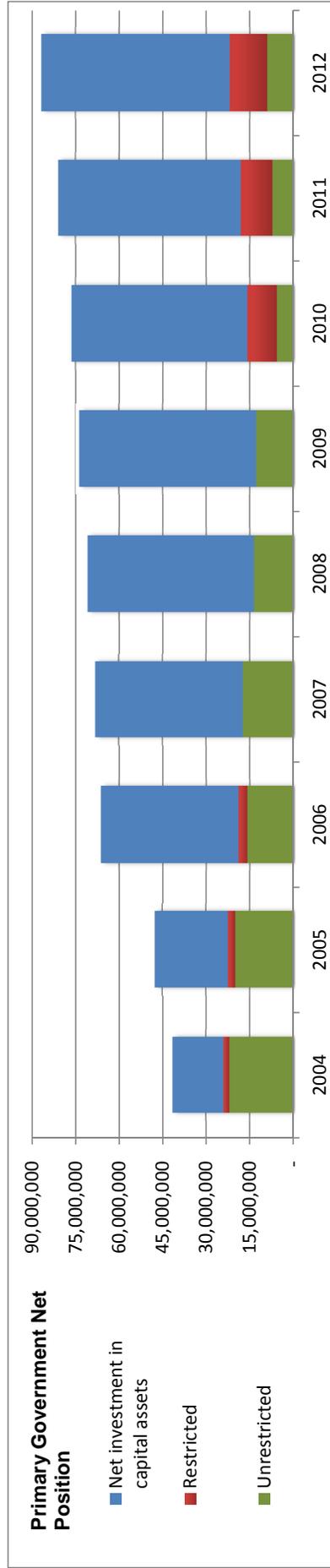
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CHELAN COUNTY, WASHINGTON

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Net investment in capital assets	15,229,008	23,064,659	45,256,287	48,436,910	55,303,823	58,126,820	57,752,757	60,286,575	62,812,448
Restricted	2,091,324	2,423,099	3,016,727	-	-	-	10,345,113	10,966,825	12,769,857
Unrestricted	21,057,517	18,762,671	15,279,911	16,632,017	12,054,056	10,912,607	3,702,742	5,076,395	7,218,396
Total governmental activities net position	38,377,850	44,250,429	63,552,926	65,068,927	67,357,879	69,039,427	71,800,613	76,329,795	82,800,700
Business-type activities									
Net investment in capital assets	2,075,020	2,138,608	2,106,615	2,034,312	1,940,914	2,558,851	2,634,337	2,246,075	2,084,570
Unrestricted	994,720	1,304,432	682,535	902,526	1,545,175	1,938,705	2,045,777	2,310,463	2,046,856
Total business-type activities net position	3,069,740	3,443,039	2,789,150	2,936,838	3,486,089	4,497,556	4,680,114	4,556,538	4,131,426
Primary government									
Net investment in capital assets	17,304,028	25,203,267	47,362,902	50,471,222	57,244,737	60,685,671	60,387,094	62,532,650	64,897,018
Restricted	2,091,324	2,423,099	3,016,727	-	-	-	10,345,113	10,966,825	12,769,857
Unrestricted	22,052,237	20,067,102	15,962,447	17,534,542	13,599,231	12,851,312	5,748,520	7,386,858	9,265,251
Total primary government net position	41,447,590	47,693,468	66,342,076	68,005,765	70,843,968	73,536,983	76,480,727	80,886,333	86,932,126



Notes:
Governmental activities net investment in capital assets almost doubled in 2006 due to retrospective reporting of infrastructure from GASB Statement 34. Due to the defeasance of general obligation bonds in the debt service fund, the restricted portion of net position was removed in 2007. Prior to 2010 the restricted portion of net position was not properly classified so complete historical information is not available.

CHELAN COUNTY, WASHINGTON

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Expenses										
Governmental activities:										
General government	14,983,530	15,820,567	16,875,815	19,779,898	20,075,480	19,913,816	11,921,365	8,419,537	8,533,353	
Judicial	2,583,105	2,788,489	2,878,666	3,093,301	3,330,840	3,436,578	3,055,970	4,655,371	4,771,923	
Public safety	15,411,584	15,300,244	14,505,817	16,196,980	17,219,829	17,339,824	17,703,729	18,938,202	18,994,713	
Physical environment	1,430,752	2,298,744	2,218,962	3,921,161	3,287,209	5,857,814	3,431,739	2,536,994	2,166,320	
Transportation	5,728,453	8,564,054	12,860,070	16,734,747	12,763,691	11,388,104	10,162,953	11,651,801	12,184,649	
Health and human services	497,421	501,035	466,656	530,354	501,462	1,451,089	1,624,062	1,551,060	1,659,125	
Economic environment	1,722,704	2,090,119	2,762,824	3,460,391	5,455,692	3,341,484	2,911,280	3,023,289	2,879,754	
Culture and recreation	763,942	837,424	780,326	935,089	976,024	794,016	713,204	760,314	733,164	
Interest on long-term debt	631,657	592,364	544,672	488,311	421,294	466,759	523,852	672,520	639,677	
Total governmental activities expenses	43,753,148	48,793,040	53,893,807	65,140,232	64,011,522	63,989,484	52,048,154	52,209,087	52,562,678	
Business-type activities:										
Utilities	1,369,149	980,186	1,088,631	1,357,762	1,888,505	1,381,051	1,528,671	1,414,523	1,566,644	
Public safety	4,911,932	5,917,493	7,116,572	7,707,781	8,399,137	9,235,002	8,538,243	8,951,729	8,270,353	
Recreation	524,758	624,481	615,657	592,670	649,449	642,405	644,281	700,388	693,808	
Total business-type activities expenses	6,805,839	7,522,160	8,820,861	9,658,213	10,937,091	11,258,458	10,711,195	11,066,640	10,530,805	
Total primary government expenses	50,558,987	56,315,200	62,714,668	74,798,445	74,948,614	75,247,941	62,759,349	63,275,727	63,093,483	
Program Revenues										
Governmental activities:										
Charges for services:										
General government	5,270,139	7,042,373	8,268,024	10,168,264	10,273,848	10,963,542	2,789,851	2,613,536	2,569,347	
Judicial	2,086,950	2,318,144	2,634,870	2,866,511	2,761,898	2,845,137	3,061,482	3,009,945	2,938,774	
Public safety	2,023,007	1,758,700	2,198,422	2,120,818	2,264,493	2,755,974	2,402,842	2,279,255	2,464,283	
Physical environment	182,762	261,758	85,411	13,373	22,640	47,771	222,926	342,901	344,126	
Transportation	260,659	2,742,542	3,659,967	3,884,330	1,063,365	276,378	363,826	333,048	84,913	
Health and human services	-	-	751	495	210	-	210	198	91	
Economic environment	1,207,780	1,486,343	1,771,371	1,739,092	1,802,103	1,291,662	1,275,902	1,256,726	1,325,961	
Culture and recreation	364,966	370,846	204,010	192,718	212,802	236,702	213,034	264,364	218,827	
Operating grants and contributions	6,202,763	6,714,602	4,888,389	10,685,200	9,856,702	14,952,201	10,589,492	7,697,637	7,266,384	
Capital grants and contributions	1,809,396	2,263,123	1,551,641	2,324,298	6,682,665	1,287,484	1,717,337	4,297,107	5,277,809	
Total governmental activities program revenues	19,408,422	24,958,431	25,262,855	33,995,099	34,940,726	34,656,851	22,636,901	22,094,718	22,490,515	

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Utilities	796,490	834,517	1,048,184	1,568,913	1,649,101	1,555,568	1,458,488	1,239,716	1,510,191
Public safety	6,002,190	5,847,098	6,083,928	7,256,312	8,516,446	9,575,932	8,426,100	8,832,550	7,522,109
Recreation	519,050	456,199	485,751	486,657	564,439	539,656	644,292	510,156	601,211
Operating grants and contributions	256,809	412,792	378,208	341,233	324,842	565,301	384,400	487,631	471,069
Total business-type activities program revenues	7,574,539	7,550,606	7,996,070	9,653,115	11,054,828	12,236,458	10,913,281	11,070,053	10,104,580
Total primary government program revenues	26,982,961	32,509,037	33,258,925	43,648,214	45,995,554	46,893,309	33,550,181	33,164,771	32,595,095
Net (expense)/revenue:									
Governmental activities	(24,344,725)	(23,834,608)	(31,145,133)	(29,070,797)	(29,332,632)	(29,411,253)	(30,114,369)	(30,114,369)	(30,072,164)
Business-type activities	768,700	28,445	(5,098)	117,737	978,000	202,086	3,413	3,413	(426,225)
Total primary government net expense	(23,576,025)	(23,806,163)	(31,150,231)	(28,953,060)	(28,354,632)	(29,209,168)	(30,110,955)	(30,110,955)	(30,498,389)
General Revenues and Other Changes in Net Position									
Governmental activities:									
Taxes									
Property taxes	13,452,658	14,437,672	14,079,978	14,706,768	15,036,880	16,745,569	17,442,036	18,364,467	18,976,216
Sales and use taxes	4,976,610	5,611,908	6,230,355	7,059,665	8,034,200	6,929,205	6,727,803	6,783,250	7,200,137
Motor vehicle fuel tax	2,101,802	2,162,824	2,238,789	2,290,340	2,247,026	2,161,528	2,172,656	2,169,193	2,125,370
Emergency communication tax	-	-	-	-	-	-	-	-	2,107,753
Federal land PILT	-	-	-	-	-	-	-	-	2,313,538
Other taxes	5,169,333	5,806,352	6,535,512	7,088,030	5,502,341	4,883,796	5,471,408	6,918,320	3,582,820
Interest and investment earnings	509,483	888,244	1,541,264	1,586,330	941,965	314,081	328,537	158,001	227,235
Miscellaneous	778,147	794,711	5,606	-	-	-	-	270,320	-
Transfers	675,229	4,476	(55,835)	(70,000)	(402,453)	(20,000)	30,000	(20,000)	10,000
Total governmental activities	27,663,262	29,706,187	30,575,669	32,661,133	31,359,959	31,014,180	32,172,440	34,643,550	36,543,069
Business-type activities:									
Other taxes	48,329	46,768	46,001	52,306	12,441	9,413	8,925	9,420	10,138
Interest and investment earnings	3,936	11,210	27,501	30,479	16,621	4,054	1,548	969	975
Miscellaneous	137,235	291,352	41,565	-	-	-	-	-	-
Transfers	(675,229)	(4,476)	55,835	70,000	402,453	20,000	(30,000)	20,000	(10,000)
Total business-type activities	(485,729)	344,854	170,901	152,785	431,515	33,467	(19,527)	30,389	1,113
Total primary government	27,177,533	30,051,041	30,746,570	32,813,918	31,791,473	31,047,647	32,152,913	34,673,939	36,544,182
Change in Net Position									
Governmental activities	3,318,538	5,871,580	3,590,336	2,027,326	1,602,927	2,058,071	4,529,181	4,529,181	6,470,906
Business-type activities	282,970	373,300	270,522	1,409,515	235,552	(16,114)	33,802	33,802	(425,113)
Total primary government	3,601,508	6,244,880	3,860,858	3,436,841	1,838,479	2,041,957	4,562,983	4,562,983	6,045,793

Note: The "Emergency Communication Tax" and the "Federal Land PILT" were included in "Other Taxes" until 2012.

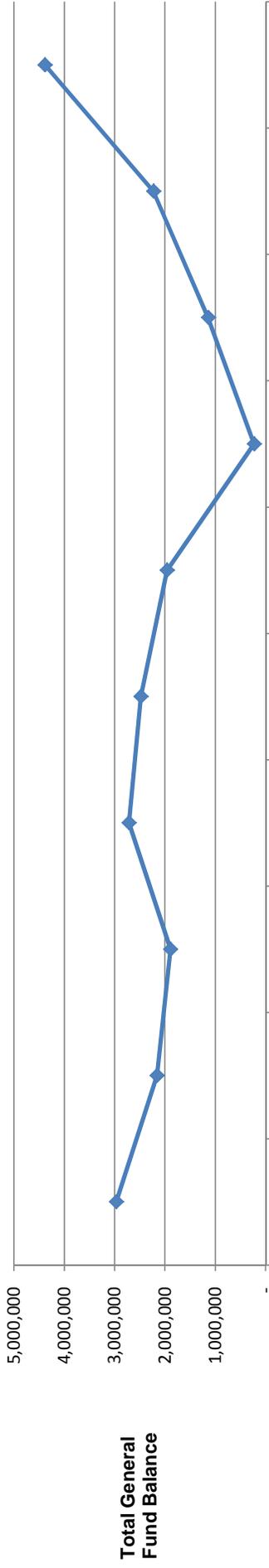
CHELAN COUNTY, WASHINGTON

Fund Balances of Governmental Funds

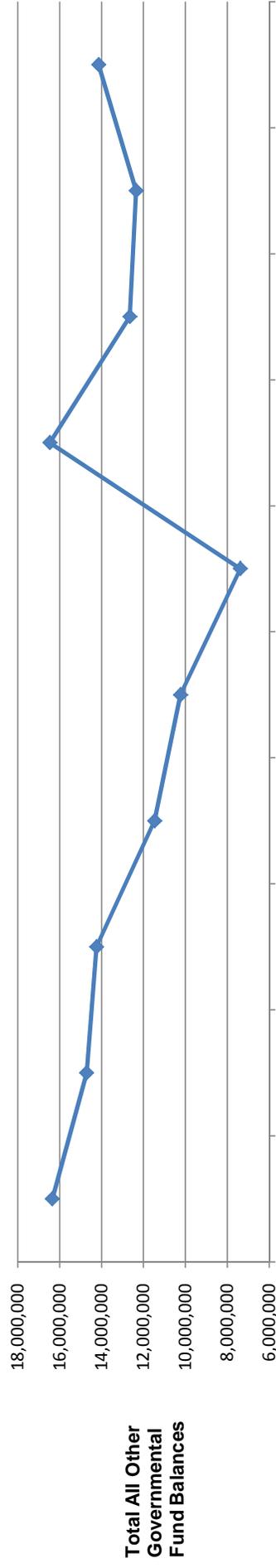
Last Ten Fiscal Years

(modified accrual basis of accounting)

General fund	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Restricted	-	120,000	-	-	-	-	-	-	-	-
Unassigned	2,970,554	2,040,710	1,893,826	2,717,995	2,480,438	1,960,442	230,294	1,144,302	2,231,455	4,386,965
Total General fund	2,970,554	2,160,710	1,893,826	2,717,995	2,480,438	1,960,442	230,294	1,144,302	2,231,455	4,386,965



All other governmental funds	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Restricted	-	-	-	-	-	-	-	-	12,099,789	13,850,519
Committed	-	-	-	-	-	-	-	-	261,346	293,744
Reserved	1,594,582	2,138,054	2,503,099	3,116,727	100,000	-	-	110,394	-	-
Unreserved, reported in:										
Special revenue funds	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	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	16,350,532	14,717,165	14,241,623	11,483,088	10,250,116	7,385,167	16,472,463	12,657,903	12,361,135	14,144,263



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

CHELAN COUNTY, WASHINGTON

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

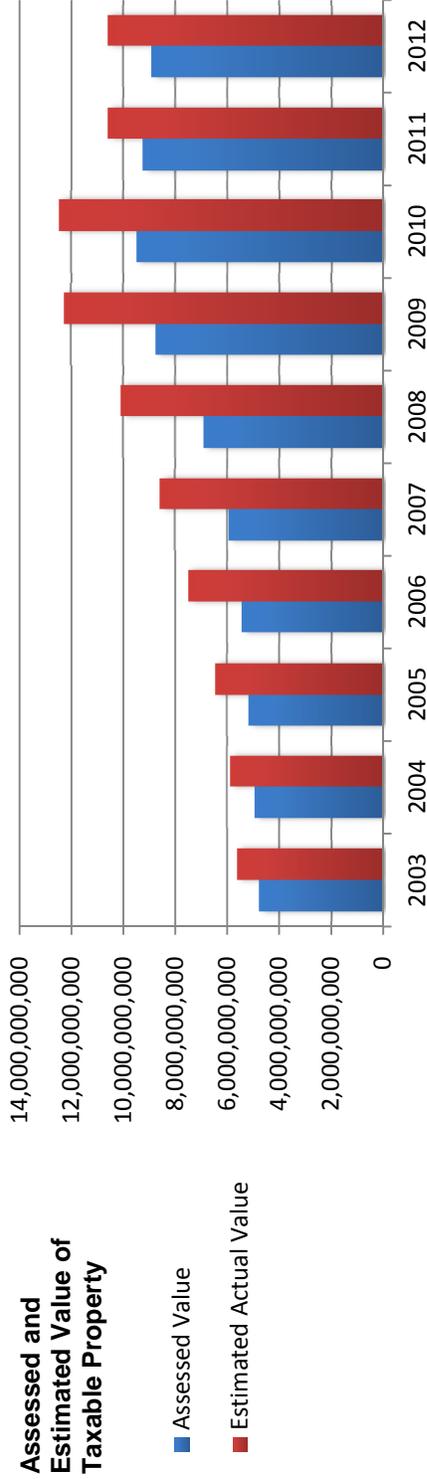
(accrual basis of accounting)

Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Taxes	20,782,272	21,682,449	23,537,843	24,885,151	26,761,084	25,869,996	25,735,639	26,566,332	28,931,203	30,475,600
Licenses and permits	575,042	659,499	749,512	832,002	883,035	828,632	606,938	606,264	632,712	686,805
Intergovernmental revenues	10,690,407	12,196,873	13,915,923	11,861,297	17,855,898	21,150,213	19,170,335	18,773,252	19,707,676	21,174,100
Charges for services	4,142,544	4,342,974	4,650,320	5,383,426	5,591,290	5,244,527	4,950,032	4,996,154	4,908,162	3,522,935
Fees and fines	1,130,273	1,218,182	1,133,455	1,303,721	1,377,250	1,271,913	1,339,310	1,260,675	1,122,267	1,101,984
Miscellaneous	1,073,130	2,323,893	2,018,459	2,286,489	2,858,423	2,517,035	5,645,276	1,898,068	941,162	943,347
Total revenues	38,393,668	42,423,870	46,005,512	46,552,086	55,326,979	56,882,317	57,447,530	54,100,746	56,243,183	57,904,771
Expenditures										
General government	10,756,389	10,868,927	11,414,253	11,744,332	13,142,930	13,966,147	13,815,248	12,665,634	12,729,161	12,007,638
Security of persons and property	11,751,741	13,438,209	15,058,453	14,249,525	15,913,411	16,516,677	17,556,196	17,082,276	18,075,481	18,335,576
Utilities & environment	1,701,870	1,467,956	2,297,620	2,217,838	3,925,161	3,343,268	5,893,729	3,466,888	2,598,373	2,153,312
Transportation	6,443,486	6,258,446	6,206,477	7,987,502	9,643,443	8,331,859	8,661,917	8,243,621	8,552,229	8,758,999
Economic environment	1,921,489	1,998,431	2,198,298	2,819,565	3,589,407	6,511,228	3,372,013	2,939,392	3,062,297	2,973,945
Mental health and physical health	569,236	573,150	595,995	552,469	555,406	571,622	1,566,606	1,707,674	1,671,555	1,711,758
Culture and recreation	568,238	640,847	639,202	655,953	732,406	723,409	579,866	477,722	512,163	505,164
Debt service:										
Principal	2,257,971	924,893	1,279,978	1,330,543	1,507,020	697,697	729,512	751,403	878,375	860,000
Interest and other charges	657,083	631,657	594,889	549,479	538,550	427,180	368,039	523,795	672,434	639,677
Bond issuance costs	-	-	-	-	-	-	98,720	-	-	-
Capital outlay	2,718,871	8,049,832	6,621,306	6,316,599	6,089,249	9,686,066	5,601,264	9,291,852	6,978,055	6,039,704
Total expenditures	39,346,374	44,852,348	46,906,471	48,423,804	55,636,982	60,775,152	58,243,110	57,150,256	55,730,123	53,985,774
Excess of revenues over (under) expenditures.	(952,706)	(2,428,478)	(900,959)	(1,871,719)	(310,003)	(3,892,835)	(795,580)	(3,049,510)	513,060	3,918,997
Other financing sources (uses)										
Sale of capital assets	12,063	13,074	17,097	15,188	29,256	7,825	16,864	118,958	297,324	9,642
Transfers in	327,070	272,369	466,287	2,606,568	894,892	2,009,029	845,801	1,240,400	467,158	705,158
Transfers out	(274,064)	(384,454)	(324,850)	(2,684,402)	(964,892)	(1,508,965)	(865,801)	(1,210,400)	(487,158)	(695,158)
Other	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)	3,512,334	(14,733)	158,534	(62,647)	(1,160,526)	507,890	8,152,729	148,958	277,324	19,642
Net change in fund balances	2,559,628	(2,443,211)	(742,425)	(1,934,366)	(1,470,529)	(3,384,946)	7,357,149	(2,900,552)	790,384	3,938,639
Debt service as a percentage of noncapital expenditures	7.96%	3.63%	4.46%	4.37%	4.02%	2.03%	2.55%	2.50%	3.34%	3.51%

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
2003	4,687,593,937	147,353,730	57,922,434	4,777,025,233	3.3059	5,633,284,473	84.8%
2004	4,872,628,292	147,386,402	57,920,414	4,962,094,280	3.2561	5,907,255,095	84.0%
2005	5,122,190,051	160,288,138	88,765,052	5,193,713,137	3.2458	6,467,886,846	80.3%
2006	5,375,160,737	166,997,635	89,441,177	5,452,717,195	3.1087	7,510,629,745	72.6%
2007	5,878,975,610	187,932,639	87,973,397	5,978,934,852	3.0457	8,590,423,638	69.6%
2008	6,827,144,362	195,716,362	87,499,133	6,935,361,591	2.6827	10,109,856,547	68.6%
2009	8,575,092,121	278,823,141	71,346,757	8,782,568,505	2.3692	12,300,516,113	71.4%
2010	9,288,503,785	308,803,648	84,762,148	9,512,545,285	2.2583	12,483,655,230	76.2%
2011	9,056,290,699	306,332,610	97,793,465	9,264,829,844	2.3959	10,600,491,812	87.4%
2012	8,748,579,943	289,843,144	109,823,182	8,928,599,905	2.5370	10,616,646,736	84.1%



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	
2003	1.5466	1.7594	3.3059	0.9093	0.9772	0.0847	3.0453	0.3649	2.8330	11.5203
2004	1.5301	1.7260	3.2561	0.8671	0.9287	0.0833	3.1989	0.3416	2.7534	11.4291
2005	1.6114	1.6344	3.2458	0.8308	0.9424	0.0823	3.1105	0.3405	2.7863	11.3384
2006	1.6215	1.4872	3.1087	0.9752	0.9556	0.0813	3.7752	0.3204	2.7165	11.9330
2007	1.5370	1.5088	3.0457	1.0238	0.9993	0.0729	4.1492	0.5248	2.5696	12.3853
2008	1.3844	1.2983	2.6827	0.9024	0.8119	0.0696	3.4134	0.3140	2.1238	10.3177
2009	1.1255	1.2434	2.3689	0.6789	0.6605	0.0614	2.9814	0.2503	2.1017	9.1031
2010	1.0638	1.1944	2.2583	0.6841	0.6854	0.0568	2.8680	0.2441	1.8913	8.6879
2011	1.1183	1.2776	2.3959	0.7586	0.7503	0.0562	2.9586	0.2529	1.8119	8.9845
2012	1.1991	1.3380	2.5370	0.7782	0.7406	0.0584	3.2453	0.2098	1.9349	9.5041

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	2012			2003		
	2012 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	2003 Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Stemilt Growers Inc	62,849,079	1	0.70%	52,089,436	3	1.09%
Wenatchee Valley Clinic	49,094,572	2	0.55%	25,750,946	5	0.54%
ALCOA Inc.	47,609,205	3	0.53%	57,050,387	1	1.19%
Trout Blue Chelan Inc	42,006,510	4	0.47%	37,972,623	4	0.79%
BNSF Railway Company	39,968,142	5	0.45%	25,543,210	6	-
Frontier Communication NW	37,887,579	6	0.42%	-	-	-
Stemilt Growers LLC	23,873,873	7	0.27%	-	-	-
Blue Bird Inc	19,884,949	8	0.22%	16,879,166	10	0.35%
Yahoo Inc	19,221,488	9	0.22%	-	-	-
Campbell's Lodge Inc	16,163,509	10	0.18%	-	-	-
Verizon Northwest Inc	-	-	-	53,408,513	2	-
Longview Fibre Company	-	-	-	21,383,717	7	0.45%
Dovex Fruit Company	-	-	-	21,223,718	8	0.44%
Tree Top Inc	-	-	-	20,492,016	9	0.43%
Totals	358,558,906		4.02%	331,793,732		5.29%
Total Taxable Value:	\$ 8,928,599,905			\$ 4,777,025,000		

Source: Chelan County Assessor

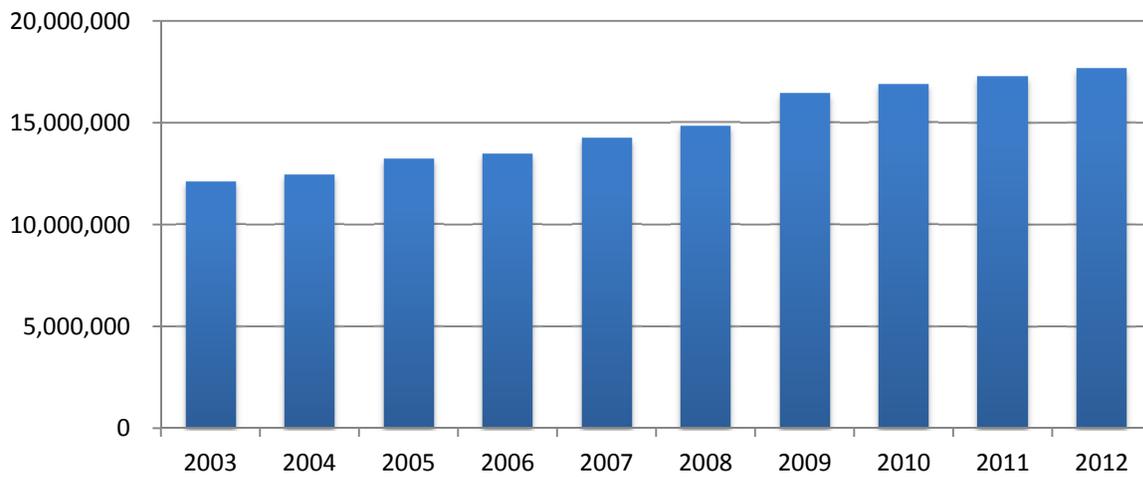
This list does not include lending institutions who are taxed on behalf of individual mortgages they are holding.

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
2003	12,115,666	11,766,717	97.12%	342,302	12,109,019	99.95%
2004	12,469,748	12,198,777	97.83%	270,679	12,469,456	100.00%
2005	13,233,355	12,982,188	98.10%	251,024	13,233,211	100.00%
2006	13,476,608	13,218,345	98.08%	257,683	13,476,028	100.00%
2007	14,230,327	13,976,296	98.21%	253,399	14,229,695	100.00%
2008	14,838,833	14,415,873	97.15%	421,960	14,837,833	99.99%
2009	16,449,753	15,792,831	96.01%	650,765	16,443,596	99.96%
2010	16,886,851	16,215,755	96.03%	566,578	16,782,334	99.38%
2011	17,287,025	16,672,588	96.45%	403,525	16,672,588	96.45%
2012	17,687,534	17,152,393	96.97%	Not applicable	17,152,393	96.97%

Total Tax Levy



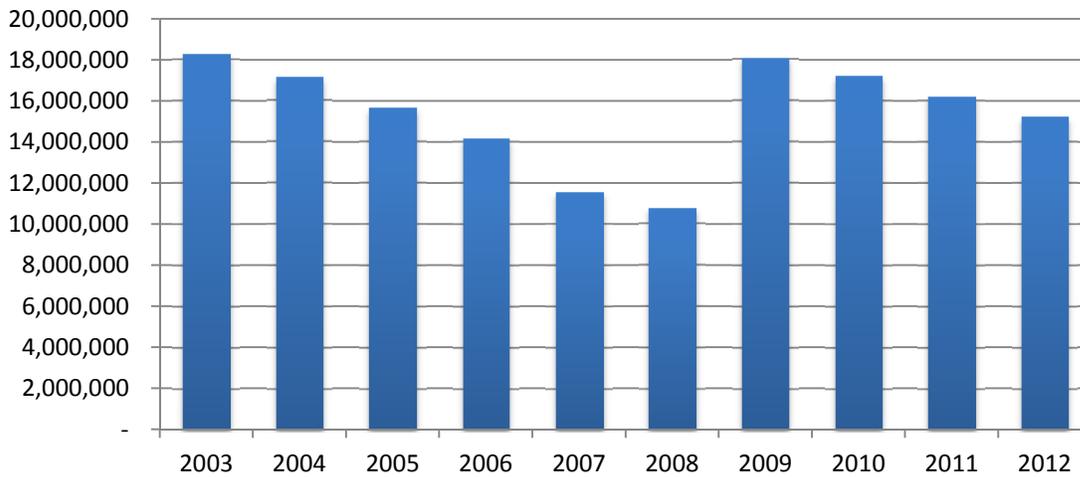
Source: Chelan County Treasurer, tax distribution report
Levy and collections include those of Chelan County's general and special revenue funds.

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			
2003	17,994,373	265,358	12,667	18,272,398	0.95%	269
2004	16,969,480	140,059	7,773	17,125,085	0.85%	250
2005	15,589,502	57,039	4,915	15,651,456	0.75%	226
2006	14,153,958	8,432	-	14,162,390	0.64%	202
2007	11,566,939	5,059	-	11,571,998	0.48%	163
2008	10,759,242	2,583	-	10,761,825	0.40%	149
2009	18,069,731	-	-	18,069,731	0.32%	250
2010	17,203,328	-	-	17,203,328	0.65%	237
2011	16,205,000	-	-	16,205,000	0.59%	223
2012	15,220,000	-	-	15,220,000	Not available	208

Total Primary Government Debt

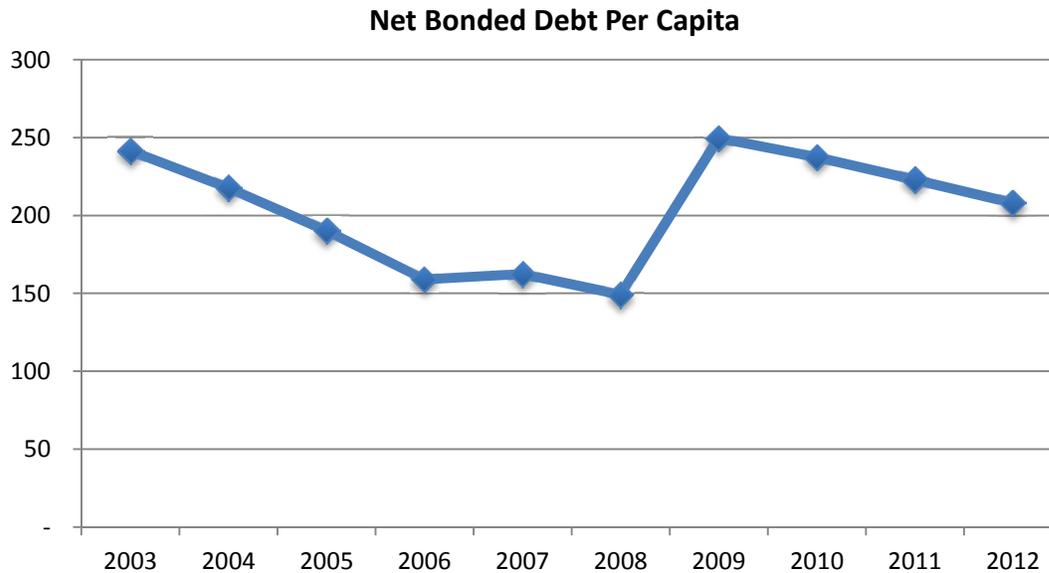


Details regarding the County's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.

CHELAN COUNTY, WASHINGTON

Ratio of General Obligation Bonded Debt Outstanding Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amonts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2003	17,994,373	1,594,582	16,399,791	0.29%	242
2004	16,969,480	2,091,324	14,878,156	0.25%	218
2005	15,589,502	2,423,099	13,166,403	0.20%	190
2006	14,153,958	3,016,727	11,137,231	0.15%	159
2007	11,566,939	-	11,566,939	0.13%	162
2008	10,759,242	-	10,759,242	0.11%	149
2009	18,069,731	-	18,069,731	0.15%	250
2010	17,203,328	-	17,203,328	0.14%	237
2011	16,205,000	-	16,205,000	0.15%	223
2012	15,220,000	-	15,220,000	0.14%	208



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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Non-Voted Debt										
Legal debt limit	71,655	74,431	76,368	81,791	89,684	104,030	131,739	142,688	138,972	133,929
Total net debt applicable to limit	(9,515)	1,884	1,547	3,013	3,972	6,535	7,577	9,438	7,963	3,940
Legal debt margin	81,170	72,547	74,821	78,778	85,712	97,496	124,161	133,250	131,009	129,989

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

-13.28% 2.53% 2.03% 3.68% 4.43% 6.28% 5.75% 6.61% 5.73% 2.94%

Voted and Non-Voted Debt

Legal debt limit	119,425	124,052	127,280	136,318	149,473	173,384	219,564	237,814	231,621	223,215
Total net debt applicable to limit	1,884	1,547	1,547	3,013	3,972	6,535	7,577	9,438	7,963	3,940
Legal debt margin	117,541	122,505	125,733	133,305	145,501	166,849	211,987	228,375	223,657	219,275

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

1.58% 1.25% 1.22% 2.21% 2.66% 3.77% 3.45% 3.97% 3.44% 1.77%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Valuations	8,928,600
Limited Tax General Obligation Debt Capacity (non-voted):	
Legal limit of up to 1.5% on the assessed valuation	133,929
Less: outstanding debt	(21,730)
Add: available assets	17,790
Remaining Debt Capacity (non voted)	129,989
Total General Obligation Debt Capacity (voted and non-voted):	
Legal limit of up to 2.5% on the assessed valuation	223,215
Less: outstanding debt	(21,730)
Add: available assets	17,790
Remaining Debt Capacity (voted and non-voted)	219,275

CHELAN COUNTY, WASHINGTON

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age (1)	Personal Income (2)	Per Capita Income (2)	Public School Enrollment (3)	Unemployment Rate (4)
2003	67,900	37.1	1,925,819,000	28,670	12,941	8.4%
2004	68,400	37.5	2,010,696,000	29,620	12,874	6.9%
2005	69,200	37.8	2,073,597,000	30,163	12,901	5.9%
2006	70,100	38.0	2,222,549,000	31,963	12,911	5.1%
2007	71,200	38.2	2,402,528,000	34,217	12,883	4.9%
2008	72,100	38.5	2,710,675,000	38,279	12,868	5.6%
2009	72,372	38.8	5,605,952,000	36,356	12,833	8.0%
2010	72,453	39.3	2,637,351,000	36,250	12,726	9.0%
2011	72,700	39.8	2,764,115,000	37,619	12,957	8.5%
2012	73,200	40.1	Not Available	Not Available	12,863	7.7%

Data sources:

- (1) Washington State Office of Financial Management <http://www.ofm.wa.gov/pop/>
- (2) Bureau of Economic Analysis at <http://www.bea.gov/iTable/index.cfm>
- (3) Washington State Office of Superintendent of Public Instruction at <http://www.k12.wa.us/dataadmin/>
- (4) Washington State Employment Security Department at <https://fortress.wa.gov/esd/employmentdata/>
average annual rate, not seasonally adjusted

CHELAN COUNTY, WASHINGTON

Principal Employers

Current Year and Six Years Ago

Employer (1)	2012			2006		
	Employees	Rank	Percentile of Total County Employment	Employees	Rank	Percentile of Total County Employment
Stemilt Growers, Inc	3,024	1	8.55%	1,402	2	4.01%
Wenatchee Valley Medical Center	1,697	2	4.80%	1,420	1	4.06%
Central Washington Hospital	1,456	3	4.12%	1,352	3	3.87%
Wenatchee School District	1,027	4	2.90%	963	4	2.76%
McDougall & Sons, Inc.	900	5	2.55%	-	-	-
Chelan County PUD #1	640	6	1.81%	658	5	1.88%
Crunch Pak	500	7	1.41%	-	-	-
Custom Apple Packers	497	8	1.41%	-	-	-
Alcoa	465	9	1.32%	-	-	-
Chelan County	446	10	1.26%	590	9	1.69%
Blue Star Growers	405	-	1.15%	412	10	1.18%
Blue Bird, Inc	280	-	0.79%	600	7	1.72%
C&O Nursery	277	-	0.78%	600	8	1.72%
Chelan Fruit, Inc	-	-	0.00%	610	6	1.75%
Total County Employment (2):	35,356			34,934		

Principal Employer data is not available prior to 2006.

Data Sources:

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

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

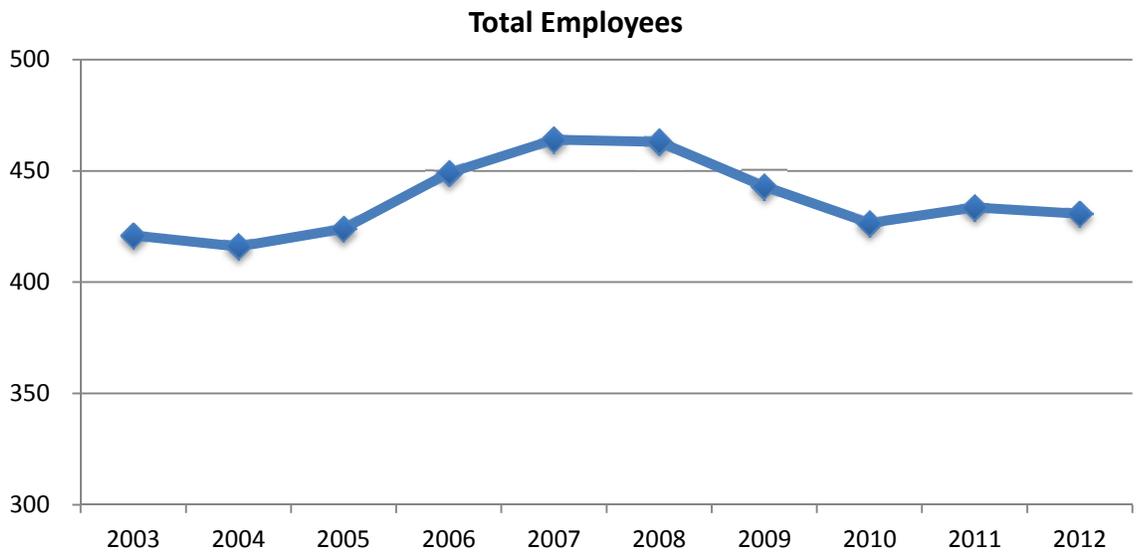
(2) Total county employment uses 2nd quarter data averaged over the past year. From the US Census Bureau at

http://lehd.did.census.gov/applications/qwi_online/

CHELAN COUNTY, WASHINGTON

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

Function	Full-time Equivalent Employees									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	102	97	102	106	106	104	102	98	97	85
Judicial	41	41	43	44	45	45	42	41	41	43
Public safety	182	181	186	196	199	201	195	189	189	185
Physical environment	7	7	8	7	9	8	11	13	12	12
Transportation	61	60	53	56	63	66	58	58	66	77
Economic environment	20	21	21	28	29	27	23	18	18	15
Culture and recreation	6	7	9	9	10	9	9	7	8	9
Utilities	2	2	2	3	3	3	3	4	4	4
Total	421	416	424	449	464	463	443	427	434	431



Notes: Actual paid FTE as of December 31. Obtained from payroll data in the Chelan County Auditor's Office

CHELAN COUNTY, WASHINGTON

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Total documents recorded by Auditor	31,535	26,198	27,262	27,939	27,105	22,486	19,767	17,141	17,308	20,319
Total vehicle licensing transactions	51,930	52,699	60,003	57,462	56,119	59,656	66,494	60,917	59,141	60,132
General election:										
Number of registered voters	33,327	37,395	36,185	35,314	35,983	38,650	37,715	37,972	38,562	40,293
Number of votes	15,737	29,617	20,408	23,518	19,174	32,392	20,656	28,071	22,397	32,809
Percent of registered voters voting	47.22%	79.20%	56.40%	66.60%	53.29%	83.81%	54.77%	73.93%	58.08%	81.43%
Judicial										
Superior Court cases filed	4,037	3,961	4,101	4,095	3,920	4,119	3,762	3,607	3,529	3,600
Documents filed with Clerk	116,704	118,226	134,101	156,669	138,171	145,050	123,012	130,480	118,491	122,890
District Court filings	19,181	19,419	19,466	21,958	21,868	20,047	22,841	19,427	20,146	17,431
Public safety										
Sheriff										
Total warrants entered	667	1,846	1,972	2,298	2,128	1,957	1,806	1,801	1,829	1,995
Total arrests carried out	2181	2,209	2,150	2,645	2,330	2,211	2,345	1,292	1,499	1,603
Total citations issued	4101	4,783	4,721	5,053	5,055	4,072	3,989	3,590	3,377	3,263
Concealed weapons permits issued	425	392	384	591	533	767	814	765	893	1,269
Regional Justice Center										
Total bookings	6,307	6,175	6,131	7,278	7,224	7,017	6,371	5,672	5,625	4,927
Average daily population	314	306	332	367	357	358	322	280	303	248
Meals served	354,870	344,175	371,328	431,769	431,043	413,910	377,049	306,699	331,259	278,404
Juvenile average daily population	27	20	23	20	21	21	29	11	11	9
Transportation										
Miles of county road repaired/preserved	231	175	346	177	301	164	41	196	121	57
Economic environment										
Total residential building permits	351	369	441	504	500	375	255	243	233	257
Total commercial building permits	75	57	70	69	60	51	44	42	62	89

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Motor pool vehicles	N/A	N/A	N/A	48	36	26	41	38	39	30
Public safety										
Sheriff patrol vehicles	N/A	N/A	N/A	59	66	63	58	60	60	62
Transportation										
Streets (miles)	N/A	N/A	N/A	643	655	655	655	655	655	655
Culture and recreation										
Parks	1	1	1	1	1	2	2	2	2	2

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

Data sources:

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

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