

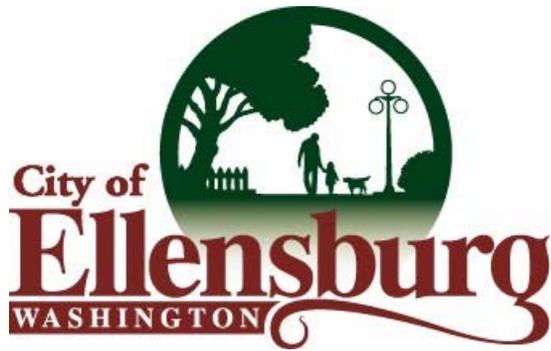
# CITY OF ELLENSBURG WASHINGTON



Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 2011

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CITY OF ELLENSBURG  
COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

Finance Director  
Ade' Ariwoola, MBA, CGFM

Accounting Manager  
Kim Snider

For The Fiscal Year Ended  
December 31, 2011

Prepared by the Finance Department

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**CITY OF ELLENSBURG, WASHINGTON**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended December 31, 2011

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION:**

Transmittal Letter .....	I
List of Elected and Appointed Officials.....	IX
Organization Chart.....	XI
Certificate of Achievement for Excellence in Financial Reporting .....	XII

**FINANCIAL SECTION:**

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	2

**Basic Financial Statements:**

Government-wide Financial Statements	
Statement of Net Assets.....	17
Statement of Activities.....	18
Description -Fund Financial Statements.....	19
Balance Sheet- Governmental Funds.....	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	22
Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds.....	23
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities...	24
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual- General Fund.....	25
Budget and Actual- Sales Tax Fund.....	27
Statement of Net Assets- Proprietary Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets- Proprietary Funds.....	30
Statement of Cash Flows- Proprietary Funds.....	31
Statement of Fiduciary Net Assets.....	33
Statement of Changes in Fiduciary Net Assets- Fiduciary Funds.....	34
Notes to the Basic Financial Statements.....	35

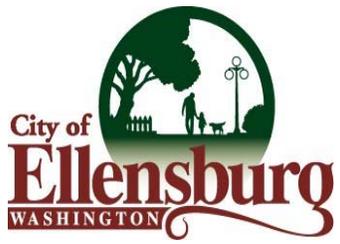
**Required Supplemental Information:**

Pension Funds- Schedule of Funding Progress.....	86
Pension Funds- Schedule of Employer Contributions .....	87
Budget to Actual- Street.....	88
Budget to Actual- Sales Tax .....	89
Budget to Actual- Police Vehicles .....	90
Budget to Actual- EURED RF .....	91
Budget to Actual- Special Projects .....	92

**Combining and Individual Fund Statements and Schedules:**

Description- Nonmajor Governmental Funds.....	93
Combining Balance Sheet- Nonmajor Governmental Funds.....	96

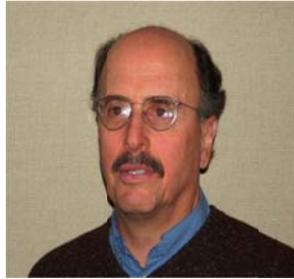
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Nonmajor Governmental Funds .....	99
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual- Nonmajor Governmental Funds.....	102
Description- Nonmajor Enterprise Funds.....	120
Combining Statement of Net Assets- Nonmajor Enterprise Funds.....	121
Combining Statement of Revenues, Expenses, and Changes in Net Assets- Nonmajor Enterprise Funds.....	122
Combining Statement of Cash Flows- Nonmajor Enterprise Funds.....	123
Description- Internal Service Funds .....	124
Combining Statement of Net Assets- Internal Service Funds.....	125
Combining Statement of Revenue, Expenses, and Changes in Net Assets- Internal Service Funds.....	126
Combining Statement of Cash Flows- Internal Service Funds.....	127
Description - Agency Funds.....	128
Combining Statement of Fiduciary Net Assets- Agency Funds.....	129
Combining Statement of Changes in Assets and Liabilities- Agency Funds..	130
<b><u>Supplemental Schedules:</u></b>	
Schedule of Expenditures of Federal Awards.....	131
Schedule of State/Local Government Financial Assistance.....	132
Notes to the Schedule of Expenditures of Federal Awards .....	133
<b><u>STATISTICAL SECTION:</u></b>	
Statistical Index.....	134
Schedule of Changes in Net Assets/Net Assets by Component .....	135
General Governmental Revenues by Source.....	137
Fund Balances of Governmental Funds.....	138
Changed in Fund Balance, Governmental Funds.....	139
Net Asset by Component.....	140
Summary of Sales Tax Revenue .....	141
Property Taxes Levies and Collections.....	142
Fund Composite Report.....	143
Direct and Overlapping Tax Rate.....	144
Direct and Overlapping Governmental Activities Debt.....	145
Principal Taxpayers.....	146
Outstanding General Obligation Debt to the Debt Limit.....	147
Ratio of Net General Obligation Bonded Debt.....	148
Ratios of Outstanding Debt by Type.....	149
Ratio of Annual Debt Service Expenditures.....	150
Revenue Bond Coverage- Sewer.....	151
Revenue Bond Coverage- Water.....	152
Revenue Bond Coverage- Gas.....	153
Revenue Bond Coverage- Light.....	154
Demographic and Economic Statistics.....	155
Miscellaneous Statistics.....	156
Principal Employers.....	157



# Introductory Section

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**CITY COUNCIL**



Bruce Tabb, Mayor  
Term Expires: December 31, 2015



Jill Arango  
Term Expires: 12/31/15



George Bottcher  
Term Expires: 12/31/11



Rich Elliott  
Term Expires: 12/31/13



Nancy Lillquist  
Term Expires: 12/31/13



Mary Morgan  
Term Expires: 12/31/15



David Miller  
Term Expires: 12/31/15

ADMINISTRATIVE STAFF



Ted Barkley, City Manager

Attorney

Chief of Police

Director of Community Development

Director of Energy Services

Director of Finance

Director of Human Resources

Director of Library

Director of Parks & Recreation

Director of Public Works

Jim Pidduck

Dale Miller

Mike Smith

Bob Titus

Ade' Ariwoola

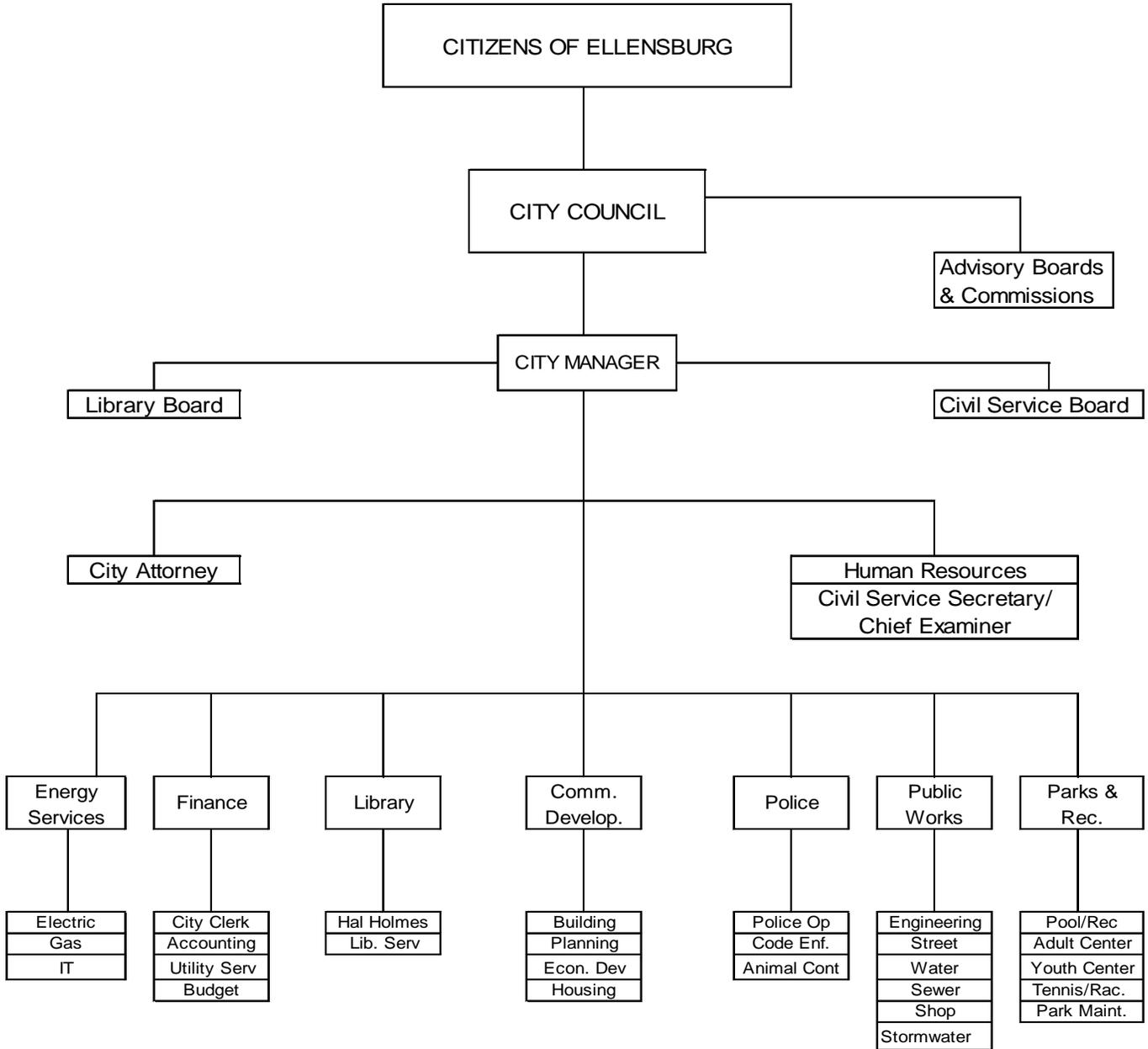
Cindy Smith

Debby DeSoer

Brad Case

John Akers

# *City of Ellensburg*



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ellensburg  
Washington

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

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.



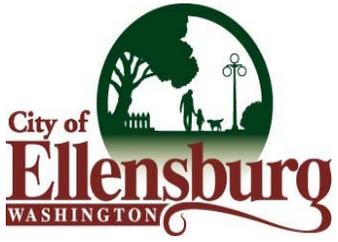
*Linda C. Davison*

President

*Jeffrey R. Emer*

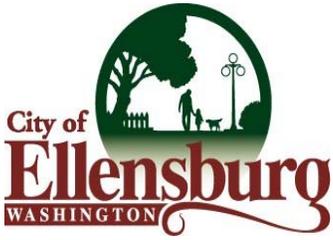
Executive Director

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# Financial Section

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# Management's Discussion & Analysis

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## *Management's Discussion and Analysis*

As management of the City of Ellensburg, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Ellensburg for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages I thru V of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

### **Financial Highlights**

- The assets of the City of Ellensburg exceeded its liabilities at the close of the most recent fiscal year by \$107.75 million (net assets). Of this amount, \$20.99 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. In addition, \$5.33 million (restricted net assets) is dedicated to specific purposes and \$81.42 million is invested in capital assets, net of related debt.
- The government's total net assets increased by \$8.05 million. Approximately one half of this increase is attributable to governmental activities and the other half to the business-type activities. The increase to the governmental activities is due to the grant receipts for the improvement to Dolarway road, and acquired infrastructures through annexation. The majority of the increase attributable to the business-type activities is mainly excess of revenues over the expenses and acquired water and sewer line systems through annexation. .
- As of the close of the current fiscal year, the City of Ellensburg's governmental funds reported a combined ending fund balances of \$9.55 million, a decrease of \$.076 million over the prior year. Contributing to the decrease is the expenditures funded by the 2010 bond proceeds. Approximately \$4.01 million of the \$9.55 million is available for spending at the government's discretion (unassigned fund balance), or 36 percent of the total General Fund expenditures.
- The City of Ellensburg enterprise funds reported a combined ending fund balance of \$49.13 million, an increase of \$3.23 million. Approximately half of this increase is attributable to donated assets in Water and Sewer funds from contractors for property annexed by the City in 2011.
- The City of Ellensburg total debt decreased by \$3.79 million during the current fiscal year. The key factor is mainly the payoff of a Gas Revenue Bond in the amount of \$.99 million and a Light Revenue Bond in the amount of \$1.63 million.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Ellensburg's basic financial statements which are comprised of 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 financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Ellensburg 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 City of Ellensburg include general government, public safety, transportation, economic development, and culture and recreation. The business-type activities of City of Ellensburg include gas distribution, electric distribution, water distribution, sewer collection and treatment, and stormwater.

The government-wide financial statements can be found on pages 17 - 18 of this report.

**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. The City of Ellensburg, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ellensburg can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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, and its capacity to finance its programs in the near future.

Because the focus of governmental funds is narrower than that of the 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 financial decisions. Both the governmental funds balance sheet and the governmental funds

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ellensburg maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, and Arterial Street Fund which are considered major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Ellensburg adopts an annual appropriated budget for its General Fund and Arterial Street Fund. This report includes a budgetary comparison statement to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 19-27 of this report.

***Proprietary funds.*** The City of Ellensburg maintains two different types of proprietary funds; Enterprise and Internal Service Funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Ellensburg uses enterprise funds to account for I-net, gas distribution operations, electric distribution operations, water distribution operations, wastewater treatment operations, and stormwater operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Ellensburg's various functions. City of Ellensburg uses internal service funds to account for its information technology systems, fleet of equipment, health and benefits, and risk management. The fleet of equipment and information technology systems predominantly benefit business-type functions rather than governmental functions, therefore they have been included within the business-type 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 funds financial statements provide separate information for the Gas, Electric, Water, and Sewer funds, which are considered major funds of the City of Ellensburg. Conversely, Information Technology, ER&R, Health and Benefits and Risk Management funds in the internal service funds are combined into single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28 – 32 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of the City of Ellensburg employees and parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support City of Ellensburg'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 pages 33 – 34 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 – 85 of this report.

**Other information.** In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* concerning the City of Ellensburg's progress in funding its obligations to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information (RSI). The schedules can be found right before the combining and individual fund statements.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of City of Ellensburg, assets exceeded liabilities by \$107.75 million at the close of the 2011 fiscal year. The City's fiscal condition remains stable and relatively better than last year.

The largest portion of City of Ellensburg's net assets (75.54% (81.42/107.78)) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although City of Ellensburg'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.

*City of Ellensburg's Statement of Net Assets*  
*December 31, 2011*  
*(In Millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$ 11.61	\$ 11.62	\$ 22.58	\$ 25.00	\$ 34.19	\$ 36.62
Capital assets	52.14	47.87	50.33	48.12	102.47	95.99
Total assets	63.75	59.49	72.91	73.12	136.66	132.61
<b>Liabilities</b>						
Other liabilities	0.88	1.14	2.40	2.87	3.28	4.01
Long-term liabilities	10.28	10.41	15.35	18.50	25.63	28.91
Total liabilities	11.16	11.55	17.75	21.37	28.91	32.92
<b>Net assets</b>						
Investment in capital	44.52	41.15	36.91	32.53	81.42	73.68
Restricted	3.11	5.50	2.21	5.12	5.33	10.62
Unrestricted	4.95	1.29	16.05	14.11	20.99	15.40
Total net assets	\$ 52.58	\$ 47.94	\$ 55.16	\$ 51.75	\$ 107.75	\$ 99.69

An additional portion of the City of Ellensburg's net assets (\$5.33 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20.99 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, City of Ellensburg is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The governmental net assets increased by \$4.64 million during the current fiscal year. A large portion of this increase is due to acquired infrastructure assets (i.e. streets, sidewalks, land) through annexation and the increase in property taxes, sales and use taxes and grant revenues.

The government's restricted net assets decreased by 50% (from \$10.62 million to \$5.33 million), and the unrestricted increased by 36% (from \$15.40 million to \$20.99 million). The decrease in the restricted net assets is due mainly to the payoff of long-term debt in the Light and Gas Funds and the use of restricted bond proceeds for capital construction in Water and Sewer.

The governments net assets increased by \$8.05 million during the current fiscal year. A portion of this increase is attributable to the grants received for the redesign and new construction of Dolarway Road, a main arterial street in the amount of \$3.3 million and the acquisition of capital assets (i.e. water and sewer systems, sidewalk, and roads) through annexation of properties into the City.

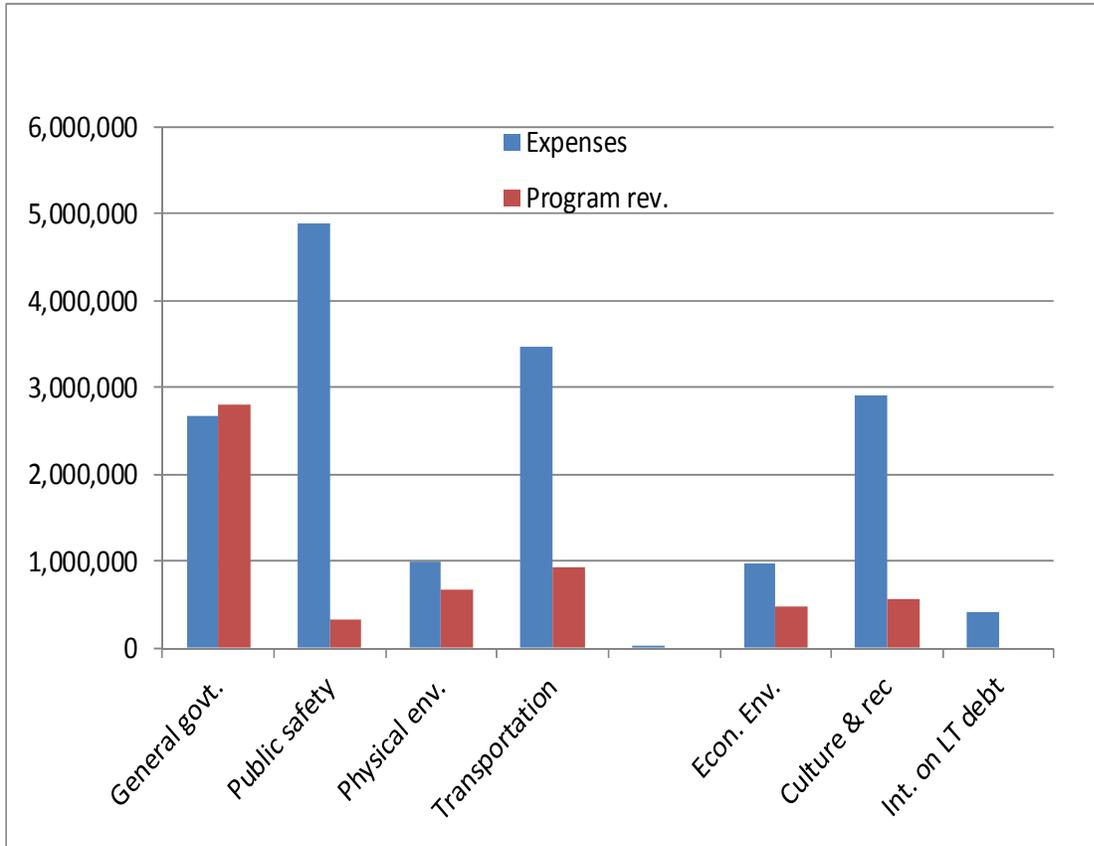
**Governmental and Business-type Activities.** The governmental activities increased the City of Ellensburg net assets by \$4.64, thereby accounting for 58 percent of the total growth in the net assets for the City of Ellensburg. Key elements of this increase are as follows:

<b>City of Ellensburg's Statement of Activities</b>						
<b>For the Years Ended December 31, 2011 and 2010</b>						
<b>(In Millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 3.94	\$ 4.24	\$ 28.46	\$ 28.95	\$ 32.40	\$ 33.19
Operating grants & contributions	1.19	1.07	0.11	0.22	1.31	1.29
Capital grants & contributions	5.07	0.45	1.84	0.13	6.91	0.58
Property taxes	2.62	2.30			2.62	2.30
Retail Sales & Use Tax	4.93	4.19			4.93	4.19
Other taxes	3.04	3.09			3.04	3.09
Investment earning	0.01	0.06	0.03	0.18	0.04	0.24
Other income	0.25	0.25	-		0.25	0.25
<b>Total revenues</b>	<b>21.05</b>	<b>15.65</b>	<b>30.44</b>	<b>29.48</b>	<b>51.50</b>	<b>45.13</b>
<b>Expenses:</b>						
General government	2.69	2.67			2.69	2.67
Public safety	5.03	4.90			5.03	4.90
Physical environment	0.99	0.99			0.99	0.99
Transportation	3.35	3.48			3.35	3.48
Health & human services	0.01	0.01			0.01	0.01
Economic environment	1.08	0.96			1.08	0.96
Culture & recreation	2.94	2.91			2.94	2.91
Interest on LT debt	0.39	0.41			0.39	0.41
Utilities			26.98	28.35	26.98	28.35
Others					-	-
<b>Total expenses</b>	<b>16.47</b>	<b>16.33</b>	<b>26.98</b>	<b>28.35</b>	<b>43.45</b>	<b>44.68</b>
Inc(dec) in net assets before transfers	4.58	(0.68)	3.47	1.13	8.05	0.45
Special items - gain (loss)	-	0.18	-	0.43	-	0.61
Transfers	0.06	0.09	(0.06)	(0.09)	0.00	
<b>Change in net assets</b>	<b>4.64</b>	<b>(0.41)</b>	<b>3.41</b>	<b>1.47</b>	<b>8.05</b>	<b>1.06</b>
Net assets at Beginning	47.94	48.35	51.74	50.27	99.68	98.62
Prior period adjustments						-
<b>Net assets at Year End</b>	<b>\$ 52.58</b>	<b>\$ 47.94</b>	<b>\$ 55.16</b>	<b>\$ 51.74</b>	<b>\$ 107.75</b>	<b>\$ 99.68</b>

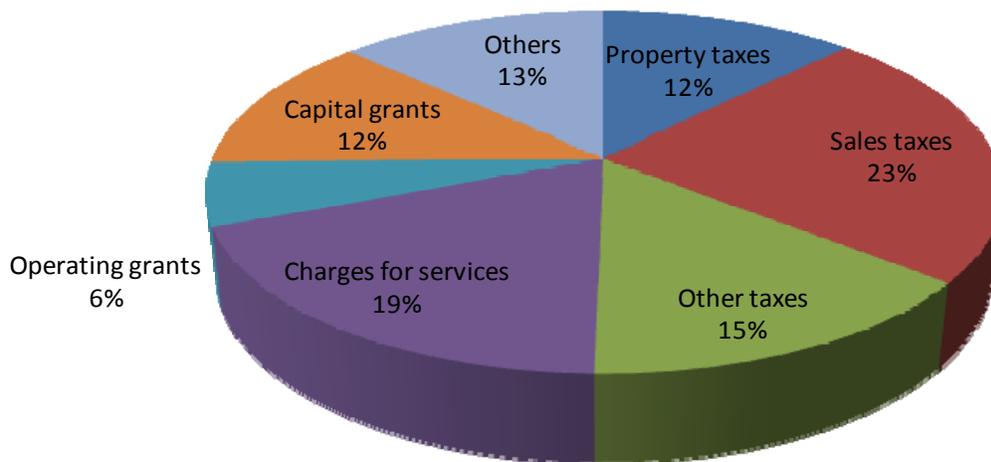
### **Governmental Activities**

Significant elements of the Change in Net Assets for governmental activities from December 31, 2010 to December 31, 2011 is attributed to the capital grants for the Dolarway project, infrastructure assets acquired through annexation (i.e. streets, sidewalks, land), and a moderate increase in Sales tax and property tax.

## 2011 Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities

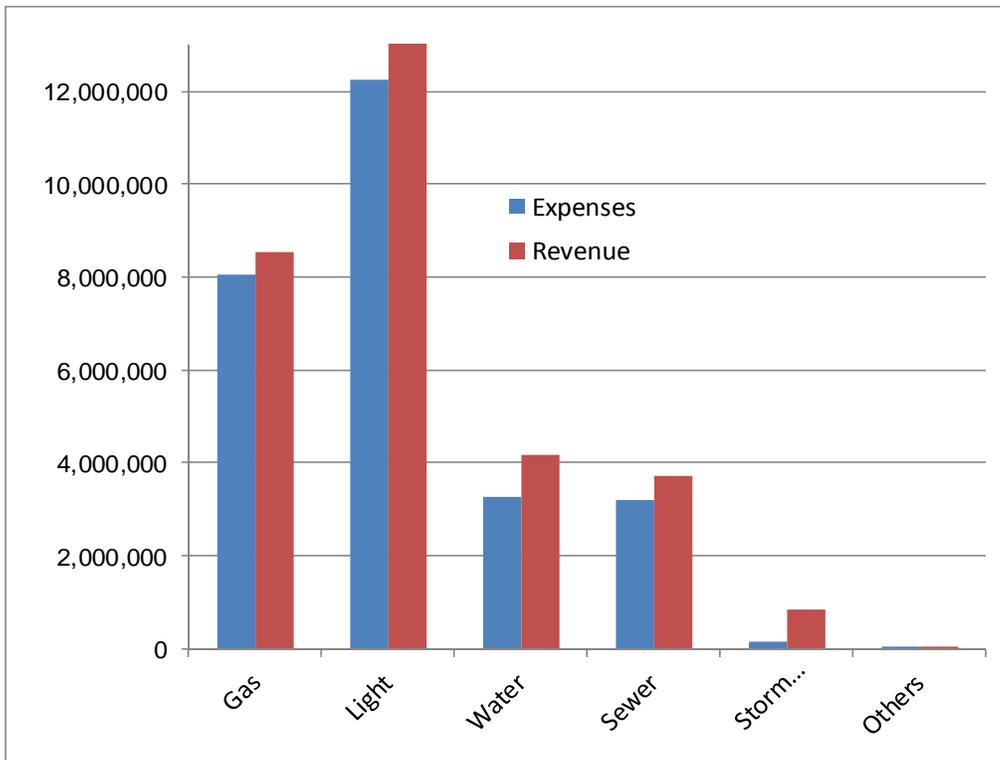


2011 Revenues by source – Governmental Activities

**Business-type activities.** The business-type activities increased the City of Ellensburg’s net assets by \$3.41 million, accounting for 42 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

Capital contributions emerged as a major revenue source for the Water and Sewer funds during the current fiscal year, producing \$1.3 million in revenue. This increase is a result of assets acquired through annexation (i.e. water and sewer systems) from developers in the amount of \$1.2 million and the remainder is plant investment fees collected. The decrease in expenditures is due to the completion of large water/sewer bond projects.

2011 Expenses and Program Revenues – Business-type Activities



**Financial Analysis of the Government’s Funds**

As noted earlier, the City of Ellensburg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Ellensburg governmental funds is to provide information on near-term inflows, outflows and balances of spending resource. Such information is useful in assessing the City of Ellensburg financing requirements. In particular

unassigned fund balance may serve as a useful measure of the governments net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Ellensburg governmental funds reported a combined ending fund balances of \$9.55 million, a decrease of \$0.076 million from prior year, of this amount \$4.01 million constitutes unassigned fund balance, which is available for spending at the governments discretion. The remainder of the fund balance is restricted, committed or assigned to indicate it is not available for new spending because it has already been committed or designated to pay for contracts or special programs (\$3.3 million) or to pay debt service (\$0.046 million).

The General Fund is the chief operating fund of the City of Ellensburg. At the end of the current fiscal year, the General Fund had a fund balance of \$4.07 million, majority of this amount is classified as unassigned funds. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 36 % (4,010,034/11,244,872) of the total General Fund expenditures.

The fund balance shows an increased due to the reclassification of special revenue funds. The Sales Tax, Police Vehicles, EURED RF and the Special Project Funds were classified as special revenue in 2010, now based on the GASB 54 requirement for special revenue funds they are now part of the General Fund for reporting purposes. Overall the general fund increase by \$0.20 million due to spending less sales tax revenue and holding it for future expenditures. The combining worksheet is on page 21.

### **Proprietary funds**

The City of Ellensburg's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Restricted net assets of the enterprise funds at the end of the year amounted to \$2.21 million including \$1.29 million in debt service, \$0.68 million in rate stabilization and \$0.25 million in construction, unrestricted net assets were \$12.76 million, and the total net assets for all propriety funds were \$56.04 million. Of the \$12.76 million of unrestricted net assets there is \$9.60 million in cash and cash equivalents.

The restricted for debt service decreased by \$0.58 million due to the defeasance of revenue bonds in the Light and Gas Funds in the amount of \$2.73 million. The restricted for construction decrease due to bond projects being completed in the Water and Sewer Funds.

### **General Fund Budgetary Highlights:**

Actual General Fund revenues were higher than the final budgeted revenues by \$0.26 million during fiscal year 2011. This increase is due to the increase in property tax revenues. The departments within the General Fund spent \$0.25 million less than their final annual budget. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

The following are the significant supplemental appropriations during the year. The \$0.26 million in property tax was previously reported as tax revenue in the Fire Relief and Pension Fund but with budget supplement the total property tax revenue is reported in the General Fund as revenue and the portion for the Fire Relief and Pension Fund was paid out of the General Fund into the Fire Relief and Pension Fund.

General Fund	BUDGET			Actual		
	Original	Supplemental	Final	General	Other Funds	Total
<b>Revenues</b>						
Taxes	\$ 5.21	\$ 0.26	\$ 5.47	\$ 5.59	\$ 3.19	\$ 8.78
Licenses & Permits	0.27	-	0.27	0.32	-	0.32
Intergovernmental Revenues	0.55	0.07	0.61	0.64	-	0.64
Charges for Goods & Services	3.18	0.09	3.27	3.27	-	3.27
Fines & Penalties	0.08	-	0.08	0.09	-	0.09
Miscellaneous Revenues	0.18	-	0.18	0.24	0.0043	0.24
Other Financing Sources	1.00	-	1.00	1.00	0.12	1.12
<b>Total Revenues</b>	<b>10.47</b>	<b>0.42</b>	<b>10.88</b>	<b>11.15</b>	<b>3.31</b>	<b>14.46</b>
<b>Expenditures</b>						
City General	0.71	0.14	0.85	1.08	0.07	1.15
Finance	1.51	0.003	1.51	1.40	-	1.40
City Manager	0.77	-	0.77	0.73	-	0.73
Police	3.78	-	3.78	3.66	-	3.66
Community Development	0.85	0.002	0.85	0.79	-	0.79
Engineering	0.82	-	0.82	0.77	-	0.77
Parks & Rec	1.78	0.08	1.86	1.84	0.04	1.88
Library	0.90	0.04	0.95	0.91	-	0.91
Other Financing Uses	-	0.26	0.26	-	3.01	3.01
<b>Total expenditures</b>	<b>(11.11)</b>	<b>(0.53)</b>	<b>(11.65)</b>	<b>(11.13)</b>	<b>(3.12)</b>	<b>(14.25)</b>
<b>Change to fund balance</b>	<b>\$ (0.64)</b>	<b>\$ (0.11)</b>	<b>\$ (0.76)</b>	<b>\$ 0.02</b>	<b>\$ 0.19</b>	<b>\$ 0.21</b>

### *Capital Assets*

The City of Ellensburg investment in capital assets for its governmental and business type activities as of December 31, 2011 amounts to \$81.42 million (net of accumulated depreciation). This investment in capital assets includes land, building, and systems improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City of Ellensburg investment in capital assets for the current year was 7 percent for governmental activities and 12 percent for business type activities.

At the end of the fiscal year 2011, the City of Ellensburg's investment in capital assets for its governmental activities was \$44.52 million. Major capital assets events during the current fiscal year included the following:

**Change in Capital Assets (millions)**

	12/31/2010	Additions	Retirements	12/31/2011
<b>Governmental activities</b>				
Land	\$ 11.41	\$ 1.19		\$ 12.60
Construction in Progress	1.21	2.56	-	3.77
Infrastructure	53.44	1.35		54.79
Building	10.17	1.22	-	11.38
Non-building improvements	2.58	0.03		2.61
Machinery & Equipment	1.10	0.04	0.01	1.13
Total	81.23	6.39	0.01	86.29
Less Accumulated Depreciation	32.04	2.12	0.01	34.15
Total Capital Assets Net of Depre.	\$ 47.07	\$ 4.27	\$ -	\$ 52.14

The \$2.56 million increase in construction in progress is from a major redesign and construction of Dolarway road, an arterial street within the City of Ellensburg.

The \$1.35 increase in infrastructure is from the donation of roads and sidewalks from developers and the annexation of property into the City limits.

At the end of the fiscal year 2011, the City of Ellensburg's investment of capital assets for its business type activities was \$36.91 million. The major capital assets events during the current fiscal year included the following:

**Change in Capital Assets (millions)**

	12/31/2010	Additions	Retirements	12/31/2011
<b>Business Type activities</b>				
Land	\$ 1.05	\$ -		\$ 1.05
Construction in Progress	0.17	0.13	0.00	0.29
Building	7.17	0.08	-	7.25
Non-building improvements	63.43	3.53		66.96
Machinery & Equipment	19.03	1.04	0.21	19.86
Total	90.85	4.78	0.21	95.41
Less Accumulated Depreciation	42.73	2.57	0.20	45.09
Total Capital Assets Net of Depre.	\$ 48.12	\$ 2.21	\$ 0.01	\$ 50.33

See Note 6B for detail information on Capital Assets

**Long-term Debt**

At year-end, the City had \$25.63 million in long-term debt.

### Outstanding Debt, at Year-End (millions)

<b>Governmental activities:</b>	2010	Addition	Deletion	2011
Bond Payable	\$ 8.80	\$ -	\$ 0.50	\$ 8.30
Less Deferred Amount	\$ 0.10	\$ -	\$ -	\$ 0.10
Loans	0.01		0.01	-
Comp	0.41	0.09	-	0.50
Leases	-			
OPEB Liability	1.19	0.19		1.38
Interfund Loans	-		-	-
Total	\$ 10.51	\$ 0.28	\$ 0.51	\$ 10.28
<b>Enterprise activities:</b>				
Bond Payable	\$ 17.44	\$ -	\$ 3.29	\$ 14.15
Less Deferred Amount	\$ 0.60	\$ 0.07	\$ 0.03	\$ 0.64
Comp	0.45	0.10		0.55
Interfund Loans	-		-	-
Total	18.50	0.17	3.32	15.35
Total Debt	\$ 29.02	\$ 0.45	\$ 3.83	\$ 25.63

See Note 9 and 14 for more detail on Long-term debt.

On August 23, 2011, the City defeased \$1 million in Gas Revenue Bonds. The purpose of this defeasance was to create an interest cost saving to the City of \$0.18 million. Then on September 8, 2011, the City defeased \$1.6 million in Light Revenue Bonds, this defeasance accomplished an interest cost savings of over \$0.47 million.

The State law limits the amount of general obligation debt the City can issue without the vote of the people to 1.5% of the total assessed value. As of the end of the fiscal year, the City has \$11.45 million remaining in debt capacity (non-voted). More detail information on capital assets and long-term debt are provided in the notes to the financial statements (Notes 9).

#### **Economic Factors and Next Year's Budgets and Rate**

The economy of the City is based mostly on government services and agriculture. The top major employers in City of Ellensburg are government agencies and government support companies. A few of the City of Ellensburg's major employers are Central Washington University, Kittitas County, City of Ellensburg, and Twin City Foods.

#### **Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact:

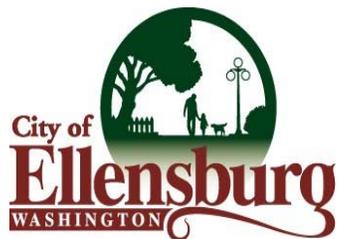
Finance Department

City of Ellensburg

501 N Anderson Street

Ellensburg, Washington 98926

or visit the City web site at [www.ci.ellensburg.wa.us](http://www.ci.ellensburg.wa.us)



# Basic Financial Statements

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## CITY OF ELLENSBURG, WASHINGTON

### Statement of Net Assets

December 31, 2011

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Primary Government Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,506,571	\$ 13,221,889	\$ 22,728,460
Deposits with fiscal agents	582,815	-	582,815
Investments	269	-	269
Receivables(net)	7,480	-	7,480
Property taxes	193,622	-	193,622
Accounts	604,698	3,927,644	4,532,342
Internal balances	239,809	(239,809)	-
Due from other governments	305,566	112,452	418,018
Prepayments	51,328	-	51,328
Inventories	-	1,950,893	1,950,893
Deferred Charges	110,727	207,665	318,392
Restricted assets:			
Cash and cash equivalents	-	3,404,702	3,404,702
Capital assets, not being depreciated			
Land	12,602,254	1,055,098	13,657,352
Construction in progress	3,774,026	299,519	4,073,545
Capital assets, net (see note 5)			
Infrastructure	26,977,512	-	26,977,512
Buildings	7,003,191	3,602,615	10,605,806
Improvements & other buildings	1,558,085	37,592,743	39,150,828
Machinery & equipment	228,525	7,776,203	8,004,728
Total assets	<u>63,746,478</u>	<u>72,911,614</u>	<u>136,658,092</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	658,238	1,680,134	2,338,372
Due to other governments	156,946	172,871	329,816
Other liabilities	63,294	547,699	610,992
Non current liabilities (Note 8):			
Due within one year	913,525	864,750	1,778,275
Due in more than one year	9,370,035	14,482,956	23,852,991
Total liabilities	<u>11,162,037</u>	<u>17,748,410</u>	<u>28,910,447</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	44,516,696	36,906,717	81,423,413
Restricted:			
Prepayment/inventory	32,703		32,703
Rate stabilization		675,782	675,782
Capital projects	535,390	-	535,390
Construction		245,927	245,927
Debt service	47,367	1,289,751	1,337,118
Transportation	784,714		784,714
Public Safety	340,748		340,748
Economic Environment	552,254		552,254
Culture and Recreation	825,180		825,180
Unrestricted	4,949,390	16,045,026	20,994,416
Total net assets	<u>\$ 52,584,446</u>	<u>\$ 55,163,204</u>	<u>\$ 107,747,646</u>

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



## **FUND FINANCIAL STATEMENTS**

Unlike Government-wide Financial Statements that report on the City as a whole, Fund Financial Statements focus on the individual major funds of the City.

- Balance Sheet- Governmental Funds
- Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Assets
- Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds
- Reconciliation of 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 Balances- Budget and Actual- General Fund, Sales Tax Fund, Maintenance Bond Fund
- Statement of Fund Net Assets- Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Fund Net Assets- Proprietary Funds
- Statement of Cash Flows- Proprietary Funds
- Statement of Fiduciary Net Assets- Fiduciary Funds
- Statement of Changes in Fiduciary Net Assets- Fiduciary Funds

## MAJOR GOVERNMENTAL FUNDS

**General Fund**- Classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund includes the City's General Fund (001), Sales Tax (140), Police Vehicles (159), EURERF (175) and Special Projects (198). See page 21.

**Arterial Street**- This fund accounts for maintenance of transportation improvements within the public right of way and the construction of streets, bridges, trails, and traffic signals. The majority of the revenue in this fund is from the receipt of grant revenues and fuel excise tax revenue restricted for the maintenance and construction of the City's streets. The Arterial Street fund includes Arterial Street (123) and Street (120). See page 21.

## MAJOR ENTERPRISE FUNDS

**Gas Fund**- This fund accounts for the activities of the City's gas distribution operations. The major source of revenue is the charges for the sale of gas and the bulk of its expenses are the purchase of gas for resale.

**Electric Fund**- This fund accounts for the activities of the City's electric distribution operations. The major source of revenue is the sale of electricity and a major part of its expenses are the purchase of power from entities like Bonneville.

**Water Fund**- This fund accounts for operations that provide goods or services to the general public for receiving water services and are supported primarily through user charges.

**Sewer Fund**- This fund accounts for the activities of the City's sewer treatment plant, sewer pumping station, and collection system. The fund is supported through service charges.

## City of Ellensburg, Washington

### Balance Sheet Governmental Funds December 31,2011

	General Fund*	Arterial Street**	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,940,395	\$ 1,640,921	\$ 3,344,128	\$ 8,925,444
Deposits with fiscal agents	55,557	-	451,621	507,178
Investments	269	-	-	269
Receivables(net)				-
Property Taxes	193,622	-	-	193,622
Special assessments Accounts	-	-	-	-
	517,865	-	86,833	604,698
Due from other funds	1,034	4,926	-	5,959
Due from other governments	48,544	256,888	134	305,566
Prepayments/inventory	18,625	32,703	-	51,328
<b>Total assets</b>	<b>\$ 4,775,911</b>	<b>\$ 1,935,438</b>	<b>\$ 3,882,716</b>	<b>\$ 10,594,064</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	399,028	198,672	36,351	634,051
Due to other funds	1,951	2,555	-	4,506
Due to other governments	67,809	104	89,033	156,946
Other liabilities	55,557	-	-	55,557
Deferred revenue	181,518	-	6,771	188,290
<b>Total liabilities</b>	<b>705,862</b>	<b>201,331</b>	<b>132,156</b>	<b>1,039,350</b>
<b>FUND BALANCE</b>				
Nonspendable	-	32,703	-	32,703
Restricted	-	89,382	2,995,721	3,085,103
Committed	-	-	294,404	294,404
Assigned	60,014	1,612,022	460,440	2,132,476
Unassigned	4,010,034	-	-	4,010,034
<b>Total fund balance</b>	<b>4,070,048</b>	<b>1,734,106</b>	<b>3,750,566</b>	<b>9,554,718</b>
<b>Total liabilities &amp; fund balances</b>	<b>\$ 4,775,911</b>	<b>\$ 1,935,438</b>	<b>\$ 3,882,722</b>	<b>\$ 10,594,068</b>

\* General Fund includes Funds 001 (General Fund), 140 (Sales Tax) 159(Police Vehicles),175(EURED RF) and 198(Special Projects)

\*\* Arterial Street includes Funds 123( Arterial Street) and 120 (Street)

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

**CITY OF ELLENSBURG**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Assets**  
**December 31, 2011**

The governmental funds balance sheet includes a reconciliation between fund balance in governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

Fund balance of governmental funds- Page 21 \$9,554,718

The internal service Health & Benefits Fund (\$605,739) is used to charge the cost of health benefits and the Risk Management Fund (34,318) is used to account for claims filed against the City not covered by insurance whether by exclusion or deductible. The assets and liabilities of these funds are included in the governmental activities column on the government-wide statement of net assets.

640,059

Liabilities that are not due and payable in the current period are therefore not reported in the governmental funds balance sheet but are reported on the government-wide statement of net assets: (Page 17)

Bond payable (page 69)	\$8,300,000
OPEB liability	1,185,627
Pension NPO	190,062
Compensated absences	509,674
Bond Issuance premium	98,197
Accrued Interest on Bonds	<u>7,737</u>

Net adjustment to reduce fund balance-total of governmental funds to net assets of governmental funds

(10,291,296)

The reporting of capital assets net of depreciation for governmental activities are not financial resources and therefore are not reported in the funds. The details of this \$52,143,593 difference is as follows: (Page 17)

Capital Assets (net of depreciation) (See page 53)

Land	\$12,602,254
Infrastructure	26,977,512
Buildings	7,003,191
Improvements	1,558,085
Machinery & Equipment	228,525
Construction in Progress	<u>3,774,026</u>

Net adjustment to increase fund balance-total governmental funds to net assets governmental funds

52,143,593

Other long-term assets are not available to be collected in current period revenues and therefore are deferred in the funds (debt issuance cost \$110,727 deferred property tax \$188,290) (Page 21)

299,017

Internal service funds are used by management to charge the cost of ER & R, management information systems(IT), and health benefits to individual funds. The assets and liabilities of the internal service funds of ER&R and IT are included in business-type activities and the internal service Health and Benefits Fund is included in the governmental activities in the statement of net assets. The net profit for internal service funds were allocated out to different activities based on the percentage of support . (Page 48)

238,356

Net Asset of Governmental Activities (page 17)

\$52,584,446

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

# City of Ellensburg, Washington

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

Governmental Funds

For the Year Ended December 31, 2011

	General Fund	Arterial Street	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 2,487,661	\$ -	\$ 149,282	\$ 2,636,943
Retail sales & use taxes	3,463,484	480,000	991,056	4,934,540
Other taxes	2,826,567	-	213,470	3,040,037
Licenses and permits	319,366	3,379	-	322,745
Intergovernmental	642,514	3,119,458	1,882	3,763,854
Charges for services	3,270,433	91,787	154,418	3,516,638
Fines & forfeits	92,124	-	18,783	110,907
Investment earnings	15,680	2,177	(11,891)	5,966
Miscellaneous	223,566	11,479	4,072	239,117
<b>Total revenues</b>	<b>13,341,396</b>	<b>3,708,280</b>	<b>1,521,072</b>	<b>18,570,747</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,505,842	66,646	19,988	2,592,476
Public safety	4,240,107	-	516,675	4,756,782
Physical environment	981,579	-	-	981,579
Transportation	153,920	1,488,189	142,802	1,784,912
Health & human services	5,564	-	-	5,564
Economic environment	687,680	-	388,241	1,075,920
Culture & recreation	2,627,303	-	7,209	2,634,512
Debt service	-	-	-	-
Principal	-	-	508,474	508,474
Interest and other charges	-	-	396,708	396,709
Capital outlay	42,877	3,664,427	196,480	3,903,784
<b>Total expenditures</b>	<b>11,244,872</b>	<b>5,219,262</b>	<b>2,176,576</b>	<b>18,640,712</b>
Excess(deficiency) of revenues over expenditures	2,096,523	(1,510,982)	(655,504)	(69,965)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,117,500	2,167,855	850,494	4,135,849
Transfers out	(3,005,349)	-	(1,136,076)	(4,141,425)
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>(1,887,849)</b>	<b>2,167,855</b>	<b>(285,582)</b>	<b>(5,576)</b>
<b>Net change in fund balance</b>	<b>208,674</b>	<b>656,873</b>	<b>(941,086)</b>	<b>(75,539)</b>
Fund balances-beginning****	3,861,373	1,077,233	4,691,650	9,630,256
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 4,070,048</b>	<b>\$ 1,734,106</b>	<b>\$ 3,750,566</b>	<b>\$ 9,554,718</b>

\* General Fund includes Funds 001 (general Fund), 140 (sales Tax) 159(police Vehicles),175(EURED RF) and 198(special projects)

\*\* Arterial Street includes Funds 123 and 120

\*\*\* The difference in beg. fund balance from the previous year is the City transferred the risk managemnet special revenue fund to an internal service fund reported in the proprietary statements.

\*\*\*\* The difference in beg. fund balance in the General Fund and Arterial Street from the previous year is the implementation of GASB 54. See page 84 for more details

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

**CITY OF ELLENSBURG**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year End December 31, 2011**

Amounts reported for governmental activities in the statement of activities are different because of the following reconciling items:

Net Change in fund balance-total governmental funds (page 23) \$(75,539)

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.

Capital Outlay	3,903,784
Depreciation Expense	<u>(2,122,405)</u>

1,781,379

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade ins, and donations) is to increase net assets. The following is from donated assets.

2,489,963

issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The following details the net change in long-term debt as reflected in government-wide reporting.

Debt issued or Incurred:		
Bond Payments	508,474	
NPO- Pension	(190,062)	
Compensated Balances	(92,137)	
Amortization of Debt Related Cost	(3,074)	
Net effect of Long-term Debt		223,201

Revenues in the statement of activities that do not provide current financial resources are not recorded as revenues in the fund statements (current year deferred property tax). (21,756)  
(\$71,891-\$93,647)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue is reported with the governmental activities. The net profit for internal service funds were allocated out to different activities based on the percentage of support. 241,311

Change in net assets of governmental activities (page 18) \$ 4,638,559

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

# City of Ellensburg, Washington

## General Fund 001

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget- General Fund		Actual	*Other Funds	Total
	Original	Final			
<b>REVENUES:</b>					
Property taxes	\$ 2,178,191	\$ 2,442,566	\$ 2,487,661	\$ -	\$ 2,487,661
Retail sales & use taxes	261,824	261,824	273,611	3,189,873	3,463,484
Other taxes	2,771,582	2,771,582	2,826,567	-	2,826,567
Licenses and permits	271,350	271,350	319,366	-	319,366
Intergovernmental	549,947	615,487	642,514	-	642,514
Charges for services	3,177,735	3,269,008	3,270,433	-	3,270,433
Fines & forfeits	81,800	81,800	92,124	-	92,124
Investment earnings	11,000	11,000	12,383	3,297	15,680
Miscellaneous	164,290	164,290	222,574	992	223,566
Total revenues	\$ 9,467,719	\$ 9,888,907	\$ 10,147,233	\$ 3,194,162	\$ 13,341,396
<b>EXPENDITURES:</b>					
Current:					
General government					
City General	400,414	399,213	378,071	-	378,071
Finance	1,506,628	1,509,338	1,401,530	-	1,401,530
Managers	766,770	769,770	726,131	-	726,131
Library	-	-	110	-	110
Total General Government	2,673,812	2,678,321	2,505,842	-	2,505,842
Security of Person and Property					
City General	197,679	197,679	455,781	-	455,781
Police	3,541,264	3,541,264	3,416,731	-	3,416,731
Community Development	374,494	372,767	367,594	-	367,594
Total Security of Person and Property	4,113,437	4,111,710	4,240,106	-	4,240,107
Utilities and Environment					
City General	750	750	700	-	700
Police	238,293	238,293	204,030	-	204,030
Community Development	4,610	4,610	6,074	-	6,074
Engineering	816,454	816,934	770,775	-	770,775
Total Utilities and Environment	1,060,107	1,060,587	981,579	-	981,579
Transportation					
City General	13,500	153,920	153,920	-	153,920
Total Transportation	13,500	153,920	153,920	-	153,920
Economic Environment					
City General	73,188	73,188	71,138	70,000	141,138
Community Development	468,529	470,256	411,986	-	411,986
Parks and Recreation	134,366	148,291	134,556	-	134,556
Total Economic Environment	676,083	691,735	617,680	70,000	687,680
Mental and Physical Health					
City General	5,564	5,564	5,564	-	5,564
Total Mental and Physical Health	5,564	5,564	5,564	-	5,564
Culture & recreation					
City General	14,728	17,728	16,452	-	16,452
Parks and Recreation	1,648,619	1,715,873	1,703,613	-	1,703,613
Library	904,853	948,423	907,238	-	907,238
Total Culture and Recreation	2,568,200	2,682,024	2,627,303	-	2,627,303

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Debt Service					
City General	910	910	-	-	-
Total Debt Service	910	910	-	-	-
Capital outlay					
Police				42,877	42,877
Total expenditures	11,111,613	11,384,771	11,131,994	112,877	11,201,995
Excess(deficiency) of revenues over expenditures	(1,643,894)	(1,495,864)	(984,762)	3,081,285	2,139,401
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,000,000	1,000,000	1,000,000	117,500	1,117,500
Transfers out	-	-	-	-	-
City General		(264,375)	-	(3,005,349)	(3,005,349)
Parks and Recreation		-	-	-	-
Total other financing sources & uses	1,000,000	735,625	1,000,000	(2,887,849)	(1,887,849)
Net change in fund balance	(643,894)	(760,239)	15,238	193,436	208,674
Fund Balance-Beginning	2,634,837	2,634,837	3,077,677	783,696	3,861,373
Prior period adjustment					
Fund balances-ending	<u>\$ 1,990,943</u>	<u>\$ 1,874,598</u>	<u>\$ 3,092,915</u>	<u>\$ 977,132</u>	<u>\$ 4,070,048</u>

\* Other Funds include 140 (Sales Tax) 159(Police Vehicles),175(EURED RF)  
and 198(Special Projects) see workpaper page 89-92 for detail of budget for these funds

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

# City of Ellensburg, Washington

## Arterial Street Fund 123

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	*Other Funds	Total
	Original	Final			
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	480,000	480,000	480,000	-	480,000
Other taxes	-	-	-	-	-
Licenses and permits	3,700	3,700	3,379	-	3,379
Intergovernmental	3,881,533	3,881,533	2,838,333	281,125	3,119,458
Charges for services	-	-	-	91,787	91,787
Fines & forfeits	-	-	-	-	-
Investment earnings	2,000	2,000	1,032	1,145	2,177
Miscellaneous	1,000	1,000	3,830	7,649	11,479
<b>Total revenues</b>	<b>4,368,233</b>	<b>4,368,233</b>	<b>3,326,574</b>	<b>381,707</b>	<b>3,708,281</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	66,646	66,646
Judicial services	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	186,959	1,301,230	1,488,188
Health & human services	-	-	-	-	-
Economic environment	-	-	-	-	-
Culture & recreation	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	6,183,750	6,409,105	3,664,427	-	3,664,427
<b>Total expenditures</b>	<b>6,183,750</b>	<b>6,409,105</b>	<b>3,851,385</b>	<b>1,367,876</b>	<b>5,219,262</b>
Excess(deficiency) of revenues over expenditures	(1,815,517)	(2,040,872)	(524,812)	(986,169)	(1,510,981)
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond Issue Proceeds	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Disposition of capital assets	-	-	-	-	-
Transfers in	1,306,576	1,416,576	950,000	1,217,855	2,167,855
Transfers out	-	-	-	-	-
Other adjustments	-	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>1,306,576</b>	<b>1,416,576</b>	<b>950,000</b>	<b>1,217,855</b>	<b>2,167,855</b>
<b>Net change in fund balance</b>	<b>(508,941)</b>	<b>(624,296)</b>	<b>425,188</b>	<b>231,686</b>	<b>656,874</b>
Fund balances-beginning	518,450	518,450	635,432	441,801	1,077,233
Prior period adjustments	-	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 9,509</b>	<b>\$ (105,846)</b>	<b>\$ 1,060,620</b>	<b>\$ 673,487</b>	<b>\$ 1,734,106</b>

\* Other funds includes Fund 120 (Street), see page 88 for budget details

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

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# CITY OF ELLENSBURG, WASHINGTON

Statement of Fund Net Assets  
 Proprietary Funds  
 December 31, 2011

ASSETS	Enterprise Funds						Internal Services Funds
	Major				Non-Major		
	Gas	Electric	Water	Sewer	Funds	Total	
<b>Current assets:</b>							
Cash and cash equivalents	\$ 856,933	\$ 4,210,013	\$ 1,766,627	\$ 1,537,710	\$ 1,224,962	\$ 9,596,244	\$ 4,206,773
Deposits with fiscal agents	-	-	-	-	-	-	75,637
Investments	-	-	-	-	-	-	-
Receivables(net)							
Special assessments	-	-	-	-	-	-	-
Accounts	1,432,586	1,751,575	322,076	354,151	67,256	3,927,644	7,480
Due from other funds	-	2,619	-	1,245	-	3,864	4,714
Due from other governments	9,265	63,829	114	-	39,244	112,452	-
Interfund loan receivable	-	-	-	-	-	-	-
Inventories	971,139	736,784	145,226	14,702	-	1,867,851	83,042
<b>Restricted assets:</b>							
Cash and cash equivalents	-	1,171,838	1,350,696	882,168	-	3,404,702	-
Deposits with fiscal agents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Total current assets	<u>3,269,923</u>	<u>7,936,658</u>	<u>3,584,739</u>	<u>2,789,976</u>	<u>1,331,462</u>	<u>18,912,758</u>	<u>4,377,646</u>
<b>Noncurrent assets:</b>							
<b>Capital assets, net</b>							
Land	124,208	522,266	29,623	32,290	-	708,387	346,711
Buildings	525,940	208,979	583,898	4,730,235	-	6,049,052	1,193,373
Improvements	11,719,139	21,925,670	18,237,298	14,444,532	300,697	66,627,336	338,919
Machinery & equipments	923,720	8,293,132	1,828,784	2,684,348	562,583	14,292,567	5,569,200
Construction In progress	-	-	-	-	299,519	299,519	-
Less accumulated depreciation	(6,700,871)	(16,214,939)	(8,092,756)	(8,825,085)	(563,783)	(40,397,435)	(4,701,453)
Note Receivable	-	-	-	-	-	-	-
Deferred Charges	-	-	50,836	156,829	-	207,665	-
Total noncurrent assets	<u>6,592,136</u>	<u>14,735,109</u>	<u>12,637,683</u>	<u>13,223,149</u>	<u>599,016</u>	<u>47,787,092</u>	<u>2,746,750</u>
<b>Total assets</b>	<u>9,862,059</u>	<u>22,671,767</u>	<u>16,222,422</u>	<u>16,013,125</u>	<u>1,930,478</u>	<u>66,699,850</u>	<u>7,124,396</u>

<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued expenses	613,662	791,578	143,470	59,911	2,571	1,611,192	93,130
Due to other funds	743	1,207	5,175	268	800	8,193	1,839
Due to other governments	56,275	83,890	21,633	9,434	1,640	172,871	-
Interfund Loan Payable	-	-	-	-	-	-	-
Other liabilities	-	16,933	18,776	14,257	497,733	547,699	-
Due within one year	59,811	280,364	237,521	248,604	2,612	828,912	35,838
Total current liabilities	<u>730,491</u>	<u>1,173,971</u>	<u>426,576</u>	<u>332,473</u>	<u>505,356</u>	<u>3,168,867</u>	<u>130,807</u>
Non current liabilities:							
Due in more than one year	59,176	4,431,867	5,526,750	4,382,620	-	14,400,414	82,542
Total noncurrent liabilities	<u>59,176</u>	<u>4,431,867</u>	<u>5,526,750</u>	<u>4,382,620</u>	<u>-</u>	<u>14,400,414</u>	<u>82,542</u>
Total liabilities	<u>789,668</u>	<u>5,605,838</u>	<u>5,953,327</u>	<u>4,715,094</u>	<u>505,356</u>	<u>17,569,281</u>	<u>213,349</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	6,592,136	10,173,725	7,579,214	9,215,875	599,016	34,159,966	2,746,750
Restricted:							
Debt service	-	496,056	508,876	284,818	-	1,289,751	-
Rate stabilization	-	675,782	-	-	-	675,782	-
Construction	-	-	183,970	61,957	-	245,927	-
For Health Benefits	-	-	-	-	-	-	-
Unrestricted	2,480,254	5,720,366	1,997,034	1,735,382	826,105	12,759,141	4,164,297
Total net assets	<u>\$ 9,072,390</u>	<u>\$ 17,065,929</u>	<u>\$ 10,269,096</u>	<u>\$ 11,298,031</u>	<u>\$ 1,425,121</u>	<u>49,130,568</u>	<u>\$ 6,911,047</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						6,032,634	
Net Assets of business-type activities						<u>\$ 55,163,204</u>	

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

## CITY OF ELLENSBURG, WASHINGTON

### Statement of Revenues, Expenses, and Changes in Fund Net Assets

#### Proprietary Funds

For the Year Ended December 31, 2011

	Enterprise Funds						Internal Service Funds
	Major Funds				Non-Major		
	Gas	Electric	Water	Sewer	Funds	Total	
Operating revenues:							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 50,506	\$ 50,506	\$ -
Charges for services	8,470,763	12,719,732	3,375,420	3,136,083	604,837	28,306,835	923,369
Miscellaneous	11,218	118,665	15,762	5,626	-	151,272	2,894,732
Total operating revenues	8,481,981	12,838,397	3,391,182	3,141,709	655,343	28,508,613	3,818,101
Operating expenses:							
Operating expenses	6,428,338	9,264,477	1,635,729	1,848,432	180,714	19,357,690	2,480,897
Maintenance	348,789	825,632	424,077	377,133	-	1,975,631	670,673
Depreciation	423,376	818,678	540,432	418,233	1,200	2,201,919	364,377
Taxes	842,086	1,136,706	481,826	360,519	9,868	2,831,005	-
Total operating expenses	8,042,589	12,045,494	3,082,064	3,004,317	191,783	26,366,246	3,515,946
Operating income	439,392	792,904	309,118	137,391	463,560	2,142,367	302,155
Nonoperating revenue (expenses)							
Intergovernmental revenues	58,802	213,393	-	-	-	272,195	-
Interest and investment revenue	3,379	12,046	5,400	5,020	1,461	27,306	7,160
Miscellaneous revenue	-	-	-	-	-	-	41,429
Interest expense	(40,345)	(271,270)	(205,238)	(236,276)	-	(753,129)	-
Miscellaneous expense	(11,912)	(14,625)	(250)	(51)	-	(26,840)	-
Total nonoperating expenses	9,924	(60,456)	(200,088)	(231,307)	1,461	(480,468)	48,590
Income (loss) before contributions & transfers	449,316	732,448	109,030	(93,915)	465,021	1,661,899	350,743
Capital contributions	-	-	795,356	566,890	270,697	1,632,943	-
Transfers in	-	-	-	176,000	128,576	304,576	67,000
Transfers out	-	(70,000)	-	-	(296,000)	(366,000)	-
Change in net assets	449,316	662,448	904,385	648,975	568,294	3,233,418	417,742
Total net assets - beginning	8,623,077	16,403,481	9,364,710	10,649,056	856,827	-	6,493,304
Prior period adjustments	-	-	-	-	-	-	-
Total net assets - ending	\$ 9,072,390	\$ 17,065,929	\$ 10,269,096	\$ 11,298,031	\$ 1,425,121	-	\$ 6,911,047
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						176,430	
Change in net assets of business-type activities (page 17)						\$ 3,409,848	

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

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# CITY OF ELLENSBURG, WASHINGTON

## Statement of Cash Flows

### Proprietary Funds

For the Year Ended December 31, 2011

	Enterprise Funds						Internal service Funds
	Major				Non Major		
	Gas	Electric	Water	Sewer	Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 9,012,122	\$ 12,756,668	\$ 3,206,446	\$ 3,096,098	\$ 672,495	\$ 28,743,829	\$ 145,114
Receipts for interfund services provided	128,844	485,991	210,499	47,078	35,491	907,903	3,675,190
Payments to suppliers	(6,450,485)	(8,728,709)	(1,128,331)	(1,038,813)	(71,174)	(17,417,512)	(2,422,832)
Payment for interfund services used	(905,703)	(1,234,288)	(725,298)	(775,361)	(35,145)	(3,675,795)	(77,701)
Payments to employees	(1,209,445)	(1,474,569)	(683,001)	(807,313)	(100,575)	(4,274,903)	(639,709)
Net cash provided by operating activities	575,333	1,805,093	880,315	521,689	501,092	4,283,522	680,062
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Non capital grants	58,803	3,708	-	-	-	62,511	-
Transfer from other funds	-	-	-	176,000	128,576	304,576	67,000
Transfer to other funds	-	(70,000)	-	-	(296,000)	(366,000)	-
Misc Revenue	-	-	-	-	-	-	13,095
Net cash provided by noncapital activities	58,803	(66,292)	-	176,000	(167,424)	1,087	80,095
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital contribution	-	-	235,575	120,209	-	355,784	-
Capital grants	-	209,685	-	-	-	209,685	-
Proceeds from sales of assets	-	-	-	-	-	-	(174,277)
Proceeds from interfund loan	-	-	-	-	-	-	-
Proceeds from the bond sale	-	-	-	-	-	-	-
Purchases of capital assets	(361,000)	(1,155,581)	(725,172)	(848,588)	(125,211)	(3,215,552)	(74,875)
Principal paid on capital debt	(1,110,000)	(1,810,000)	(176,368)	(193,632)	-	(3,290,000)	-
Interest paid on capital debt	(44,920)	(278,395)	(228,842)	(191,738)	-	(743,895)	-
Debt cost on capital debt	(3,979)	(6,427)	(250)	(51)	-	(10,707)	-
Net cash from related financing activities	(1,519,899)	(3,040,718)	(895,057)	(1,113,800)	(125,211)	(6,694,685)	(249,152)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-
Purchase of investment	-	-	-	-	-	-	-
Interest and dividends	4,924	12,046	5,400	5,020	1,461	28,851	7,160
Net cash provided by investing activities	4,924	12,046	5,400	5,020	1,461	28,851	7,160
Net (decrease) in cash and cash equivalents	(880,839)	(1,289,871)	(9,342)	(411,091)	209,918	(2,381,225)	518,165
Balances - beginning of the year	1,737,772	6,671,723	3,126,665	2,830,969	1,015,044	15,382,173	3,764,245
Balances - end of the year	\$ 856,933	\$ 5,381,852	\$ 3,117,323	\$ 2,419,878	\$ 1,224,962	\$ 13,000,948	\$ 4,282,410

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

Operating income (loss)	\$ 439,392	\$ 792,904	\$ 309,118	\$ 137,391	\$ 463,560	\$ 2,142,365	302,155
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	423,376	808,386	540,432	418,233	1,200	2,191,627	364,377
Change in bad debt allowance	-	-	-	-	-	-	-
Change in assets and liabilities:							
Receivables, net	668,249	246,662	3,660	(2,765)	(1,206)	914,600	(1,875)
Due from other funds	-	(2,536)	14,616	4,232	-	16,312	281
Due from other governments	(9,265)	160,136	7,486	-	20,992	179,349	3,796
Inventories	(601,108)	(19,600)	(2,071)	33	-	(622,746)	(11,865)
Prepaid	-	-	-	-	-	-	-
Accounts and other payables	(344,180)	(194,109)	(8,605)	(37,407)	15,761	(568,540)	(3,385)
Due to other funds	(79,807)	(85,994)	1,665	(27,972)	(2,294)	(194,402)	1,741
Due to other governments	56,275	83,890	-	9,434	1,640	151,239	-
Employee benefits	22,400	15,354	14,013	20,510	1,439	73,716	24,837
Accrued expenses	-	-	-	-	-	-	-
Deposit with fiscal agents	-	-	-	-	-	-	-
Net cash provided by operating activities	<u>\$ 575,332</u>	<u>\$ 1,805,093</u>	<u>\$ 880,315</u>	<u>\$ 521,689</u>	<u>\$ 501,092</u>	<u>\$ 4,283,520</u>	<u>\$ 680,062</u>

**Noncash Investing, capital, and financing activities:**

Borrowing under capital lease	-	-	-	-	-	-	-
Contributions of capital assets	-	-	559,780	446,681	270,697	-	-
Purchase of equipment on account	-	-	-	-	-	-	-
Increase in fair value of investments	-	-	-	-	-	-	-
Capital asset trade-ins	-	-	-	-	-	-	-

The contribution of capital assets under noncash investing, capital and financing activities is from donated assets

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

# City of Ellensburg, Washington

## Statement of Net Assets

Fiduciary Funds

December 31, 2011

	<u>Fire Relief and Pension Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash	\$ 289,231	\$ 196,263
Investments	-	-
Receivable, net	-	825
Special assessments	-	502,518
Total Assets	<u>289,231</u>	<u>699,606</u>
<b>LIABILITIES</b>		
Accounts payable	3,880	-
Deferred Revenue	-	502,518
Other liabilities	-	197,088
Total Liabilities	<u>3,880</u>	<u>699,606</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	285,351	-
Total Net Assets	<u>\$ 285,351</u>	<u>\$ -</u>

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

# City of Ellensburg, Washington

## Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

December 31, 2011

	<b><u>Fire Relief and Pension Fund</u></b>
ADDITIONS	
Contributions:	
Employer	\$ 264,375
State	10,922
Total Contributions	<u>275,297</u>
Investment Earnings	
Interest	362
Total investment earnings	362
Less investment expenses	
Net investment earnings	
Total Additions	<u>275,658</u>
DEDUCTIONS	
Benefits	156,073
Administrative expenses	7,775
Total Deductions	<u>163,848</u>
Change in net assets	111,810
Net assets-beginning of year	173,542
Net assets-end of year	<u>\$ 285,352</u>

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

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Index

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	37
A. Reporting Entity.....	37
B. Government-Wide and Fund Financial Statements .....	37
C. Measurement focus, Basis of Accounting, and Financial Statement Presentation.....	38
D. Budgets and Budgetary Accounting .....	42
(1) Scope of Budget .....	42
(2) Amending the Budget.....	43
E. Assets, Liabilities and Equities .....	43
(1) Cash and Equivalents.....	43
(2) Temporary Investments .....	44
(3) Receivables .....	43
(4) Amounts Due To and From Other Funds and Governments, Interfund Loans, and Advances Receivable.....	44
(5) Inventories.....	44
(6) Restricted Assets and Liabilities.....	44
(7) Capital Assets and Depreciation .....	45
(8) Other Property and Investments.....	45
(9) Other Assets and Debits.....	45
(10) Custodial Accounts .....	45
(11) Compensated Absences .....	45
(12) Other Accrued Liabilities.....	46
(13) Long-Term Debt .....	46
(14) Deferred Revenues.....	46
(15) Fund Reserves and Designations .....	46
F. Revenues, Expenditures and Expenses .....	46
2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.....	47
3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY .....	48
4. DEPOSITS AND INVESTMENTS.....	48
A. Deposits.....	48
B. Investments.....	49
5. PROPERTY TAXES .....	50
6. CAPITAL ASSETS AND DEPRECIATION.....	51
A. General Policies .....	51
B. Governmental Activities Capital Assets .....	52
C. Proprietary Fund Capital Assets .....	53
7. PENSION PLANS .....	54
A. Public Employees' Retirement System (PERS) .....	55

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

	B. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).....	60
	C. Other Local Government Pension Systems .....	64
8.	RISK MANAGEMENT.....	66
	A. Pool Insurance .....	66
	B. Partial Self Insurance .....	67
9.	LONG-TERM DEBT.....	68
	A. Long-Term Debt .....	68
	B. Changes in Long-Term Liabilities .....	71
10.	UTILITY RATE SETTING POLICY .....	72
11.	CONTINGENCIES AND LITIGATION .....	73
12.	COMMITMENTS.....	73
	A. Operating Leases .....	73
	B. Capitalized Leases.....	73
13.	INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS .....	74
14.	INTERFUND TRANSACTIONS AND BALANCES.....	74
15.	FUND EQUITIES .....	75
16.	JOINT VENTURE.....	78
17.	POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFIT .....	78
	A. Summary of Significant Accounting Polices .....	78
	B. Plan Description .....	78
	C. Funding Status and Funding Policy.....	79
19.	SUBSEQUENT EVENTS.....	83
20.	OTHER COMMITMENTS.....	83
21.	CHANGE IN ACCOUNTING POLICY .....	83

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Ellensburg have been prepared in conformity with the method contained in the Budgeting, Accounting and Reporting System (BARS) manual. The manual is prescribed by the State Auditors Office under the authority of Washington State Law Chapter 43.09.

The City of Ellensburg voters elect seven Council members on a non partisan basis to serve overlapping 4 year terms. The council is the legislative body and also has a quasi-judicial role dealing with land use matters. Every two years, the body elects one of its members to serve as Mayor. The Council appoints a City Manager that is responsible for the day to day operations of the City.

**A. Reporting Entity**

The City of Ellensburg was incorporated on November 26, 1883, and upon surrendering its charter, operated as a third class city under Washington State laws until June 5, 1991. On that date, the City of Ellensburg became classified as a Noncharter Code City.

The City is a general-purpose government and provides public safety, animal control, street improvement, parks and recreation, library services, planning and zoning, and general administration. In addition, the City owns and operates the following utilities: gas, electric, water, stormwater and wastewater collection and treatment. The accompanying financial statements present the government entity for which the government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these 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 segments 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 or 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 of a particular function or segment.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from government-wide financial statements. Information for the governmental and enterprise funds is presented using major fund presentation. This format presents individual columns for funds with significant activity. The remaining funds are presented in aggregate in a single column. The fiduciary funds are presented by fund type.

**C. Measurement focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resource 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, the City considers revenue to be available if they are collected within 30 days of the end of the current fiscal period. The City 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 revenues items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund** - This fund is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

another fund. This fund includes the City's budgeted General Fund (001), Sales Tax fund (140), Police Vehicles (159), EURED RF(175) and Special Projects (198).

**Arterial Street Fund** - This fund accounts for maintenance of transportation improvements within the public rights of way and the construction of streets, bridges, trails, and traffic signals. The majority of the revenue in this fund is from the receipt of grant revenues and fuel excise tax revenue restricted for the maintenance and construction of the City streets. This fund includes the City's budgeted Arterial Street (123) and Street (120).

The City reports the following major proprietary funds:

**Gas Fund** - This fund accounts for the activities of the City's gas distribution operations. The major source of revenue is the charges for the sale of gas and the bulk of its expenses are the purchase of gas for resale.

**Electric Fund** - This fund accounts for the activities of the City's electric distribution operations. The major source of revenue is the sale of electricity and a major part of the expenses are the purchase of power from entities like Bonneville.

**Water Fund** - This fund accounts for the activities of the City's water pumping and distribution operations. The major source of revenue is the sale of water and the major part of expenses are the water pumping, storage, and purification costs.

**Sewer Fund** - This fund accounts for the activities of the City's sewer treatment plant, sewer pumping station, and collection system. The fund is supported through service charges.

Additionally, the City reports the following fund types:

**Special Revenue Funds**- These funds account for revenue from specific taxes or other earmarked revenue sources that by law are designed to finance particular functions or activities of the city.

**Traffic Impact Fees**- This fund is used to account for the use of traffic impact fees.

**Criminal Justice Fund**- This fund is used to account for the 3/10 of one percent sales taxes to be spent on criminal justice activities.

**Drug Fund**- A fund used to account for the monies derived from the forfeiture of property in connection with drug investigations.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**CATV-** A fund used to account for the University operation of the Ellensburg Community Television station.

**CATV Capital Outlay-** A fund used to account for the maintenance and purchase of capital expenditures relating to the CATV fund.

**Park Acquisition-** A fund used to account for the maintenance and construction of path and trail development, and the acquisition of new parks.

**Lodging Tax-** A fund used to account for the use of lodging tax revenue.

**C.H.I.P Reserve-** A fund used to account for activities relating to CDBG guidelines.

**Debt Service Funds-** These funds account for the resources accumulated for the payment of interest and principal on long-term general obligation debt of governmental funds.

**GO Bonded Land Debt-** A fund used to account for the payment of debt on the Williams property.

**G.O. City Hall Debt-** A fund used to account for the payment of debt on the City Hall.

**G.O. Maintenance Bond-** A fund used to account for the payment of debt on various maintenance and capital projects through-out the city.

**G.O. Bonded Library Debt-** A fund used to account for the payment of debt on the remodel and expansion of the City of Ellensburg Library.

**G.O. Bonded Debt-** A fund used to account for payment made to retire principal and interest due on the outstanding Public Works Trust Fund Loans received in 1988, the 1989 Public Works Trust Fund Loan for creek work, and the 1991 Public Works Trust Fund Loan for Capital Avenue improvements and the Youth Center building debt payment.

**Capital Projects Funds-** These funds account for financial resources used for the construction and acquisition of major capital facilities other than those financed by special assessments or proprietary funds.

**G.O. Maintenance Bond-** Classified as a major fund and used to account for 2010 G.O. Bonds issued for the purpose of providing funds necessary to pay or reimburse a portion of costs for various capital and maintenance projects.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**Capital Projects-** A fund used to account for the purchase of regional and local general government capital outlays.

**Sidewalk Construction-** A fund used to account for the repairing of sidewalks in the City's residential areas and Central Business District.

**Internal Service Funds** - These funds account for operations that provide goods or services to other departments or funds of the City or to other governmental units on a cost-reimbursement basis. The ER&R and IT are predominantly used by enterprise funds. Therefore, based on GASB 34 par 62 the internal service funds residual assets and liabilities should be reported in the business-type activities column of the statement of net assets. The Health and Benefits Fund and the Risk Management Fund is predominantly used by governmental funds therefore the assets and liabilities of the Health and Benefit Fund should be reported in the governmental-type activities.

**Pension Trust Funds** – This fund accounts for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees

**Agency Funds** - The City of Ellensburg has three agency funds. (1)The LID Guarantee Fund, the (2) LID Fund accounts for revenue to be used for debt payment of the outstanding debt on local improvement districts, (3)The Clearing Fund is used to account for payments in transit to other government that is not legally the City of Ellensburg money (i.e. state sales tax)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standard Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's gas, water, electric, and sewer functions and other activities of the government. Elimination of these charges would distort the direct cost of program revenue reported for the various functions concerned. 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.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Proprietary funds distinguish operating revenues and expenses from non-operating 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 storm water, water, sewer, gas, and light are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then the unrestricted resources when needed.

**D. Budgets and Budgetary Accounting**

**(1) Scope of Budget**

Annual appropriated budgets are adopted for the general and special revenue funds on a modified accrual basis of accounting and for all proprietary funds on the accrual basis of accounting. There are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted governmental funds only. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Since these funds are not required to be budgeted on an annual basis, budgetary comparisons are not presented. NCGA Statement 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

Annual appropriated budgets are adopted at the level of the fund, except in the General Fund, where the expenditure may not exceed appropriation at the department level, and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for general and special revenue funds lapse at year-end, except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**(2) Amending the Budget**

The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total expenditures of a fund or a department in the case of general fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council by a supplemental appropriation ordinance.

All appropriations expire at the end of the fiscal year and must be re-appropriated for the next fiscal year. Encumbrances are integrated into the accounting system, but are not reported in the financial statements.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The governmental 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 during the fiscal year.

**E. Assets, Liabilities and Equities**

**(1) Cash and Equivalents**

It is the City's policy to invest all temporary cash surpluses. At December 31, 2011, the treasurer was holding \$23,904,983 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and equivalents in various funds. The interest on these investments is prorated to the various funds.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents (See Note 4).

**(2) Temporary Investments** - See Note 4.

**(3) Receivables**

Taxes receivable consists of property taxes and related interest and penalties (See Note 5). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2011, out of \$502,518 special assessments receivable \$8,260 was delinquent principal, \$4,405 was delinquent interest, and \$886 of penalties were delinquent. The Special Assessment is reported in the LID Agency Funds.

Special Assessments are reported in fiduciary funds and therefore are not included in the Government-Wide Statements.

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

**(4) Amounts Due To and From Other Funds and Governments, Interfund Loans, and Advances Receivable**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are either referred to as *interfund loans receivables/payables* or *advances to/from other funds*. All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A separate schedule of interfund loans receivable and payable is furnished in Interfund Balances and Transfers Note No. 14.

**(5) Inventories**

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

Inventories in proprietary funds are valued by the weighted average method, (which approximates the market value).

**(6) Restricted Assets and Liabilities**

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

These accounts contain resources for construction and debt service including current and delinquent special assessments receivable in enterprise funds. Specific debt service reserve requirements are described in (Long-Term Debt Note No.9).

The restricted assets of the enterprise funds are composed of the following:

Electric Rate Stabilization	\$ 675,782
Cash and Investments - Debt Service	1,289,751
Cash and Investments - Construction	<u>1,439,169</u>
Total Restricted Assets	<u>\$ 3,404,702</u>

**(7) Capital Assets and Depreciation** - See Note 6.

**(8) Other Property and Investments** - See Note 4.

**(9) Other Assets and Debits**

These accounts reflect future resources needed to retire general long-term debt principal and amounts currently available in debt service or other funds to retire general long-term debt.

**(10) Custodial Account**

This account reflects the liability for net monetary assets being held by the City in its trustee or agency capacity.

**(11) Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employees' resignation or retirement.) All vacation and sick pay is accrued at year end in the government-wide, proprietary, and fiduciary fund financial statements. In government-wide statements, all governmental funds compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for them. In proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Vacation pay, which may be accumulated up to a maximum of 30 days, is payable upon resignation, retirement, or death. Sick leave may accumulate indefinitely. Fifty percent of a maximum of 960 hours of outstanding sick leave is payable upon resignation, retirement,

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

or death to those employees hired prior to July 1, 1985. As of December 31, 2011 we have 10 employees employed prior to July 1<sup>st</sup> 1985. They have a total of 8,710 hours accumulated of which 2,874 hours is compensable at the current rate. Employees hired after July 1, 1985, do not receive a payout for outstanding sick leave upon resignation, retirement, or death.

**(12) Other Accrued Liabilities**

These accounts consist of accrued wages and accrued employee benefits.

**(13) Long-term Debt - See Note 9**

**(14) Deferred Revenues**

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met (See Note 1F).

**(15) Fund Reserves and Designations - See Note 15**

**F. Revenues, Expenditures and Expenses**

*Under the modified accrual basis of accounting:*

Charges for services, interest on investments, and rents are generally considered measurable and available when earned in governmental funds.

Taxes and federal or state entitlements or shared revenues that have been collected but not remitted by an intermediary collection agency to the City are considered measurable and available.

Special assessments are considered measurable and available when they become current.

Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned. Interfund revenues for goods and services are considered measurable and available when earned.

Proceeds from the sale or loss of fixed assets are recognized as other financing sources.

All other revenues are either not measurable or considered to be available until collected.

Expenditures are generally recognized when incurred (See Note 1C).

*Under the full accrual basis of accounting:*

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Revenues are recognized when earned, if measurable, and expenses are recognized when incurred, if measurable.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

**A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets.**

The governmental funds' balance sheet includes a reconciliation of fund balance – total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. This information can be found on the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets form on page 22.

**B. Explanation of Certain Differences between the Proprietary Funds Statement of Net Assets and the Government-Wide Statement of Net Assets.**

The proprietary funds' Statement of Net Assets reports a difference in the net asset balance to the Government-wide Statement of Net Assets due to internal service fund activity. Internal service funds are used by management to charge the cost of certain activities to individual fund. The net profit for internal service funds before investment income for the shop, IT and Health Benefit fund is \$378,537. This amount was allocated out to different activities based on the percentage of support (55% governmental activities and 45% business type activities). The Risk Management internal service fund only served governmental activities therefore was solely allocated out to the governmental funds with a net loss of \$48,327. The governmental fund portion was treated as an interactivity payable for the ER&R and IT internal service funds and as an interactivity receivable for the Health and Benefits included in the internal balance on the Government-Wide Statement of Net assets.

Business Type Internal Service Fund Net Assets	\$6,270,990
Internal Service Funds Governmental-Type Activities Portion	238,356
Government-Wide Statement of Net Assets for Business Type	\$6,032,635

**C. Explanation of Certain Differences Between the Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental funds' statement of revenues, expenditures, and changes in fund balances includes a reconciliation of net changes in fund balances-total governmental funds

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

to changes in net assets of governmental activities as reported in the government-wide statements of activities. This information can be found on the reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities on page 24.

**D. Explanation of Certain Differences between the Proprietary Funds, Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Government-Wide Statement of Activities**

The proprietary funds' Statement of Revenues, Expenses, and Changes in Fund Net Assets reports a difference in the net asset balance to the Government-wide Statement of Activities due to internal service fund activity. Internal service funds are used by management to charge the cost of certain activities to individual fund. The net profit for the Shop, IT and Health Benefit internal service funds before investment income is \$378,537 which was allocated out to different activities based on the percentage of support (55% governmental activities and 45% business type activities). The Risk Management internal service fund only serves governmental activities therefore was solely allocated out to the governmental funds with a net loss of \$48,327. A portion of net profit for the shop, IT and Health Benefit fund were allocated out to the different activities by a reduction in expenditures on the government-wide statements. The net loss for the Risk Management fund was allocated out by an addition to expenditures on the government wide statements. The governmental fund portion was treated as an interactivity payable for the ER&R and IT internal service funds and as an interactivity receivable for the Health and Benefits Fund included in the internal balance on the Government-Wide Statement of Net assets.

Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Assets for Internal Service Funds	\$417,744
Internal Service Fund Governmental Type Activities Portion	241,314
Government-Wide Statement of changes in net assets for Internal Service Funds	\$176,430

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance-related or contractual provisions.

**4. DEPOSITS AND INVESTMENTS**

**DEPOSITS**

The City'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).

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

*Custodial Credit Risk*

At December 31, 2011, the bank balance was \$3,503,361 of the bank balance \$250,000 was covered by Federal Depository insurance. The remainder of the bank balance was covered by the State of Washington Public deposit Protection Commission established by RCW 39.58 that also regulates depository financial institutions within the state. The Commission requires each public depository a pledge agreement with the commission and trustee. The deposit shall at all times maintain segregation from its other assets, eligible collateral in the form of securities described in RCW 39.58.050(5) & (6) and having a value at least equal to its maximum liability. Such collateral shall be segregated by deposit with the depository's trustee and shall be clearly designated as security for the benefit of public depositors. The collateral is used through the depositors, net of deposit insurance already received by them. The remaining bank balance includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the city's name.

**INVESTMENTS**

As required by state law, all investments of the City of Ellensburg funds (except as noted below) are obligation of the U.S Government, U.S. Agency issues, obligation of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Investments of pension trust funds are not subject to the preceding limitations. All temporary investments are stated at cost. Other property and investments are shown on the statement of net assets at historical cost (other property consists of real estate held for future use).

The Hal Holmes Trust Fund had a loss in market value of investment in the amount of \$18,538. The Hal Holmes Trust Fund is held by a third party, Bank of America.

As of December 31, 2011, the City of Ellensburg had the following investments

Investment Type	Maturities	Fair Value of investments held by the		Total
		Fair Value of the City of Ellensburg's own investments	City of Ellensburg as an agent for other local governments, individuals, or private organizations	
Hal Holmes Trust	various	451,621		451,621
<b>Total</b>		<b>\$ 451,621</b>	<b>\$ -</b>	<b>\$ 451,621</b>

*Credit Risk-* Safety of principle is the foremost objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Washington State Investment Pool, a 2a-7 fund, managed by the State Treasurer's Office is limited to high quality obligations with limited maximum and average maturities which will minimize both market and credit risk. The pool is unrated.

*Concentration of Credit Risk-* Concentration risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states the City will assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury securities and the State Investment Pool, the City will invest no more than twenty-five percent of its total investment portfolio in a single security type or with a single financial institution. The City does not have any other investments other than the Hal Holmes Trust Fund.

*Custodial Credit Risk-investments-* In the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## **5. PROPERTY TAXES**

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

### **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.

Property tax is recorded as a receivable when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as deferred revenue and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectable. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to three limitations:

Washington State law in RCW 84.55.010 and RCW 84.55.0101 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction. If the

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

assessed valuation increases by more than 1 percent due to revaluation, the levy rate will be decreased.

Chapter 84.52 RCW establishes a limitation on the levies for ports, public utilities, state schools, emergency medical services, counties, roads, cities, and towns. All other regular levies are proportionately reduced if a composite rate of \$5.55 per thousand is exceeded. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City's regular levy for 2011 was \$1.992511 per \$1,000 on an assessed valuation of \$1,240,861,642 for a total regular levy of \$2,472,430. In addition, the levy for debt service on a voter approved bond issue was \$0.120657 per \$1,000 on an assessed valuation of \$1,226,616,212 for a total of \$148,000.

## **6. CAPITAL ASSETS AND DEPRECIATION**

### **A. General Policies**

Major expenditures for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenditures or expenses when incurred (obligations under capital leases are disclosed in Note 9C).

All capital assets are valued at historical cost or estimated cost, where historical cost is not known or fair market value for donated assets or the lower of cost or fair market value when transferred between proprietary funds and governmental funds.

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account group or fund.

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 City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure fixed assets worth individual or system cost of \$50,000 or more are also capitalized. 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.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Cost for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

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

Assets	Years
Building/Improvements	20-45
Road Systems	5-25
Bridges	40
Sidewalks	30
Machinery	10
Police Vehicles	5
Non Police Vehicles	7
Office Equipment	10
Computers and Office Electronics	4
Land Improvements	15

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**B. Governmental Activities Capital Assets**

Asset	Beginning Balances 1/1/2011	Increase	Decrease	Ending Balance 12/31/2011
<b>Capital assets, not being depreciated</b>				
Land	\$ 11,408,135	\$ 1,194,119	\$ -	\$ 12,602,254
Construction In progress	1,218,062	2,555,964	-	3,774,026
Total	<b>12,626,197</b>	<b>3,750,083</b>	-	<b>16,376,280</b>
<b>Capital assets, being depreciated</b>				
Buildings	10,177,895	1,216,673	-	11,394,568
Improvements other than building	2,573,905	30,000	-	2,603,905
Machinery & equipment	1,093,674	42,877	12,000	1,124,551
Infrastructure	53,436,844	1,354,113	-	54,790,956
Total	<b>67,282,317</b>	<b>2,643,663</b>	<b>12,000</b>	<b>69,913,980</b>
<b>Less accumulated depreciation for</b>				
Buildings	4,104,040	287,337	-	4,391,377
Improvements other than buildings	884,762	161,058	-	1,045,820
Machinery & equipment	814,710	93,318	12,000	896,028
Infrastructure	26,232,749	1,580,693	-	27,813,442
Total	<b>32,036,261</b>	<b>2,122,405</b>	<b>12,000</b>	<b>34,146,667</b>
Total capital assets, being depreciated, net	<b>35,246,056</b>	<b>521,258</b>	-	<b>35,767,313</b>
Total	<b>\$ 47,872,253</b>	<b>\$ 4,271,341</b>	\$ -	<b>\$ 52,143,593</b>

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

- The significant increase in construction in progress is due to the improvements on the Dolarway projects in Arterial Street
- The significant increase in building improvements is due to the pool renovation
- The decrease in machinery and equipment is the retirement of a police vehicle in the amount of \$12,000

**Accumulated Depreciation & Depreciation Expense-** Depreciation expense was charged to functions/programs of the primary governments as follows:

<b>Governmental Activities</b>	<b>Amount</b>
General Government	\$193,255
Security of Person	\$59,432
Culture and Recreation	\$287,865
Transportation	\$1,581,853
Total	\$2,122,405

**C. Proprietary Fund Capital Assets**

Capital assets of proprietary funds are capitalized in their respective balance sheets.

Utility Plant in Service and Depreciation - Utility plant in service is stated substantially at original cost. Additions to utility plant include the cost of contracted services, direct labor, direct material, and indirect charges for overhead items. Maintenance and repairs of property and replacements and renewals of items determined to be less than units of property, are charged to operating and maintenance expense. Depreciation expense is charged to operations using the group concept where every item in the group is assumed to have the life of the group and to be fully depreciated at the time of retirement. Upon sale and/or disposition of property other than land, the difference between the proceeds realized and the book value is charged or credited to accumulated depreciation with no gain or loss shown on the income statement.

**Internal Service Fund-** Rolling stock and equipment in the Shop are depreciated using the straight-line method with useful lives of 5 to 20 years.

**Accumulated Depreciation & Depreciation Expense-** Depreciation expense was charged to functions/programs of the primary governments as follows:

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

<b>Business-Type Activities</b>	<b>Amount</b>
Utilities	\$ 2,201,919
Internal Service	\$364,377
Total	\$ 2,566,297

Accumulated depreciation and amortization on proprietary fund assets at December 31, 2011 are as follows:

Business Type Assets	Beginning Balances			Ending Balance 12/31/2012
	1/1/2011	Increase	Decrease	
Capital Assets, not being depreciated				
Land	\$ 1,055,100	\$ -	\$ -	\$ 1,055,100
Construction in progress	174,309	125,211	-	299,520
Total	<b>1,229,409</b>	<b>125,211</b>	<b>-</b>	<b>1,354,620</b>
Capital Assets, being depreciated				
Building	7,165,064	77,362		7,242,426
Improvements other than building	63,432,361	3,533,893		66,966,254
Machinery & equipment	19,030,651	1,043,712	212,594	19,861,768
Total	<b>89,628,076</b>	<b>4,654,967</b>	<b>212,594</b>	<b>94,070,448</b>
Less accumulated depreciation for				
Building	3,483,760	156,051	0	3,639,811
Improvements other than building	27,784,594	1,588,917	0	29,373,511
Machinery & equipment	11,466,571	821,328	202,334	12,085,565
Total	<b>42,734,925</b>	<b>2,566,296</b>	<b>202,334</b>	<b>45,098,887</b>
Total capital assets, being depreciated, net	<b>46,893,151</b>	<b>2,088,671</b>	<b>10,261</b>	<b>48,971,561</b>
Total	<b>\$ 48,122,560</b>	<b>\$ 2,213,882</b>	<b>\$ 10,261</b>	<b>\$ 50,326,179</b>

Internal service funds ER&R and IT predominately serves the enterprise funds. Accordingly, capital assets for them are part of the Business Activities.

There are no intangible assets to report for 2011 based on GASB 51 which states that if the intangible asset has an indefinite life or was internally generated then the entity is not required to retro back to previous years. All intangible assets received before 2011 either have an indefinite life or was internally generated (i.e. computer software). All intangible asset received in 2011 did not meet the threshold for reporting purposes.

## 7. PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

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 by writing to: Department of Retirement Systems Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). The following disclosures are made pursuant to GASB Statements No. 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 1, 2, and 3**

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

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at age 60 with five

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount. 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 three 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 two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount. 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. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

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

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

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

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

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

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

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

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

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

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

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

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

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

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

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

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

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

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

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

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

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

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Member Status	# of Members
Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled To, But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-Vested	51,005
Total	262,285

**Funding Policy**

Each biennium, the state Pension Funding Council adopts PERS 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 six percent for state agencies and local government unit employees, and 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.

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, 2011 were as follows:

Entity	PERS 1	PERS 2	PERS 3
Employer*	7.25%**	7.25%**	7.25%***
Employee	6.00%****	4.64%****	****

- \* The employer rates include the employer administrative expense fee currently set at 0.16%.
- \*\* The employer rate for state elected official is 10.80% for Plan 1 and 7.25% for Plan 2 and Plan 3
- \*\*\* Plan 3 defined benefit portion only
- \*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.
- \*\*\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31, 2011 were as follows:

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Year	PERS 1	PERS 2	PERS 3
2011	\$ 20,349	\$ 357,647	\$ 67,541
2010	\$ 17,017	\$ 323,234	\$ 56,888
2009	\$ 26,354	\$ 398,778	\$ 61,097

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

**Plan Description.** The Legislature established LEOFF in 1970. Membership in the system 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.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations.

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

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor & Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability for the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after age 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may 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 allowance.

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

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is two percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

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

Members of LEOFF Plan 2 who leave service because of line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least ten percent of FAS and two percent per year of service beyond five years. The first ten 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 servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may request service credit on behalf of the deceased member.

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

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

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

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

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

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Member Status	# of Members
Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled To, But Not Yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Non-Vested	3,656
Total	27,505

**Funding Policy**

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF 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, appropriated money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, are as follows:

Entity	LEOFF 1	LEOFF 2
Employer*	0.16%	5.24%
Employee	0.00%	8.46%
State	N/A	3.38%

\* The employer rate includes the employer administrative expense fee currently set at 0.16%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31, 2011 were as follows:

YEAR	LEOFF 1	LEOFF 2
2011	\$ -	\$ 84,981
2010	\$ -	\$ 93,062
2009	\$ -	\$ 93,913

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**C. Other Local Government Pension Systems**

The City is also the administrator of a pension retirement system called the Fire Relief and Pension Fund, a single employer defined benefit plan. The system is shown as a trust fund in the financial reports of the City. The system provides retirement, disability, and death benefits to members and beneficiaries. The system is closed with no active members.

As of December 31, 2011 there were a total of 10 individuals covered by this system. Nine of them are retirees, and one is a widow of a retiree.

The most recent actuarial study of the system was done by Milliman Consultants and Actuaries to determine the funding requirements as of December 31, 2010. As of this date, the assets valued at market were \$0.37 million and the actuarial present value of future benefits was \$0.890 million with unfunded actuarial accrued liabilities of \$0.853 million. The assets of the fund, along with future revenues from state fire insurance taxes and investment earnings are not sufficient to pay all future pension benefits, resulting in an actuarial deficiency. During the FY 2011 budget hearing, the City Council authorized allocating \$.264 million of 2011 property tax receipts to the Fire Relief and Pension fund and will be allocating an additional \$.264 million in 2012.

The following schedules show the system's annual pension cost and net pension obligation as well as three-year trend information.

Annual Pension Cost and Net Pension Obligation			
Annual Required Contribution (ARC)	For Fiscal Year Ending*		
	*12/31/2008	12/31/2009	12/31/2010
1 Annual Normal Cost (BOY)	\$ -	\$ -	\$ -
2 Amortization of UAAL (BOY)	73,843	73,843	62,407
3 Interest to EOY [(1)+(2)]X(i)*	3,692	3,692	2,496
4 ARC at EOY [(1)+(2)+(3)], not less than zero	77,535	77,535	64,903
5 Interest on NPO	24,890	20,984	13,451
6 Adjustment to ARC	36,978	32,072	24,618
7 Annual Pension Cost (APC)[(4)+(5)-(6)]	65,447	66,447	53,736
8 Employer Contributions**	143,574	149,853	199,940
9 Change in NPO [(7)-(8)]	(78,127)	(83,406)	(146,204)
10 NPO at BOY [(11) prior year]	497,799	419,672	336,266
11 NPO at EOY [(9)+(10)]	\$ 419,672	\$ 336,266	\$ 190,062

\* "i" is the assumed interest rate that year: 5.0% in 2008, 5.0% in 2009, and 4.0% in 2010

\*\* Employer contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150 and administrative expenses.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Fiscal Year Ending	Annual Pension Cost(APC)	Contribution as a Percent of APC	Net Pension obligation(NPO)
December 31, 2008	65,447	219%	419,672
December 31, 2009	66,447	226%	336,266
December 31, 2010	53,736	372%	190,062

The following are the actuarial assumptions used in the above calculations:

Valuation Date	January 1, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	21-years, closed as of January 1 <sup>st</sup> 2008
Remaining Amortization Period	19 years
Asset Valuation Method	Fair Market value
Actuarial Assumptions	
Investment Rate of Return	4.0%
Projected Salary Increases	3.50%
Inflation	2.50%
Cost of Living Adjustments	Based upon salary increase assumption when appropriate, for FPF benefits.

Based upon inflation assumption for some FPF benefits and all LEOFF benefits.

SCHEDULE OF FUNDING PROGRESS (in thousands)						
Fund	Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ration	Covered payroll	UAAL as a percentage of Covered Payroll
Fire Relief and Pension	37	890	853	4%	-	N/A

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The Actuarial value of the plan is increasing.

The City of Ellensburg does not prepare a separate financial report for the single employer defined benefit plan. Therefore a schedule of employer contributions is provided as RSI on page 82

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**8. RISK MANAGEMENT**

**A. Pool Insurance**

The City of Ellensburg is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2011, 86 municipalities/entities participate in the RMSA Pool. The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverage's are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public official's liability, employee fidelity and faithful performance, and boiler and machinery insurance coverage. Boiler and machinery is included with the property reinsurance carrier and employee fidelity coverage is a stand-alone policy that the AWC RMSA arranges for its members. The AWC RMSA also allows members to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. AWC RMSA, itself, pays out of its own funds all claims up to \$250,000 for liability and \$50,000 for property, and thereafter purchases excess liability insurance through ACE Insurance Company up to \$1 million, and CV Starr, from \$1 million to \$10 million. The excess property coverage is purchased through Lexington with limits up to \$250 million, using the Pool's broker, Arthur J Gallagher Risk Management Services. AWC RMSA is a cooperative program; the members of the AWC RMSA are jointly liable.

Members contract to remain in the RMSA pool a minimum of one year and must give one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

The Interlocal Governmental Agreement was revised in 2009 and approved by membership in 2010. In accordance with WAC 82.60.02023, the Pool elected its first Board of Directors, comprised of elected officials that are members of AWC RMSA, elected at large.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The City’s settlements did not exceed the insurance coverage in the past two years.

The specific financials of the AWC RMSA can be obtained from the AWC RMSA Annual Report on file with the City of Ellensburg.

**B. Partial Self Insurance**

As of 2011, the City is partially self-insured for its employee health and benefits program. The health insurance activities are funded and accounted for separately in the fund financial statements based upon the activities of the fund in the Internal Service Fund. The City purchased individual and aggregate stop loss insurance to limit its risk exposure. The City will pay up to \$50,000 in claims for an individual employee and up to 1.3 million for the entire group. Once the maximum amounts is exceeded then the insurance companies takes over. To cover the 1.3 million, the City has 1.68 million in operating revenues in 2011. In 2011 the City had \$88,070 in stop loss recoveries and \$84,650 was from the previous year claims. The City did not exceed the insurance coverage in the first year of the program.

	2011	2010
Year to Date medical claims	\$ 851,870	577,460
Year to date Pharmacy Claims	195,287	197,667
Run-out Claims	-	84,650
Less Eligible Individual Stop Loss Recoveries	88,070	22,090
Less Prior Contract Year Service Date Claims	84,650	-
Less vision Claims	22,106	17,792
less Refunded Claims	6,743	20,522
Total Aggregate Stop Loss Claims	845,588	799,373

2010 numbers were restated to report corrected numbers.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**9. LONG-TERM DEBT**

**A. Long-Term Debt**

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received are reported as debt service expenditures.

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the city:

1.5% - Without a vote of the people

2.5% - With a vote of the people

5.0% - With a vote of the people provided the indebtedness in excess of 2.5% is for utilities, parks, or open space development.

As of December 31, 2011, the debt limits of the City were as follows:

Assessed Value	1,189,575,411		
	Without a Vote	With a Vote	
		2.50%	5.00%
Legal Limit	\$ 17,843,631	\$ 29,739,385	\$ 59,478,771
Applicable Outstanding Debt	6,790,000	8,300,000	8,300,000
Available Assets	395,939	395,939	395,939
Margin Available	\$ 11,449,570	\$ 21,835,324	\$ 51,178,771

General Obligation Bonds

The City of Ellensburg issues general obligation and revenue bonds to finance the purchase of general government assets and the acquisition or construction of utility infrastructure. General obligation and revenue bonds have been issued for both general government and business type activities and are being repaid from the applicable resources. Proprietary fund revenues are repaying the revenue bonds.

The general obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally 20-year serial bonds with equal amounts of payment each year. General obligation bonds currently outstanding are as follows:

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Purpose	Maturity Range	Interest Rate(s)	Original Amount	Amount of Installment	Outstanding Amount
2001 GO Bond - West Ellensburg Park	2021	4.00 - 5.375%	\$ 2,065,000	\$ 167,259	\$ 1,210,000
2002 GO Bond - City Hall	2021	3.25 - 5.05%	4,575,000	369,270	2,870,000
2003 GO Bond - Library	2022	2.50 - 4.35%	1,905,000	151,388	1,510,000
2010 GO Bond - Maintenance	2030	2.00 - 5.00%	2,935,000	213,100	2,710,000
Total			\$ 11,480,000	\$ 901,017	\$ 8,300,000

The 2001 Limited Tax General Obligation Bonds were sold to provide funds with which to pay costs of paying and redeeming its outstanding 1999 Limited Tax General Obligation Bond Anticipation Notes; for general City purposes, including acquiring 363 acres of land for potential public and private used.

The 2002 Limited Tax General Obligation Bonds were sold to provide funds with which to pay costs of acquiring a site and an existing building to be improved for use as a new City Hall and replacing recreational facilities displaced at Whitney Park.

The 2003 Unlimited Tax General Obligation Bonds were sold to provide funds with which to pay costs associated with remodeling, expanding, and equipping the Ellensburg Public Library and Hal Holmes Community Center in the City and making related capital improvements, and to levy those excess property taxes.

The 2010 Limited Tax General Obligation Bonds were sold to provide funds necessary to pay and reimburse a portion of the costs necessary for several capital projects, including: roof replacement of various municipal buildings; renovations at the City's pool facility and various other recreational properties and facilities; upgrade of an audio system for the Council chamber; various transportation related improvements, including traffic signal and road projects, and parking improvements; and a flood plain improvement project.

The annual requirements to maturity, including interest for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2012	525,000	376,017
2013	565,000	354,237
2014	575,000	330,659
2015	615,000	306,462
2016	645,000	279,832
2017-2021	3,645,000	943,304
2022-2026	585,000	315,325
2027-2030	1,145,000	229,000
Total	\$ 8,300,000	\$ 3,134,835

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Revenue Bonds

Revenue bonds are bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council, and financed from Enterprise Fund revenues.

The Revenue bonds currently outstanding are as follows:

Purpose	Maturity Rates	Interest Rates	Original Amount	Amount of Installment	Outstanding Amount
2002 Refunding Bonds ( Sewer)	7/1/2014	2.50-4.15%	\$ 1,670,000	\$ 174,920	\$ 480,000
2010 Water/Sewer (ref 99) Bonds	12/1/2019	2.00-4.50%	2,290,000	274,025	1,850,000
2010 Water/Sewer Revenue Bonds	12/1/2029	2.00-4.50%	7,420,000	344,125	7,400,000
Electric Revenue Series 2005	12/1/2025	4.00-5.00%	4,780,000	393,190	4,420,000
<b>Total</b>			\$ 16,160,000	\$ 1,186,260	\$ 14,150,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2012	570,000	616,260
2013	590,000	595,478
2014	610,000	573,938
2015	630,000	551,178
2016	660,000	527,553
2017-2021	3,735,000	2,178,700
2022-2026	5,170,000	1,135,800
2027-2030	2,185,000	188,175
<b>Total</b>	\$ 14,150,000	\$ 6,367,081

Local Improvement Funds

Local Improvement Bonds are used for debt payments of the outstanding debt on local improvement districts.

Special Assessments	Beginning Balance 1/1/2011	Amount Issued	Amount Redeemed	Ending Balance 12/31/2011
LID Notes & Bonds	\$ 586,217	\$ -	\$ 83,699	\$ 502,518
<b>Total</b>	\$ 586,217	\$ -	\$ 83,699	\$ 502,518

In the government-wide financial statements and proprietary fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities and proprietary financial statements as net assets.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Bond premiums and discounts as well as issuance cost are deferred and amortized over the life of the bonds. In the fund financial statements, governmental fund types recognize bond premiums and discounts as bond issuance costs during the current period. Issuance costs whether or not withheld from the actual debt proceeds received are reported as debt service expenditure items.

At December 31, 2011, the City has \$395,939 available in debt service funds to service the general obligation bonded debt. Restricted assets in proprietary funds contain \$1,289,751 in sinking funds and reserves as required by bond indentures to service the revenue bonded debt.

The various bond indentures contain commitments and restrictions regarding tax levies and debt service requirements. The City is in compliance with all such significant commitments and restrictions.

Arbitrage-The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31<sup>st</sup>, 1986. Rebate arbitrage occurs when earnings on investments purchased from gross proceeds of a bond issue are in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebate arbitrage must be paid to the federal government. The City of Ellensburg carefully monitors its investments to restrict earnings to a yield less than the bond issue and therefore limit any arbitrage liability. As of December 31, 2011 the City has no arbitrage rebate liability.

On August 23, 2011, the City defeased \$995,000 in Gas Revenue Bonds. The purpose of this defeasance was to create an interest cost savings to the City of \$178,456. Then on September 8, 2011, the City defeased \$1,625,000 in Light Revenue Bonds, this defeasance accomplished an interest cost savings of over \$473,172.

As a result, the liability has been removed from the enterprise activities column of the balance sheet.

**B. Changes in Long-Term Liabilities**

During the year ended December 31, 2011, the following changes occurred in long-term

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

liabilities reported as General Long-Term Debt.

	Balance 1/1/2011	Additions	Reductions	Balance 12/31/2011	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable					
General Obligation Debt	\$ 8,800,000	-	\$ 500,000	\$ 8,300,000	\$ 525,000
Less/add Deferred amounts for issuance discount and Premiums	\$ 103,988		\$ 5,791	\$ 98,197	\$ 5,792
<b>Total Bonds Payable</b>	<b>8,903,988</b>			<b>8,398,197</b>	<b>530,792</b>
Loans	8,474		8,474	-	-
Capital Leases	-			-	-
Compensated Absences	417,538	92,136	-	509,674	382,733
OPEB Liability	1,185,627	190,062	-	1,375,689	-
Total Governmental LT Liabilities	10,515,627			10,283,559	913,525
<b>Business-Type Activities</b>					
Revenue Bonds	17,440,000	-	3,290,000	14,150,000	570,000
Less/add Deferred amounts for issuance discount and Premiums	601,397	81,601	42,464	640,534	42,268
<b>Total Bond Payable</b>	<b>18,041,397</b>			<b>14,790,534</b>	<b>612,268</b>
Capital Leases	-			-	-
Compensated Absences	458,616	98,555	-	557,171	252,481
Total Business-Type LT Liabilities	18,500,013			15,347,706	864,750
Total	\$ 29,015,640	\$ -	\$ -	\$ 25,631,265	\$ 1,778,275

Internal service funds predominately serve the enterprise funds, accordingly, long-term liabilities for them are included as part of the above Business-Type Activities i.e., compensated absences total in the amount of \$118,380. Also, for the governmental activities, claims, judgments, and compensated absences are generally liquidated by the fund it is associated with. The net pension obligation OPEB liability are generally liquidated by the General Fund

Part of the \$3,290,000 reduction for revenue bonds is the defeasance of the 98 Gas Revenue Bonds in the amount of \$995,000 and the defeasance of the 2001 Light Revenue Bonds of \$1,625,000.

## 10. UTILITY RATE SETTING POLICY

The City operates five classified utilities: Gas, Electric, Water, Sewer, and Stormwater. The rates for these five utilities are approved by the City Council. In 2011 the Council approved utility rate increases for electric.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**11. CONTINGENCIES AND LITIGATION**

The City has recorded in its financial statements all material liabilities, including an estimate for situations, which are not yet resolved, but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and self-insurance reserves are adequate to pay all known or pending claims.

The City participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

**12. COMMITMENTS**

**A. Operating Leases**

The City leases equipment under non-cancelable operating leases. Total cost for such leases was \$37,655 for the year ended December 31, 2011. The future minimum lease payments for these leases are as follows; All leases are completed by 2015 as of December 31<sup>st</sup> 2011.

Year ending December 31	Amount
2012	\$35,369
2013	\$24,644
2014	\$17,913
2015	\$2,616
Total	\$80,542

Pension commitments are discussed in Note 7.

**B. Capitalized Leases**

To account for financing leases, lease purchases and installment purchase contracts in governmental funds, the city charges payments made or due during the fiscal period as debt service. In the year that the asset is received, the city records the present value of future lease payments as capital outlay expenditure and as an offsetting other financing source. The present value of payments due in future periods is shown as a liability in the general long-term debt account group and the cost of the asset is recorded in the general fixed asset account group. Currently, the City does not have any capital leases.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**13. INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS**

The accompanying Schedule of Financial Assistance provides a listing of all federal, state, and local assistance programs in which the City participates and summarizes the City's grant transactions for 2011.

**14. INTERFUND BALANCES AND TRANSFER**

**Classification of Interfund Transactions**

Interfund transactions are classified as follows:

- A.** Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City.
- B.** Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."
- C.** Contributions to the capital of enterprise or internal service funds, transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as transfers and reported as direct additions to or deductions from fund equity.
- D.** Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds on the combined balance sheet depending on the time period for which the loan was made. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity

The following table displays interfund transfer activity during 2011:

Transfer From	Transfer To	Transfer To	Transfer To	Transfer To	Transfer To	Total
	Arterial	General Fund	Sewer	Storm Water	NonMajor	
Major funds:						
General Fund		\$ 1,000,000	\$ -		\$ 2,005,349	\$ 3,005,349
Storm Water	120,000		176,000			296,000
Light		70,000				70,000
Nonmajor funds:	950,000	47,500		128,576	10,000	1,136,076
Total	\$ 1,070,000	\$ 1,117,500	\$ 176,000		\$ 2,015,349	\$ 4,507,425

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

The following table displays interfund balances activity during 2011:

Due To	Due From	Due From	Due From	Due From	Due From	Due From	Due From	Total
	General Fund	Street/Art	Gas	Light	Water	Sewer	All Others	
Major Governmental								
General Fund*	\$ 123	\$ 2	\$ 6	\$ 55		\$ 38	\$ 810	\$ 1,034
Arterial Street**		\$ 311	\$ 355	\$ 448	\$ 1,872	\$ 112	\$ 1,829	\$ 4,926
NonMajor Governmental								\$ -
Major Business Type								
Gas								\$ -
Light					2,619			\$ 2,619
Water								\$ -
Sewer				572	673			\$ 1,245
NonMajor Business Type	1,828	2,243	383	131	10	118		\$ 4,714
								\$ -
Total	\$ 1,951	\$ 2,555	\$ 743	\$ 1,207	\$ 5,175	\$ 268	\$ 2,639	\$ 14,538

\*General Fund includes the City 001, 140,159,175, and 198 funds

\*\* Arterial Street includes the City 123 and 120 funds

## 15. FUND EQUITIES

The government -wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted. Invested in capital assets (net of related debt) - this category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of the assets reduce the balance in this category.

Invested in Capital Assets, net of related debt						
Statement of Net Assets	Governmental Funds	Gas	Light	Water	Sewer	Other
Capital Assets	86,290,260	\$ 13,293,007	\$ 30,950,047	\$ 20,679,603	\$ 21,891,405	\$ 8,611,002
Minus						
Accumulated Depreciation	34,146,667	(6,700,871)	(16,214,939)	(8,092,756)	(8,825,085)	\$ (5,265,236)
Longterm Debt	10,291,297	(118,987)	(4,712,231)	(5,764,271)	(4,631,224)	(120,991)
Add						
Deferred Charges		-	-	105,177	167,959	-
OPEB and Pension NPO Liability	1,375,689					
Compensated balances	509,674	118,987	150,847	81,343	85,001	120,991
Unspent Bond Proceeds	535,847	-	-	574,055	527,819	-
Longterm Debt spent on maintenance	243,190					
Total Investment of Capital Assets	44,516,696.00	6,592,136	10,173,725	7,579,214	9,215,875	3,345,766

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Balance Sheet	Fund Balance			
	Major			Total
	General Fund*	Arterial Street**	Other Funds	
Fund Balances				
<b>Nonspendable</b>		-		-
Inventory		32,703		32,703
Permanet Fund Principal				-
<b>Total Nonspendable</b>				<b>32,703</b>
<b>Restricted for:</b>				-
Transportation		89,382	695,332	784,714
Public Safety			340,198	340,198
Parks and Recreation			825,180	825,180
Economic Environment			552,254	552,254
Debt Service			47,650	47,650
Capital			535,390	535,390
<b>Total Restricted</b>				<b>3,085,386</b>
<b>Committed to:</b>				-
Economic Environment			294,404	294,404
<b>Total Committed</b>				<b>294,404</b>
<b>Assigned to:</b>				-
Transportation		1,612,022	7,455	1,619,477
Public Safety	60,014		1,007	61,021
Economic Environment			3,354	3,354
Parks and Recreation			28,779	28,779
Debt Service			349,122	349,122
Capital Projects			70,439	70,439
<b>Total Assigned</b>				<b>2,132,192</b>
<b>Unassigned</b>	4,010,034	-		<b>4,010,034</b>
<b>Total Fund Balance</b>	<b>4,070,048</b>	<b>1,734,106</b>	<b>3,750,565</b>	<b>9,554,717</b>

\*General Fund includes the City 001, 140,159,175, and 198 funds

\*\* Arterial Street includes the City 123 and 120 funds

Non-spendable- The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted- Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used for the specific purposes stipulated in the legislation. Legal enforceability

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

Committed- The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance in that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue: therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned- Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance.

Unassigned- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City does not have a formal policy for authorizing the assignment of resources. The City uses the natural flow of revenue which implies the City will use restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available.

It is essential that the City maintain adequate levels of unreserved fund balance to mitigate current and future risks and ensure stable tax rates. As such, unreserved ending fund balances, excluding contingency and cumulative reserve funds, for the operating funds (all funds except the sales tax and proprietary funds) will be required to have a minimum of 15% of operating expenditures in unreserved ending fund balance.

Proprietary funds, such as utility funds and internal service funds will be required to have a 20% minimum unreserved.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**16. JOINT VENTURE**

The City of Ellensburg and Kittitas County entered into a cooperative service enterprise to purchase and operate the facility previously known as the City/County Community Center (currently known as the Adult Activity Center), effective July 19, 1977. The \$62,500 in initial costs of the facility were split \$46,875 to the City and \$15,625 to the County. The City is responsible for operating and maintaining the facility.

The City accounts for the operations of the facility in the Recreation Department of the General Fund. The 2011 operations are as follows:

	Budget	Actual
Kittitas County	\$ 38,000	\$ 42,607
City of Ellensburg	75,074	58,148
Tour Fees	10,000	5,396
Other Revenues	25,217	28,405
Total Support	\$ 148,291	\$ 134,556

A copy of the agreement can be obtained from the City of Ellensburg Finance Department.

**17. POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFIT**

In addition to the pension benefits described in Note 7, the City of Ellensburg provides postretirement health care benefits, in accordance with Washington State law to 28 police and firefighters who retired or disabled under the LEOFF I Pension Act or the City's Fire Relief and Pension Plan.

**A. Summary of Significant Accounting Policies**

The Leoff's financial statements are prepared using the accruals basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable. Investments are reported at fair value. The City has elected to calculate information of an actuarial nature using the alternative measurement method permitted by GASB Statement 45 for plans with fewer than one hundred employees.

**B. Plan Description**

The plan is directed and defined by the State of Washington Revised Code (RCW 41.26.150). Employers such as municipalities, counties, and fire districts are required to pay the costs for necessary medical services for any active or retired members of the Law Enforcement Officers' and Fire Fighters Retirement System Plan One (LEOFFI). Under subsection 4, the employer may provide for medical insurance through insurance carriers.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

The plan covers retirees who are on disability as well as those who are retired after reaching age requirements. To qualify for medical service the employee needs to only be active or disability retired, or the employee's service retirement date is that day following separation from LEOFF employment with the City. To make this plainer, if the employee leaves the City and takes a job with another member of the Washington State Retirement System, regardless of the plan, then the member would then be liable for the employee's medical services. Employees may retire after 5 years of service after reaching age 50. Employees with 20 years of service who leave employment before retirement age are eligible for medical benefits upon reaching age 50. Insurance for retired individuals is provided through the employer's group plan, which covers both active and qualified retired members. The health insurance coverage and medical costs for retired firefighters are paid for out of the Fire Relief and Pension Fund and general government. For law enforcement officers, costs are paid out of the police department budget. The medical services cover active and retired members only. Spouses are not eligible.

**C. Funding Status and Funding Policy**

The plan has 28 retired members and zero active. Health insurance premiums are paid monthly. Other medical services are paid monthly as billings are presented for reimbursement. The pension board performs an annual survey to determine the care to be covered. The City of Ellensburg reimburses 100 percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by pre-Medicare retirees.

Employer contributions are financed on a pay-as-you-go basis. Expenditures for postretirement health care benefits are recognized as retirees report claims. During the year 2011, expenditures of \$247,103 were recognized for postretirement health care. 2010 expenditures were \$247,907.

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The City used the tool for this calculation set up by the State Actuary office.

A single retirement age of 56.24 years was assumed for all active members for the purpose of determining the actuarial accrued liability and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 termination and mortality rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The medical inflation trend assumption starts at 9% in 2007 and decreases to an ultimate rate of 5% in

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

2015. The ultimate rate means the expected rate for 2015 and beyond is 5%. Although this is our best estimate, it is reasonable that the medical inflation trend could be higher or lower. We will look at a medical inflation trend 1% higher or lower in each year to determine how sensitive the results are to medical inflation. The results were based on grouped data with 4 active and 4 inactive grouping. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years.

The following tables shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the Retiree Health Plan.

Fiscal Year 2010	Fire	Pre-Leoff Fire	Police
Actuarial Accrued Liability (AAL)	\$ 2,473,554	\$ 2,110,082	\$ 2,772,993
Annual Required Contribution (ARC)	230,322	196,478	258,204
Annual OPEB Cost	216,141	187,026	244,001
Net OPEB Obligation (NOO)	\$ 446,478	\$ 298,257	\$ 440,892
Participants	8	9	11

Fiscal Year 2010	Fire	Pre leoff Fire	Police
Medical Expenses	\$ 1,772,475	\$ 1,327,178	\$ 1,813,203
Longterm Care	701,078	782,904	959,790
Total Inactive	<u>2,473,553</u>	<u>2,110,082</u>	<u>2,772,993</u>
Arc			
Normal Cost	-	-	-
UAAI Amortization	230,322	196,478	258,204
<b>ARC</b>	<u>230,322</u>	<u>196,478</u>	<u>258,204</u>
Annual OPEB Cost			
ARC	230,322	196,478	258,204
NOO Interest	13,263	8,840	13,283
NOO Amortization	(27,444)	(18,292)	(27,486)
Annual OPEB Cost	<u>216,141</u>	<u>187,026</u>	<u>244,001</u>
NOO			
Starting NOO	294,734	196,445	295,186
Annual OPEB Cost	216,141	187,026	244,001
Contributions	64,397	85,214	98,296
NOO**	<u>\$ 446,478</u>	<u>\$ 298,257</u>	<u>\$ 440,892</u>

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

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

<b>FIRE FUND</b>				
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b>				
<b>FISCAL YEAR ENDED</b>	<b>ANNUAL REQUIRED CONTRIBUTIONS</b>	<b>ANNUAL OPEB COSTS CONTRIBUTIONS</b>	<b>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</b>	<b>NET OPEB OBLIGATIONS</b>
2008	\$ 250,783	\$ 100,267	40%	157,321
2009	231,537	86,554	37.38%	294,734
2010	230,322	64,397	27.96%	446,478

<b>PRE LEOFF FIRE FUND</b>				
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b>				
<b>FISCAL YEAR ENDED</b>	<b>ANNUAL REQUIRED CONTRIBUTIONS</b>	<b>ANNUAL OPEB COSTS CONTRIBUTIONS</b>	<b>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</b>	<b>NET OPEB OBLIGATIONS</b>
2008	\$ 213,936	\$ 127,001	59%	\$ 120,377
2009	197,956	116,096	59%	196,445
2010	196,478	85,214	43%	298,257

<b>Police FUND</b>				
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b>				
<b>FISCAL YEAR ENDED</b>	<b>ANNUAL REQUIRED CONTRIBUTIONS</b>	<b>ANNUAL OPEB COSTS CONTRIBUTIONS</b>	<b>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</b>	<b>NET OPEB OBLIGATIONS</b>
2008	\$ 281,683	\$ 67,686	24%	\$ 173,769
2009	263,247	133,469	51%	295,186
2010	258,204	98,296	38%	440,892

Funding Status and Funding Progress- As of December, 2010, the actuarial accrued liability for benefits was \$7,356,629

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

**SCHEDULE OF FUNDING PROGRESS**

<b>Fund</b>	<b>Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded AAL</b>	<b>Funded Ration</b>	<b>Covered payroll</b>	<b>UAAL as a percentage of Covered Payroll</b>
Pre leoff	-	2,110,082	2,110,082	0%	-	N/A
Leoff 1 Fire	-	2,473,554	2,473,554	0%	-	N/A
Leoff 1 Police	-	2,772,993	2,772,993	0%	-	N/A

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

There are no active employees. The historical age of retirement for regular retirees is 55 years of age. The city average of is 51 years of age. Employees who retired on disability were excluded from this calculation.

Life expectancies are based on mortality tables at the office of the State Actuary for Washington ([osa.leg.wa.gov](http://osa.leg.wa.gov)). Life expectancies that included partial years were rounded to the nearest whole year. The calculation of postemployment health insurance coverage for each year in the worksheet is based on the assumption that all participants will live until their expected age displayed in the mortality tables.

The expected rate of increase in healthcare insurance premiums is based on projection of the office of the Actuary at the Centers for Medicare and Medicaid Services, as published in National Health Care Expenditures Projection Tables, Table 3: National Health Expenditures, Aggregate & Per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 2003-2018, published March 2008 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)).

The assumed long term earning rate on current and expected investments that are expected to be used in financing the payment of benefits is 3%.

Inflation rate- The expected long-term inflation assumption for 2010 of .6 percent was based on projected changes in the Consumer Price Index for Urban Wage earners and Clerical Workers (SPI-W) from the office of the State Actuary for Washington ([osa.leg.wa.gov](http://osa.leg.wa.gov)).

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

Payroll growth-rate- The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 2.1 percent was used. In addition, the actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. The funded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was twenty-five years.

**19. SUBSEQUENT EVENT**

- A. A Resolution was adopted by the City Council on March 5<sup>th</sup>, 2012 authorizing the City General to borrow from the City's light Fund not more than a total of \$3,800,000 for the purpose of defeasance of 2001 and 2002 limited tax General Obligation Bonds.
- B. Ordinance No. 4613, February 2012 was adopted relating to certain outstanding City of Ellensburg bonds. Providing for the call and redemption of all the City's 2001 outstanding Limited Tax General Obligation Bonds and all the City's outstanding 2002 Limited Tax General Obligation Bonds.
- C. The City award Bid Call 2012-02, February 2012 to Granite Construction in the amount of \$613,278 for the Main Street overlay project.
- D. The City authorized the surplus of 100 acres of City owned land in April 2012
- E. AT& T Mobility and its affiliated companies filed refund claims pursuant to a global class action settlement agreement with respect to taxes remitted to the City on Internet access services from November 2005-September 2010 in the amount of \$56,498. AT & T has requested a refund from the City for these taxes. The request is under review by the City Attorney as of April 2012.

**20. OTHER COMMITMENTS**

The City does not have other commitments that have not been disclosed and does not have any pending litigation with a material settlement

**21. CHANGE IN ACCOUNTING PRINCIPLE**

- A. City of Ellensburg implemented GASB 54 in 2011. This change in accounting policy changed the fund balance classification for governmental type funds and the reporting of special revenue funds. The General Fund in 2010 included the City's 001 fund and then due to

**City of Ellensburg, Washington**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2011**

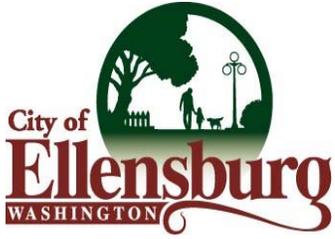
the implementation of GASB 54 the General Fund for 2011 includes funds 001,140, 159,175 and 198 and Arterial Street is combined with funds 120 and 123. Also due to the change in accounting policy for GASB 54 the beginning balance for the General fund and Arterial Street is different from the ending balance for 2010. As follows

<b>General Fund</b>	
Ending Balance 2010	
General Fund	\$3,077,677
Sales Fund	722,394
Police Vehicle	54,291
EUREDRE	0
Special Projects	<u>7,011</u>
New Beginning Balance 2011	\$3,861,373

<b>Arterial Street</b>	
Ending Balance 2010	
Arterial Street	\$635,432
Street	<u>441,801</u>
New Beginning Balance 2011	\$1,077,233

B. In 2011, the City received authorization from the City Council to reclassify the Risk Management Fund from a special revenue fund to an internal service fund.

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## Required Supplementary Information

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**CITY OF ELLENSBURG  
SCHEDULE OF FUNDING PROGRESS  
2011**

**Fire Relief and Pension Fund**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL-Unit Credit Cost (b)	unfunded AAL(UAAL) (a-b)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a percentage of Covered Payroll (b- a)/c)
12/31/1997	693	612	(81)	113%	0	N/A
12/31/2000	543	454	(89)	120%	0	N/A
12/31/2002	410	404	(6)	101%	0	N/A
12/31/2004	276	600	324	46%	0	N/A
12/31/2006	66	745	679	9%	0	N/A
1/1/2008	(152)	842	994	-18%	0	N/A
1/1/2010	37	890	853	4%	0	N/A

rounded to the nearest thousands

**LEOFF 1 POLICE**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL-Unit Credit Cost (b)	unfunded AAL(UAAL) (a-b)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a percentage of Covered Payroll (b- a)/c)
12/31/2008	0	3,025,152	3,025,152	0%	0	N/A
12/31/2009	0	2,827,154	2,827,154	0%	0	N/A
12/31/2010	0	2,772,993	2,772,993	0%	0	N/A

**LEOFF 1 FIRE FIGHTERS**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL-Unit Credit Cost (b)	unfunded AAL(UAAL) (a-b)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a percentage of Covered Payroll (b- a)/c)
12/31/2008	0	2,693,297	2,693,297	0%	0	N/A
12/31/2009	0	2,486,597	2,486,597	0%	0	N/A
12/31/2010	0	2,473,554	2,473,554	0%	0	N/A

**CITY OF ELLENSBURG  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION FUND  
2011**

**Schedule of Employer Contributions for 6 years**

**Fire Relief and Pension Fund**

<b>Fiscal Year Ending</b>	<b>Employer Contribution*</b>	<b>Fire Insurance Premiums</b>	<b>Total Employer Contribution*</b>	<b>Annual Required Contributions (ARC)**</b>	<b>Percentage of ARC Contributions</b>
August 31st 2006	(48,750)	15,564	(33,186)	26,527	(125)
December 31st 2006**	(63,009)	-	(63,009)	17,592	(358)
December 31st 2007	(113,623)	16,049	(97,574)	52,775	(185)
December 31st 2008	126,885	16,689	143,574	77,535	185
December 31st 2009	133,939	15,914	149,853	77,535	193
December 31st 2010	176,217	23,723	199,940	64,903	308

rounded to the nearest thousands

\* Employer Contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150 and administrative expenses.

\*\*September 1,2006 through December 31,2006

\*\*\*The 2005 information is not available

# CITY OF ELLENSBURG, WASHINGTON

## Street Fund 120

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	252,007	260,484	281,125	20,641
Charges for services	70,800	70,800	91,787	20,987
Fines & forfeits	-	-	-	-
Investment earnings	600	600	1,145	545
Miscellaneous	100	100	7,649	7,549
<b>Total revenues</b>	<b>323,507</b>	<b>331,984</b>	<b>381,707</b>	<b>49,723</b>
<b>EXPENDITURES:</b>				
Current:				
General government	52,000	52,000	66,646	(14,646)
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	1,489,675	1,499,364	1,301,230	198,134
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>1,541,675</b>	<b>1,551,364</b>	<b>1,367,876</b>	<b>183,488</b>
Excess(deficiency) of revenues over expenditures	(1,218,168)	(1,219,380)	(986,169)	233,211
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,217,855	1,217,855	1,217,855	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>1,217,855</b>	<b>1,217,855</b>	<b>1,217,855</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(313)</b>	<b>(1,525)</b>	<b>231,686</b>	<b>233,211</b>
Fund balances-beginning	23,886	23,886	441,801	417,915
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 23,573</b>	<b>\$ 22,361</b>	<b>\$ 673,487</b>	<b>\$ 651,126</b>

# City of Ellensburg, Washington

## Sales Tax Fund 140

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes				\$ -
Retail sales & use taxes	2,820,000	2,820,000.00	3,189,873	369,873
Other taxes				-
Licenses and permits				-
Intergovernmental				-
Charges for services				-
Fines & forfeits				-
Investment earnings	5,000	5,000.00	3,189	(1,811)
Miscellaneous				-
Total revenues	<u>2,825,000</u>	<u>2,825,000.00</u>	<u>3,193,062</u>	<u>368,062</u>
<b>EXPENDITURES:</b>				
Current:				
General government				-
Judicial services				-
Public safety				-
Physical environment				-
Transportation				-
Health & human services				-
Economic environment				-
Culture & recreation				-
Interest on long-term debt				-
Debt service				-
Principal				-
Interest and other charges				-
Capital outlay				-
Total expenditures	<u>-</u>	<u>0.00</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>2,825,000</u>	<u>2,825,000.00</u>	<u>3,193,062</u>	<u>368,062</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				-
Transfers out	(3,004,443)	(3,005,349.00)	(3,005,349)	-
Other adjustments				-
Total other financing sources & uses	<u>(3,004,443)</u>	<u>(3,005,349)</u>	<u>(3,005,349)</u>	<u>-</u>
Net change in fund balance	<u>(179,443)</u>	<u>(180,349)</u>	<u>187,713</u>	<u>368,062</u>
Fund balances-beginning	<u>550,000</u>	<u>550,000</u>	<u>722,394</u>	<u>172,394</u>
Fund balances-ending	<u><u>370,557</u></u>	<u><u>369,651</u></u>	<u><u>910,107</u></u>	<u><u>\$ 540,456</u></u>

# CITY OF ELLENSBURG, WASHINGTON

## Police Vehicles Fund 159

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	108	108
Miscellaneous	-	-	992	992
Total revenues	-	-	1,100	1,100
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Capital outlay	47,500	47,500	42,877	4,623
Total expenditures	47,500	47,500	42,877	4,623
Excess(deficiency) of revenues over expenditures	(47,500)	(47,500)	(41,777)	5,723
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	47,500	47,500	47,500	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	47,500	47,500	47,500	-
Net change in fund balance	-	-	5,723	5,723
Fund balances-beginning	-	-	54,291	54,291
Prior period adjustments	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ 60,014	\$ 60,014

# CITY OF ELLENSBURG, WASHINGTON

## EUREDRF Fund 175

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	70,000	70,000	70,000	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	70,000	70,000	70,000	-
Excess(deficiency) of revenues over expenditures	(70,000)	(70,000)	(70,000)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	70,000	70,000	70,000	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	70,000	70,000	70,000	-
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	-	-
Prior period adjustments	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

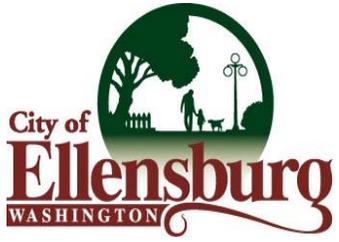
# CITY OF ELLENSBURG, WASHINGTON

## Special Project Fund 198

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess(deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	7,011	7,011
Prior period adjustments				
Fund balances-ending	\$ -	\$ -	\$ 7,011	\$ 7,011

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## Nonmajor Funds

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## Nonmajor Governmental Funds

1. Description
2. Combining Balance Sheet- Nonmajor Governmental Funds
3. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance- Nonmajor Governmental Funds
4. Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual – Nonmajor Funds

# City of Ellensburg, Washington Nonmajor Governmental Funds

## Special Revenue Funds

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

**Traffic Impact Fees-** This fund is used to account for the use of traffic impact fees.

**Criminal Justice Fund-** This fund is used to account for the 3/10 of one percent sales tax to be spent on criminal justice activities.

**Drug Fund-** A fund used to account for the monies derived from the forfeiture of property in connection with drug investigations.

**CATV-** A fund used to account for the University operation of the Ellensburg Community Television station.

**CATV Capital Outlay-** A fund used to account for the maintenance and purchase of capital expenditures relating to the CATV fund.

**Park Acquisition-** A fund used to account for the maintenance and construction of path and trail development, and the acquisition of new parks.

**Lodging Tax-** A fund used to account for the use of lodging tax revenue.

**C.H.I.P Reserve-** A fund used to account for activities relating to CDBG guidelines.

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## Debt Service Funds

A fund used to account for the debt service associated with various issues of general obligation bonds of the City.

**GO Bonded Land Debt-** A fund used to account for the payment of debt on the Williams property.

**G.O. City Hall Debt-** A fund used to account for the payment of debt on the City Hall.

**G.O. Maintenance Bond-** A fund used to account for the payment of debt on various maintenance and capital projects through-out the city.

**G.O. Bonded Library Debt-** A fund used to account for the payment of debt on the remodel and expansion of the City of Ellensburg Library.

**G.O. Bonded Debt-** A fund used to account for payment made to retire principal and interest due on the outstanding Public Works Trust Fund Loans received in 1988, the 1989 Public Works Trust Fund Loan for creek work, and the 1991 Public Works Trust Fund Loan for Capital Avenue improvements and the Youth Center building debt payment.

### **Capital Project Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**G.O. Maintenance Bond-** Classified as a major fund and used to account for 2010 G.O. Bonds issued for the purpose of providing funds necessary to pay or reimburse a portion of costs for various capital and maintenance projects.

**Capital Projects-** A fund used to account for the purchase of regional and local general government capital outlays.

**Sidewalk Construction-** A fund used to account for the repairing of sidewalks in the City's residential areas and Central Business District.

### **Trust Funds**

**Library Trust Fund-** A fund used to account for donations and bequests made to the Ellensburg Public Library.

**Hal Holmes Trust Fund-** A fund used to account for the last will and testament of Otis Halbert.

**City of Ellensburg, Washington**

**Combining Balance Sheet**

Nonmajor Governmental Funds

December 31,2011

	Special Revenue Funds			Special Revenue Funds		
	Traffic	Criminal		CATV	CATV	Parks
	Impact Fee	Justice	Drug	O & M	Capital	Acquisitions
	125	130	137	150	155	160
<b>ASSETS</b>						
Cash and cash equivalents	\$ 390,748	\$ 250,387	\$ 108,163	\$ 76,012	\$ 188,058	\$ 128,367
Deposits with fiscal agents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables(net)						
Property taxes	-	-	-	-	-	-
Accounts	1,864	-	-	15,104	28,492	1,925
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	134
Interfund loan receivable	-	-	-	-	-	-
Prepayments/inventory	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 392,612</b>	<b>\$ 250,387</b>	<b>\$ 108,163</b>	<b>\$ 91,115</b>	<b>\$ 216,550</b>	<b>\$ 130,427</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	3,772	17,345	-	-	3,288	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	16,231	-	-
Other liabilities	-	-	-	-	-	-
Advance from other fund	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,772</b>	<b>17,345</b>	<b>-</b>	<b>16,231</b>	<b>3,288</b>	<b>-</b>
<b>FUND BALANCE</b>						
Nonspendable	-	-	-	-	-	-
Restricted	387,895	232,585	107,612	-	-	130,144
Committed	-	-	-	74,558	212,445	-
Assigned	945	457	551	328	817	283
Unassigned	-	-	-	-	-	-
<b>Total liabilities &amp; fund balances</b>	<b>\$ 392,612</b>	<b>\$ 250,387</b>	<b>\$ 108,163</b>	<b>\$ 91,116</b>	<b>\$ 216,550</b>	<b>\$ 130,427</b>

Debt Service								
Lodging Tax 165	CHIP Reserve 170	Total Special Revenue	G.O. Bond 210	City Hall 220	G.O. Bond 225	Library Construction 230	G.O. Bond 240	Total Debt Service
\$ 614,475	\$ 7,402	\$ 1,763,612	\$ 257,815	\$ 40,345	\$ 40,000	\$ 46,817	\$ 10,962	\$ 395,939
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
21,526	-	68,909	-	-	-	7,604	-	7,604
-	-	134	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 636,001</u>	<u>\$ 7,402</u>	<u>\$ 1,832,655</u>	<u>\$ 257,815</u>	<u>\$ 40,345</u>	<u>\$ 40,000</u>	<u>\$ 54,421</u>	<u>\$ 10,962</u>	<u>\$ 403,543</u>
8,737	-	33,142	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
72,801	-	89,032	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,771	-	6,771
<u>81,538</u>	<u>-</u>	<u>122,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,771</u>	<u>-</u>	<u>6,771</u>
-	-	-	-	-	-	-	-	-
552,254	-	1,410,491	-	-	-	47,367	-	47,367
-	7,402	294,404	-	-	-	-	-	-
2,209	-	5,590	257,815	40,345	40,000	283	10,962	349,404
-	-	-	-	-	-	-	-	-
<u>554,463</u>	<u>7,402</u>	<u>1,710,486</u>	<u>257,815</u>	<u>40,345</u>	<u>40,000</u>	<u>47,650</u>	<u>10,962</u>	<u>396,772</u>
<u>\$ 636,002</u>	<u>\$ 7,402</u>	<u>\$ 1,832,657</u>	<u>\$ 257,815</u>	<u>\$ 40,345</u>	<u>\$ 40,000</u>	<u>\$ 54,421</u>	<u>\$ 10,962</u>	<u>\$ 403,544</u>

**City of Ellensburg, Washington**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31,2011**

	Capital Projects				Trust Funds			Total Nonmajor Governmental Funds
	Bond Maint 325	Capital Projects 365	Sidewalk Improvements 366	Total Capital Projects	Library Trust 605	Holmes Trust 621	Total Permanent Funds	
	<b>ASSETS</b>							
Cash and cash equivalents	\$ 539,577	\$ 66,252	\$ 306,837	\$ 912,666	\$ 252,669	\$ 19,243	\$ 271,911	\$ 3,344,128
Deposits with fiscal agents	-	-	-	-	-	451,621	451,621	451,621
Investments	-	-	-	-	-	-	-	-
Receivables(net)	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-
Accounts	-	-	10,319	10,319	-	-	-	86,833
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	134
Interfund loan receivable	-	-	-	-	-	-	-	-
Prepayments/inventory	-	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-
	<u>\$ 539,577</u>	<u>\$ 66,252</u>	<u>\$ 317,156</u>	<u>\$ 922,985</u>	<u>\$ 252,669</u>	<u>\$ 470,863</u>	<u>\$ 723,532</u>	<u>\$ 3,882,716</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	-	-	3,209	3,209	-	-	-	36,351
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	89,033
Other liabilities	-	-	-	-	-	-	-	-
Advance from other fund	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	6,771
Total liabilities	-	-	3,209	3,209	-	-	-	132,155
<b>FUND BALANCE</b>								
Nonspendable	0	0	0	0	0	0	0	-
Restricted	535,390	0	307,437	842,827	243,416	451,621	695,036	2,995,721
Committed	0	0	0	0	0	0	0	294,404
Assigned	4,187	66,252	6,510	76,949	9,253	19,244	28,497	460,440
Unassigned	0	0	0	0	0	0	0	-
	<u>539,577</u>	<u>66,252</u>	<u>313,947</u>	<u>919,775</u>	<u>252,669</u>	<u>470,864</u>	<u>723,533</u>	<u>3,750,563</u>
Total liabilities & fund balances	<u>\$ 539,577</u>	<u>\$ 66,252</u>	<u>\$ 317,156</u>	<u>\$ 922,985</u>	<u>\$ 252,669</u>	<u>\$ 470,864</u>	<u>\$ 723,533</u>	<u>\$ 3,882,722</u>

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

Nonmajor Governmental Funds

For the Year Ended December 31, 2011

	Special Revenue Funds					
	Traffic Impact Fee 125	Criminal Justice 130	Drug 137	CATV O & M 150	CATV Capital 155	Parks Acquisitions 160
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	626,208	-	-	-	-
Other taxes	-	-	-	60,384	28,492	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,882
Charges for services	110,442	-	-	-	-	43,813
Fines & forfeits	-	-	12,703	-	-	-
Investment earnings	557	219	205	138	341	181
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>110,999</b>	<b>626,427</b>	<b>12,908</b>	<b>60,522</b>	<b>28,833</b>	<b>45,876</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Judicial services	-	-	-	-	-	-
Public safety	-	514,960	1,707	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	3,772	-	-	-	-	-
Health & human services	-	-	-	-	-	-
Economic environment	-	9,258	-	64,125	7,935	-
Culture & recreation	-	-	-	-	-	3,141
Interest on long-term debt	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,772</b>	<b>524,218</b>	<b>1,707</b>	<b>64,125</b>	<b>7,935</b>	<b>3,141</b>
Excess(deficiency) of revenues over expenditures	<b>107,227</b>	<b>102,209</b>	<b>11,201</b>	<b>(3,603)</b>	<b>20,898</b>	<b>42,736</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	10,000	-	-
Transfers out	-	-	(47,500)	-	(10,000)	-
Other adjustments	-	-	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>(47,500)</b>	<b>10,000</b>	<b>(10,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>107,227</b>	<b>102,209</b>	<b>(36,299)</b>	<b>6,397</b>	<b>10,898</b>	<b>42,736</b>
Fund balances-beginning	281,613	130,834	144,462	68,488	202,364	87,692
<b>Fund balances-ending</b>	<b>\$ 388,841</b>	<b>\$ 233,042</b>	<b>\$ 108,163</b>	<b>\$ 74,886</b>	<b>\$ 213,261</b>	<b>\$ 130,427</b>

Special Revenue Funds			Debt Funds					
Lodging Tax 165	CHIP Reserve 170	Total Special Revenue	G.O. Bond 210	City Hall 220	G.O. Bond 225	Library Construction 230	G.O. Bond 240	Total Debt Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,282	\$ -	149,282
364,848	-	991,056	-	-	-	-	-	-
-	-	88,876	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,882	-	-	-	-	-	-
-	-	154,255	-	-	-	-	-	-
-	6,080	18,783	-	-	-	-	-	-
963	-	2,604	-	-	-	116	239	355
-	-	-	-	-	-	-	-	-
<u>365,811</u>	<u>6,080</u>	<u>1,257,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,397</u>	<u>239</u>	<u>149,637</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	516,667	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	3,772	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
306,922	-	388,241	-	-	-	-	-	-
-	-	3,141	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	100,000	220,000	100,000	80,000	8,474	508,474
-	-	-	67,061	149,472	115,402	64,689	85	396,708
-	-	-	-	-	-	-	-	-
<u>306,922</u>	<u>-</u>	<u>911,820</u>	<u>167,061</u>	<u>369,472</u>	<u>215,402</u>	<u>144,689</u>	<u>8,558</u>	<u>905,182</u>
<u>58,889</u>	<u>6,080</u>	<u>345,636</u>	<u>(167,061)</u>	<u>(369,472)</u>	<u>(215,402)</u>	<u>4,708</u>	<u>(8,319)</u>	<u>(755,545)</u>
-	-	10,000	167,061	409,472	255,402	-	8,559	840,494
-	-	(57,500)	-	-	-	-	(110,000)	(110,000)
-	-	-	-	-	-	-	-	-
-	-	(47,500)	167,061	409,472	255,402	-	(101,441)	730,494
58,889	6,080	298,136	0	40,000	40,000	4,708	(109,760)	(25,051)
495,575	1,322	1,412,350	257,814	344	-	42,942	120,722	421,822
<u>\$ 554,463</u>	<u>\$ 7,402</u>	<u>1,710,486</u>	<u>\$ 257,815</u>	<u>\$ 40,345</u>	<u>\$ 40,000</u>	<u>\$ 47,650</u>	<u>\$ 10,962</u>	<u>\$ 396,772</u>

	Capital Projects		Trust Funds		Total Permanent Fund	Total Nonmajor Governmental Funds	
	Maint Bond Projects	Capital Projects 365	Sidewalk Improvements 366	Total Capital Funds			Library Trust 605
<b>REVENUES:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,282
Retail sales & use taxes	-	-	-	-	-	-	991,056
Other taxes	-	-	124,594	124,594	-	-	213,470
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,882
Charges for services	-	-	-	-	163	-	154,418
Fines & forfeits	-	-	-	-	-	-	18,783
Investment earnings	2,605	118	515	3,237	450	(18,538)	(11,891)
Miscellaneous	-	-	-	-	4,072	-	4,072
Total revenues	2,605	118	125,109	127,832	4,686	(18,538)	1,521,072
<b>EXPENDITURES:</b>							
Current:							
General government	19,988	-	-	19,988	-	-	19,988
Judicial services	-	-	-	-	-	-	-
Public safety	8	-	-	8	-	-	516,675
Physical environment	-	-	-	-	-	-	-
Transportation	53,223	-	85,808	139,031	-	-	142,802
Health & human services	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	388,241
Culture & recreation	8	-	-	8	4,060	-	7,209
Interest on long-term debt	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	508,474
Interest and other charges	-	-	-	-	-	-	396,708
Capital outlay	196,480	-	-	196,480	-	-	196,480
Total expenditures	269,706	-	85,808	355,514	4,060	-	2,176,576
Excess(deficiency) of revenues over expenditures	(267,101)	118	39,301	(227,682)	625	(18,538)	(655,504)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	-	-	-	-	-	850,494
Transfers out	(968,576)	-	-	(968,576)	-	-	(1,136,076)
Other adjustments	-	-	-	-	-	-	-
Total other financing sources & uses	(968,576)	-	-	(968,576)	-	-	(285,582)
Net change in fund balance	(1,235,678)	118	39,301	(1,196,258)	625	(18,538)	(941,086)
Fund balances-beginning	1,775,254	66,134	274,645	2,116,033	252,043	489,402	4,691,650
Fund balances-ending	\$ 539,577	\$ 66,252	\$ 313,947	\$ 919,775	\$ 252,669	\$ 470,864	\$ 3,750,563

# CITY OF ELLENSBURG, WASHINGTON

## Traffic Impact Fee Fund 125

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	21,000	21,000	110,442	89,442
Fines & forfeits	-	-	-	-
Investment earnings	200	200	557	357
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>21,200</b>	<b>21,200</b>	<b>110,999</b>	<b>89,799</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	3,772	(3,772)
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	154,000	154,000	-	154,000
<b>Total expenditures</b>	<b>154,000</b>	<b>154,000</b>	<b>3,772</b>	<b>150,228</b>
Excess(deficiency) of revenues over expenditures	(132,800)	(132,800)	107,227	240,027
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(132,800)</b>	<b>(132,800)</b>	<b>107,227</b>	<b>240,027</b>
Fund balances-beginning	134,750	134,750	281,613	146,863
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 1,950</b>	<b>\$ 1,950</b>	<b>\$ 388,841</b>	<b>\$ 386,890</b>

# CITY OF ELLENSBURG, WASHINGTON

## Criminal Justice Fund 130

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	540,000	540,000	626,208	86,208
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	400	400	219	(181)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>540,400</b>	<b>540,400</b>	<b>626,427</b>	<b>86,027</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	638,931	638,931	514,960	123,971
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	47,024	47,024	9,258	37,766
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>685,955</b>	<b>685,955</b>	<b>524,219</b>	<b>161,736</b>
Excess(deficiency) of revenues over expenditures	(145,555)	(145,555)	102,208	247,763
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(145,555)</b>	<b>(145,555)</b>	<b>102,208</b>	<b>247,763</b>
Fund balances-beginning	145,555	145,555	130,834	(14,721)
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 233,042</b>	<b>\$ 233,042</b>

# CITY OF ELLENSBURG, WASHINGTON

## Drug Fund 137

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	12,703	12,703
Investment earnings	-	-	205	205
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>12,908</b>	<b>12,908</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	10,000	10,000	1,707	8,293
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>1,707</b>	<b>8,293</b>
Excess(deficiency) of revenues over expenditures	(10,000)	(10,000)	11,201	21,201
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(47,500)	(47,500)	(47,500)	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>(47,500)</b>	<b>(47,500)</b>	<b>(47,500)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(57,500)</b>	<b>(57,500)</b>	<b>(36,299)</b>	<b>21,201</b>
Fund balances-beginning	138,548	138,548	144,462	5,914
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 81,048</b>	<b>\$ 81,048</b>	<b>\$ 108,163</b>	<b>\$ 27,115</b>

# CITY OF ELLENSBURG, WASHINGTON

## CATV O & M Fund 150

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	54,000	54,000	60,384	6,384
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	138	138
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>54,000</b>	<b>54,000</b>	<b>60,522</b>	<b>6,522</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	64,000	67,895	64,125	3,770
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>64,000</b>	<b>67,895</b>	<b>64,125</b>	<b>3,770</b>
Excess(deficiency) of revenues over expenditures	(10,000)	(13,895)	(3,603)	10,292
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
Net change in fund balance	-	(3,895)	6,397	10,292
Fund balances-beginning	50,000	50,000	68,488	18,488
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 50,000</b>	<b>\$ 46,105</b>	<b>\$ 74,886</b>	<b>\$ 28,780</b>

# CITY OF ELLENSBURG, WASHINGTON

## CATV Capital Fund 155

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	29,200	29,200	28,492	(708)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	341	341
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>29,200</b>	<b>29,200</b>	<b>28,833</b>	<b>(368)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	36,400	36,400	7,935	28,465
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>36,400</b>	<b>36,400</b>	<b>7,935</b>	<b>28,465</b>
Excess(deficiency) of revenues over expenditures	(7,200)	(7,200)	20,898	28,098
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(10,000)	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(17,200)</b>	<b>(17,200)</b>	<b>10,898</b>	<b>28,098</b>
Fund balances-beginning	105,300	105,300	202,364	97,064
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 88,100</b>	<b>\$ 88,100</b>	<b>\$ 213,261</b>	<b>\$ 125,162</b>

# CITY OF ELLENSBURG, WASHINGTON

## Park Acquisition Fund 160

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	1,800	1,800	1,882	82
Charges for services	40,000	40,000	43,813	3,813
Fines & forfeits	-	-	-	-
Investment earnings	-	-	181	181
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>41,800</b>	<b>41,800</b>	<b>45,876</b>	<b>4,075</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	3,700	3,141	559
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>3,700</b>	<b>3,141</b>	<b>559</b>
Excess(deficiency) of revenues over expenditures	41,800	38,100	42,736	4,636
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>41,800</b>	<b>38,100</b>	<b>42,736</b>	<b>4,636</b>
Fund balances-beginning	26,800	26,800	87,692	60,892
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 68,600</b>	<b>\$ 64,900</b>	<b>\$ 130,427</b>	<b>\$ 65,528</b>

# CITY OF ELLENSBURG, WASHINGTON

## Lodging Tax Fund 165

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	300,000	300,000	364,848	64,848
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	963	963
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>365,811</b>	<b>65,811</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	301,100	301,100	306,922	(5,822)
Culture & recreation	15,567	15,567	-	15,567
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	100,000	100,000	-	100,000
<b>Total expenditures</b>	<b>416,667</b>	<b>416,667</b>	<b>306,922</b>	<b>109,745</b>
Excess(deficiency) of revenues over expenditures	(116,667)	(116,667)	58,889	175,556
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(116,667)	(116,667)	58,889	175,556
Fund balances-beginning	226,383	226,383	495,575	269,192
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 109,716</b>	<b>\$ 109,716</b>	<b>\$ 554,463</b>	<b>\$ 444,748</b>

# CITY OF ELLENSBURG, WASHINGTON

## CHIP Reserve Fund 170

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	6,080	6,080
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>6,080</b>	<b>6,080</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess(deficiency) of revenues over expenditures	-	-	6,080	6,080
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	6,080	6,080
Fund balances-beginning	1,000	1,000	1,322	322
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 7,402</b>	<b>\$ 6,402</b>

# CITY OF ELLENSBURG, WASHINGTON

## G.O. Bonded Land Debt Fund 210

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	100,000	100,000	100,000	-
Interest and other charges	66,759	67,061	67,061	-
Capital outlay	-	-	-	-
Total expenditures	166,759	167,061	167,061	
Excess(deficiency) of revenues over expenditures	(166,759)	(167,061)	(167,061)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	166,759	167,061	167,061	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	166,759	167,061	167,061	-
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	257,814	257,814
Prior period adjustments	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ 257,815	\$ 257,814

# CITY OF ELLENSBURG, WASHINGTON

## City Hall Debt Fund 220

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	220,000	220,000	220,000	-
Interest and other charges	149,170	149,472	149,472	-
Capital outlay	-	-	-	-
Total expenditures	369,170	369,472	369,472	-
Excess(deficiency) of revenues over expenditures	(369,170)	(369,472)	(369,472)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	409,170	409,472	409,472	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	409,170	409,472	409,472	-
Net change in fund balance	40,000	40,000	40,000	-
Fund balances-beginning	-	-	344	344
Prior period adjustments	-	-	-	-
Fund balances-ending	\$ 40,000	\$ 40,000	\$ 40,345	\$ 344

# CITY OF ELLENSBURG, WASHINGTON

## G.O. Bond Fund 225

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	100,000	100,000	100,000	-
Interest and other charges	115,100	115,402	115,402	-
Capital outlay	-	-	-	-
Total expenditures	215,100	215,402	215,402	-
Excess(deficiency) of revenues over expenditures	(215,100)	(215,402)	(215,402)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	255,100	255,402	255,402	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	255,100	255,402	255,402	-
Net change in fund balance	40,000	40,000	40,000	-
Fund balances-beginning	-	-	-	-
Prior period adjustments	-	-	-	-
Fund balances-ending	\$ 40,000	\$ 40,000	\$ 40,000	\$ -

# CITY OF ELLENSBURG, WASHINGTON

## Library Construction Debt Fund 230

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 148,000	\$ 148,000	\$ 149,282	\$ 1,282
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	116	116
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>148,000</b>	<b>148,000</b>	<b>149,398</b>	<b>1,397</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	80,000	80,000	80,000	-
Interest and other charges	64,388	64,690	64,689	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>144,388</b>	<b>144,690</b>	<b>144,689</b>	<b>-</b>
Excess(deficiency) of revenues over expenditures	<b>3,612</b>	<b>3,310</b>	<b>4,709</b>	<b>1,399</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>3,612</b>	<b>3,310</b>	<b>4,709</b>	<b>1,399</b>
Fund balances-beginning	-	-	42,942	42,942
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 3,612</b>	<b>\$ 3,310</b>	<b>\$ 47,650</b>	<b>\$ 44,341</b>

# CITY OF ELLENSBURG, WASHINGTON

## G.O. Bond Debt Fund 240

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	300	300	239	(61)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>300</b>	<b>300</b>	<b>239</b>	<b>(61)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	8,474	8,474	8,474	-
Interest and other charges	85	85	85	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>8,559</b>	<b>8,559</b>	<b>8,559</b>	<b>-</b>
Excess(deficiency) of revenues over expenditures	(8,259)	(8,259)	(8,320)	(61)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	8,559	8,559	8,559	-
Transfers out	-	(110,000)	(110,000)	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>8,559</b>	<b>(101,441)</b>	<b>(101,441)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>300</b>	<b>(109,700)</b>	<b>(109,761)</b>	<b>(61)</b>
Fund balances-beginning	3,396	3,396	120,722	117,326
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 3,696</b>	<b>\$ (106,304)</b>	<b>\$ 10,962</b>	<b>\$ 117,265</b>

# City of Ellensburg, Washington

## Maintenance Bond Fund 325

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	2,605	2,605
Miscellaneous	-	-	-	-
Total revenues	-	-	2,605	2,605
<b>EXPENDITURES:</b>				
Current:				
General government	-	8	19,988	(19,980)
Judicial services	-	-	-	-
Public safety	-	8	8	-
Physical environment	-	-	-	-
Transportation	-	53,223	53,223	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	8	8	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	1,740,000	1,386,753	196,480	1,190,273
Total expenditures	1,740,000	1,440,000	269,707	1,170,292
Excess(deficiency) of revenues over expenditures	(1,740,000)	(1,440,000)	(267,103)	1,172,897
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(840,000)	(1,140,000)	(968,576)	171,424
Other adjustments	-	-	-	-
Total other financing sources & uses	(840,000)	(1,140,000)	(968,576)	171,424
Net change in fund balance	(2,580,000)	(2,580,000)	(1,235,682)	1,344,321
Fund balances-beginning	2,580,000	2,580,000	1,775,254	(804,746)
Prior period adjustments	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ 539,577	\$ 539,576

# CITY OF ELLENSBURG, WASHINGTON

## Capital Projects fund 365

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	118	118
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>118</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess(deficiency) of revenues over expenditures	-	-	118	118
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
Total other financing sources & uses	-	-	-	-
Net change in fund balance	-	-	118	118
Fund balances-beginning	47,300	47,300	66,134	18,834
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 47,300</b>	<b>\$ 47,300</b>	<b>\$ 66,252</b>	<b>\$ 18,952</b>

# City of Ellensburg, Washington

## Sidewalk Improvement Fund 366

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	80,000	80,000	124,594	44,594
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	1,000	1,000	515	(485)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>81,000</b>	<b>81,000</b>	<b>125,109</b>	<b>44,109</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	85,808	(85,808)
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	80,000	91,000	-	91,000
<b>Total expenditures</b>	<b>80,000</b>	<b>91,000</b>	<b>85,808</b>	<b>5,192</b>
Excess(deficiency) of revenues over expenditures	1,000	(10,000)	39,301	49,301
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>1,000</b>	<b>(10,000)</b>	<b>39,301</b>	<b>49,301</b>
Fund balances-beginning	161,000	161,000	274,645	113,645
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 162,000</b>	<b>\$ 151,000</b>	<b>\$ 313,947</b>	<b>\$ 162,947</b>

# City of Ellensburg, Washington

## Library Trust Fund 605

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	163	163
Fines & forfeits	-	-	-	-
Investment earnings	1,400	1,400	450	(950)
Miscellaneous	6,100	6,100	4,072	(2,028)
<b>Total revenues</b>	<b>7,500</b>	<b>7,500</b>	<b>4,686</b>	<b>(2,813)</b>
<b>EXPENDITURES:</b>				
Current:				
Current:	-	-	-	-
General government	-	-	-	-
City General	-	-	-	-
Finance	-	-	-	-
Managers	-	-	-	-
Library	-	-	-	-
Total General Government	-	-	-	-
Culture & recreation	8,800	8,800	4,060	4,740
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>8,800</b>	<b>8,800</b>	<b>4,060</b>	<b>4,740</b>
Excess(deficiency) of revenues over expenditures	(1,300)	(1,300)	625	1,925
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(1,300)</b>	<b>(1,300)</b>	<b>625</b>	<b>1,925</b>
Fund balances-beginning	228,700	228,700	252,043	23,343
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ 227,400</b>	<b>\$ 227,400</b>	<b>\$ 252,669</b>	<b>\$ 25,269</b>

# City of Ellensburg, Washington

## Holmes Trust Fund 621

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Retail sales & use taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Investment earnings	-	-	(18,538)	(18,538)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>(18,538)</b>	<b>(18,538)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Judicial services	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Health & human services	-	-	-	-
Economic environment	-	-	-	-
Culture & recreation	-	-	-	-
Interest on long-term debt	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess(deficiency) of revenues over expenditures	-	-	(18,538)	(18,538)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Other adjustments	-	-	-	-
<b>Total other financing sources &amp; uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(18,538)</b>	<b>(18,538)</b>
Fund balances-beginning	-	-	489,402	489,402
Prior period adjustments	-	-	-	-
<b>Fund balances-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 470,864</b>	<b>\$ 470,864</b>

## **CITY OF ELLENSBURG, WASHINGTON**

### **Nonmajor Enterprise Funds**

Enterprise funds are used by the City of Ellensburg to account for operations that are financed and operated in a manner similar to a private business enterprise.

**Utility Deposit-** A fund used to account for customer utility deposits.

**I-Net-** A fund used to account for the collection and distributions associated with the operations, maintenance, and debt service of the electronics used to interconnect the City to other governmental entities.

**Stormwater-** A fund used to account for the collection and distributions associated with the operation and maintenance of a storm water utility. The fund is supported through service charge.

# CITY OF ELLENSBURG, WASHINGTON

## Combining Statement of Net Assets

### Nonmajor Enterprise Funds

December 31, 2011

	Enterprise Funds			
	Utility Deposit	I-Net	Storm Water	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 527,693	\$ 317,313	\$ 379,956	\$ 1,224,962
Deposits with fiscal agents	-	-	-	-
Investments	-	-	-	-
Receivables(net)	-	-	-	-
Accounts	-	-	67,256	67,256
Due from other funds	-	-	-	-
Due from other governments	-	-	39,244	39,244
Total current assets	<u>527,693</u>	<u>317,313</u>	<u>486,456</u>	<u>1,331,462</u>
Noncurrent assets:				
Capital assets, net (Note1)				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements	-	-	300,697	300,697
Machinery & equipment	-	562,583	-	562,583
Construction in progress	-	-	299,519	299,519
Less accumulated depreciation	-	(562,583)	(1,200)	(563,783)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>599,016</u>	<u>599,016</u>
Total assets	<u>527,693</u>	<u>317,313</u>	<u>1,085,472</u>	<u>1,930,478</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	-	-	2,571	2,571
Due to other funds	-	-	800	800
Due to other governments	-	-	1,640	1,640
Other liabilities	497,733	-	-	497,733
Due within one year	-	-	2,612	2,612
Total current liabilities	<u>497,733</u>	<u>-</u>	<u>7,623</u>	<u>505,356</u>
Non current liabilities (Note 2):				
Due in more than one year	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>497,733</u>	<u>-</u>	<u>7,623</u>	<u>505,356</u>
<b>NET ASSETS</b>				
Invested in capital assets	-	-	599,016	599,016
Unrestricted	29,960	317,313	478,833	826,106
Total net assets	<u>\$ 29,960</u>	<u>\$ 317,313</u>	<u>\$ 1,077,849</u>	<u>\$ 1,425,122</u>

## CITY OF ELLENSBURG, WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Nonmajor Enterprise Funds  
 For the Year Ended December 31, 2011

	Enterprise Funds			
	Utility Deposit	I-Net	Storm Water	Total
Operating revenues:				
Intergovernmental revenues	\$ -	\$ 49,477	\$ 1,029	\$ 50,506
Charges for services	-	30,523	574,314	604,837
Miscellaneous	-	-	-	-
Total operating revenues	-	80,000	575,343	655,343
Operating expenses:				
Operating expenses	-	40,000	140,714	180,714
Maintenance	-	-	-	-
Depreciation	-	-	1,200	1,200
Taxes	-	-	9,868	9,868
Total operating expenses	-	40,000	151,782	191,782
Operating income	-	40,000	423,561	463,561
Nonoperating revenue (expenses)				
Intergovernmental revenues	-	-	-	-
Interest and investment revenue	462	508	491	1,461
Miscellaneous revenue	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous expense	-	-	-	-
Total nonoperating expenses	462	508	491	1,461
Income (loss) before contributions & transfers	462	40,508	424,052	465,022
Capital contributions	-	-	270,697	270,697
Transfers in	-	-	128,576	128,576
Transfers out	-	-	(296,000)	(296,000)
Change in net assets	462	40,508	527,325	568,295
Total net assets - beginning	29,498	276,805	550,524	856,827
Prior period adjustments	-	-	-	-
Total net assets - ending	\$ 29,960	\$ 317,313	\$ 1,077,849	\$ 1,425,122

## CITY OF ELLENSBURG, WASHINGTON

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 December 31, 2011

	Utility Deposit	I-Net	Storm Water	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 32,857	\$ 49,477	\$ 590,161	\$ 672,495
Receipts for interfund services provided	-	30,523	4,968	35,491
Payments to suppliers	-	(30,000)	(41,174)	(71,174)
Payment for interfund services used	-	(10,000)	(25,145)	(35,145)
Payments to employees	-	-	(100,575)	(100,575)
Net cash provided by operating activities	32,857	40,000	428,235	501,092
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grants received	-	-	-	-
Operating transfer in	-	-	128,576	128,576
Operating transfer out	-	-	(296,000)	(296,000)
Net cash provided by noncapital activities	-	-	(167,424)	(167,424)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	-	-	-	-
capital grant	-	-	-	-
Proceeds from sales and maturities of investments	-	-	-	-
Purchases of capital assets	-	-	(125,211)	(125,211)
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Net cash from related financing activities	-	-	(125,211)	(125,211)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	-	-	-
Purchase of Investment	-	-	-	-
Interest and dividends	462	508	491	1,461
Net cash provided by investing activities	462	508	491	1,461
Net (decrease) in cash and cash equivalents	33,319	40,508	136,091	209,918
Balances - beginning of the year	494,374	276,805	243,865	1,015,044
Balances - end of the year	\$ 527,693	\$ 317,313	\$ 379,956	\$ 1,224,962

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

Operating income (loss)	-	40,000	423,560	463,560
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	-	1,200	1,200
Change in assets and liabilities:				
Receivables, net	-	-	(1,206)	(1,206)
DFOF	-	-	-	-
DFOG	-	-	20,992	20,992
Inventories	-	-	-	-
Prepaid	-	-	-	-
Accounts and other payables	32,857	-	(17,096)	15,761
DTOF	-	-	(2,294)	(2,294)
DTOG	-	-	1,640	1,640
Employee benefits	-	-	1,439	1,439
Accrued expenses	-	-	-	-
Employee leave benefits	-	-	-	-
Net cash provided by operating activities	\$ 32,857	\$ 40,000	\$ 428,235	\$ 501,092

### Noncash Investing, capital, and financing activities:

Borrowing under capital lease	
Contributions of capital assets	270,697
Purchase of equipment on account	
Increase in fair value of investments	
Capital asset trade-ins	

# CITY OF ELLENSBURG, WASHINGTON

## Internal Service Funds

Internal Service Funds are used by the City of Ellensburg to account for the financing of goods and services provided by a department or agency to other departments or agencies of the City of Ellensburg or to the other governmental units on a cost reimbursement basis.

**Equipment Rental and Revolving Fund-** A fund used to account for the operation of the City of Ellensburg vehicles and rental of equipment to other funds within the City.

**Information Services-** A fund used to account for the operation of data processing services to the City of Ellensburg departments, computer rentals, and GIS services etc.

**Health and Benefits Fund** – A fund used for the purpose of collecting and paying medical, dental, vision and life insurance premiums, insurance claims, administrative costs, and other related benefit costs.

**Risk Management** – This fund accounts for claims made against the City that is not covered by insurance and also for the allocation of property insurance expense.

# CITY OF ELLENSBURG, WASHINGTON

Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2011

ASSETS	Equipment Rental and Revolving	Information Services	Health & Benefits Fund	Risk Management Fund	Total
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,019,960	\$ 605,686	\$ 542,737	\$ 38,390	\$ 4,206,773
Deposits with fiscal agents	-	-	75,637	-	75,637
Receivables(net)	-	-	7,202	278	7,480
Due from other funds	4,714	-	-	-	4,714
Due from other governments	-	-	-	-	-
Inventories	83,042	-	-	-	83,042
Other current receivables	-	-	-	-	-
Prepayments	-	-	-	-	-
Total Current Assets	<u>3,107,716</u>	<u>605,686</u>	<u>625,576</u>	<u>38,668</u>	<u>4,377,646</u>
<b>Noncurrent Assets</b>					
Land	346,711	-	-	-	346,711
Buildings	1,193,373	-	-	-	1,193,373
Improvements	338,919	-	-	-	338,919
Machinery & equipments	4,936,328	632,872	-	-	5,569,200
Less accumulated depreciation	(4,131,807)	(569,646)	-	-	(4,701,453)
Construction In progress	-	-	-	-	-
Net property plant & equipment	<u>2,683,524</u>	<u>63,226</u>	<u>-</u>	<u>-</u>	<u>2,746,751</u>
Total Assets	<u>5,791,240</u>	<u>668,912</u>	<u>625,576</u>	<u>38,668</u>	<u>7,124,397</u>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued expenses	55,378	13,565	19,837	4,350	93,130
Due to other funds	1,838	1	-	-	1,839
Interfund Loan Payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due within one year	27,026	8,812	-	-	35,838
Total Current Liabilities	<u>84,242</u>	<u>22,378</u>	<u>19,837</u>	<u>4,350</u>	<u>130,807</u>
<b>Long-Term Liabilities:</b>					
Due in more than one year	80,251	2,291	-	-	82,542
Total Long-Term Liabilities	<u>80,251</u>	<u>2,291</u>	<u>-</u>	<u>-</u>	<u>82,542</u>
Total Liabilities	<u>164,493</u>	<u>24,669</u>	<u>19,837</u>	<u>4,350</u>	<u>213,349</u>
<b>NET ASSETS</b>					
Invested in capital assets, Restricted	2,683,525	63,226	-	-	2,746,751
For Health Benefits	-	-	-	-	-
Unrestricted	2,943,222	581,017	605,739	34,318	4,164,294
Total Net Assets	<u>\$ 5,626,745</u>	<u>\$ 644,243</u>	<u>\$ 605,739</u>	<u>\$ 34,318</u>	<u>\$ 6,911,047</u>

**CITY OF ELLENSBURG, WASHINGTON**

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

Internal Service Funds

For the Year Ended December 31, 2011

	Equipment Rental and Revolving	Information Services	Health & Benefits Fund	Risk Management Fund	Total
Operating revenues:					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	303,129	620,240	-	-	923,369
Miscellaneous	1,204,921	541	1,689,270	-	2,894,732
Total operating revenues	<u>1,508,050</u>	<u>620,781</u>	<u>1,689,270</u>	<u>-</u>	<u>3,818,101</u>
Operating expenses:					
Operating expenses	363,288	580,827	1,536,782	-	2,480,897
Maintenance	622,346	-	-	48,327	670,673
Depreciation	337,817	26,560	-	-	364,377
Taxes	-	-	-	-	-
Total operating expenses	<u>1,323,451</u>	<u>607,387</u>	<u>1,536,782</u>	<u>48,327</u>	<u>3,515,946</u>
Operating income	<u>184,599</u>	<u>13,394</u>	<u>152,488</u>	<u>(48,327)</u>	<u>302,155</u>
Nonoperating revenue (expenses)					
Intergovernmental revenues	-	-	-	-	-
Interest and investment rev.	5,010	1,185	906	59	7,160
Miscellaneous revenue	28,056	-	-	13,373	41,429
Interest expense	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
Total nonoperating exp.	<u>33,066</u>	<u>1,185</u>	<u>906</u>	<u>13,432</u>	<u>48,590</u>
Income (loss) before contributions & transfers	217,665	14,579	153,394	(34,894)	350,744
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	67,000	67,000
Transfers out	-	-	-	-	-
Change in net assets	<u>217,665</u>	<u>14,579</u>	<u>153,394</u>	<u>32,106</u>	<u>417,744</u>
Total net assets - beginning	<u>5,409,082</u>	<u>629,664</u>	<u>452,345</u>	<u>2,214</u>	<u>6,493,305</u>
Total net assets - ending	<u>\$ 5,626,747</u>	<u>\$ 644,243</u>	<u>\$ 605,739</u>	<u>\$ 34,318</u>	<u>\$ 6,911,047</u>

## CITY OF ELLENSBURG, WASHINGTON

Combining Statement of Cash Flows  
Internal Service Funds  
December 31, 2011

	Equipment Rental and Revolving	Information Services	Health & Benefits Fund	Risk Management Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 31,198	\$ 541	\$ 113,375	\$ -	\$ 145,114
Receipt for interfund service provided	1,480,937	620,952	1,573,301	-	3,675,190
Payments to suppliers	(520,487)	(301,544)	(1,556,824)	(43,977)	(2,422,832)
Payment for interfund service used	(77,701)	-	-	-	(77,701)
Payments to employees	(365,082)	(274,627)	-	-	(639,709)
Net cash provided by operating activities	548,865	45,322	129,852	(43,977)	680,062
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	-	-	-	-	-
Transfers in	-	-	-	67,000	67,000
Transfers out	-	-	-	-	-
Misc Revenue	-	-	-	13,095	13,095
Net cash provided by noncapital activities	-	-	-	80,095	80,095
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	-	-	-	-	-
Capital grant	-	-	-	-	-
Proceed from sale assets	(174,277)	-	-	-	(174,277)
Proceed from bond sale	-	-	-	-	-
Purchases of capital assets	(57,451)	(17,424)	-	-	(74,875)
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-
Net cash from related financing activities	(231,728)	(17,424)	-	-	(249,152)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments	-	-	-	-	-
Purchase of investment	-	-	-	-	-
Interest and dividends	5,010	1,185	906	59	7,160
Net cash provided by investing activities	5,010	1,185	906	59	7,160
Net (decrease) in cash and cash equivalents	322,147	29,083	130,758	36,177	518,165
Balances - beginning of the year	2,697,813	576,603	487,616	2,213	3,764,245
Balances - end of the year	3,019,960	605,686	618,374	38,390	4,282,410
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	184,599	13,394	152,488	(48,327)	302,155
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	337,817	26,560	-	-	364,377
Change in assets and liabilities:					
Receivables, net	719	-	(2,594)	-	(1,875)
Due from other funds	281	-	-	-	281
Due from other governments	3,084	712	-	-	3,796
Inventories	(11,865)	-	-	-	(11,865)
Prepaid	-	-	-	-	-
Accounts and other payables	9,864	2,444	(20,043)	4,350	(3,385)
Due to other funds	1,745	(4)	-	-	1,741
Due to other government	-	-	-	-	-
Employee benefits	22,621	2,216	-	-	24,837
Accrued expenses	-	-	-	-	-
Net cash provided by operating activities	\$ 548,865	\$ 45,322	\$ 129,851	\$ (43,977)	\$ 680,062

## CITY OF ELLENSBURG, WASHINGTON

### Agency Funds

Agency fund is used by a governmental entity to report assets that are held in a custodial relationship. In a typical custodial relationship, a governmental entity receiving assets may temporarily invest those assets and then remit those assets to individuals, private organizations, or other governments.

**LID Guarantee Fund-** A fund used to account for the monies reserved for the payment of the special improvement districts.

**LID Fund-** A fund used to account for the activity of the special improvement districts.

**Clearing Fund** – A fund used for the purpose of collecting and remitting payments to the State of Washington.

# City of Ellensburg, Washington

## Agency Funds

Combining Statement of Fiduciary Net Assets

December 31, 2011

	<b>LID Guarantee Fund</b>	<b>LID Fund</b>	<b>Clearing Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>				
Cash	153,737	39,518	3,008	196,262
Investments	-	-	-	-
Receivable, net	-	152	673	825
Special assessments	-	502,518	-	502,518
<b>TOTAL ASSETS</b>	<u>153,737</u>	<u>542,188</u>	<u>3,681</u>	<u>699,606</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Deferred revenue	-	502,518	-	502,518
Other liabilities	153,737	39,670	3,681	197,088
<b>TOTAL LIABILITIES</b>	<u>\$ 153,737</u>	<u>\$ 542,188</u>	<u>\$ 3,681</u>	<u>699,606</u>

# City of Ellensburg, Washington

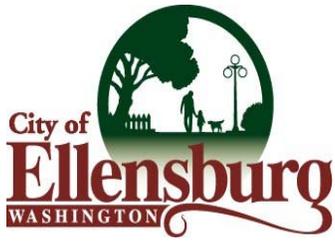
## Combining Statement of Changes in Assets and Liabilities

Agency Funds

December 31, 2011

DESCRIPTION	Balance	Additions	Deductions	Balance
<b>LID Guarantee Fund</b>				
<b>ASSETS</b>				
Cash	\$ 153,464	\$ 273	\$ -	\$ 153,737
Investments				-
Receivables-net				-
Special assessments				-
<b>TOTAL ASSETS</b>	<u>153,464</u>	<u>273</u>	<u>-</u>	<u>153,737</u>
<b>LIABILITIES</b>				
Accounts payable				
Deferred Revenue				
Other liabilities	153,464	273	-	153,737
<b>TOTAL LIABILITIES</b>	<u>153,464</u>	<u>273</u>	<u>-</u>	<u>153,737</u>
<b>LID Fund</b>				
<b>ASSETS</b>				
Cash	26,734	124,961	112,177	39,518
Investments				
Receivables-net	-	-		
Special assessments	586,218	-	83,700	502,518
<b>TOTAL ASSETS</b>	<u>612,952</u>	<u>124,961</u>	<u>195,877</u>	<u>542,037</u>
<b>LIABILITIES</b>				
Accounts payable				
Deferred Revenue	586,218		83,700	502,518
Other Liabilities	26,734	124,961	112,177	39,518
<b>TOTAL LIABILITIES</b>	<u>586,218</u>	<u>124,961</u>	<u>195,877</u>	<u>542,036</u>
<b>Clearing Fund</b>				
<b>ASSETS</b>				
Cash	383	20,774,268	20,771,644	3,008
Investments				-
Receivables-net	303	36,501	36,131	673
Special assessments				
<b>TOTAL ASSETS</b>	<u>686</u>	<u>20,810,769</u>	<u>20,807,774</u>	<u>3,681</u>
<b>LIABILITIES</b>				
Accounts payable				
Deferred Revenue				
Other Liabilities	687	20,810,769	20,807,774	3,682
<b>TOTAL LIABILITIES</b>	<u>\$ 687</u>	<u>\$ 20,810,769</u>	<u>\$ 20,807,774</u>	<u>\$ 3,682</u>

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## Supplementary Information

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**CITY OF ELLENSBURG (MCAG #0465)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Schedule 16

Federal Awards Received Directly From A Federal Agency Or Indirectly From A State Or Other Local Agency:

GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER ID. NUMBERS	CURRENT YEAR EXPEND.
<b>U.S. Dept of Transportation-Federal Highway Administration- Indirect from WA State DOT</b>			
STPE-Highway Planning and Construction	20.205	LA-6745	\$ 999,940
<b>American Recovery and Reinvestment Act of 2009</b>			
ARRA-STPE-Highway Planning and Construction	20.205	LA-6949 ARRA-6949 (004)	135,172
<b>Department fo Transportation- Federal Transit Administration-FTA-Direct</b>			
State Planning and Research	20.515	5304	24,613
<b>Total Department of Transportation</b>			<u>1,159,725</u>
<b>Department of Energy-Indirect from Washington State University</b>			
ARRA-State Energy Program	81.041	G00026202	30,351
<b>Department of Energy-Indirect from State Department of Commerce</b>			
ARRA-Energy Efficiency and Conservation Block Grant	81.128		68,411
<b>Department of Energy- Indirect from Battelle Memorial Institute</b>			
ARRA- Development and Analysis, Smart Grid Demonstration Electricity Delivery and Energy Reliability , Research	81.122		213,393
<b>Total Department of Energy</b>			<u>312,156</u>
<b>National Highway Traffic Safety Administration (NHTSA)- Indirect</b>			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		1,479
<b>Total National Highway Traffic Safety Administration</b>			<u>1,479</u>
<b>Department of Justice/Bureau of Justice Assistance-Direct</b>			
Bulletproof Vest Partnership Grant Program	16.607	1121-0235	2,800
<b>Total Department of Justice</b>			<u>2,800</u>
<b>US Institute of Museum and Library Serviced -Indirect From WA State</b>			
State Library	45.310	G-12/026	4,224
State Library	45.310	G-10/340	2,872
State Library	45.310	G-11/012	3,882
State Library	45.310	G-11/089-A1	17,447
<b>Total US Institute of Museum and Library Service Indirect from WA State Library</b>			<u>28,425</u>
<b>Department of Health and Human Services/Administration on Aging-Indirect From Yakima County</b>			
Aging and Long term Care	93.044	6909-10762	7,572
<b>Total Department of Health</b>			<u>7,572</u>
<b>Department of Homeland Security-Indirect</b>			
<b>Military Department -Emergency Management Division</b>			
Disaster Grants- Public Assistance	97.036		54,176
<b>Total Department of Commerce</b>			<u>54,176</u>
<b>Department of Justice/Office of Juvenile Justice and Delinquency Prevention-Indirect From Kittitas County</b>			
Enforcing Underage Drinking Laws	16.727		951
<b>Total Department of Justice</b>			<u>951</u>
<b>Total Expenditure of Federal Awards</b>		<b>Total Federal Awards Expended</b>	<b><u>\$ 1,567,284</u></b>

*The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule*

**CITY OF ELLENSBURG (MCAG #0465)  
SCHEDULE OF STATE/LOCAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Schedule 16

Assistance Received Directly From A State Or Other Local Agency:

GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	OTHER ID. NUMBERS	CURRENT YEAR EXPEND.
<b>WA State Department of Transportation</b>		
Transportation Improvement Board	8-4-175-(016)-1	\$ 1,583,378
Quadco RTPO UPWP Planning Grant		11,009
<b>Total WA State Department of Transportation</b>		<u>1,594,387</u>
<b>Washington State Officers Association</b>		
2011 RMSA Loss Control Grant		1,000
<b>Total Washington State Officers Association</b>		<u>1,000</u>
<b>TOTAL STATE/LOCAL ASSISTANCE</b>		<u><u>\$ 1,595,387</u></u>

**CITY OF ELLENSBURG (MCAG #0465)**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(AND STATE/LOCAL ASSISTANCE)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE 1 - BASIS OF ACCOUNTING**

The Schedule of Financial Assistance is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual system of account for governmental funds and the full accrual system of accounting for enterprise funds.

**NOTE 2 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only state/federal portion of the program costs. Actual program costs, including the City's portion, may be more than shown. Federal Grant from the WA Dept of Health is a combination of both Federal and State money. We were not able to identify the state portion separately.

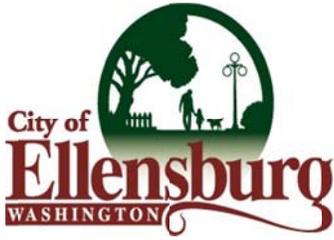
**NOTE 3 - NOT APPLICABLE (N/A)**

The city was unable to obtain other identification number.

**NOTE 4 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009**

Expenditures for this program were funded by ARRA

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## Statistical Information

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**CITY OF ELLENSBURG, WASHINGTON  
FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011  
INDEX**

<b>STATISTICAL SECTION</b>	<b>Page</b>
<b><u>Financial Trends</u></b>	135
<p>These schedules contain trend information to assist the reader in understanding how the City's financial performance and well being have changed over time.</p>	
<b><u>Revenue Capacity</u></b>	141
<p>These schedules contain information to assist the reader in assessing the City's significant local revenues source of property taxes.</p>	
<b><u>Debt Capacity</u></b>	145
<p>These schedules present information to assist the reader in assessing the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</p>	
<b><u>Demographic and Economic Information</u></b>	155
<p>These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the government's financial activities take place.</p>	
<b><u>Operating Information</u></b>	156
<p>These Schedules contain service and infrastructure data to help the reader understand how the information in the government's financial reports relates to the services the government provides and the activities it performs.</p>	

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

**CITY OF ELLENSBURG**  
**Schedule of changes in Net Assets/Net Assets by Component**  
**LAST FIVE YEARS ( \*)**  
**(amounts expressed in thousands)**

	2007	2008	2009	2010	2011
<b>Expenses</b>					
<b>Governmental Activities</b>					
General governments	3,376	2,799	2,868	2,666	2,695
Public Safety	6,547	4,436	5,283	4,893	5,027
Physical Environment	911	936	970	988	995
Transportation	18,838	2,498	2,676	3,477	3,346
Health & Human Services		-	17	6	6
Economic Environmet	936	829	791	965	1,077
Culture and Recreation	5,036	3,017	2,846	2,914	2,941
Interest on Longterm Debt	387	333	315	413	390
Total governmental expensess	36,031	14,848	15,765	16,322	16,476
<b>Business Type Activities</b>					
Deposits	4	5	-	-	-
I- Net	47	53	51	42	40
Stormwater	-			131	150
Gas	8,471	8,946	9,137	9,022	8,056
Light	11,804	11,577	13,202	12,875	12,249
Water	2,566	2,687	3,011	3,275	3,265
Sewer	2,361	2,573	2,689	3,006	3,217
<b>Total Business Type Activities</b>	25,254	25,840	28,091	28,351	26,976
<b>Total Primary Government Expenses</b>	61,285	40,689	43,856	44,671	43,452
<b>Program Revenue</b>					
<b>Governmental Activities</b>					
General governments	1,769	1,963	1,959	2,443	2,313
Public Safety	149	115	109	243	102
Physical Environment	824	663	640	671	683
Transportation	146	135	206	81	197
Health & Human Services	-	-	-	-	-
Economic Environmet	807	853	449	435	265
Culture and Recreation	397	313	335	368	381
<b>Operating Grants and Contributions</b>					
General governments	379	552	318	352	306
Public Safety	321	63	113	86	71
Physical Environment			2		1
Transportation	444	1,765	420	394	548
Health & Human Services				-	-
Economic Environmet		127	1	33	68
Culture and Recreation	119	282	193	201	198
<b>Capital Grants and Contributions</b>					
General governments	23	23			
Public Safety					
Physical Environment					
Transportation	251	251	645	447	5,040
Health & Human Services					-
Economic Environmet	3	3			-
Culture and Recreation	7	7			30
<b>Total Governmental program revenues</b>	5,639	7,115	5,390	5,754	10,204
<b>Business Type Activities</b>					
Deposits	-	4	-	-	-
I- Net	63	80	80	31	30
Stormwater	-			559	574

Gas	8,877	9,519	9,633	9,393	8,482
Light	13,347	12,709	13,828	12,930	12,838
Water	2,605	2,864	2,876	3,112	3,391
Sewer	2,296	2,602	2,876	2,933	3,142
<b>Operating Grants and Contributions</b>					
Deposits	-	-	-	-	-
I- Net	-	-	-	49	49
Stormwater	-	-	-	-	1
Gas	-	-	4	-	59
Light	-	-	-	173	3 17/24
Water	-	-	-	-	-
Sewer	-	-	49	-	-
<b>Capital Grants and Contributions</b>					
Deposits	-	-	-	-	-
I- Net	-	-	-	-	-
Stormwater	-	-	-	130	271
Gas	-	-	-	-	-
Light	-	-	-	-	210
Water	-	-	-	-	795
Sewer	-	-	-	-	567
<b>Total Business Type Activities Program Revenue</b>	<b>27,187</b>	<b>27,777</b>	<b>29,345</b>	<b>29,309</b>	<b>30,413</b>
<b>Total Primary Government Net Expenses</b>	<b>(28,459)</b>	<b>(5,197)</b>	<b>(9,123)</b>	<b>(9,607)</b>	<b>(2,835)</b>
<b>General Revenues</b>					
Property Taxes	2,040	1,930	2,146	2,151	247
Property Taxes, Levied for Debt Services	129	125	142	147	147
Sales and Use Taxes	3,639	4,078	4,518	4,193	4,935
Fines and Forfeits	2,926	-	-	-	-
Other taxes	690	3,438	2,978	3,092	3,040
Grants and Contributions (not restricted)	-	99	1,934	611	-
Investment Earnings	1,306	349	195	239	7
Miscellaneous	269	52	412	247	252
Disposition of Capital Assets	-	209	11	-	-
<b>Total Primary Governments General Revenues</b>	<b>10,999</b>	<b>10,280</b>	<b>12,336</b>	<b>10,680</b>	<b>8,628</b>
Internal Service Funds	(40,531)	-	-	-	-
<b>Change in Net Assets</b>					
Governmental Activities	(20,407)	2,270	1,021	(407)	4,639
Business Type Activities	2,906	2,212	2,194	1,480	3,410
<b>Total Change in Net Assets</b>	<b>(17,501)</b>	<b>4,482</b>	<b>3,215</b>	<b>1,073</b>	<b>8,048</b>
<b>Net Assets by component</b>					
Invested in Capital Assets, net of related debt	63,756	66,725	75,108	73,681	81,423
Restricted	-	-	-	-	-
Prepayment/Inventory	-	42	64	31	32 45/64
Rate Stabilization	676	676	676	676	676
Capital Projects	-	317	242	2,204	535
Construction	2,131	377	259	2,572	246
Debt Service	1,665	2,196	1,817	2,292	1,687
Transportation	-	-	-	1,328	785
Public Safety	-	-	-	275	341
Economic Environment	-	-	-	496	552
Permanent	-	-	-	741	825
Unrestricted	15,685	17,367	20,462	15,403	20,645
<b>Total Net Assets</b>	<b>83,912</b>	<b>87,699</b>	<b>98,627</b>	<b>99,699</b>	<b>107,748</b>

\* Data is presented since implementation of Full GASB 34

**CITY OF ELLENSBURG**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE\*\***  
**LAST TEN FISCAL YEARS**  
**(amounts expressed in thousands)**

<b>Description</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Property Tax	\$1,514	\$1,603	\$1,756	\$1,841	\$1,953	\$2,170	\$2,055	\$2,208	\$2,247	\$2,637
Sales Tax	2,375	2,616	2,949	3,253	3,213	2,993	3,441	3,138	2,980	3,190
Criminal Justice Sales Tax*	-	-	-	-	-	-	484	615	590	626
Local Criminal Justice Tax	192	196	206	258	305	373	323	267	252	274
Admission Tax	65	78	84	105	91	92	94	101	89	90
Electric Tax	12	12	6	6	7	6	5	5	5	5
Solid Waste Tax	133	137	149	150	159	165	169	174	178	193
Television Cable	68	72	74	71	74	75	88	90	94	91
Telephone Tax	493	350	381	381	379	471	464	522	509	478
Utility Tax	1,157	1,291	1,321	1,413	1,636	1,575	1,703	1,870	1,881	1,871
Leasehold Tax	18	17	16	17	25	16	19	13	18	16
Television Cable	68	74	72	70	75	74	83	91	93	89
Motel/Hotel Tax	243	250	263	291	320	356	366	350	371	365
Real Estate Excise Tax	153	158	207	230	308	290	153	149	120	125
Distressed County Sales	23	45	-	-	-	-	-	-	-	480
Gambling Tax	79	62	95	151	170	129	122	113	105	83
<b>Total</b>	<b>\$6,594</b>	<b>\$6,959</b>	<b>\$7,577</b>	<b>\$8,236</b>	<b>\$8,716</b>	<b>\$8,785</b>	<b>\$9,571</b>	<b>\$9,704</b>	<b>\$9,532</b>	<b>\$10,612</b>

\* First year of tax was 2008

\*\* Includes general , special revenues, debt service ,capital service funds, library and hal holmes trusts

**CITY OF ELLENSBURG**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011
General fund										
Reserved	84	163	163	163	-	22	23	23	-	-
Unreserved	1,280	1,107	830	1,042	1,864	1,267	1,453	2,303	3,077	-
Total General Fund	<u>1,364</u>	<u>1,270</u>	<u>993</u>	<u>1,205</u>	<u>1,864</u>	<u>1,290</u>	<u>1,476</u>	<u>2,326</u>	<u>3,077</u>	<u>-</u>
All other Governmental Funds										
Reserved	4,434	1,062	971	1,010	209	26	778	710	5,497	-
Unreserved, reported in:										-
Special Revenue Funds	4,091	3,930	3,139	2,590	823	2,937	2,694	3,079	1,058	-
Capital Project Funds	192	4,411	450	188	375	451	-	-	-	-
Debt Service Funds	-	-	-	-	-	172	-	-	-	-
Permanent	-	-	-	-	770	625	617	703	-	-
General fund										
Nonspendable										
Restricted										
Committed										
Assigned										60
Unassigned										<u>4,010</u>
Total General Funds										<u><u>4,070</u></u>
All other Governmental Funds										
Nonspendable										33
Restricted										3,085
Committed										294
Assigned										2,072
Unassigned										-
Total all other governmental funds	<u>8,717</u>	<u>9,403</u>	<u>4,560</u>	<u>3,788</u>	<u>2,177</u>	<u>4,211</u>	<u>4,089</u>	<u>4,492</u>	<u>6,555</u>	<u>5,485</u>
Total Governmental Funds	<u>\$ 10,081</u>	<u>\$ 10,674</u>	<u>\$ 5,552</u>	<u>\$ 4,993</u>	<u>\$ 4,041</u>	<u>\$ 5,500</u>	<u>\$ 5,567</u>	<u>\$ 6,818</u>	<u>\$ 9,632</u>	<u>\$ 9,555</u>

\*\* The formatting and assignment of Fund balance changed in 2011 due to the implementation of GASB 54

**CITY OF ELLENSBURG**  
**CHANGED IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Revenues	Fiscal Year									
	2002	2003	2004	2005	2006	2007*	2008	2009	2010	2011
<b>Governmental</b>										
Taxes	\$6,605	\$7,029	\$7,577	\$8,236	\$8,716	\$8,735	\$9,571	\$9,704	\$9,532	\$10,612
Licenses and Permits	408	493	667	503	532	827	907	507	490	323
Intergovernmental	3,230	3,921	1,819	1,102	1,882	1,635	3,074	1,692	1,514	3,764
Charges for Services	972	1,048	2,733	3,194	3,553	3,057	3,038	3,090	3,521	3,517
Fines and Forfeits	94	125	107	108	93	119	96	101	230	111
Miscellaneous	916	603	425	628	853	589	184	530	310	245
<b>Total Governmental</b>	<b>\$12,224</b>	<b>\$13,220</b>	<b>\$13,328</b>	<b>\$13,771</b>	<b>\$15,630</b>	<b>\$14,962</b>	<b>\$16,870</b>	<b>\$15,624</b>	<b>\$15,597</b>	<b>\$18,571</b>
<b>Expenditures</b>										
<b>Governmental</b>										
General Government	\$1,588	\$1,658	\$1,700	\$2,003	\$2,243	\$2,386	\$2,634	\$2,778	\$2,833	\$2,592
Security of Person & Property	4,776	4,901	5,236	5,528	5,711	5,152	4,384	4,426	4,470	4,757
Physical Environment	692	705	880	749	826	844	932	976	1,003	982
Transportation	862	787	880	905	974	1,046	1,072	1,101	1,889	1,785
Economic Environment	333	482	732	821	759	890	861	790	963	1,076
Mental and Physical Health	7	7	7	6	8	0	0	17	6	6
Culture and Recreation	2,160	1,986	2,017	2,239	2,250	2,383	2,721	2,561	2,629	2,635
Debt Service	394	669	727	791	724	765	724	694	938	905
Capital outlay and other	2,950	4,135	6,020	1,246	2,664	721	3,696	1,113	1,189	3,904
<b>Total Governmental</b>	<b>\$13,761</b>	<b>\$15,330</b>	<b>\$18,200</b>	<b>\$14,288</b>	<b>\$16,159</b>	<b>\$14,187</b>	<b>\$17,024</b>	<b>\$14,457</b>	<b>\$15,920</b>	<b>\$18,641</b>
Excess of revenue over(under)										
Expenditures	(1,536.72)	(2,110.27)	(4,871.36)	(517.07)	(528.64)	775.50	(154.09)	1,166.69	(322.94)	(69.97)
<b>Other Financing Sources</b>										
Transfer In	3,030	3,408	3,057	4,604	3,723	3,881.76	4,237	3,317	3,724	4,136
Transfer Out	(2,972)	(3,357)	(3,201)	(4,597)	(4,087)	(3,221.46)	(4,187)	(3,247)	(3,628)	(4,141)
Intergovernmental	(0)	(50)	(50)	(50)	-	-	-	-	-	-
Other	-	(1)	1	0	-	-	-	-	-	-
Total other financing Sources	4,730	1,982	(193)	(42)	(342)	661	259	86	3,139	(6)
Net Change in Fund Balance	\$ 3,193	\$ (128)	\$ (5,064)	\$ (560)	\$ (871)	\$ 1,437	\$ 105	\$ 1,253	\$ 2,816	\$ (76)
Debt Service as a percentage of noncapital expenditures	3.65%	5.97%	5.97%	6.07%	5.36%	5.68%	5.43%	5.20%	6.37%	6.14%

**CITY OF ELLENSBURG  
NET ASSET BY COMPONENT  
LAST TEN FISCAL YEARS  
(amounts expressed in thousands)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>										
Invested in Capital Assets, net of related debt*	\$0	\$0	\$0	\$0	\$0	\$39,707	\$40,825	\$42,245	\$41,150	\$44,517
Restricted	5,270	1,225	1,134	1,173	584		801	733	5,497	3,118
Unrestricted	18,682	9,448	4,419	3,820	3,458	5,087	4,446	5,376	1,299	4,949
<b>Total Governmental Type Activities Net Assets</b>	<b>23,952</b>	<b>10,674</b>	<b>5,552</b>	<b>4,993</b>	<b>4,041</b>	<b>44,794</b>	<b>46,072</b>	<b>48,354</b>	<b>47,946</b>	<b>52,584</b>
<b>Business Type Activities</b>										
Invested in Capital Assets, net of related debt	-	23,157	20,299	16,935	21,016	24,049	25,900	32,864	32,531	36,907
Restricted	3,422	4,785	3,909	7,658	6,785	4,472	2,807	2,324	5,118	2,211
Unrestricted	29,140	4,347	10,572	10,190	8,411	10,598	12,921	15,086	14,104	16,045
<b>Total Business Type Activities Net Assets</b>	<b>32,562</b>	<b>32,289</b>	<b>34,779</b>	<b>34,784</b>	<b>36,211</b>	<b>39,118</b>	<b>41,628</b>	<b>50,273</b>	<b>51,753</b>	<b>55,163</b>
<b>Primary Government</b>										
Invested in Capital Assets, net of related debt	-	23,157	20,299	16,935	21,016	63,756	66,725	75,108	73,681.17	81,423.41
Restricted	8,692	6,010	5,043	8,831	7,369	4,472	3,607	3,057	10,615	5,330
Unrestricted	47,822	13,796	14,990	14,011	11,868	15,685	17,367	20,462	15,403	20,994
<b>Total Primary Government Net Assets</b>	<b>\$56,514</b>	<b>\$42,963</b>	<b>\$40,332</b>	<b>\$39,777</b>	<b>\$40,253</b>	<b>\$83,912</b>	<b>\$87,699</b>	<b>\$98,627</b>	<b>\$99,699</b>	<b>\$107,748</b>

\*The City implements the new GASB 34 standards in 2007

**CITY OF ELLENSBURG  
SUMMARY OF SALES TAX REVENUE  
LAST FOUR YEARS**

Sales Tax Category	Fiscal Year			
	2008	2,009	2010	2011
Unknown	66,167	58,911	65,078	85,362
Agriculture,Forestry, Fishing	18,965	20,201	8,759	8,177
Mining	-	-	390	2
utilities	39,018	6,717	4,903	3,663
Construction	472,767	657,229	410,907	316,044
Manufacturing	43,723	62,966	62,066	37,718
Wholesale Trade	208,774	212,757	199,266	238,256
Retail Trade	1,585,246	1,460,628	1,321,023	1,355,673
Transportation and Warehousing	5,217	9,828	12,379	6,393
Information	53,840	53,509	54,550	73,002
Finance and Insurance	40,647	34,339	33,305	31,451
Real Estate, Rental, Leasing	96,753	69,424	63,676	70,373
Prof, Sci, Technical SVCS	42,958	48,976	38,047	34,070
Company Management	264	266	191	28
Admin, Supp, Remed SVCS	41,276	35,423	34,079	31,645
Educational Service	112,927	124,851	109,838	121,787
Health Care Social Assistance	30,475	29,146	8,377	7,847
Arts, Entertain, Recreation	14,366	14,687	19,753	11,547
Accommodation and Food Svcs	422,039	417,623	448,437	465,611
Other Services	100,508	95,335	101,697	99,056
Public Administration	2,058	5,085	45,824	39,644
<b>Total</b>	<b>3,397,988</b>	<b>3,417,901</b>	<b>3,042,545</b>	<b>3,037,346</b>

Source- Tax Tool Category Analysis Report

**CITY OF ELLENSBURG  
PROPERTY TAXES LEVIES AND COLLECTIONS\*\***

**\*LAST NINE FISCAL YEARS  
(amounts expressed in thousands)**

FISCAL YEAR	TOTAL TAX	CURRENT TAX	PERCENT OF DELINQUENT		TOTAL TAX	OUTSTANDING	% OF TOTAL	% OF Del.
	LEVY	COLLECTIONS	LEVY	TAX	COLLECTION	DELINQUENT	TAX COLLECT	OUTST TAX
			COLLECTED	COLLECTIONS		TAXES	TO TAX LEVY	TO TAX LEVY
2003	\$1,587	\$1,257	79.2%	\$293	\$1,549	\$38	97.6%	2.4%
2004	1,647	1,180	71.6%	451	1,631	16	99.0%	1.0%
2005	1,718	1,227	71.4%	446	1,673	45	97.4%	2.6%
2006	1,834	1,574	85.8%	227	1,800	33	98.2%	1.8%
2007	2,034	1,743	85.7%	255	1,998	36	98.2%	1.8%
2008	2,284	2,027	88.7%	176	2,203	81	96.4%	4.0%
2009	2,366	2,072	87.5%	219	2,291	76	96.8%	3.7%
2010	2,421	2,053	84.8%	257	2,310	111	95.4%	5.4%
2011	2,472	2,177	88.1%	227	2,404	68	97.3%	3.1%

\* Year 2002 information was not available

\*\* Source Kittitas County Monthly Collection Report

**CITY OF ELLENSBURG**  
**PROPERTY TAX FUND COMPOSITE REPORT\*\***  
**LAST FIVE YEARS\***  
**(amounts expressed in thousands)**

	<b>Real Appraised Value</b>	<b>Personal Appraised Value</b>	<b>Open Space</b>	<b>Senior Exempt Loss</b>	<b>HOH Exemp Loss</b>	<b>Minimum Value Loss</b>	<b>Total Regular value</b>	<b>Total excess Value</b>	<b>New Construction</b>
2007 Local	\$764,143	\$48,665	\$3,785	\$14,335	\$210	\$2	\$794,476	\$785,415	\$42,076
State	2,077	15,654	0	0	0		17,732	17,732	
Total	766,221	64,319	3,785	14,335	210	2	812,208	803,147	42,076
2008 Local	1,158,392	49,816	8,774	26,264	686	2	1,172,481	1,161,956	30,230
State	2,425	19,494	0	0	0		21,919	21,919	
Total	1,160,817	69,310	8,774	26,264	686	2	1,194,400	1,183,875	30,230
2009 Local	1,184,826	51,466	8,615	22,587	677	2	1,204,411	1,192,228	30,155
State	3,151	17,936	0	0	0		21,088	21,088	
Total	1,187,978	69,402	8,615	22,587	677	2	1,225,498	1,213,316	30,155
2010 Local	1,197,934	53,551	9,383	22,924	554	2	1,218,621	1,206,453	16,231
State	3,734	13,432	0	0	0		17,166	17,166	
Total	1,201,668	66,982	9,383	22,924	554	2	1,235,787	1,223,619	16,231
2011 Local	1,151,287	48,100	8,462	17,301	344	3	1,173,276	1,161,575	11,854
State	4,907	11,915	0	0	0		16,822	16,822	
Total	1,156,195	60,014	8,462	17,301	344	3	1,190,098	1,178,397	11,854

\* 2000-2006 information not available

\*\*Source: Kittitas County Assessor's office Composite Report

**CITY OF ELLENSBURG  
DIRECT AND OVERLAPPING PROPERTY TAX RATE  
LAST TEN FISCAL YEARS**

	<u>City Direct Rates</u>			<u>Overlapping Rate</u>			<u>Total Direct and Overlapping Rate</u>
	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Rate*</u>	<u>School District # 401</u>	<u>Hospital District #1</u>	<u>Total Overlapping</u>	
2002	2.437	0.000		4.093	0.445	4.538	4.538
2003	2.300	0.181	2.481	3.977	0.444	4.421	6.902
2004	2.350	0.171	2.521	4.505	0.453	4.957	7.478
2005	2.397	0.164	2.561	4.308	0.424	4.732	7.293
2006	2.504	0.159	2.663	4.329	0.341	4.671	7.334
2007	1.912	0.108	2.020	2.716	0.291	3.007	5.027
2008	1.931	0.115	2.046	2.827	3.090	5.917	7.963
2009	1.959	0.121	2.080	2.846	0.287	3.132	5.212
2010	1.993	0.121	2.113	2.981	0.308	3.289	5.403
2011	2.138	0.126	2.264	3.782	0.304	4.086	6.349

Source Kittitas County Assessors office

\*Tax rates are per \$1000 of assessed value

**CITY OF ELLENSBURG  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2011  
(amount expressed in thousands)**

<b>GOVERNMENTAL UNIT</b>	<b>OUTSTANDING DEBT*</b>	<b>ESTIMATED PERCENTAGE APPLICABLE*</b>	<b>ESTIMATED SHARE OF OVERLAPPING DEBT</b>
Kittitas County	\$11,515	19%	\$2,219
Ellensburg School District NO. 401	22,255	58%	12,836
Hospital District NO. 1	13,130	38%	5,008
			<u>20,064</u>
City of Ellensburg Direct Debt			<u>8,300</u>
Total Direct and overlapping debt			<u><u>\$28,364</u></u>

\* Source Assessed value data used to estimate applicable percentages provided by Kittitas County Assessor and the debt outstanding data provided by each governmental unit

**CITY OF ELLENSBURG, WASHINGTON**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**As of December 31, 2011**  
**(amount expressed in thousands)**

2010 Assessment for 2011 Tax				
TAX PAYER	TYPE OF BUSINESS	ASSESSED VALUE	PERCENT OF TOTAL ASSESSED VALUE \$1,89575411	RANK
Fred Meyer Stores Inc	Retail	13,336	1.00%	1
Fairway Investments LLC	Multi Residential House	11,520	0.97%	2
Timothy Park LLC	Multi Residential House	10,943	0.92%	3
Ellensburg Telephone Company	Telephone Company	\$9,992	0.84%	4
Twin City Foods INC	Food Processing	9,991	0.84%	5
Pautzke Bait CO INC	Fish Bait Processing	9,542	0.80%	6
DirectTV Inc	Satelite TV	7,678	0.65%	7
Sun Lakes Property LLC	Commercial Properties	6,822	0.57%	8
University Court Apts LLC	Multi Residential House	6,441	0.54%	9
University Park Apt	Multi Residential House	6,394	0.54%	10
<b>Total</b>		<b>92,658</b>	<b>0</b>	

\*\*Source: Kittitas County Assessor TerraScan Report dated 1/30/2012

\*\* Historical data for 2000 is not readily available from the County

**CITY OF ELLENSBURG  
OUTSTANDING GENERAL OBLIGATION DEBT TO THE DEBT LIMIT  
LAST TEN YEARS  
(amounts expressed in thousands)**

<b>FISCAL YEARS</b>	<b>GO DEBT</b>	<b>DEBT LIMIT</b>	<b>GO AS A %OF DEBT LIMIT</b>
2002	6,678	16,034	41.65%
2003	6,425	17,641	36.42%
2004	8,067	18,091	44.59%
2005	7,799	18,892	41.28%
2006	7,471	19,998	37.36%
2007	7,133	20,305	35.13%
2008	6,770	30,637	22.10%
2009	6,375	30,895	20.63%
2010	8,800	31,022	28.37%
2011	8,300	29,739	27.91%

**Legal Debt Margin Calculation for fiscal Year 2011**

Assessed Value	\$1,189,575,411
Debt Limit	29,739
Debt applicable to limit	8,300,000.00
General Obligation Bonds	8,300,000.00
Less amount set aside for repayment of general obligation debt	(395,939.00)
Total net debt applicable to limit	<u>8,695,939.00</u>
Legal Debt Margin Calculation for 2011	<u><u>\$21,835</u></u>

**City of Ellensburg**  
**Ratio of Net General Obligation Bonded Debt**  
**To Assessed Value and Net General Obligation Bonded Debt per Capita**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Assessed Value**</b>	<b>Gross Bonded Debt***</b>	<b>Less Debt Service Fund****</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2002	16	625,429	6,678	0	6,678	1.07%	422
2003	16	650,957	6,425	0	6,425	0.99%	403
2004	16	715,936	8,067	0	8,067	1.13%	492
2005	17	730,746	7,799	45	7,754	1.06%	464
2006	17	764,904	7,471	45	7,426	0.97%	435
2007	17	812,208	7,133	49	7,084	0.87%	411
2008	17	1,194,400	6,770	299	6,471	0.54%	373
2009	17	1,225,498	6,392	297	6,095	0.50%	354
2010	18	1,235,787	8,808	301	8,507	0.69%	468
2011	18	1,240,862	8,300	397	7,903	0.64%	433

\* From Washington State Office of Financial Management

\*\* From Kittitas County Assessors Office

\*\*\* Amount does not include special assessments and revenue bonds

\*\*\*\* No general obligation bonds are being repaid by Enterprise revenue

G = F/C

H = F/B

**CITY OF ELLENSBURG**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

FISCAL YEARS	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</u>	TOTAL	POPULATION	PER CAPITA	Per Capita Income***	Personal Income	Percentage of Per capital Personal Income
	*GO DEBT	**REVENUE BONDS						
A	B	C	D	E	F	G	H	I
2002	6,678,220	12,460,000	19,138,220	15,830	1,208.98	24,667	390,478,610	4.90%
2003	6,425,181	11,885,000	18,310,181	15,940	1,148.69	24,954	397,766,760	4.60%
2004	8,067,143	11,330,000	19,397,143	16,390	1,183.47	25,356	415,584,840	4.67%
2005	7,799,103	19,135,000	26,934,103	16,700	1,612.82	26,274	438,775,800	6.14%
2006	7,471,064	17,775,000	25,246,064	17,080	1,478.11	28,184	481,382,720	5.24%
2007	7,133,026	16,360,000	23,493,026	17,220	1,364.29	30,960	533,131,200	4.41%
2008	6,769,986	17,383,884	24,153,870	17,330	1,393.76	32,139	556,968,870	4.34%
2009	6,391,947	15,010,585	21,402,532	17,230	1,242.17	32,149	553,927,270	3.86%
2010	8,808,474	17,440,000	26,248,474	18,174	1,444.29	na	na	na
2011	8,300,000	14,150,000	22,450,000	18,250	1,230.14	na	na	na

\*Includes Public Work Trust Fund Loans

\*\*Includes Water/Sewer Revenue Bonds sold to light Fund. Does not include interfund loans

\*\*\*Bureau of Economic Analysis - Regional Economic Accounts

NA= Information not available at the time of this report

F=D/E

H = E\*G

I=D/H

**City of Ellensburg**  
**Ratio of Annual Debt Service Expenditures**  
**For General Obligation Bonded Debt**  
**to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Total General Governmental Expenditures**	Debt Service Requirements			Ratio of Coverage
		Principal	Interest*	Total	
2002	13,761	70	269	339	2.00%
2003	15,330	240	301	541	4.00%
2004	18,200	250	422	672	4.00%
2005	14,288	255	357	612	4.00%
2006	16,159	315	349	664	4.00%
2007	14,187	325	337	662	5.00%
2008	17,024	350	325	675	4.00%
2009	14,457	365	311	676	5.00%
2010	15,921	510	355	865	5.00%
2011	18,641	500	395	895	5.00%

\* excludes bond issuance and other costs

\*\* Includes general , special revenues, debt service ,capital service funds, library and hal holmes trusts

\*\*\* Enterprise funds do not have general obligation bonds

**City of Ellensburg**  
**Revenue Bond Coverage**  
**Sewer Revenue Bonds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Gross Operating Revenues*	** Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2002	1,877	1,425	451	26	28	\$53	8.44
2003	1,971	1,475	496	176	63	\$240	2.07
2004	2,084	1,524	560	142	80	\$222	2.52
2005	2,151	1,738	413	148	76	\$224	1.85
2006	2,197	1,847	350	150	72	\$222	1.58
2007	2,296	2,005	291	156	67	\$223	1.30
2008	2,602	2,180	422	158	61	\$220	1.92
2009	2,876	2,248	627	164	56	\$220	2.86
2010	3,142	2,399	742	181	126	\$306	2.42
2011	2,933	2,586	347	194	309	\$503	0.69

\* Excludes investment earnings

\*\* Total operating expense exclusive of depreciation

**City of Ellensburg**  
**Revenue Bond Coverage**  
**Water Revenue Bonds**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Gross Operating	** Operating Expenses	Net Revenue	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2002	2,099	1,394	705	125	137	261	3
2003	2,189	1,567	622	129	131	260	2
2004	2,054	1,570	484	133	126	258	2
2005	2,440	1,780	661	137	120	257	3
2006	2,458	1,943	515	145	114	259	2
2007	2,605	2,175	430	129	108	236	2
2008	2,867	2,308	559	137	102	239	2
2009	2,876	2,471	404	141	95	236	2
2010	\$ 3,112	\$ 2,485	\$ 628	\$ 199	\$ 129	\$ 329	\$ 2
2011	\$ 3,391	\$ 2,542	\$ 850	\$ 176	\$ 129	\$ 305	\$ 3

\* Excludes investment earnings

\*\* Total operating expense exclusive of depreciation

**City of Ellensburg**  
**Revenue Bond Coverage**  
**Gas Revenue Bonds**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Gross Operating	** Operating Expenses	Net Revenue	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2002	5,900	6,114	(213)	80	95	175	(1)
2003	6,649	5,674	975	80	91	171	6
2004	6,710	6,277	433	85	87	172	3
2005	8,843	8,186	656	90	83	173	4
2006	9,387	8,333	1,055	90	79	169	6
2007	8,877	8,023	854	95	75	170	5
2008	9,519	8,533	986	100	70	170	6
2009	9,633	8,695	938	105	66	171	6
2010	9,393	8,601	791	110	60	170	5
2011	8,482	7,619	863	115	55	170	5

\* Excludes investment earnings

\*\* Total operating expense exclusive of depreciation

**City of Ellensburg**  
**Revenue Bond Coverage**  
**Light Revenue Bonds**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Operating Revenues*	**Operating Expenses	Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2002	8,659	8,983	(324)	80	122	202	(2)
2003	10,455	9,943	511	90	106	196	3
2004	11,515	9,848	1,667	90	103	193	9
2005	10,907	10,232	675	95	100	195	3
2006	12,440	11,006	1,434	335	286	621	2
2007	13,347	10,757	2,590	355	278	633	4
2008	12,709	10,556	2,153	375	260	635	3
2009	13,828	12,199	1,628	395	240	635	3
2010	13,103	11,889	1,214	285	300	585	2
2011	12,838	11,227	1,612	300	289	589	3

\* Excludes investment earnings

\*\* Total operating expense exclusive of depreciation

**CITY OF ELLENSBURG  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>City Population*</b>	<b>Kittitas County Population</b>	<b>Kittitas County Personal Income**</b>	<b>Kittitas County Per Capita Income**</b>	<b>Kittitas County Median Age*</b>	<b>City K-12 School Enrollment* **</b>	<b>Kittitas County Percent Unemployment* ***</b>
2002	15,830	34,777	857,861	24,667	32	2,843	7.20
2003	15,940	35,424	883,956	24,954	32	2,949	7.70
2004	16,390	36,545	926,619	25,356	32	2,875	6.90
2005	16,700	37,015	972,524	26,274	32	2,939	5.90
2006	17,080	38,057	1,072,614	28,184	32	2,956	5.20
2007	17,220	38,384	1,188,368	30,960	33	2,976	4.80
2008	17,330	39,151	1,258,269	32,139	33	3,104	5.80
2009	17,230	39,532	1,270,931	32,149	33	3,030	8.50
2010	18,174	40,915	na	41,321	33	3,019	8.60
2011	18,250	41,300	na	41,601	33	3,023	9.60

**Data Source**

\*Washington Office of Financial Management - Population Estimates

\*\*Bureau of Economic Analysis - Regional Economic Accounts

\*\*\* Office of Superintendent of Public Instructions

\*\*\*\*Washington State Employment Security Department - Labor Market & Economic Analysis Branch

Na=Not available at time of report

**City of Ellensburg  
Miscellaneous Statistics  
December 31, 2011**

Date of Incorporation	November 26, 1883
Form of Government	Council/Manager
Population	18,174
Number of employees (excluding police and fire):	
Union	125
Non-Union	43
Area in square miles	7.00 square miles
City of Ellensburg facilities and services:	
Miles of streets	70
Fee of Sidewalks	67,398
Culture and Recreation:	
Parks	18
Park acreage	250
Swimming pools	1
Tennis courts	1
Library	1
Active Library cards	10,924
Annual visitors	155,500
Annual attendance for childrens programs	9,074
Annual circulation of materials	216,231
Police Protection:	
Number of Stations	1
Number of full-time personnel and officers	38
Number of patrol vehicles	6
Number of Commissioned officers	29
Total Calls for Service (Dispatched)	17,100
Physical arrests	1,679
Traffic violations	4,709
Parking violations	2,801
Gas Distribution System:	
Miles of Gas lines	115
Number of service connections	4,668
CCF's of gas delivered annually	9.5 million
Electric Distribution System:	
Miles of service	88
Number of distribution stations	2
Number of service connections	9,316
Water Distribution System:	
Miles of Water Mains	98
Number of service connections	5,635
Number of fire hydrants	794
Daily average consumption in gallons	4.1 mgpd
Maximum daily capacity of plant in gallons	10.5 mgpd
Sewage System:	
Miles of sanitary sewers	77
Miles of storm sewers	9.7
Number of treatment plants	1
Number of service connections	4,451
Daily average treatment in gallons	3.5 mgpd
maximum daily capacity of plant in gallons	8 mgpd

**CITY OF ELLENSBURG  
PRINCIPAL EMPLOYERS**

<b>Employer</b>	<b>2011</b>			<b>2000</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Central Washington University	1,438	1	6.88%	1,067	1	6.54%
Kittitas Valley Community Hospital	470	2	2.25%	350	2	2.15%
Ellensburg School District	380	3	1.82%	300	3	1.84%
Kittitas County	363	4	2.23%	251	4	1.54%
Anderson Hay Grain/Agri	240	5	1.15%	115	5	0.71%
Fred Meyer	198	6	0.95%	-	6	0.00%
Elmview	200	8	1.23%	50	8	0.31%
City of Ellensburg	150	7	0.72%	151	7	0.93%
Total County Working Population (2011)	20,900					
Total County Working Population(2000)	16,310					