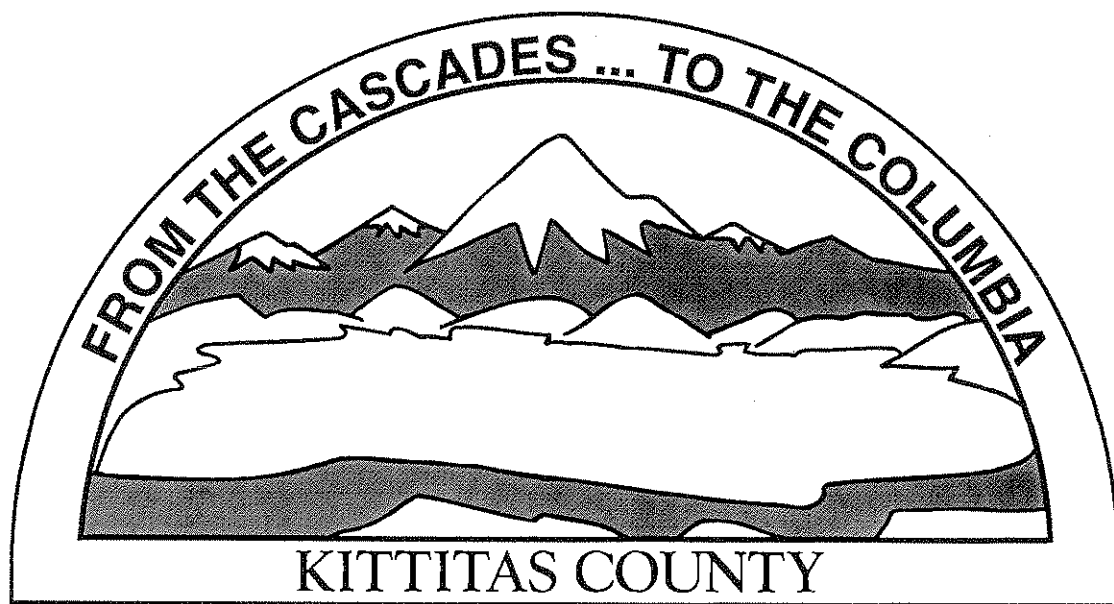


Required Supplementary Information



KITTITAS COUNTY, WASHINGTON

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2008

General Fund

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|---|
| Revenues | | | | |
| Taxes | \$ 8,999,500 | \$ 9,078,744 | \$ 9,494,824 | \$ 416,080 |
| Licenses & Permits | 1,832,820 | 1,847,820 | 1,457,321 | (390,499) |
| Intergovernmental | 2,390,951 | 3,056,457 | 3,009,586 | (46,871) |
| Charges for Services | 2,043,853 | 2,192,853 | 2,104,363 | (88,490) |
| Fines & Forfeits | 1,626,350 | 1,686,600 | 1,600,289 | (86,311) |
| Miscellaneous | 1,308,503 | 1,312,892 | 1,292,164 | (20,728) |
| Total Revenues | \$ 18,201,977 | \$ 19,175,366 | \$ 18,958,546 | \$ (216,820) |
| Expenditures | | | | |
| General Governmental | \$ 7,136,860 | \$ 7,715,840 | \$ 6,916,973 | \$ 798,867 |
| Judicial | 2,045,454 | 2,132,279 | 2,010,359 | 121,920 |
| Security of Persons and Property | 7,087,470 | 7,523,761 | 6,970,046 | 553,715 |
| Physical Environment | 121,246 | 121,546 | 91,562 | 29,984 |
| Transportation | 4,717 | 4,717 | 3,717 | 1,000 |
| Economic Environment | 1,224,752 | 1,232,502 | 1,043,646 | 188,856 |
| Mental & Physical Health | - | - | - | - |
| Culture & Recreation | 1,242,084 | 1,351,408 | 1,297,665 | 53,743 |
| Debt Service | 238,962 | 238,962 | 302,646 | (63,684) |
| Capital Outlay | 767,939 | 1,683,564 | 1,633,866 | 49,698 |
| Total Expenditures | \$ 19,869,464 | \$ 22,004,579 | \$ 20,270,480 | \$ 1,734,099 |
| Excess (Deficit) Revenues over Expenditures | \$ (1,667,507) | \$ (2,829,213) | \$ (1,311,934) | \$ 1,517,279 |
| Other Financing Sources (Uses) | | | | |
| Proceeds Capital Leases | \$ - | \$ - | \$ - | \$ - |
| Restitution | 500 | 500 | 1,168 | 668 |
| Sale of Fixed Assets | - | - | 2,035 | 2,035 |
| Transfers In | 576,312 | 1,223,310 | 753,121 | (470,189) |
| Transfers Out | (294,347) | (294,347) | (311,634) | (17,287) |
| Total Other Financing Sources (Uses) | \$ 282,465 | \$ 929,463 | \$ 444,691 | \$ (484,772) |
| Net Change in Fund Balance | \$ (1,385,042) | \$ (1,899,750) | \$ (867,243) | \$ 1,032,507 |
| Fund Balance, January 1 | \$ 5,093,788 | \$ 5,864,631 | \$ 8,907,173 | \$ 3,042,542 |
| Fund Balance, December 31 | \$ 3,708,746 | \$ 3,964,881 | \$ 8,039,930 | \$ 4,075,049 |

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

KITTITAS COUNTY, WASHINGTON

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2008

County Road

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|---------------|---------------|---|
| Revenues | | | | |
| Taxes | \$ 4,179,000 | \$ 4,179,000 | \$ 4,020,700 | \$ (158,300) |
| Licenses & Permits | 200 | 200 | 56 | (144) |
| Intergovernmental | 6,211,500 | 6,211,500 | 4,557,632 | (1,653,868) |
| Charges for Services | 91,600 | 91,600 | 48,563 | (43,037) |
| Miscellaneous | 149,000 | 149,000 | 301,127 | 152,127 |
| Total Revenues | \$ 10,631,300 | \$ 10,631,300 | \$ 8,928,078 | \$ (1,703,222) |
| Expenditures | | | | |
| General Governmental | \$ 76,001 | \$ 76,001 | \$ 121,107 | \$ (45,106) |
| Transportation | 6,275,700 | 6,275,700 | 5,343,097 | 932,603 |
| Capital Outlay | 4,721,000 | 4,721,000 | 2,379,301 | 2,341,699 |
| Total Expenditures | \$ 11,072,701 | \$ 11,072,701 | \$ 7,843,505 | \$ 3,229,196 |
| Excess (Deficit) Revenues over Expenditures | \$ (441,401) | \$ (441,401) | \$ 1,084,573 | \$ 1,525,974 |
| Other Financing Sources (Uses) | | | | |
| Sale of Fixed Assets | \$ - | \$ - | \$ 9,792 | \$ 9,792 |
| Transfers in | 300,000 | 300,000 | 84,754 | (215,246) |
| Transfers Out | (368,500) | (368,500) | (194,660) | 173,840 |
| Total Other Financing Sources (Uses) | \$ (68,500) | \$ (68,500) | \$ (100,115) | \$ (31,615) |
| Net Change in Fund Balance | \$ (509,901) | \$ (509,901) | \$ 984,458 | \$ 1,494,359 |
| Fund Balance, January 1 | \$ 7,217,901 | \$ 7,217,901 | \$ 9,594,973 | \$ 2,377,072 |
| Fund Balance, December 31 | \$ 6,708,000 | \$ 6,708,000 | \$ 10,579,431 | \$ 3,871,431 |

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

Required Supplemental Information
Notes to Budgetary Comparison Schedule
Year Ended December 31, 2008

A. Budgetary Basis

Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects and all proprietary funds on the modified accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles.

B. Material Violations

There were no material violations of finance-related legal or contractual provisions in the general fund and special revenue funds. In addition, these fund's expenditures did not exceed legal appropriation for 2008.

Required Supplemental Information
Kittitas County
LEOFF I Retiree Medical Benefits
Schedule of Funding Progress
Year Ended December 31, 2008

| Fiscal Year Ended | Actuarial Value of Assets | Actuarial Accrued Liability Entry Age | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|-------------------|---------------------------|---------------------------------------|---|--------------|-----------------|---|
| 12/31/08 | \$ - | \$2,198,297 | \$2,198,297 | 0% | - | - |

*2008 is the first year Kittitas County implemented GASB 45, and only one year is presented.

KITITAS COUNTY

Required Supplementary Information

December 31, 2008

Information about Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments, the County has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the County expenses certain maintenance and preservation costs and does not report depreciation expense.

Full assessment of these infrastructure assets was completed in July, 2008 by County Staff. Through 2008, graveled roads were assessed on a yearly basis for the purpose of hard surfacing prioritization. Beginning in 2009, a full condition assessment will be done on a yearly basis. Detailed documentation of disclosed assessment levels is kept on file.

In order to utilize the modified approach, the County is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the County.
- Document that the assets are being preserved approximately at, or above, the established condition level.

ROADS

Measurement Scale

The County’s graveled roads are scored based on the following point system. The number of structures on the road can be up to 41% of the total score.

| | Max. Points |
|--|--------------------|
| Structures <i>Based on number of residences access road</i> <i>2 points per residence</i> <i>No. of houses _____</i> | 40 |
| Traffic ADT <i>Based on a comparative ride roughness.</i> <i>Rating:</i> <i>Under 49=0</i> <i>50 to 99 = 2 pts</i> <i>100 to 149 = 4pts</i> <i>150 to 250 = 6 pts</i> <i>Over 250 = 10 pts</i> | 10 |
| Speed Limit <i>Based on a posted speed.</i> <i>0-35 mph = 2 pts</i> <i>over 35 mph = 4 pts</i> | 4 |

| | |
|--|-----------|
| Routes | 10 |
| <i>Based on a reported school and mail routes.</i> | |
| <i>School Bus Route= 5</i> | |
| <i>US Mail= 5</i> | |
| Classification | 8 |
| <i>Based on Federal Functional Classification.</i> | |
| <i>Access (Class 09) =0</i> | |
| <i>Minor Collector (Class 08) =4</i> | |
| <i>Major Collector (Class 07) =8</i> | |
| Connector | 10 |
| Maintenance Costs | 15 |
| <i>≤ 1000 = 5 pts, ≤ 2000 = 6 pts, ≤ 3000 = 7 pts ,</i> | |
| <i>≤ 4000 = 8 pts, ≤ 5000 = 9 pts, ≤ 6000 = 10 pts,</i> | |
| <i>< 7000 = 11pts, <8000 = 12pts, <9000 = 13 pts,</i> | |
| <i><10,000 = 14 pts, >10,000 = 15 pts</i> | |
| Total Possible Points | 97 |

Assessed Conditions

The following table reports the rating of the County's graveled roads by the number of miles by rating score. The ratings are used to prioritize the graveled roads for paving in the future.

| Miles of Gravel Roads | Rating Score |
|-----------------------|--------------|
| 4.21 | 50-65 |
| 1.14 | 41-49 |
| 7.3 | 31-40 |
| 5.16 | 21-30 |
| 25.35 | 11-20 |
| 24.71 | 0-10 |

Condition Level

The condition level which we budget to preserve condition level is equal to \$5,000 per mile in maintenance/preservation costs. (\$325,000 annual budget/64 miles of gravel roads).

BUDGETED AND ESTIMATED COSTS TO MAINTAIN INFRASTRUCTURE

The following table presents the County's estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the "Established Condition Levels" cited above, and the actual amount spent during the past five fiscal years:

| Fiscal Year | Estimated Spending | Actual Spending |
|-------------|--------------------|-----------------|
| 2004 | 187,000 | 233,528 |
| 2005 | 292,000 | 78,169 |
| 2006 | 327,000 | 208,278 |
| 2007 | 312,000 | 193,131 |
| 2008 | 335,500 | 246,629 |