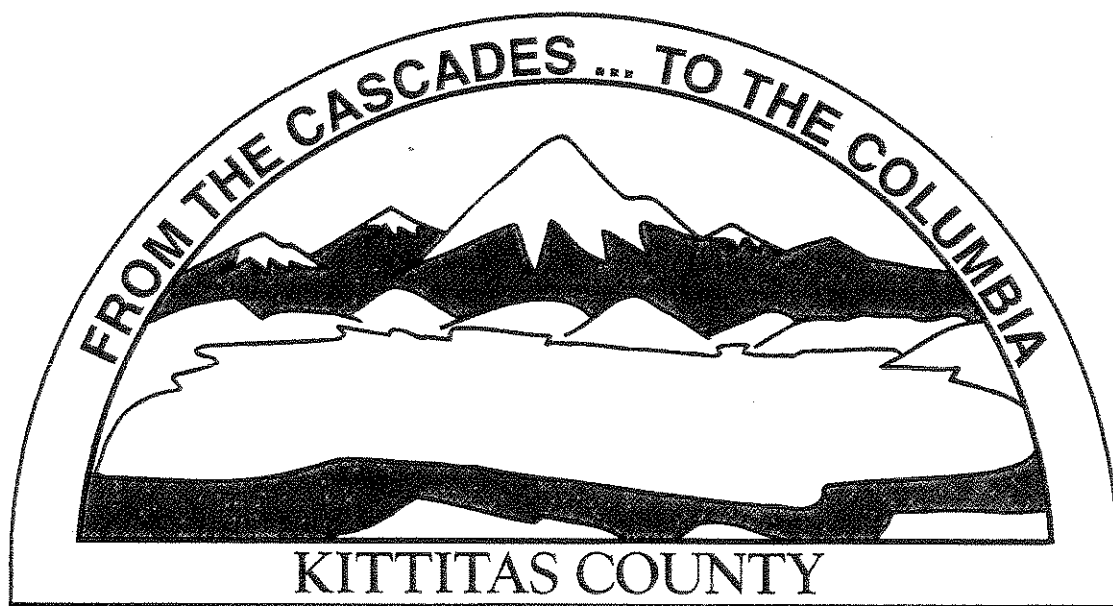


# Required Supplementary Information



KITTITAS COUNTY, WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2010

General Fund

|   | Original Budget      | Final Budget         | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>Revenues</b>                             |                      |                      |                      |   |
| Taxes                                       | \$ 10,449,000        | \$ 10,449,000        | \$ 10,481,803        | \$ 32,803   |
| Licenses & Permits                          | 727,756              | 857,756              | 972,365              | 114,609   |
| Intergovernmental                           | 2,685,060            | 3,040,200            | 3,148,503            | 108,303   |
| Charges for Services                        | 2,000,044            | 2,111,916            | 2,180,557            | 68,641  |
| Fines & Forfeits                            | 1,676,490            | 1,676,490            | 1,624,908            | (51,582)  |
| Miscellaneous                               | 601,823              | 603,423              | 763,759              | 160,336   |
| <b>Total Revenues</b>                       | <b>\$ 18,140,173</b> | <b>\$ 18,738,785</b> | <b>\$ 19,171,893</b> | <b>\$ 433,108</b>                                       |
| <b>Expenditures</b>                         |                      |                      |                      |   |
| General Governmental                        | \$ 6,806,811         | \$ 7,044,677         | \$ 6,345,529         | \$ 699,148  |
| Judicial                                    | 2,592,167            | 2,653,358            | 2,541,891            | 111,467   |
| Security of Persons and Property            | 7,065,131            | 7,385,495            | 7,072,669            | 312,826   |
| Physical Environment                        | 122,447              | 122,447              | 78,475               | 43,972  |
| Transportation                              | 3,717                | 3,717                | 3,717                | -   |
| Economic Environment                        | 587,981              | 699,981              | 656,058              | 43,923  |
| Mental & Physical Health                    |                      |                      |                      | -   |
| Culture & Recreation                        | 1,191,568            | 1,193,168            | 1,175,147            | 18,021  |
| Debt Service                                | 140,803              | 140,803              | 131,947              | 8,856   |
| Capital Outlay                              | 403,605              | 638,927              | 615,398              | 23,529  |
| <b>Total Expenditures</b>                   | <b>\$ 18,914,230</b> | <b>\$ 19,882,573</b> | <b>\$ 18,620,831</b> | <b>\$ 1,261,742</b>                                     |
| Excess (Deficit) Revenues over Expenditures | \$ (774,057)         | \$ (1,143,788)       | \$ 551,063           | \$ 1,694,851  |
| <b>Other Financing Sources (Uses)</b>       |                      |                      |                      |   |
| Proceeds Capital Leases                     | \$                   | \$                   | \$                   | \$ -  |
| Restitution                                 | 500                  | 500                  | 367                  | (133)   |
| Sale of Fixed Assets                        | 100                  | 171,100              | 597                  | (170,503)   |
| Transfers in                                | 544,837              | 544,837              | 419,064              | (125,773)   |
| Transfers Out                               | (262,031)            | (312,031)            | (281,211)            | 30,820  |
| <b>Total Other Financing Sources (Uses)</b> | <b>\$ 283,406</b>    | <b>\$ 404,406</b>    | <b>\$ 138,817</b>    | <b>\$ (265,589)</b>                                     |
| Net Change in Fund Balance                  | \$ (490,651)         | \$ (739,382)         | \$ 689,880           | \$ 1,429,262  |
| Fund Balance, January 1                     | \$ 3,820,019         | \$ 4,001,750         | \$ 4,217,897         | \$ 216,147  |
| <b>Fund Balance, December 31</b>            | <b>\$ 3,329,368</b>  | <b>\$ 3,262,368</b>  | <b>\$ 4,907,777</b>  | <b>\$ 1,645,409</b>                                     |

## KITITAS COUNTY, WASHINGTON

### Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual For the Year Ended December 31, 2010

#### County Road

|   | Original<br>Budget         | Final Budget               | Actual                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------------|----------------------------|-----------------------------|---|
| <b>Revenues</b>                             |                            |                            |                             |   |
| Taxes                                       | \$ 3,645,000               | \$ 3,645,000               | \$ 3,592,279                | \$ (52,721)   |
| Licenses & Permits                          | 100                        | 100                        | 7,686                       | 7,586   |
| Intergovernmental                           | 4,708,485                  | 4,708,485                  | 2,871,845                   | (1,836,640)   |
| Charges for Services                        | 418,000                    | 418,000                    | 544,577                     | 126,577   |
| Miscellaneous                               | 921,000                    | 139,000                    | 71,317                      | (67,683)  |
| Total Revenues                              | <u>\$ 9,692,585</u>        | <u>\$ 8,910,585</u>        | <u>\$ 7,087,703</u>         | <u>\$ (1,822,882)</u>                                   |
| <b>Expenditures</b>                         |                            |                            |                             |   |
| General Governmental                        | \$ 580,000                 | \$ 580,000                 | \$ 665,658                  | \$ (85,658)   |
| Transportation                              | 5,267,200                  | 5,267,200                  | 4,585,481                   | 681,719   |
| Capital Outlay                              | 6,154,000                  | 6,154,000                  | 266,207                     | 5,887,793   |
| Total Expenditures                          | <u>\$ 12,001,200</u>       | <u>\$ 12,001,200</u>       | <u>\$ 5,517,346</u>         | <u>\$ 6,483,854</u>                                     |
| Excess (Deficit) Revenues over Expenditures | \$ (2,308,615)             | \$ (3,090,615)             | \$ 1,570,357                | \$ 4,660,973  |
| <b>Other Financing Sources (Uses)</b>       |                            |                            |                             |   |
| Sale of Fixed Assets                        | \$ -                       | \$ -                       | \$ -                        | \$ -  |
| Transfers In                                | 330,000                    | 1,112,000                  | -                           | (1,112,000)   |
| Transfers Out                               | (189,400)                  | (189,400)                  | -                           | 189,400   |
| Total Other Financing Sources (Uses)        | <u>\$ 140,600</u>          | <u>\$ 922,600</u>          | <u>\$ -</u>                 | <u>\$ (922,600)</u>                                     |
| Net Change in Fund Balance                  | \$ (2,168,015)             | \$ (2,168,015)             | \$ 1,570,357                | \$ 3,738,373  |
| Fund Balance, January 1                     | \$ 8,578,000               | \$ 8,578,000               | \$ 13,186,088               | \$ 4,608,088  |
| <b>Fund Balance, December 31</b>            | <u><u>\$ 6,409,985</u></u> | <u><u>\$ 6,409,985</u></u> | <u><u>\$ 14,756,445</u></u> | <u><u>\$ 8,346,461</u></u>                              |

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, 2010**

**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 2010.

Required Supplemental Information  
 Kittitas County  
 LEOFF I Retiree Medical Benefits  
 Schedule of Funding Progress  
 Year Ended December 31, 2010

| 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%           | -               | -                                       |
| 12/31/09          | \$ -                      | \$2,082,585                           | \$2,082,585                                   | 0%           | -               | -                                       |
| 12/31/10          | \$ -                      | \$2,016,062                           | \$2,016,062                                   | 0%           | -               | -                                       |

\*2008 is the first year Kittitas County implemented GASB 45, and only three years are presented.

**KITTITAS COUNTY**  
**Required Supplementary Information**  
**December 31, 2010**

**Information about Infrastructure Assets Reported Using the Modified Approach**

In accordance with GASB Statement #34, the County is required to report infrastructure capital assets. The County has elected to use the "Modified Approach", as defined by GASB Statement #34, for reporting its gravel roads, thereby forgoing depreciation of these assets. Under this alternative method, the County expenses certain maintenance and preservation costs and does not report depreciation expense. 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.

**Asset Management System**

The County maintains an Asset Management System that includes up-to-date inventory of all gravel roads.

**Condition Assessments**

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 in July. Detailed documentation of disclosed assessment levels is kept on file.

**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:

| <b>Fiscal Year</b> | <b>Estimated Spending</b> | <b>Actual Spending</b> |
|--------------------|---------------------------|------------------------|
| 2005               | 292,000                   | 78,169                 |
| 2006               | 327,000                   | 208,278                |
| 2007               | 312,000                   | 193,131                |
| 2008               | 335,500                   | 246,629                |
| 2009               | 372,000                   | 218,576                |
| 2010               | \$347,000                 | \$311,164              |

**Established Condition Level**

Following are tables showing the measurement scales and basis for condition measurement used to assess and report conditions for gravel roads being reported using the modified approach and the condition level at which the County intends to preserve those assets.

Kittitas County manages its gravel road network using a priority array program. The gravel road condition rating is a numerical condition scale ranging from 1 (severely deficient) to 5 (excellent condition). The County has established an acceptable condition level of 3 (Fair Condition) and preserves 90% of its assets at or above this level.

The ratings are described as follows:

| <b>Gravel Road Condition Rating</b> |                                       |   |
|-------------------------------------|---------------------------------------|---|
| <b>Score</b>                        | <b>Attribute</b>                      | <b>Description</b>  |
| 1                                   | Severely impaired and load restricted | Impassable for heavy loads and requires load restrictions or road closure until repaired.                             |
| 2                                   | Poor Condition                        | Rough ride in places, requires spot grading, spot graveling, shoulder damage repair, or roadside flood damage repair. |
| 3                                   | Fair Condition                        | Road surface is in fair condition, rough ride in places but does not require grading or graveling.                    |
| 4                                   | Good Condition                        | Road surface is not new but in good condition and no maintenance needed.  |
| 5                                   | Excellent Condition                   | New road surface, no maintenance needed.  |