

# CITY OF MOSES LAKE, WASHINGTON



Artist rendition of the new Civic Center

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
December 31, 2009

CITY OF MOSES LAKE,  
WASHINGTON

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

Prepared by The Finance Department

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Finance Director

**Robert Taylor, CGFM**  
Accounting Division Manager

**Linda Beisel**  
Accountant

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City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2009

**INTRODUCTORY SECTION**

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moses Lake  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





CITY OF MOSES LAKE  
Finance Department

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June 9, 2010

Honorable Mayor, Members of the City Council,  
and Citizens of Moses Lake, Washington

The Comprehensive Annual Financial Report (CAFR) of the City of Moses Lake for the fiscal year ended December 31, 2009 is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) require management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A is presented in the financial section of the report. The letter of transmittal and the MD&A are written to complement one another and should be read in conjunction with one another.

## **PROFILE OF THE CITY**

The City of Moses Lake was incorporated on September 19, 1938. The City is located along Interstate 90 approximately 176 miles east of Seattle and 105 miles west of Spokane. The City of Moses Lake serves over 18,000 citizens and encompasses 16.77 square miles of land. The City also has 24.6 miles of shoreline within its city limits. The City maintains a Council/Manager form of government. The non-partisan City Council is composed of seven members elected at large to four-year staggered terms and elects the Mayor and Deputy Mayor from among its members.

With 181 full time employees and an operating budget of \$70.3 million, the City of Moses Lake provides a full range of municipal services, including police and fire, planning and engineering, street maintenance and construction, parks and recreation, and general administrative services. The City also operates enterprise funds of sanitation, water and wastewater services, ambulance services and a municipal airport. It also operates a museum and arts center.

The City is quite proud of being a family oriented community with a total of 29 parks, of which 9 are partially or entirely undeveloped at this time. One of the City's major accomplishments is the



Surf n' Slide Water Park which boasts as one of the Northwest's premier facilities. With features as a zero depth beach, two 200-ft water slides, 1 & 3 meter diving boards, handicapped accessibility, sand volleyball courts, picnic shelter and children wet sand playground area. The facility had been awarded the Georgie Award. This award is presented for most outstanding tourism product or service to enhance travel and tourism in the state of Washington. The city enhanced the facility by adding a lazy river and flow rider.

Moses Lake is home to Grant County International Airport which has one of the longest runways in the United States. Formerly Larson Air Force Base, the airport is an alternate landing site for the NASA space shuttle. The airport has been used by over 350 foreign and domestic airlines for flight crew training and currently serves as the testing and training facility for Boeing aircraft. According to NASA, the airport has Visual Meteorological Conditions (VMC) 94% of the time.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits require estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase amounts. Purchase orders which result in an overrun are not released until approved by the City Manager. The budget is adopted by the City Council at the fund level. All budget overruns at the fund level require additional appropriations by the City Council. Encumbrances are obligations for expenditures committed by bid or purchase order. They are not yet billed to the City and are therefore not accounts payable.

## **FACTORS AFFECTING FINANCIAL CONDITION**

Information presented in the financial statements is best understood when considering the broader context of the economic environment of the City of Moses Lake and the surrounding area.

### **Local Economy**

The City has a population in 2009 of 18,930 but serves a population close to twice that size. The City is a service center for the surrounding agricultural community which is a top producer of potatoes and mint. Additionally, growers produce wheat, onions, peaches, apples, corn, and barley. Since the 1970's the area's economy has been diversified with a mix of manufacturing and high technology. The diverse mix of industries provides a stable balance and for the most part reduces significant impacts of adverse economic cycles, although the City is not immune from the effects of the state and national economies.

Although Moses Lake did not see a rapid acceleration in the valuation of real estate that most the country had in prior years and the resulting slump in the housing industry that contributed to the



economic down turn we did not avoid the domino affect that was created and stagnant construction and the drop in retail sales that followed . With a relatively stable economy with slow steady growth the local economic development activity continues to increase with the inclusion of new manufacturing job opportunities.

Business and industry will continue to locate in and around the City due to relatively inexpensive land and construction costs and one of the least expensive electrical rates in the nation. The City participates in an aggressive economic development program in cooperation with the Grant County Economic Development Council, Grant County, and the Moses Lake Area Chamber of Commerce with the intention of retaining and recruiting business and industry to the City. The City recently received word that it has landed a future manufacturing plant. The initial plan is for the owners to invest \$100 million into the first phase of development. One other high profile business substantially enlarged their facility, which had been designated as the largest construction project in the state, contributing to the area's growth and adding greatly to the City's property tax base.

### **Long-term Financial Planning**

Currently the City has only one long term capital project that it is involved with. In 2009 the City continued the design and planning for the construction of a new City Civic Center using external financing if necessary in order to meet the demand of a growing community.

Expansion of office and cultural space is anticipated in the future in order to meet the requirements of a growing work force and community population. The City will undoubtedly finance those expansions using grants and Councilmanic borrowing. The debt service will be paid using funds from a growing tax base.

### **Cash Management**

The City manages its own investment program. The City's policy is to invest idle cash in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. Investments are made only with qualified public depositories as set forth in RCW 35A.040.050, or in United States Government Securities which are acquired through dealers within the state. Bankers acceptances are allowed only with leading banks in the state. All repurchase agreements require a master repurchase agreement where securities are held by a trust department in the name of the City of Moses Lake, and are made only with qualified public depositories. Additionally, the City invests in the State of Washington Local Government Investment Pool (LGIP) and the Grant County Investment Pool.

### **Risk Management**

It is the objective of the City to reduce costs when possible without reducing service, coverage or increasing the City's exposure to risk or liability. As a part of the goal the City elected to become self insured in the areas of Workmens' Compensation and general liability insurance. In 1981 the City elected to withdraw from the state-operated workers compensation insurance program and to self-insure for the same coverage. In 1987, the City also decided to self-insure it's fleet and general liability insurance which is described in greater detail in the notes to the financial statements.

The City belongs to the Washington Cities Insurance Authority (WCIA) pool. Over the last 27 years WCIA has evolved from the state's original, nine-member pool, to the financially strongest liability-property pool with over 125 members and over \$118 million in assets. Throughout its' evolution it has had one common goal: to aggressively manage members' financial risk.



WCIA is not just a one-dimensional alternative insurance provider. Rather, a member-driven, self-insured program in complete control of every operational aspect. As protection from hard market cycles, WCIA offers the largest self insurance layer of any pool, funded at a 98% actuarial level, to respond to the "working layer of losses", with limited reliance upon reinsurance for catastrophic losses.

WCIA's strong financial position allows them to offer generous pre-loss training and field-intensive risk management support. They have become each member's extended risk management department. Combined with aggressive claims and litigation support, WCIA members have a complete pre-loss and post-loss management program

### **Pensions and Other Post-employment Benefits**

The majority of the City's employees participate in a mandatory state pension system through the Public Employees Retirement System (PERS) or the Law Enforcement Officer's and Fire Fighter (LEOFF) Retirement System. Both plans are administered by the Department of Retirement Systems (DRS). The only pension obligation the City has with these plans is its regular contribution based on a percentage of the employees wage as prescribed by DRS.

Besides the plans under DRS the City provides post-retirement health care benefits in accordance with statute for police and fire employees who are eligible under the Firemen's Pension Fund. Currently the City has 19 individuals that meet the eligibility requirements.

The City reimburses 100 percent of the amount of validated claims for medical costs incurred by these individuals. The City pays for the monthly insurance premium. The pension board performs an annual survey to determine the care to be covered.

Employer contributions are financed on a pay-as-you-go basis. Expenditures for health care benefits are recognized as report claims are received by the City. The City maintains a fund dedicated to providing resources for these benefits.

### **Independent Audit**

The City of Moses Lake is audited annually by the State Auditor's Office. In addition to meeting state mandates, the audit must meet the requirements of the Single Audit Act of 1984 and the Single Audit amendments of 1996, along with the U.S. Office of Management & Budget Circular A-133 when applicable. The complete auditor's report is available at the City of Moses Lake or can be viewed from the City's website at [www.ci.moses-lake.wa.us](http://www.ci.moses-lake.wa.us).

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moses Lake for its comprehensive annual financial report for the fiscal year ended December 31, 2008. This was the fourth consecutive year that the City of Moses Lake has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's

requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements**

This report has been prepared by myself, Robert Taylor, CGFM, Accounting Division Manager, Linda Beisel and Jeanette Jones, Accountants. I express my appreciation to all members of the Finance Department who assisted and contributed to its preparation and to the other city departments that help in providing detailed information that is included in this report. I also thank the Mayor, City Council, and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted

A handwritten signature in black ink that reads "Ronald R. Cone". The signature is written in a cursive, flowing style.

Ronald R. Cone, CPA, CGFM  
Finance Director

## CITY OF MOSES LAKE ELECTED OFFICIALS



**MAYOR**  
Jon Lane



### COUNCIL



Bill Ecret  
Deputy Mayor



Richard Pearce



Brent Reese



Dick Deane



Karen Liebrecht



David Curnel

### APPOINTED OFFICIALS

City Manager	Joseph K. Gavinski
Finance Director	Ronald R. Cone
City Attorney	James A. Whitaker
Municipal Services Director	Gary Harer
Parks & Recreation Director	Spencer Grigg
Fire Chief	Tom Taylor
Police Chief	Dean Mitchell
Community Development Director	Gilbert Alvarado

**ADDRESS:**

P.O. Box 1579  
321 S. Balsam  
Moses Lake, WA 98837

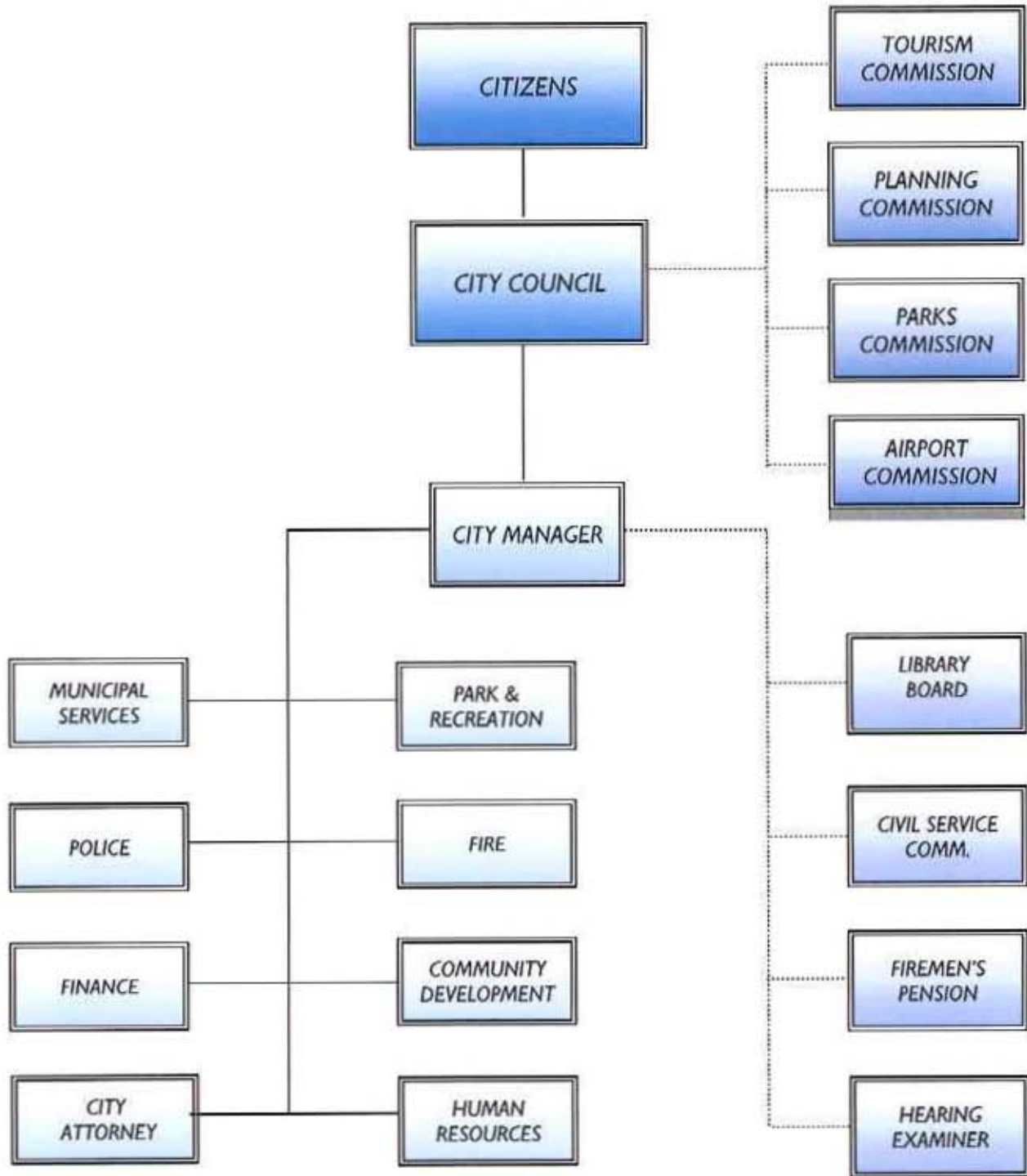
**Website:**

[www.ci.moses-lake.wa.us](http://www.ci.moses-lake.wa.us)



# City of Moses Lake

## Organizational Chart



..... A dotted line indicates an indirect or advisory relationship  
 \_\_\_\_\_ A solid line indicates a direct or formal relationship



City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2009

**FINANCIAL SECTION**





**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

June 3, 2010

Council  
City of Moses Lake  
Moses Lake, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moses Lake, Grant County, Washington, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moses Lake, Grant County, Washington, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Street/Street Repair and Reconstruction Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 3, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 14 through 26, infrastructure modified approach information on pages 79 through 80, and information on post-retirement benefits other than pensions on page 78 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund statements and schedules on pages 84 through 113 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Moses Lake, we offer readers of the City of Moses Lake's financial statement this narrative overview and analysis of the financial activities of the City of Moses Lake for the fiscal year ended December 31, 2009. The information presented here should be read in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements and notes to the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are rounded to the nearest thousand.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Moses Lake exceeded its liabilities at the close of the most recent fiscal year by \$122,063 (net assets). Of this amount, \$12,793 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,164.
- As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of \$2,821, a slight decrease from the prior year. Almost the entire amount, \$2,327, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was still in a deficit position of \$140 from an unanticipated reduction in revenue due to a down economy coupled with an increase in payroll from labor negotiations. The deficit should be eliminated in 2010 as the economy in the area is slowly returning to normal.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Moses Lake's basic financial statements. The City of Moses Lake's basic financial statements 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 Moses Lake's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City of Moses Lake'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 Moses Lake is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues



and expenses are reported in this statement for some items that will only result in cash flows in 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 Moses Lake 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 Moses Lake include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Moses Lake include a water and sewer utility, sanitation, storm water, ambulance and airport.

**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 Moses Lake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Moses Lake can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus 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 financing decision. Both the governmental fund balance sheet and the governmental fund 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 Moses Lake maintains fifteen individual governmental funds. The City's two major governmental funds as determined by GASB criteria are the general fund and the street repair and reconstruction fund. For reporting purposes the city has elected to present the street fund as a major fund and has chosen to combine the street and street repair & reconstruction fund in one separate column along with the general fund in the governmental funds balance sheet, and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Moses Lake adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.



**Proprietary funds.** The City of Moses Lake maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Moses Lake uses enterprise funds to account for its water and sewer utility, sanitation, storm water, ambulance, and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Moses Lake's various functions. The City of Moses Lake also uses internal systems to account for its fleet of vehicles, self insurance, unemployment programs, building services, and computer services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, sanitation, storm water, ambulance and airport as all are considered to be major funds of the City of Moses Lake. Conversely, the internal service funds are combined into a 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 storm water fund was added in 2009 as a result of the City being included in the Phase II Storm Water category by the Department of Ecology. Because the City discharges a portion of their storm water into the lake we are mandated to clean our catch basins and sweep our streets more often as well as prepare reports, add treatment systems if necessary and require a new storm water construction permit on certain projects. Due to the added cost the city will be instituting a new utility fee in 2010 to cover the added payroll and operating costs associated with the new requirements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Moses Lake's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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 immediately following the basic financial statements.

**Other information.**

**Required Supplemental Information.** In addition to the basic financial statements and the accompanying notes this report also presents certain required supplementary information concerning infrastructure assets reported using the modified approach and pension plan funding.

The required supplementary information immediately follows the notes to the financial statements in the Basic Statements section of this report.

**Combining Statements.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented in a separate section immediately following the required supplemental information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Moses Lake, assets exceeded liabilities by \$122,063 at December 31, 2009.

#### City of Moses Lake's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$4,761	\$5,563	\$13,910	\$12,716	\$18,671	\$18,279
Capital assets	64,008	60,621	69,506	66,621	133,514	127,242
Total assets	<u>68,769</u>	<u>66,184</u>	<u>83,416</u>	<u>79,337</u>	<u>152,185</u>	<u>145,521</u>
Long-term liabilities	10,518	10,504	15,749	16,624	26,267	27,128
Other liabilities	2,256	2,029	1,800	1,465	3,856	3,494
Total liabilities	<u>12,774</u>	<u>12,534</u>	<u>17,348</u>	<u>18,089</u>	<u>30,122</u>	<u>30,622</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	54,497	50,482	53,586	49,930	108,082	100,413
Restricted	333	396	854	852	1,187	1,249
Unrestricted	1,165	2,771	11,629	10,433	12,793	13,238
Total net assets	<u>\$55,995</u>	<u>\$53,650</u>	<u>\$66,068</u>	<u>\$61,249</u>	<u>\$122,063</u>	<u>\$114,899</u>

The largest portion of the City of Moses Lake's net assets (88.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Moses Lake uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Moses Lake's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Moses Lake's net assets (1.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,793) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Moses Lake 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 City's financial position for the year has slowed but is expected to improve.



### Statement of Changes in Net Assets

The changes in net assets table indicates the increases or decreases in net assets of the city resulting from its operations. The City's total net assets increased by \$7,163 in 2009. The increase after transfers was split among governmental (\$2,349) and business-type activities (\$4,814).

The following is a summarized version of the city's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in table form for the governmental activities autonomous from the business-type activities for 2009.

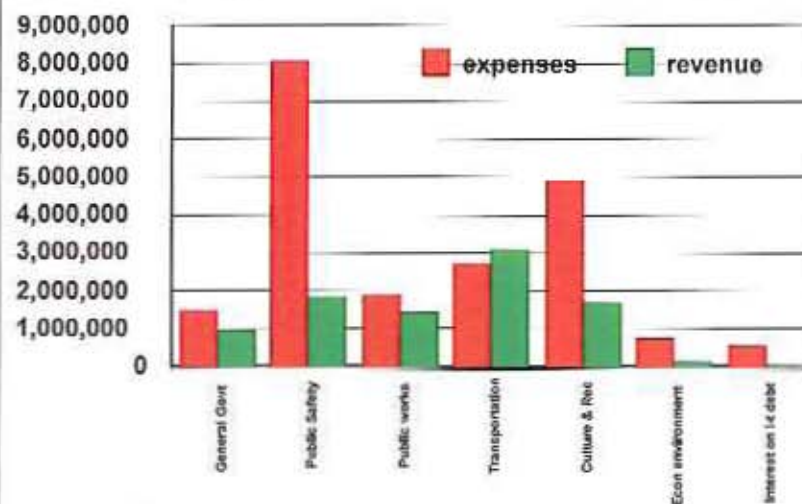
#### City of Moses Lake Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenue:						
Charges for services	\$6,231	\$6,655	\$12,573	\$12,617	\$18,804	\$19,272
Operating grants and contributions	237	170	-	-	237	170
Capital grants and contributions	2,702	1,884	3,462	2,428	6,164	4,312
General revenue						
Property taxes	4,321	3,271	-	-	4,321	3,271
Sales taxes	5,633	6,226	-	-	5,633	6,226
business taxes	3,491	3,571	-	-	3,491	3,571
Other taxes	-	-	-	-	-	-
Other	271	210	24	330	295	540
Total revenues	22,886	21,987	16,059	15,375	38,945	37,362
Expenses:						
General government	1,495	1,559	-	-	1,495	1,559
Public safety	8,083	7,040	-	-	8,083	7,040
Public works	1,895	1,851	-	-	1,895	1,851
Transportation	2,718	2,618	-	-	2,718	2,618
Culture & recreation	4,911	4,663	-	-	4,911	4,663
Economic environment	768	797	-	-	768	797
Interest on long-term debt	533	589	-	-	533	589
Water/sewer utility	-	-	7,129	7,040	7,129	7,040
Sanitation	-	-	2,025	2,166	2,025	2,166
Ambulance	-	-	2,125	1,960	2,125	1,960
Airport	-	-	100	159	100	159
Total expenses	20,403	19,117	11,379	11,325	31,782	30,442
Increase in net assets before transfers	2,483	2,870	4,680	4,050	7,163	6,920
Transfers	(134)	233	134	(233)	-	-
Increase in net assets	2,349	3,103	4,814	3,817	7,163	6,920
Net assets 01/01	53,650	50,548	61,249	57,170	114,899	107,718
Prior period adjustment	-	-	-	261	-	261
change in reserves	-	-	-	-	-	-
Net assets 12/31	\$55,999	\$53,651	\$66,063	\$61,248	\$122,062	\$114,899

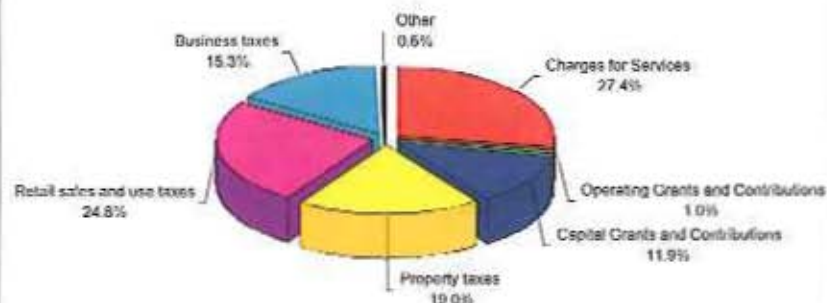
**Governmental activities.** Governmental activities increased the City of Moses Lake's net assets by \$2,349. As shown in the Statement of Activities \$9,169 of the total cost was paid for by either those directly benefitting from the programs or by governments and organizations that subsidized certain programs through grants and contributions. Key elements of this increase are as follows:

- The largest revenue increase of \$1,050 was in property taxes, coming mostly from the completion of a major manufacturing facility that increased the city tax roll by \$675.
- Sales tax revenue decreased (\$592) for the year was a result of a sharp decline in commercial and residential construction in and around the City and down turn in the economy.
- The decline in transportation revenue (\$505) was attributable to the decline of permits (\$158) issued and \$104 cost reimbursements as a direct correlation to the decline in construction.
- The large increase in public safety expense (\$1,044) is attributable to an increase in monthly charges for camera enforcement equipment, increase in medical insurance and payroll, and additions of new equipment. The \$351 increase in culture expenses is mostly due to the increase in personnel and related cost due to the expansion of the water park facility.

**Expenses and Program Revenues - Governmental Activities**

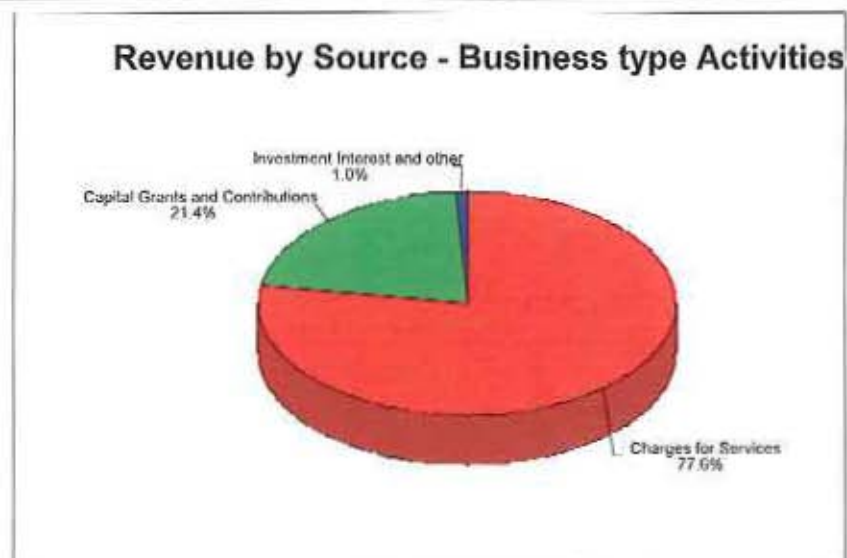
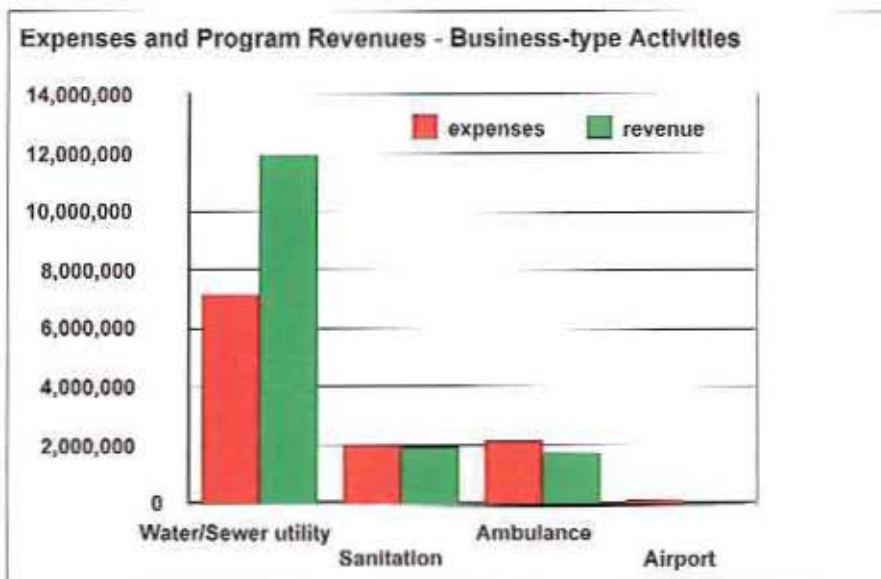


**Revenue by Source - Government Activities**



**Business-type activities.** Total net assets of Business-type activities increased by \$4,814 for the year. Other than Ambulance when revenues decrease for a activity so did the related expenses and when revenues increased so did expenses. Key elements of the fluctuations are as follows.

- Increase (\$394) in charges for services in water/sewer can be linked completely to increased usage. There was no annual increase in rates for 2009 as is mandated by municipal code as there was no increase in the Consumer Price Index. The remainder of the increase in utilities can be linked to development charges.
- The decrease in Sanitation revenue is from a reduction in additional fees for added pick up due to citizens taking advantage of the free spring clean up program. A decrease in expenses of \$141 is split between a reduction in dumping fees and lower fuel surcharge.
- Of the \$297 decrease in ambulance revenue, \$188 can be attributed to a reduction in mileage revenue charged with the remainder being a reduction in services provided. A \$165 increase in expenses is due entirely to payroll and related benefits.





## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental Funds.** The focus of the City of Moses Lake's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Moses Lake's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of \$2,821, a decrease of \$152 in comparison with the prior year. Almost the entire amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$146), for debt service payments (\$323) and a variety of other restricted purposes (\$25).

The General Fund is the chief operating fund of the City of Moses Lake. At the end of the current fiscal year, unreserved fund balance of the general fund was in a deficit of \$140 while the total fund balance was at a deficit \$22. The street/street reconstruction funds conversely had a unreserved fund balance of \$921 and a total balance of \$974.

The fund balance of the City of Moses Lake's General Fund increased by \$272 during the current fiscal year at the same time the street/street reconstruction funds increased \$27. Key factors in the changes are as follows:

- The street/street reconstruction funds received stimulus money from ARRA in the amount of \$1,182 which supported the increase in capital projects and related costs of \$1197.
- The increase in property taxes (\$1,709) and electric utility taxes (\$108) offset the decline of sales tax (\$569) and utility tax from telephone (\$57) and natural gas (\$21).
- As the economy slowed and future revenues were questionable major construction was suspended for the year leaving capital purchases down significantly (\$377).
- With the benefit of the increase in property tax revenue the City was able to retain all personnel which amounted to a marked increase in payroll and related benefits in public safety (\$207). The largest increase occurred in recreation as new equipment rates and new facility rent jumped \$64 and \$119 respectively. 2009 was the first year also that Parks absorbed the full cost of directly related expenditures that were previously allocated. The major expenditure being utilities (\$179). Public safety also had a significant increase in equipment rent (\$111).
- The economic recession caused a substantial reduction in building fees and permits (\$540).
- An increase in fines (\$396) was due to the addition of two traffic cameras in school zones.



**Proprietary funds.** The City of Moses Lake's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds are those funds that account for government operations where the intent is for the costs to be paid primarily by user charges. Enterprise funds are those that provide services predominantly to external users and the internal service funds provide service principally to other governmental units or within the City. The funds consist of five enterprise funds, and five internal service funds.

Unrestricted net assets of the Water and Sewer Utility at the end of the year amounted to \$8,751, and those for the Sanitation Utility amounted to \$3,718. The total of the two funds accounted for 98% of the total net assets for all enterprise funds. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Moses Lake's business-type activities.

## **BUDGETARY HIGHLIGHTS**

### **Original compared to final budget**

The final revenue budget for the General Fund was only \$91 (.5%) higher than the original budget. The street/street reconstruction funds final revenue budget was \$1,200 higher (93%) and the expenditure budget was \$1,558 higher (22%) than the original. This was the result of budget amendments approved by City council during the year. The major budget changes are listed below.

- The \$91 increase in tax revenue in the general fund was a mixture of increases in electricity (\$100) and telephone (\$56) utility tax and a decrease in property taxes (\$65).
- Increase in the street/street reconstruction funds revenue was from the receipt of ARRA grant funding (\$1,200) and expenditures was due to \$137 in projected labor costs, \$700 in transportation and \$497 in capital costs, all due to added street projects because of the grant.
- The Street/street Reconstruction Funds also experienced a reduction in building rent expense (\$68) that was offset by a jump (\$99) in the equipment rental cost due to increased rental rates. There had been no rate increase for the previous two years.

### **Actual results compared to final budget**

General fund revenues and expenditures came in under the final amended budget by \$336 (2%) and \$ 535 (3%) respectively. Street/street reconstruction funds had the same results with revenue of \$131 (6%) and expenditures of \$829 (17%) both under budget. Factors contributing to this outcome were:

- Due to the recessed economy, building permit (\$412) and investment interest (\$253) revenues in the General Fund were down, as was retail tax (\$303) and plan fees (\$106). However, utility tax from phone usage (\$127), admissions (\$121) and nontraffic infractions (\$308) were all higher than budgeted for the year.
- The City received higher revenue from state entitlement (\$66) and concessions (\$30) in the general fund.
- Payroll and related benefits account for relatively the entire amount of actual expenditures over budget for public safety (\$352) and public works (\$144) in the general fund.



- The street/street reconstruction funds received \$115 more fuel tax revenue from the state than was expected which helped offset the reduced revenue (\$79) from permits and RFEET (\$188).
- The majority of the expenditure variance in the street/street reconstruction funds came from less than anticipated charge for supplies and minor equipment (\$63) and lower than expected capital cost (\$743) due to lower competitive bids on a major street project.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, aquatic facilities, and streets. The total increase in the City of Moses Lake's investment in capital assets for the current fiscal year was 4.9% (a 5.6% increase for governmental activities and a 4.3% increase for business-type activities).

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

- A new well was completed with a total project cost of \$605 and a pump costing \$50 was replaced at an existing well.
- A new force main with a total cost of \$215 was finished and placed into service.
- A new ambulance at a cost of \$159 and numerous vehicles totaling \$194 were purchased during the year..
- The sewer lining project was completed at a cost of \$539.
- Construction in Progress increase significantly due to a uncompleted street project costing \$1,561 and \$1,361 for utilities for a new City Civic Center at the end of the year.

Additional information on the capital assets of the City of Moses Lake can be found in note 6.

### City of Moses Lake's Capital Assets

(net of depreciation)

actual amounts

	Government Activities	Business-type Activities	Total
Land and land improvements	\$4,485,742	\$1,080,814	\$5,566,555
Buildings	17,974,652	25,941,855	43,916,507
Machinery and equipment	2,898,738	1,374,129	4,272,866
Infrastructure	35,218,640	40,826,803	76,045,443
Construction in progress	3,430,493	282,557	3,713,049
Total assets	<u>\$64,008,264</u>	<u>\$69,506,157</u>	<u>\$133,514,421</u>

**Infrastructure.** The City of Moses Lake has elected to use the modified approach as defined by GASB statement 34 for reporting it's streets, alleys, bike paths, parking lots and bridges. The city has made a commitment to preserve and maintain the street infrastructure at an acceptable condition rather than recording depreciation. The rating scales for paved streets and bridges are further explained in the required supplementary information, which follows the notes to the basic financial statements.

The City's engineering department evaluates the condition that paved streets are kept based on a formula established by a street assessment program. The formula is calculated using 8 different criteria applied to all paved streets from one intersection to another. Among the criteria is depths and lengths of cracks, sags and humps, and patching. From the inputting of the information the system evaluates all criteria and produces a rating. The condition assessment is taken at least once every three years. The City has no set policy as to the level the streets are to be maintained. However, the City has a program where the streets have a crack seal process applied every six years to bring the condition of the street substantially up.

By definition the City has one bridge that it maintains. The portion that is under water, is inspected every five years by the state Department of Transportation and documented in an inspection report given to and maintained by the City. The bridge is given a sufficiency rating, which is a numerical rating based on a 100 point scale. The rating is based on it's structural adequacy and safety, load capacity, essentiality for public use, and its serviceability and functional obsolescence. Currently the one bridge carries a sufficiency rating of between 65 and 70. The city inspects and evaluates the remainder of the bridge above the water line using the pavement management system that is used for rating paved streets. The bridge has no load limits which substantiates it's superior rating. Projected costs to maintain the bridge are included in the budgeted cost of the streets.

The City maintains an inventory of these infrastructure assets. With triennial assessments establishing the condition level of the assets, the City makes annual estimates of the cost to maintain it's streets which are also reported in the City's annual Capital Improvement Program. For 2009 the City projected \$700 for road maintenance. The actual amount expended was \$778.

For the year there were no significant changes in the condition levels of the streets. With relatively mild weather patterns the condition level of the streets was maintained above the acceptable conditions for the City.

**Long-term debt.** At the end of the fiscal year, the City of Moses Lake had total bonded debt outstanding of \$16,035. Of this amount, \$9,085 comprises debt backed by the full faith and credit of the government and \$6,950 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Moses Lake's Outstanding Debt  
General Obligation and Revenue Debt  
(Actual Amounts)

	Governmental Activities	Business-type Activities	Total
General obligation debt	\$ 8,169,999	\$ 915,000	\$ 9,084,999
Revenue debt	-	6,950,000	6,950,000
	<u>\$ 8,169,999</u>	<u>\$7,865,000</u>	<u>\$ 16,034,999</u>

The City of Moses Lake's total long-term debt decreased by \$855 (5%) during the current fiscal year. The decrease was due to payoff of annual obligation payments and no new debt.



The City of Moses Lake maintains a "AAA" rating from Standard & Poor's by carrying Bond insurance. The Revenue Bonds are rated "A+" and the G.O. Bonds are rated "A-".

Washington State statutes limit the amount of general obligation debt a governmental entity may issue to 7.5% of its total assessed valuation, subject to a 60% majority vote of qualified electors. Of the 7.5% limit, 2.5% is for general purposes, 2.5% for open space/park facilities and 2.5% for utilities. Non-voted (limited tax) general obligation indebtedness is limited to 1.5% of assessed valuation. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of assessed valuation. The City's assessed valuation for 2009 was \$2,809,290 and the remaining debt capacity is as follows:

	(Actual amounts)
General	\$ 58,102,761
Open Space/Park Facilities	70,232,256
Utilities	<u>70,232,256</u>
Total	<u>\$198,567,273</u>

Additional information on the City of Moses Lake's long-term debt can be found in Note 9 of the notes to the financial statements.

## **ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES**

After dealing with a sluggish local economy for several years subsequent to the September 11, 2001 terrorist attacks, the city finally realized in mid-2005 some moderate growth in the economy. While this growth was sustained and advanced through 2007 and remains positive, the rate of growth began to slow in 2008, slowed further in 2009, and will remain restrained through 2010. The restricted growth in the local economy is due primarily due to the state of the nation's economy.

Growth generally translates into greater revenues attributable in part to increased sales taxes, property taxes, permit fees, and the like. The City finds itself in a somewhat unique and fortunate situation. While the effect of the national "great recession", as it has been termed, is felt by the City in reduced sales taxes and permitting fees, the real property taxes from industrial growth has covered the loss of those reduced sales tax receipts and even caused an overall increase in general government revenues. When the national economy grows again, the City anticipates sales taxes and permitting fees will rebound which will be extremely advantageous for the City.

With continued but restrained growth of the local economy, which is providing governmental revenue, at a previously unrealized rate, the City can anticipate providing services at the level now provided and perhaps increase those services in some areas. However, caution will be necessary because of the uncertain effects of the national economies. The aforementioned factors were considered in the preparation of the City's 2010 budget.

In reviewing the building activity in the local economy currently in progress and anticipated for the future, it is anticipated that the local economy will continue to improve in 2010 and perhaps for several years in the future, but at a much slower rate, which supports the assumption that current service levels can be maintained and increased with caution. While some sectors have slowed, the

City of Moses Lake continues to experience some building activity, contrary to the situation in many parts of the state and country.

Several industrial concerns in and around the City have announced, begun, or completed new projects or expansions. These expansions, additions, and new projects will result in added building activity, a short term influx of construction employment, and in the long term, add industrial jobs to the City's employment base. The expansion and/or new location of industry in and around the City will have a direct effect on the local economy and have an effect on building activity which will affect the City's property tax receipts. Eventually the added employment will result in additional population in and around the City which will affect retail sales and, therefore, the City's retail sales tax receipts.

Property tax increases have been limited by voter approved initiatives. However, gross property tax receipts have increased because of annexations and new construction within the City. The City anticipates continued additional building activity in 2010. The building activity eventually will translate into a higher assessed valuation in the City which will generate additional property taxes up and above the statutory limitation on existing property taxation.

During the current fiscal year, the unreserved fund balance in the General Fund decreased. Monies in the fund balance were used to complete several construction projects in the City, therefore the decrease. Some monies also were used to assist in funding for operations or ordinary expenses. This occurred because of a drop in revenues and a desire to keep services at current levels. It is expected that the fund balances will be retained through 2010 and increased. Except for a small allowed property tax increase, no other tax increases were included in preparing the 2010 budget.

While it is expected that future budgets may be limited by voter approved initiatives and legislation, which can reduce income to the City's General or Operating Fund, it is expected that some of the limitations experienced by the City will be tempered by continued economic development, primarily in the retail, industrial, and tourism sectors. All of the referenced factors were considered in preparing the City of Moses Lake's budget for the 2010 fiscal year.

The water and sewer utility rates were increased slightly, by the rate of inflation, for the 2010 budget year. These rate increases in 2010 assist in providing service at current levels.

The projected outlook for the City of Moses Lake and surrounding area remains positive as more building permits are issued and more larger industrial firms are moving into the area or expanding current facilities because of relatively inexpensive land and power costs.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Moses Lake's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 321 S. Balsam, PO Box 1579, Moses Lake, WA 98837.



City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2009

**BASIC FINANCIAL STATEMENTS**

# CITY OF MOSES LAKE

## Statement of Net Assets

December 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,319,085	\$ 4,946,238	\$ 11,265,323
Receivables (net of allowances for uncollectibles)	949,094	1,405,623	2,354,717
Internal balances	(2,767,589)	2,767,589	-
Inventories and prepaid items	212,211	441,559	653,769
Deferred charges	49,404	109,225	158,629
Restricted assets:			
Cash	-	4,233,057	4,233,057
Interest and other receivables	2,666	2,356	5,022
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,485,742	1,080,814	5,566,555
Buildings and other improvements	17,974,652	25,941,855	43,916,507
Machinery and equipment	2,898,738	1,374,129	4,272,866
Infrastructure	35,218,640	40,826,803	76,045,443
Construction in progress	3,430,493	282,557	3,713,049
Total assets	68,773,135	83,411,803	152,184,938
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	787,857	446,747	1,234,605
Accrued interest	132,003	151,591	283,594
Unearned revenues	5,008	1,253	6,261
Noncurrent liabilities:			
Due within one year	1,331,048	1,000,125	2,331,173
Due in more than one year	10,517,973	15,748,599	26,266,572
Total liabilities	12,773,890	17,348,316	30,122,206
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	54,496,935	53,585,563	108,082,498
Restricted for:			
Debt service	-	853,538	853,538
Other purposes	333,407	-	333,407
Unrestricted	1,168,903	11,624,386	12,793,289
Total net assets	\$ 55,999,245	\$ 66,063,487	\$ 122,062,732

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



# CITY OF MOSES LAKE

## Statement of Activities

For the Year Ended December 31, 2009

Functions/Programs Primary Government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	
			Grants and Contributions	Capital Grants and Contributions		Total	
Government activities:							
General government	\$ 1,495,042	\$ 959,474	\$ 500	\$ -	\$ (535,069)	\$ -	\$ (535,069)
Public safety	8,082,864	1,592,864	130,931	126,059	(6,233,010)	-	(6,233,010)
Public works	1,894,915	1,358,999	58,886	-	(477,029)	-	(477,029)
Transportation	2,717,746	501,464	10,000	2,575,470	369,188	-	369,188
Culture and recreation	4,911,237	1,677,145	36,424	-	(3,197,668)	-	(3,197,668)
Economic Environment	768,252	141,282	-	-	(626,971)	-	(626,971)
Interest on long-term debt	533,057	-	-	-	(533,057)	-	(533,057)
Total governmental activities	20,403,112	6,231,226	236,741	2,701,529	(11,233,616)	-	(11,233,616)
Business-type activities:							
Water/Sewer utility	7,128,833	8,904,299	-	3,064,119	-	4,839,584	4,839,584
Sanitation	2,025,330	1,946,888	-	-	-	(78,442)	(78,442)
Ambulance	2,124,517	1,691,073	-	-	-	(433,444)	(433,444)
Airport	100,250	31,044	-	-	-	(69,207)	(69,207)
Storm Water	-	-	-	398,143	-	398,143	398,143
Total business-type activities	11,378,930	12,573,303	-	3,462,261	-	4,656,635	4,656,635
Total primary government	\$ 31,782,042	\$ 18,804,529	\$ 236,741	\$ 6,163,790	(11,233,616)	4,656,635	(6,576,981)
General revenues:							
Property taxes					4,321,219	-	4,321,219
Retail sales and use taxes					5,633,499	-	5,633,499
Business taxes					3,490,995	-	3,490,995
Investment earnings					270,648	24,032	294,679
Miscellaneous					437	-	437
Transfers, internal activities					(134,074)	134,074	-
Total general revenues and transfers					13,582,724	158,105	13,740,829
Changes in net assets					2,349,109	4,814,740	7,163,848
Net assets - beginning					53,650,136	61,248,748	114,898,884
Net assets - ending					\$ 55,999,245	\$ 66,063,487	\$ 122,062,732

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

# CITY OF MOSES LAKE

## Balance Sheet

### Governmental Funds

December 31, 2009

	General	Street / Street Repair & Recon- struction Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,479,171	\$ 634,419	\$ 1,885,427	\$ 3,999,017
Receivables (net of allowance for uncollectibles):				
Taxes	315,314	-	-	315,314
Assessments	-	-	50,288	50,288
Customer accounts	40,989	18,153	-	59,142
Unbilled services	15,178	9,101	-	24,279
Other receivables	33,265	547	-	33,812
Due from other governments	9,333	425,988	11,087	446,408
Prepays	74,373	53,223	-	127,596
Total assets	1,967,623	1,141,432	1,946,802	5,055,856
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	164,036	151,039	25,473	340,548
Salaries and benefits payable	299,594	15,576	1,840	317,010
Revenues collected in advance	4,653	-	355	5,008
Interfund loans payable	1,162,844	-	-	1,162,844
Deferred revenue	358,833	547	50,288	409,668
Total liabilities	1,989,960	167,162	77,956	2,235,078
Fund balances:				
Reserved for:				
Debt service	-	-	323,473	323,473
Petty cash and prepaid expenses	92,498	53,223	-	145,721
Vacation/sick leave payouts	25,000	-	-	25,000
Unreserved, reported in:				
General fund	(139,835)	-	-	(139,835)
Special revenue funds	-	921,046	1,278,079	2,199,125
Capital projects funds	-	-	267,293	267,293
Total fund balances	(22,337)	974,269	1,868,846	2,820,778
Total liabilities and fund balances	\$ 1,967,623	\$ 1,141,432	\$ 1,946,802	\$ 5,055,856

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



# CITY OF MOSES LAKE

## Reconciliation of the Governmental Funds Balance Sheet to The Government-wide Statement of Net Assets December 31, 2009

Total Governmental Fund Balances	\$ 2,820,778
----------------------------------	--------------

Amounts reported for governmental activities in the government-wide statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).	56,242,403
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Other long-term assets are not available to be collected in current period revenues and therefore are deferred in the funds.	409,668
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, fleet management, and building maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities on the government-wide statement of net assets.

Internal Service funds' net assets	3,381,632	
Internal payable-charges under cost to business-type activities - prior years	1,180,895	
Internal receivable-charges over cost to business-type activities - current year	(66,022)	
Net adjustment to arrive at net assets - governmental activities.		4,476,504

Liabilities, including bonds, loans, and compensated absences, not due and payable in the current period and therefore are not reported in the governmental fund balance sheets, but are reported on the government-wide statement of net assets (exclusive of internal service funds' debt).

Bonds payable	(5,663,663)	
Issuance discount	38,578	
Capital leases payable	(33,099)	
Accrued interest payable	(96,054)	
Compensated absences	(1,488,195)	
Other postemployment benefits	(739,147)	
Net adjustment to arrive at net assets - governmental activities		(7,981,580)

Bond premiums, discounts, refundings and issuance costs are reported as other financing sources and uses and expenditures in the governmental fund financial statements but capitalized on the government-wide statement of net assets.	28,806
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Interest receivables of governmental activities not reported in the funds.	2,666
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Net assets of governmental activities	\$ 55,999,245
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The notes to the financial statements are an integral part of this statement.

# CITY OF MOSES LAKE

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

### Governmental Funds

For the Year Ended December 31, 2009

	General	Street / Street Repair & Recon- struction Funds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 12,220,901	\$ 620,373	\$ 536,408	\$ 13,377,682
Licenses and permits	586,273	30,875	-	617,149
Intergovernmental revenues	405,685	1,709,359	254,258	2,369,302
Charges for services	3,341,522	2,326	146,116	3,489,963
Fines and forfeits	664,429	-	-	664,429
Interest earnings	261,897	-	6,850	268,747
Rents and royalties	430,158	-	-	430,158
Contributions/donations	-	-	64,311	64,311
Assessments	-	6,562	25,144	31,706
Miscellaneous	62,550	200	8,468	71,218
Total revenues	17,973,416	2,369,696	1,041,554	21,384,666
<b>EXPENDITURES</b>				
Current:				
General government	1,480,639	-	500	1,481,139
Public safety	7,009,769	-	256,895	7,266,663
Public works	1,827,639	-	58,810	1,886,449
Transportation	-	2,707,478	(500)	2,706,978
Economic environment	777,163	-	-	777,163
Culture and recreation	4,168,020	-	239,600	4,407,620
Capital outlay	96,040	1,552,916	266,970	1,915,925
Debt service:				
Principal	-	-	564,350	564,350
Interest and debt issue costs	82,170	3,898	255,504	341,573
Total expenditures	15,441,440	4,264,292	1,642,128	21,347,860
Excess (deficiency) of revenues over (under) expenditures	2,531,976	(1,894,596)	(600,574)	36,806
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	530,387	2,200,000	859,271	3,589,658
Transfers (out)	(2,808,245)	(278,600)	(710,387)	(3,797,232)
Capital lease	18,354	-	-	18,354
Total other financing sources (uses)	(2,259,504)	1,921,400	148,885	(189,220)
Net change in fund balances	272,471	26,804	(451,689)	(152,414)
Fund balances-beginning	(294,809)	947,466	2,320,535	2,973,192
Fund balances-ending	\$ (22,337)	\$ 974,269	\$ 1,868,846	\$ 2,820,778

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



# CITY OF MOSES LAKE

## Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2009

Net changes in fund balances - total governmental funds: \$ (152,414)

Amounts reported for governmental activities in the government-wide statement of activities are different because:

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

Capital outlay	1,915,925	
Depreciation expense	(713,680)	
Net increase in net assets - governmental activities		1,202,265

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

5,047

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.

Contributed assets	1,368,445	
Gain(loss) on sale/disposals of assets	(5,853)	
Net increase in net assets - governmental activities		1,362,592

The 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease/Bond proceeds reported as debt	(18,354)	
Debt principal payments	564,350	
Net increase in net assets - governmental activities		545,996

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other post employment benefits	(739,147)	
Accrued debt interest	8,438	
Compensated absences	(28,696)	
Amortization of deferred bond costs	(4,084)	
Net decrease in net assets - governmental activities		(763,488)

Accrued interest revenue in the statement of activities does not provide current financial resources and is not reported as revenue in governmental funds.

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Internal service funds are used by management to charge the costs of equipment, insurance, data processing, and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Internal service funds change in net assets	214,724	
Loss (gain) from charges to business-type activities	(66,022)	
Net increase in net assets - governmental activities		148,701

Change in net assets of governmental activities \$ 2,349,109

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

# CITY OF MOSES LAKE

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

### General Fund

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,432,000	\$ 12,523,000	\$ 12,220,901	\$ (302,099)
Licenses and permits	958,500	958,500	586,273	(372,227)
Intergovernmental revenues	242,000	242,000	405,685	163,685
Charges for services	3,350,400	3,350,400	3,341,522	(8,878)
Fines and forfeits	354,000	354,000	664,429	310,429
Interest earnings	520,000	520,000	261,897	(258,103)
Rents and royalties	356,600	356,600	430,158	73,558
Miscellaneous	5,200	5,200	62,550	57,350
Total revenues	18,218,700	18,309,700	17,973,416	(336,284)
<b>EXPENDITURES</b>				
Current:				
General government	1,432,100	1,432,100	1,480,639	(48,539)
Public safety	7,399,500	7,399,500	7,009,769	389,731
Public works	2,005,800	2,005,800	1,827,639	178,161
Transportation	32,000	32,000	-	32,000
Economic environment	835,800	835,800	777,163	58,637
Culture and recreation	4,151,900	4,124,200	4,168,020	(43,820)
Capital outlay	50,000	50,000	96,040	(46,040)
Debt service:				
Interest and debt issue costs	96,800	96,800	82,170	14,630
Total expenditures	16,003,900	15,976,200	15,441,440	534,760
Excess of revenues over expenditures	2,214,800	2,333,500	2,531,976	198,476
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	532,000	532,000	530,387	(1,613)
Transfers (out)	(3,046,100)	(3,156,700)	(2,808,245)	348,455
Proceeds from capital lease	-	-	18,354	18,354
Total other financing sources (uses)	(2,514,100)	(2,624,700)	(2,259,504)	365,196
Net change in fund balances	(299,300)	(291,200)	272,471	563,671
Fund balances-beginning	1,525,000	1,731,800	(294,809)	(2,026,609)
Fund balances-ending	\$ 1,225,700	\$ 1,440,600	\$ (22,337)	\$ (1,462,937)

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



# CITY OF MOSES LAKE

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Street / Street Repair and Reconstruction Funds For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 782,600	\$ 782,600	\$ 620,373	\$ (162,227)
Licenses and permits	110,000	110,000	30,875	(79,125)
Intergovernmental revenues	380,000	1,580,000	1,709,359	129,359
Charges for services	26,000	26,000	2,326	(23,674)
Assessments	-	-	6,562	6,562
Miscellaneous	2,000	2,000	200	(1,800)
Total revenues	<u>1,300,600</u>	<u>2,500,600</u>	<u>2,369,696</u>	<u>(130,904)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,657,500	2,715,100	2,707,478	7,622
Capital outlay	1,875,000	2,372,800	1,552,916	819,884
Debt service:				
Interest & debt issue costs	3,400	5,600	3,898	1,702
Total expenditures	<u>3,535,900</u>	<u>5,093,500</u>	<u>4,264,292</u>	<u>829,208</u>
Deficiency of revenues under expenditures	<u>(2,235,300)</u>	<u>(2,592,900)</u>	<u>(1,894,596)</u>	<u>698,304</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,200,000	2,200,000	2,200,000	-
Transfers (out)	(278,600)	(278,600)	(278,600)	-
Total other financing sources (uses)	<u>1,921,400</u>	<u>1,921,400</u>	<u>1,921,400</u>	<u>-</u>
Net change in fund balances	(313,900)	(671,500)	26,804	698,304
Fund balances-beginning	620,400	1,030,200	947,466	(82,734)
Fund balances-ending	<u>\$ 306,500</u>	<u>\$ 358,700</u>	<u>\$ 974,269</u>	<u>\$ 615,569</u>

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

CITY OF MOSES LAKE  
Statement of Net Assets  
Proprietary Funds  
December 31, 2009

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	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 4,075,204	\$ 738,756	\$ 73,391	\$ 58,827	-	\$ 4,946,238	\$ 2,320,068
Receivables (net of allowance for uncollectibles)	852,875	218,345	304,728	29,875	-	1,405,623	250
Interfund loans receivable	1,000,000	2,862,461	-	-	-	3,862,461	-
Intergovernmental receivable	-	-	-	-	-	-	19,601
Inventories and prepaid expenses	394,467	39,353	7,739	-	-	441,559	84,615
Total current assets	6,322,606	3,858,915	385,858	88,501	-	10,655,881	2,424,534
Noncurrent assets:							
Restricted assets:							
Revenue bond reserves/debt service:							
Cash and cash equivalents	876,196	-	-	-	-	876,196	-
Interest receivable	2,356	-	-	-	-	2,356	-
Construction in progress:							
Cash and cash equivalents	3,356,860	-	-	-	-	3,356,860	-
Total restricted assets	4,235,412	-	-	-	-	4,235,412	-
Capital assets, net of accumulated depreciation:							
Land and land rights	750,047	-	-	400	36,180	795,687	608,951
Buildings	25,902,057	-	-	39,198	-	25,941,855	3,246,045
Infrastructure	40,389,401	-	-	75,440	361,963	40,826,803	-
Machinery and equipment	1,261,799	-	112,330	-	-	1,374,129	2,520,153
Construction in progress	258,346	-	24,211	-	-	282,557	1,390,712
Intangible assets	285,127	-	-	-	-	285,127	-
Total capital assets	68,856,376	-	136,541	115,097	398,143	69,506,157	7,765,861
Other noncurrent assets:							
Deferred charges	109,225	-	-	-	-	109,225	20,598
Total non current assets	73,201,014	-	136,541	115,097	398,143	73,850,794	7,786,459
Total assets	\$ 79,523,619	\$ 3,858,915	\$ 522,399	\$ 203,599	\$ 398,143	\$ 84,506,675	\$ 10,210,993

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



**CITY OF MOSES LAKE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**

Page 2 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 190,692	\$ 136,010	\$ 11,200	\$ 735	-	\$ 338,636	\$ 104,687
Salaries payable	55,469	2,130	43,917	-	-	101,516	25,612
Interfund loans payable	-	-	-	-	-	-	2,699,617
Revenues collected in advance	-	-	1,253	-	-	1,253	-
Interest payable	-	-	-	-	-	-	35,950
Capital leases payable	13,051	-	26,835	-	-	39,885	488,949
G. O. bonds payable	38,333	-	-	-	-	38,333	248,849
Compensated absences	31,934	321	16,613	-	-	48,868	8,104
Accrued interest	151,591	-	-	-	-	151,591	-
Intergovernmental loan payable	798,039	-	-	-	-	798,039	-
Revenue bonds payable	75,000	-	-	-	-	75,000	-
Other short-term liabilities	6,595	-	-	-	-	6,595	-
Total current liabilities	1,360,704	138,460	99,817	735	-	1,599,717	3,611,767
Noncurrent liabilities:							
Revenue bonds payable(net discount/premium)	7,222,148	-	-	-	-	7,222,148	-
G.O. bonds payable(net discount/premium)	868,951	-	-	-	-	868,951	2,238,755
Intergovernmental loans payable	7,131,053	-	-	-	-	7,131,053	-
Compensated absences	287,408	2,886	149,515	-	-	439,810	72,934
Lease payable	30,105	-	50,531	-	-	86,637	905,905
Total noncurrent liabilities	15,539,666	2,886	206,047	-	-	15,748,599	3,217,594
Total liabilities	16,900,371	141,346	305,864	735	-	17,348,316	6,829,361
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	53,019,148	-	53,175	115,097	398,143	53,585,563	3,883,797
Restricted for debt service	853,538	-	-	-	-	853,538	-
Unrestricted	8,750,563	3,717,569	163,360	87,767	-	12,719,259	(502,185)
Total net assets	\$ 62,623,249	\$ 3,717,569	\$ 216,535	\$ 202,864	398,143	67,158,359	\$ 3,381,632
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,094,872)	
Net assets of business-type activities						\$ 66,063,487	

**CITY OF MOSES LAKE**
**Statement of Revenues, Expenses and Changes in Fund Net Assets**
**Proprietary Funds**
**For Year Ended December 31, 2009**

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>							
Charges for services	\$ 8,208,644	\$ 1,837,803	\$ 1,701,276	\$ -	\$ -	\$ 11,747,723	\$ 3,520,468
Intergovernmental revenues	-	-	-	-	-	-	3,510
Miscellaneous revenues	126,082	45	2,610	31,044	-	159,781	-
Total operating revenues	8,334,726	1,837,848	1,703,886	31,044	-	11,907,504	3,523,978
<b>OPERATING EXPENSES</b>							
Salaries and benefits	1,881,183	77,073	1,650,192	-	-	3,608,448	856,326
Supplies and contractual services	2,410,060	1,950,939	473,330	12,516	-	4,846,846	882,983
Utilities	357,791	-	-	65,249	-	423,040	135,373
Repairs and maintenance	92,403	-	6,997	10,607	-	110,007	157,856
Insurance claims and expenses	-	-	-	-	-	-	589,228
Depreciation and amortization	1,950,426	-	11,233	12,045	-	1,973,704	619,377
Total operating expenses	6,691,863	2,028,012	2,141,752	100,417	-	10,962,045	3,241,143
Operating income (loss)	1,642,863	(190,164)	(437,866)	(69,374)	-	945,459	282,835
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment earnings	24,032	-	-	-	-	24,032	1,490
Insurance recoveries	123,994	-	-	-	-	123,994	-
Intergovernmental payments	(50,000)	-	-	-	-	(50,000)	-
Interest expense	(429,536)	-	(3,372)	-	-	(432,908)	(195,839)
Miscellaneous revenues	445,579	109,040	-	-	-	554,619	-
Miscellaneous expenses	-	-	-	-	-	-	437
Gain (loss) on disposal of assets	-	-	(12,813)	-	-	(12,813)	(15,933)
Total nonoperating revenues (expenses)	114,068	109,040	(16,185)	-	-	206,923	(209,844)
Income (loss) before contributions and transfers	1,756,931	(81,124)	(454,051)	(69,374)	-	1,152,383	72,991
Capital contributions	3,064,119	-	-	-	398,143	3,462,261	141,732
Transfers in	-	-	73,500	60,574	-	134,074	-
Change in net assets	4,821,049	(81,124)	(380,551)	(8,800)	398,143	4,748,717	214,724
Total net assets - beginning	57,802,199	3,798,693	597,086	211,664	-	-	3,166,908
Total net assets - ending	\$ 62,623,249	\$ 3,717,569	\$ 218,535	\$ 202,864	\$ 398,143	-	\$ 3,381,632
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						66,022	
Change in net assets of business-type activities						\$ 4,814,740	

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



**CITY OF MOSES LAKE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

Page 1 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 8,266,521	\$ 1,878,969	\$ 1,777,062	\$ 30,560	\$ -	\$ 11,953,122	\$ 3,523,978
Payments to suppliers	(2,357,855)	(1,942,321)	(478,372)	(88,774)	-	(4,867,322)	(1,807,838)
Payments to employees	(1,834,931)	(76,993)	(1,604,121)	-	-	(3,516,045)	(875,868)
Miscellaneous revenues	434,119	109,131	1,035	-	-	544,885	187
Miscellaneous expenses	(409,386)	-	-	-	-	(409,386)	-
Net cash provided by (used for) operating activities	4,098,468	(31,214)	(303,796)	(58,205)	-	3,705,254	840,460
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Payments from (to) other funds	-	(349,415)	-	-	-	(349,415)	-
Transfers from (to) other funds	-	-	73,500	60,574	-	134,074	-
Insurance recoveries	123,994	-	-	-	-	123,994	-
Other intergovernmental payments	(41,200)	-	-	-	-	(41,200)	-
Receipt of grant funds	-	-	-	-	-	-	(19,601)
Net cash used for noncapital financing activities	82,794	(349,415)	73,500	60,574	-	(132,548)	(19,601)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from capital debt	37,181	-	-	-	-	37,181	1,657,194
Principal paid on debt	(916,609)	-	(25,924)	-	-	(942,533)	(653,159)
Interest paid on debt	(426,799)	-	(3,372)	-	-	(430,171)	(194,872)
Capital contributions	577,817	-	-	-	398,143	975,960	116,732
Purchases of capital assets	(1,860,076)	-	(24,211)	-	(398,143)	(2,289,029)	(1,439,877)
Proceeds of capital grants	-	-	(874)	-	-	(874)	-
Proceeds from sale of capital assets	39,244	-	1,761	-	-	41,005	7,210
Net cash provided by (used) for capital and related financing activities	(2,555,842)	-	(52,619)	-	0	(2,608,460)	(508,571)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest income	-	-	-	-	-	-	1,490
Net cash provided by investing activities	-	-	-	-	-	-	1,490
Net increase (decrease) in cash and cash equivalents	1,625,420	(380,629)	(282,914)	2,368	-	964,246	315,778
Cash and cash equivalents, January 1	6,682,901	1,119,385	356,312	56,458	-	8,215,056	2,004,290
Cash and cash equivalents, December 31	\$ 8,308,321	\$ 738,756	\$ 73,397	\$ 58,827	\$ -	\$ 9,179,301	\$ 2,320,068

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

**CITY OF MOSES LAKE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

Page 2 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>							
Operating income (loss)	\$ 1,642,863	\$ (190,164)	\$ (437,866)	\$ (69,374)	\$ -	\$ 945,459	\$ 282,835
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	1,950,426	-	11,233	12,045	-	1,973,704	619,377
Allowance for uncollectible accounts	-	-	10,441	-	-	10,441	-
Decrease (increase) in accounts receivable	57,373	41,166	64,364	(475)	-	162,428	-
Decrease (increase) in taxes receivable	-	-	-	-	-	-	(5,427)
Decrease (increase) in inventory	(12,010)	17,162	(3,724)	-	-	1,427	-
Decrease (increase) in prepaid expenses	-	-	-	-	-	-	(10,572)
(Decrease) increase in accounts payable	105,023	(8,543)	5,679	(402)	-	101,757	(25,828)
(Decrease) increase in salaries payable	46,252	79	46,071	-	-	92,403	6,039
(Decrease) increase in deferred revenue	-	-	-	-	-	-	(26,163)
(Decrease) increase in miscellaneous revenues	308,541	109,086	-	-	-	417,627	-
Total adjustments	2,455,605	158,950	134,064	11,169	-	2,759,788	557,625
Net cash provided (used) by operating activities	\$ 4,098,468	\$ (31,214)	\$ (303,802)	\$ (58,205)	\$ -	\$ 3,705,248	\$ 840,460
Noncash investing, capital, and financing activities:							
Contributions of capital assets	\$ 2,623,702	-	-	-	\$ 398,143	\$ 3,021,845	-
Addition to capital leases	-	-	\$ 37,180	-	-	\$ 37,180	\$ 815,205

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



**CITY OF MOSES LAKE**  
**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2009**

	<b>Firemen's Pension Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 193,245	\$ 509,792
Escrow accounts		13,173
Total assets	<u>193,245</u>	<u>522,965</u>
<b>LIABILITIES</b>		
Custodial accounts payable		522,965
Total liabilities	<u>-</u>	<u>522,965</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$ 193,245</u>	<u>\$ -</u>

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

**CITY OF MOSES LAKE****Statement of Changes in Fiduciary Net Assets****Fiduciary Funds****For the year ended December 31, 2009**

	<b>Firemen's Pension Trust Fund</b>
<b>ADDITIONS</b>	
Intergovernmental revenues	\$ 23,871
Interest earnings	3,914
Transfers in	73,500
Total additions	<u>101,284</u>
<b>DEDUCTIONS</b>	
Benefits	20,800
Medical insurance and direct medical payments	<u>131,423</u>
Total deductions	<u>152,223</u>
Change in net assets	(50,939)
Net assets - beginning	<u>244,183</u>
Net assets - ending	<u>\$ 193,245</u>

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



**CITY OF MOSES LAKE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

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**CITY OF MOSES LAKE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City of Moses Lake was incorporated on September 19, 1938 and operates under the laws of the State of Washington applicable to a non charter code city with a Council/manager form of government. The reporting entity comprises the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Based upon these criteria, the primary government consists solely of the legal entity of the City.

**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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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



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

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

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

The government-wide financial statements are reported using the economic resource's measurement focus and the accrual basis of accounting, as is the proprietary fund and the 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 revenue 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 resource's 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after the year ends. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City of Moses Lake reports the following major governmental funds:

The **General Fund** is the city's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Street Fund** is a special revenue fund that accounts for the operation and maintenance of the City's streets and alleys, street lighting, and traffic control. Revenues are derived mostly from tax contributions and state shared gasoline tax.

The City of Moses Lake reports the following major proprietary funds:

The **Water/Sewer Fund** accounts for the activities of the City's utility. Revenues are received from water and sewer services provided to the general public. Expenses comprise maintenance and extensions of drainage, water and sewer service facilities, operating a water supply system, maintaining sewer treatment plants and operating a



water drainage system. This fund also reflects the operation of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

The **Sanitation Fund** accounts for the activities of providing contracted garbage services to its citizens. The fund is self-supporting through user charges.

The **Ambulance Fund** accounts for the activities of emergency services and transportation of patients.

The **Airport Fund** accounts for the operation and maintenance of a municipal airport located within the city limits.

The **Storm Water Fund** accounts for all activities of the storm water system in order to control flooding and protect surface and ground water.

Additionally, the City of Moses Lake reports the following funds types:

**Special Revenue 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.

**Capital Projects 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.

**Debt Service Funds** finance and account for the payment of interest and principal on all tax-supported debt, serial and term, including those payable from special assessments.

**Internal Service Funds** account for information service, equipment rental, building maintenance, self-insurance, and unemployment compensation provided to other departments or agencies of the city or to other cities on a cost reimbursement basis.

**Pension Trust Funds** account for the activities of the Fireman's Pension fund, which accumulates resources for pension benefit payments and post employment health care benefits to qualified firefighters.

**Agency Funds** are custodial in nature, representing assets held by the City in a trustee or agency capacity for the State of Washington, Grant County and others. These funds do not involve the measurement of the results of operations, only assets and liabilities.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). 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 government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service, producing and delivering goods in connection with a proprietary fund's principal on going operations. The principal operating revenues of the Water/Sewer Enterprise fund, or the non major enterprise funds, and of the City's internal service funds are customer charges for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### D. Budgetary Information

##### Scope of Budget

Budgets serve as control mechanisms in the operations of governmental units. Legal budgetary (expenditure) control for the City is at the fund level; i.e., expenditures may not exceed budgeted appropriations at the fund level. However, budget and actual information is kept by department, account, and object.

Annual appropriated budgets are adopted for the general and certain special revenue funds on the modified accrual basis of accounting. Grant related special revenue funds and capital project funds adopt budgets on an individual project basis and for the fiscal periods that relate to the life of the project. The budget is based on generally accepted accounting principals (GAAP). There is no difference between budget basis and GAAP. Any unexpended appropriation balances lapse at the end of the fiscal year (except 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). Proprietary and fiduciary funds are budgeted for management purposes only. National Council on Governmental Accounting Statement No. 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary or fiduciary fund types.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as a reservation of fund balances and does not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.



### Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority.

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

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

### E. Assets, Liabilities and Equities

#### Cash and Cash Equivalents

It is the city's policy to invest all temporary cash surpluses. At December 31, 2009, the treasurer was holding \$13,465,796 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds that are statutorily to receive interest and the balance of the interest is credited to the General Fund according to the RCW and pursuant to city ordinances.

For purposes of the statement of cash flows, the city considers all highly liquid investments (including restricted assets) with a maturity of four months or less, when purchased, to be cash equivalents.

#### Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Property Taxes Note No. 5). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

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 benefitted. As of December 31, 2009, there were no special assessment's receivables delinquents.

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

### Amounts Due to and From Other Funds and Governmental Units, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." A separate schedule of Interfund loans receivable and payable is furnished in Note No. 13, Interfund Balances and Transfers.

### Inventories

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

Inventories in proprietary funds are valued by the FIFO method which approximates the market value.

### Restricted Assets and Liabilities

These accounts contain resources for construction and debt service, including current and delinquent special assessments receivable, in enterprise funds. The current portion of related liability is shown as *Payables from Restricted Assets*. Specific debt service reserve requirements are described in Notes No. 9 & 10, Long-Term Debt and Leases.

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

Cash Investments - Debt Service	\$	876,196
Cash Investments - Construction		3,356,860
Interest receivable		2,356
Total Restricted Assets	\$	<u>4,235,412</u>

### Capital Assets - See Capital Assets and Depreciation Note No. 6

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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.



Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the city during the current fiscal year is \$956,210.

Property, plant, and equipment of the primary government, as well as any component units, are depreciated using the straight-line method over the following estimated useful life:

Assets	Years
Buildings/Improvement's	5 - 50
Other Improvements	5 - 25
Vehicles'	5 - 15
Machinery & Equipment	5 - 20
Utility Infrastructure	20 - 50
Streets, Paths, Trails	N/A
Traffic Signals	40
Runway's & Taxiways	12 - 20

Infrastructure capital assets, valued at \$50,000, are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Included in the City's infrastructure are the streets and bridges network. The City has elected to use the modified approach as defined in GASB Statement No. 34 for infrastructure reporting for bridges, paved streets, bike paths, and alleys. There is no depreciation expense reported for such assets nor are amounts capitalized in connection with improvements that lengthen the lives of the assets unless the improvements also increase the service potential.

#### Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued at year end in the government-wide, proprietary, and fiduciary fund financial statements.

Vacation pay, which may be accumulated up to two years of earned annual leave, is payable upon separation of employment for any reason. Sick leave may be accumulated up to 480 hours for payoff of exempt employees, and is payable upon voluntary termination or a reduction in work force in accordance with the following schedule:

Years of Service	Percent Payable
0-4	10
5-9	25
10-19	50
20-29	75
30+	100

For members of the General Union bargaining unit who were city employees and members of the Public Employees Retirement System as of January 1, 1983 and who retire, 50% of accumulated sick leave (to a maximum of 480 hours) will be paid as severance pay.

### Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

### Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion has not been met. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 315,314	\$ -
Revenues not applied	-	44,065
Special assessments not yet due	50,288	-
	<u>\$ 365,603</u>	<u>\$ 44,065</u>

### Fund Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### 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 between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets.

### 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 fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

## **NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

As of December 31, 2009, the General Fund had a deficit fund balance of \$22,337. This is a result of a larger than anticipated reduction in revenue coupled with an increase in payroll from labor negotiations. The anticipated recovery of the economy should eliminate the deficit in 2010.



### Budgetary Compliance Information

The City's annual budget process is similar each year. The calendar below outlines the general time frame followed to prepare, review and adopt the annual budget.

July- A request by the Finance Director to all Department Directors to prepare detailed estimates of revenues and expenditures for the next fiscal year (calendar year). (RCW 35A.33.030 requires this by the second Monday in September.)

August- The estimates are to be filed with the Finance Director. (RCW 35A.33.030 requires this by the fourth Monday in September.)

September- The estimates are presented to the City Manager for modifications, revisions or additions. The Finance Director submits to the City Manager a proposed Preliminary Budget setting forth a complete financial program showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed. (RCW 35A.33.050 requires this by the first of October.)

The City Manager provides the legislative body with current information on estimates of revenues from all sources as proposed in the budget for the current year. He also provides the legislative body with the proposed Preliminary Budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each program is proposed to be financed. (RCW 35A.33.135 no later than the first Monday in October.)

October- The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues. RCW 84.55.120. After the hearing, a city may choose to pass an ordinance at the same meeting authorizing a property tax increase in terms of dollars and percent to comply with State statutes.

The City Manager prepares preliminary budget, budget message, and files it with the legislative body and Finance Director. (RCW 35.33.055 & 35A.33.052. At least 60 days before ensuing fiscal year.)

November- The Finance Director publishes notice of filing of Preliminary Budget and publishes notice of public hearing on the final budget once a week for two consecutive weeks. (RCW 35.33.061 & 35A.33.050, no later than the first two weeks in November.)

Setting property tax levies. (RCW 84.53.070, November 30 for all cities and towns.)

The legislative body must schedule hearings on the budget or parts of the budget and may require the presence of Department Directors. (RCW 35.33.057 & 35A.33.055, prior to the final hearing.)

Copies of Proposed Budget is made available to the public, (RCW 35A.33.055 & 35A.33.052, no later than six weeks before January 1.)

Final hearing on Proposed Budget. (RCW 35.33.071 & 35A.33.070, on or before first Monday of December.)

Adoption of the budget. (RCW 35.33.075 & 35A.33.075, following the public hearing and prior to the beginning of the ensuing fiscal year.)

Copies of final budget are transmitted to the State Auditor's Office and to Municipal Research and Services Center.

#### NOTE 4 - DEPOSITS AND INVESTMENTS

##### Deposits

The City of Moses Lake'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).

##### Investments

As required by state law, all investments of the City of Moses Lake's funds (except as noted below) are obligations of the U. S. Government, U. S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool (LGIP), Grant County Investment Pool (GCIP), bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Regulatory oversight is performed by the CFO, the Treasurer, the Treasury Accountant. As prescribed by RCW 43.09.050, the state auditor will "audit the accounts" and "inspect the books" of the State Treasurer to determine the compliance of investment activities with state statutes. Also in accordance with RCW 43.250.080, the State Treasurer will submit an annual summary of LGIP activity to the governor, the state auditor, and the Joint Legislative Audit and Review Committee. 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 fair value of the cities investment in the LGIP and the GCIP is the same as the value of the pool shares.

At December 31, 2009, the bank balance was \$ 2,859,534. Of the bank balance \$100,000 was covered by Federal Depository Insurance that are insured, registered or held by the City or it's agent in the City's name. The remainder of the bank balance was covered by the State of Washington Public Deposit Protection Commission which includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the City's name.

Investment Type	Fair Value	Rating	Weighted Average Maturity (days)
Grant County Invest Pool	\$ 6,227,626	not rated	14
WA State Invest Pool	7,235,170	not rated	16
Total Fair Value	<u>\$ 13,462,796</u>		
Portfolio Weighted Average Maturity			15



*Interest rate risk:* Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment or a deposit. In accordance with its investment policy, the City manages its exposure to decreases in fair values by limiting the weighted average maturity of its investment portfolio to less than 9 months.

*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. 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 is to minimize both market and credit risk. The pool is unrated. The City's investment in general obligation bonds were rated AAA by Standards and Poor's. The same rating agency has upgraded the City's Revenue Bonds to "A+" affirming a stable outlook.

Under the City's investment policy, all temporary cash surpluses are invested. The City's investment policy is more conservative to limit risk, investing the portfolio in treasury notes and bills, certificates of deposit with qualified public depositories, and bankers acceptances with a credit rating for A1 or P1 by nationally recognized rating organizations. The City's investments are in compliance with all state investment laws and City investment policies.

*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, with the exception of US Treasury securities and authorized pools, no more than 50% of the portfolio can be invested in a single security type or institution.

*Custodial credit risk - investments:* Custodial risk is the risk the city will not be able to recover the value of its investments or collateral securities in the possession of and outside party, in the event of the failure of the counter party. The City has no custodial risk based on GASB 40 guidelines.

## **NOTE 5 - PROPERTY TAXES**

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

### Property Tax Calendar

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

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

The city may levy up to \$3.6 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

1. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to one percent (1%) per year, unless approved by the voters. The levy shall be set so the regular property taxes payable in the following year shall not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied in the highest of the three most recent years in which such taxes were levied plus an additional dollar amount calculated by multiplying the increase in assessed value from new construction, improvements to property, and increases in the assessed value of state-assessed property by the regular property tax rate of the preceding year.
2. The Washington State Constitution limits the total regular property taxes to one percent (1%) 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 one percent (1%) limit.

The city's regular levy for 2009 was \$2.91975 per \$1,000 on an assessed valuation of \$1,779,747,198 for a total regular levy of \$5,196,417.

## NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

### Capital Assets

A summary of capital assets for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Depreciated:				
Land	\$ 4,485,742	\$ -	\$ -	\$ 4,485,742
Infrastructure*	33,122,264	1,372,072	-	34,494,336
CIP	787,771	3,504,658	861,936	3,430,493
Total capital assets not Depreciated	38,395,777	4,876,729	861,936	42,410,570
Capital Assets Depreciated:				
Buildings	25,809,832	111,280	-	25,921,113
Intang-Software	147,051	-	-	147,051
Machinery and equipment	9,201,386	623,173	135,402	9,689,157
Infrastructure	1,448,608	-	-	1,448,608
Total	36,606,877	734,453	135,402	37,205,929
Less Accumulated Depreciation:				
Buildings	7,183,252	763,209	-	7,946,461
Intang-software	147,051	-	-	147,051
Machinery and Equipment	6,363,213	533,612	106,406	6,790,419
Infrastructure	688,089	36,215	-	724,304
Total Accumulated Depreciation	14,381,605	1,333,037	106,406	15,608,235
Total Capital Assets Being Depreciated, Net	22,225,272	(598,583)	28,998	21,597,693
Governmental Activities Capital Assets, Net	\$ 60,621,049	\$ 4,278,146	\$ 890,932	\$ 64,008,264

\* The city accounts for the city streets, alleys, parking lots, boat ramps/landings, bike/jogging paths, bridges and storm drains using the modified approach and reports them as non-depreciable Infrastructure. Under the modified approach, rather than recording depreciation, asset condition is reported. The city includes internal service fund assets as part of governmental totals above.



	Beginning Balance	Increase	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets Not Depreciated:				
Land	\$ 1,044,634	\$ -	\$ -	\$ 1,080,814
CIP	199,316	4,433,894	4,350,654	282,557
<b>Total capital assets not Depreciated</b>	<b>1,243,950</b>	<b>4,433,894</b>	<b>4,350,654</b>	<b>1,363,370</b>
Capital Assets Depreciated:				
Buildings	33,362,480	1,762	-	33,364,242
Machinery and equipment	1,999,693	61,146	78,557	1,982,282
Infrastructure	55,622,787	4,730,402	-	60,291,608
<b>Total</b>	<b>90,984,961</b>	<b>4,793,310</b>	<b>78,557</b>	<b>95,638,132</b>
<b>Less Accumulated Depreciation:</b>				
Buildings	6,706,444	715,943	-	7,422,387
Machinery and Equipment	598,298	73,838	63,983	608,153
Infrastructure	18,303,220	1,183,923	-	19,464,805
<b>Total Accumulated Depreciation</b>	<b>25,607,962</b>	<b>1,973,704</b>	<b>63,983</b>	<b>27,495,345</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>65,376,999</b>	<b>2,819,606</b>	<b>14,574</b>	<b>68,142,787</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 66,620,949</b>	<b>\$ 7,253,500</b>	<b>\$ 4,365,228</b>	<b>\$ 69,506,157</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	Depreciation
General Government	\$ 38,396
Public Safety	22,316
Transportation	37,781
Public Works	2,985
Culture and Recreation	612,181
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	520,123
<b>Total Depreciation - Governmental Activities</b>	<b>\$ 1,233,782</b>
<b>Business-Type Activities</b>	<b>Depreciation</b>
Water/Sewer	\$ 1,950,425
Ambulance	11,233
Airport	12,045
<b>Total Depreciation - Business-Type Activities</b>	<b>\$ 1,973,703</b>

### Collections Not Capitalized

The city has a collection of Indian artifacts that have been acquired over the years, the "Adam East Collection." This collection is held at the Moses Lake Museum and Art Center and is determined to be exempt from capitalization. This collection meets all the exemption requirements as follows:

1. The collection is held for public exhibition, education or research in furtherance of public service rather than financial gain.
2. The collection is protected, kept unencumbered, cared for, and preserved.
3. The collection is subject to Moses Lake Museum & Art Center Collection Policy section VI:D which requires the proceeds from sales of collection items be used to acquire other items for the collection.

### Construction Commitments

The city has active construction projects as of December 31, 2009. They are a well pump house project and road improvement projects. Road N improvement project will be financed with a grant from the Transportation Improvement Board. At year-end the government's commitments with contractors are as follows:

Project	Total Contract Amount Awarded	Spent to Date	Remaining Commitment
Well #3 Pump house	\$ 261,942	\$ 31,161	\$ 230,781
Road N	996,000	56,024	939,976
2009 Lakeshore/Peninsula Reconstruction	1,209,557	1,141,364	68,192
Total	<u>\$ 2,467,499</u>	<u>\$ 1,228,549</u>	<u>\$ 1,238,950</u>

### **NOTE 7 - PENSION PLANS**

Substantially all City of Moses Lake 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 and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P. O. Box 48380  
Olympia, WA 98504-8380

The following disclosures are made pursuant to GASB Statement 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*.



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

### Plan Description

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

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

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants 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 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

**Plan 1** members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The annual benefit is 2 percent of the average final compensation per year of service, capped at 60 percent. (The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount 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.

**Plan 2** members are vested after the completion of five years of eligible service. Plan 2 members may retire at age 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced 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 three percent annually.

**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 benefit calculated at 1 percent of the average final compensation per year of service. (The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period.) 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 if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice 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.

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 Employee Retirement Benefits Board.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
Total	<u>262,057</u>

#### Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. 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 Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to



determine the contribution requirements are established under state statute in accordance with Chapter 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll as of December 31, 2009, were:

Members not participating in JBM:

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

\* The employer rates include the employer administrative expense fee currently set at 0.16%

\*\* The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plans 2 and 3.

\*\*\*Plan 3 defined benefit portion only.

\*\*\*\*The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.

\*\*\*\*\* Variable from 5% minimum to 15% maximum based on rate selected by the PERS 3 member.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	\$ 35,068	\$ 320,408	\$ 68,994
2008	\$ 33,995	\$ 311,218	\$ 27,872
2007	\$ 27,045	\$ 234,951	\$ 26,939

#### Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

##### Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 20, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

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

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

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 age 50. The benefit per year of service calculated as a percent of final average salary is as follows:

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

The final average salary 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 years of service. A cost-of-living allowance is granted (based on the Consumer price Index).

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 final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 members who retire prior to age 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 three percent for each year prior to age 53. 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.

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, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Nonvested	3,927
Total	<u>26,965</u>

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



The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2009, were:

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

\* The employer rates include the employer administrative expense fee currently set at 0.16%.  
 \*\* The employer rate for ports and universities is 8.99%.

Both city and the employees made the required contributions. The city's required contributions for the years ending December 31 were:

	LEOFF Plan 1	LEOFF Plan 2
2009	\$ 0	\$ 230,960
2008	\$ 30	\$ 213,547
2007	\$ 152	\$ 179,935

#### Other Retirement Systems - Volunteer Fire Fighters' Relief And Pension Fund

The Volunteer Fire Fighters' Relief and Pension Fund System is a cost-sharing multiple-employer retirement system which was created by the Legislature in 1945 under Chapter 41.24 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of \$30 per year; employer contributions of \$30 per year; 40 percent of the Fire Insurance Premium Tax; and earnings from the investment of moneys by the Washington State Investment Board. However, members may elect to withdraw their contributions upon termination. This pension fund is administered by the State of Washington Board for Volunteer Fire Fighters and Reserve Officers, and the only expense to the city is our contribution. The Actuarial Valuation is available on the Washington Office of State Actuary website. The cost for 2009 and 2008 was \$360 and \$480 for 2007, which represented 100% of the VFR&P cost for all three years.

#### Local Governments Pension Trust Funds

The City of Moses Lake is also the administrator of a pension retirement system called Fireman's Pension Fund. The system is shown as a trust fund in the financial reports of the city and is a single -employer defined benefit pension plan.

As of December 31, 2009 there were a total of eight individuals covered by the system. All individuals were retired as of the end of the year, and five were drawing benefits.

#### Deferred Compensation Plans

The City of Moses Lake offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. Employees are offered a choice of plans with Hartford Insurance, ICMA Retirement Corporation or the State of

Washington Deferred Compensation Program. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The plan's funds, held in trust for the exclusive benefit of the participants and their beneficiaries, are not included in the presentation of the city's financial reports.

## **NOTE 8 - RISK MANAGEMENT**

The city of Moses Lake is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 REW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 136 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general



policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Moses Lake maintains insurance against most normal hazards except for unemployment compensation where the city has elected to become self-insured. The city also has set aside monies for possible future self-insurance for accident insurance and this self-insures the first \$50,000.

Claims are processed by independent claims managers. Based on the claims manager's estimates, the city's estimated liability for possible losses at December 31, 2009 were as follows:

Unemployment Compensation	\$405,753
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Claims settlements and loss expenses are accrued in the unemployment compensation fund for the estimated settlement value of both reported and unreported claims. This fund is responsible for collecting interfund premiums from insured funds and departments and for paying claim settlements. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures.

## NOTE 9 - LONG-TERM DEBT

The City of Moses Lake issues general obligation and revenue bonds to finance the purchase of land and the acquisition or construction of reservoirs, an aquatic center, water and sewer lines and upgrade of wastewater treatment plants. Bonded indebtedness has also been entered into in prior years to advance refund several general obligation and revenue bonds.

### General Obligation Bonds

General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources.

General obligation bonds currently outstanding are as follows:

Name of Issuance	Purpose	Issuance Date	Maturity Date	Original Debt	Interest Rate	Amount Outstanding
1998 LTGO Bond	Governmental Activities - Refunding	01/06/1998	08/01/2009	\$ 1,539,725	4.0 - 4.8%	\$ 313,395
1998 LTGO Bond	Governmental - Internal Service	01/06/1998	08/01/2009	155,275	4.0 - 4.8%	31,605
2002 LTGO Bond	Governmental Activities - Refunding	09/10/2002	08/01/2012	2,315,705	1.5 - 3.95%	775,268
2002 LTGO Bond	Governmental - Internal Service	09/10/2002	08/01/2012	1,119,295	1.5 - 3.95%	374,731
2003 LTGO Bond	Governmental - Internal Service	12/30/2003	09/01/2023	2,725,000	1.2 - 4.6%	2,100,000
2006 LTGO Bond	Governmental Activities	06/05/2006	08/01/2026	5,083,333	3.65-4.25%	4,575,000
2006 LTGO Bond	Operations Complex	06/05/2006	08/01/2026	1,016,867	3.65-4.25%	915,000
Total				\$ 13,955,000		\$ 9,084,999

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 572,817	\$ 232,478	\$ 287,182	\$ 140,697
2011	547,014	209,746	292,985	130,549
2012	568,831	187,968	306,169	119,687
2013	216,667	164,935	173,333	107,932
2014-2018	1,216,667	688,881	963,333	433,296
2019-2023	1,487,500	416,710	1,187,500	210,072
2024-2026	1,054,167	90,844	210,834	18,169
Total	<u>\$ 5,663,663</u>	<u>\$ 1,991,562</u>	<u>\$ 3,421,336</u>	<u>\$ 1,160,402</u>

### 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.

Revenue bonds currently outstanding are as follows:

Bond	Issuance Date	Maturity Date	Original Debt	Interest Rate	Amount
Revenue Bonds '04	10/13/2004	9/1/2024	\$ 7,015,000	2.50-5.00%	\$ 6,950,000
Total			<u>\$ 7,015,000</u>		<u>\$ 6,950,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2010	\$ 75,000	\$ 325,000	\$ 400,000
2011	225,000	322,563	547,563
2012	250,000	314,688	564,688
2013	275,000	305,937	580,937
2014	290,000	295,625	585,625
2015-2019	2,010,000	1,264,300	3,274,300
2020-2024	3,825,000	672,000	4,497,000
Total	<u>\$ 6,950,000</u>	<u>\$ 3,500,113</u>	<u>\$ 10,450,112</u>

Per Internal Revenue Service Code Section 148, rebate arbitrage are earnings on investments purchased from gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments 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 Moses Lake 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, 2009 the City has no arbitrage rebate liability.



## Government Loans

Government loans have been received to provide for construction of proprietary fund capital projects. Government loans outstanding at year-end are as follows:

<u>Loan</u>	<u>Interest Rate</u>	<u>Amount</u>
PWTF Larson Potable	1.00%	\$ 75,851
PWTF Sewer Rehabilitation	3.00%	23,845
PWTF Well #14	3.00%	62,166
PWTF Reservoir #8	2.00%	457,900
PWTF WWTP-Design	.50%	387,365
PWTF WWTP-Construction	.50%	6,882,353
WA St. Revolve (A)	5.00%	39,612
Total		<u>\$ 7,929,092</u>

The annual debt service requirements to maturity for Government loans are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	798,039	49,835	847,874
2011	658,731	42,415	701,147
2012	658,731	37,459	696,190
2013	638,009	32,502	670,511
2014	638,009	28,167	666,176
2015-2019	2,884,777	84,973	2,969,750
2020-2022	1,652,796	16,366	1,669,162
Total	<u>\$ 7,929,092</u>	<u>\$ 291,717</u>	<u>\$ 8,220,810</u>

In proprietary funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

At December 31, 2009, the city had \$323,473 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$876,196 in sinking funds and reserves as required by bond indentures.

## **NOTE 10 -LEASES**

### Operating Leases

The City of Moses Lake leases a portion of a building which the museum and art center occupies. This lease was for 10 years beginning January 1, 2001 and terminating December 31, 2010, with an option to extend for five additional years. Total cost for this lease was \$51,600, payable in equal monthly payments of \$4,300, for the year ended December 31, 2009. The future minimum lease payments for this lease are as follows:

<u>Year</u>	<u>Amount</u>
2010	51,600
Total	<u>\$ 51,600</u>

### Capital Leases

The City of Moses Lake has entered into lease agreements for financing machinery and equipment and other improvements. An insignificant portion of these capital leases was used to purchase items below the capitalization threshold and therefore are non-capital items.

These lease agreements qualify as capital leases for accounting purposes, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Net Capital Lease Asset	Governmental Activities	Business-Type Activities
Other Improvements	\$ -	\$ 23,287
Machinery & Equipment	2,735,109	202,728
Less Accumulated Depreciation	892,340	19,155
Total	<u>\$ 1,842,769</u>	<u>\$ 206,860</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2009 were as follows:

Year	Governmental Activities	Business-Type Activities
2010	\$ 540,659	\$ 43,517
2011	462,538	44,013
2012	332,136	37,266
2013	154,968	7,971
2014	12,914	664
Total Minimum Lease Payments	1,503,215	133,431
Less: Interest	75,263	6,910
Present Value of Minimum Lease Payments	<u>\$ 1,427,952</u>	<u>\$ 126,521</u>



## NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Internal Service Funds
<b>Governmental activities</b>						
Bonds payable:						
General obligation bonds	\$ 8,957,499	\$ -	\$ 787,500	\$ 8,169,999	\$ 821,667	\$ 2,238,755
Less deferred amount						
Issuance premiums(discounts)	(61,647)	4,336	-	(57,311)	-	(18,733)
Total bonds/leases payable	8,895,852	4,336	787,500	8,112,688	821,667	2,220,022
Capital leases	1,279,820	722,819	574,688	1,427,953	501,277	905,905
Claims and judgements	-	-	-	-	-	-
Compensated absences	1,563,225	859,978	853,970	1,569,233	8,104	72,934
OPEB	-	739,147	-	739,147	-	-
<b>Governmental liabilities</b>	<b>\$ 11,738,897</b>	<b>\$ 2,326,280</b>	<b>\$ 2,216,157</b>	<b>\$ 11,849,021</b>	<b>\$ 1,331,048</b>	<b>\$ 3,198,861</b>
<b>Business-type activities</b>						
Bonds payable:						
General Obligation Bonds	\$ 952,501	\$ -	\$ 37,500	\$ 915,001	\$ 38,333	
Revenue bonds	6,980,000	-	30,000	6,950,000	75,000	
Less deferred amounts						
Issuance premiums(discounts)	385,836	468	23,669	339,433	-	
Total bonds/leases payable	8,318,337	468	91,169	8,204,434	113,333	
Capital leases	129,597	37,181	40,257	126,522	39,885	
Government loans	8,763,868	-	834,776	7,929,092	798,039	
Compensated absences	411,723	303,563	226,608	488,678	48,868	
<b>Business-Type liabilities</b>	<b>\$ 17,623,526</b>	<b>\$ 341,212</b>	<b>\$ 1,192,810</b>	<b>\$ 16,748,725</b>	<b>\$ 1,000,125</b>	

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities of \$3,198,861 are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

## NOTE 12 - CONTINGENCIES AND LITIGATIONS

The City of Moses Lake 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/or self-insurance reserves are adequate to pay all known or pending claims.

As discussed in Notes No. 9 and 10 Long-Term Debt and Leases, the city is contingently liable for repayment of refunded debt.

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. (Other

than the instances described above,) city management believes that such disallowance, if any, will be immaterial.

As of December 31, 2009, significant suits were:

Pending

1. Moses Lake v. EPA, Boeing, and Department of Defense: The city has filed a lawsuit to recover against the defendants for contamination of city wells. The trial has been avoided. The city, EPA, and DOD are negotiating the city's share of liability and the amount of any potential recovery by the City's water utility.
2. Safeco v. Moses Lake: This is a suit filed by the insurer in the Moses Lake v. EPA(see above) case to challenge the duty of Safeco to pay for the city's defense. This claim has been settled at no cost to the city.

Of the litigation settled in the past three years, where the City was the defendant, none exceeded the insurance coverage.

**NOTE 13 - INTERFUND BALANCES AND TRANSFERS**

Interfund Balances

Loans between funds are classified as interfund loans receivable or payable on the statement of net assets. The loans were for side walk paver construction, operations complex construction, and Central Drive LID. Repayment in full by December 31, 2009 is not expected.

Interfund balances at December 31, 2009 were as follows:

		PAYABLE FROM			
		GENERAL FUND	BUILDING MAINTENANCE	EQUIPMENT RENTAL	Totals
PAY TO	SANITATION	1,162,844	1,250,000	449,617	2,862,461
	WATER/SEWER		1,000,000		1,000,000
	Totals	\$ 1,162,844	\$ 2,250,000	\$ 449,617	\$ 3,862,461



## Interfund Transfers

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. The principle reason for the transfers is to move the resources from the fund collecting them to the fund using them as required by statute or budget and to account for operating subsidies between funds in accordance with budget authorization. The interfund transfer activity for the year is as follows:

		TRANSFERS FROM				
		General	Special Revenue	Debt Service	TOURISM	Totals
TRANSFERS TO	General	\$ -	\$ -	\$ 30,387	\$ 500,000	\$ 530,387
	Special Revenue	2,206,571	-	-	-	2,206,571
	Debt Service	344,100	458,600	-	-	802,700
	Capital Projects	50,000	-	-	-	50,000
	Airport	60,574	-	-	-	60,574
	Ambulance	73,500	-	-	-	73,500
	Firemen's Pension	73,500	-	-	-	73,500
	Totals	\$ 2,808,245	\$ 458,600	\$ 30,387	\$ 500,000	\$ 3,797,232

## NOTE 14 - SEGMENT INFORMATION

The city operates three utilities which are primarily financed by user charges. The only required fund to display segment information is the water/sewer fund. Segment information for the year-end is provided below.

	Water	Sewer	Total
<b>CONDENSED STATEMENT OF NET ASSETS</b>			
Assets:			
Current asset	\$ 4,217,215	\$ 2,105,391	\$ 6,322,606
Restricted assets	2,122,111	2,113,301	4,235,412
Capital assets	32,295,965	36,560,411	68,856,376
Other assets	54,612	54,612	109,225
<b>TOTAL ASSETS</b>	<b>38,689,903</b>	<b>40,833,716</b>	<b>79,523,619</b>
Liabilities:			
Current liabilities	142,773	103,388	246,161
Current Liabilities payable from restricted assets	277,690	836,853	1,114,544
Noncurrent liabilities	4,974,195	10,565,471	15,539,666
<b>TOTAL LIABILITIES</b>	<b>5,394,658</b>	<b>11,505,712</b>	<b>16,900,371</b>
Net Assets:			
Invested in capital assets, net of related debt	27,356,356	25,662,792	53,019,148
Restricted	426,769	426,769	853,538
Unrestricted	5,512,120	3,238,443	8,750,563
<b>TOTAL NET ASSETS</b>	<b>\$ 33,295,245</b>	<b>\$ 29,328,004</b>	<b>\$ 62,623,249</b>

## CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Total operating Revenues	\$ 4,712,923	\$ 3,621,803	\$ 8,334,726
Depreciation, Amortization, Depletion	(922,970)	(1,027,455)	(1,950,426)
Total Operating Expense	(2,554,171)	(2,187,267)	(4,741,438)
Operating income	1,235,781	407,082	1,642,863
Nonoperating revenue (expenses):			
Interest income	12,197	11,835	24,032
Miscellaneous revenues/expense	433,974	135,599	569,572
Intergovernmental payments	(50,000)	-	(50,000)
Interest expense	(196,183)	(233,353)	(429,536)
Capital Contributions	1,316,229	1,747,890	3,064,119
Change in net assets	2,751,998	2,069,052	4,821,049
Beginning net assets	30,543,247	27,258,952	57,802,199
Ending net assets	<b>\$ 33,295,245</b>	<b>\$ 29,328,004</b>	<b>\$ 62,623,249</b>

## CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:			
Operating activities	\$ 2,287,998	\$ 1,810,470	\$ 4,098,468
Noncapital financing activities	45,836	36,957	82,794
Capital & related financing activities	(1,015,790)	(1,540,052)	(2,555,842)
Net increase (decrease)	1,318,045	307,375	1,625,420
Beginning cash & cash equivalents	5,814,003	868,898	6,682,901
Ending cash & cash equivalents	<b>\$ 7,132,048</b>	<b>\$ 1,176,273</b>	<b>\$ 8,308,321</b>



## **NOTE 15- OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

In addition to the pension benefits described in Note No. 7, the city provides post-retirement health care benefits in accordance with statute for police and fire employees who are eligible under the Police Relief and Pension Fund and Firefighter's Pension Fund. Currently the city has 19 individuals that meet the eligibility requirements.

Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) plan 1

### Summary of Significant Accounting Policies

The LEOFF's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. 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 for plans with fewer than one hundred employees.

### Plan Description

The "plan" is directed and defined by State of Washington Revised Code (RCW). Employers, such as municipalities, counties, and fire districts, are required by RCW 41.26.150 to pay the costs of necessary medical services for any active or retired members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan One (LEOFF I). Under subsection 4, the employer may provide for medical insurance through insurance carriers. The plan covers retirees who are retired on disability as well as those who are retired after reaching age requirements. To qualify for medical services, the employee need 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 that 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 fighters' pension fund. 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.

### Funding Status and Funding Policy

As of March 2008 there are no active members, and currently 19 retired members. Health insurance premiums are paid monthly. Other medical services are paid bimonthly as billings are presented for reimbursement. The city reimburses 100 percent of the amount of validated claims for medical costs incurred by these individuals. The pension board performs an annual survey to determine the care to be covered. Employer contributions are financed on a pay-as-you-go basis. The city maintains a fund dedicated to providing resources for fire fighter benefits.

For 2009, the city paid medical insurance premiums of \$156,435 for pre-age 65, and \$80,986 for post-age 65. Other medical payments paid by the city are for all eligible medical services not paid for by the insurance.

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 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an on going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table 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:

	Police	Fire	Total
Annual required contribution	\$ 165,208	\$ 226,142	\$ 391,351
Interest on net OPEB obligation	8,093	9,969	18,062
Adjustment to annual required contribution	(11,365)	(17,604)	(28,969)
Annual OPEB cost (expense)	161,937	218,508	380,444
Contributions made	111,942	131,423	243,365
Increase in net OPEB obligation	49,995	87,085	137,080
Net OPEB obligation-Beginning of year	269,769	332,299	602,067
Net OPEB obligation-End of year	\$ 319,763	\$ 419,384	\$ 739,147

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 and the two preceding fiscal years were as follows:

Police Fund Schedule of Employer Contributions				
Fiscal Year Ended	Annual Required Contributions	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	\$221,288	107,658	49%	\$232,442
12/31/2008	165,223	127,896	77%	269,769
12/31/2009	161,937	111,942	69%	319,763

Firemans Pension Schedule of Employer Contributions				
Fiscal Year Ended	Annual Required Contributions	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	\$231,965	105,838	46%	\$257,889
12/31/2008	194,176	119,766	62%	332,299
12/31/2009	218,508	131,423	60%	419,384



**Funding Status and Funding Progress.** As of December, 2009, the actuarial accrued liability for benefits was \$7,196,723, which has a funded portion of \$194,387 from the Fireman Pension Fund.

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 trend. Amounts determined regarding the funded status of the plan and the 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.

**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's average 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 post employment health insurance coverage for each year in the worksheet is based on the assumption that all participants will live until their expected ages as displayed in the mortality tables.

The expected rate of increase in healthcare insurance premiums is based on projections of the Office of the Actuary at the Centers for Medicare & 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 to 2018, published March 2008 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)).

The assumed long term earnings 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 2009 of -.67 percent was based on projected changes in the Consumer Price Index for Urban Wage earners and Clerical Workers (CPI-W) from the Office of the state Actuary for Washington ([osa.leg.wa.gov](http://osa.leg.wa.gov)).

**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 3 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, 2009 was twenty-six years.





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City of Moscs Lake, Washington  
Financial Report  
Year Ended December 31, 2009

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**CITY OF MOSES LAKE**  
**Required Supplementary Information**  
**Pension Funds**

**Schedule of Funding Progress**  
**for the LEOFF 1 Retiree Healthplan**

Police Fund

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	-	\$ 3,164,408	\$ 3,164,408	0%	\$ 55,977	5653%
12/31/2008	-	3,871,293	3,871,293	0%	59,208	6538%
12/31/2009	-	2,956,033	2,956,033	0%	0	0%

Fireman Fund

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ 172,573	\$ 3,494,511	\$ 3,321,938	5%	\$ 52,492	6328%
12/31/2008	177,619	4,780,126	4,602,507	4%	54,994	8369%
12/31/2009	194,387	4,240,690	4,046,303	5%	0	0%

**CITY OF MOSES LAKE**  
**Required Supplementary Information**

**Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach**

**Streets**

The City has taken a proactive approach with it's maintenance practices associated with it's streets and roads. The City performs condition assessments on its system of streets through the City Pavement Management System. This program generates a pavement condition rating (PCR) for each segment of primary streets, secondary streets, tertiary collectors and residential streets. There is a numerical index from zero to 100 (0 - 100) that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as cracking. Based on the PCR valuation, condition ratings are assigned as follows: a PCR of less than 20 is considered to be in "very poor" condition; a PCR of greater than 20 but less than 40 is defined as having a "poor" status; a PCR of between 40 and 60 is regarded as being in "fair" condition; a PCR of 60 to 80 is evaluated as being in "good" status and a score from 80 to 100 is defined as being in "very good" condition. Condition assessments are undertaken at least once every three years. The three most recent complete condition assessments of the City's streets are shown below.

Condition rating	2009		2008-2006		2005-2003	
	Feet	%	Feet	%	Feet	%
VERY POOR	16,247	2.31%	24,932	4.20%	8,090	1.49%
POOR	3,980	0.57%	30,790	5.19%	20,465	3.78%
FAIR	31,465	4.48%	62,906	10.60%	79,300	14.64%
GOOD	109,243	15.54%	154,468	26.03%	133,998	24.73%
VERY GOOD	542,054	77.11%	320,411	53.99%	299,955	55.36%
TOTAL	702,989	100.00%	593,507	100.00%	541,806	100.00%

It is the Policy of the City Engineering Department to maintain 70 percent of the streets at a PCR of 40 or higher. The table below shows the length and percentage of feet of streets that meet the 40 target level.

PCR score	2009		2008-2006		2005-2003	
	Feet	%	Feet	%	Feet	%
PCR 0 to 39	20,227	2.88%	55,722	9.39%	28,555	5.27%
PCR 40 to 100	682,762	97.12%	537,785	90.61%	513,251	94.73%
Total	702,989	100.00%	593,507	100.0%	541,806	100.0%

The four classifications of streets that the City has are primary, secondary, tertiary collectors and residential. There is a state highway which is considered a primary street that bisects the City which is maintained and evaluated by the State of Washington, Department of Transportation. The majority of streets that fall below the PCR of 40 are residential streets. A portion of the streets that are under the target level of 40 is a primary street that was recently annexed into the City. The majority of the remaining streets under the PCR of 40 is a section of the city that has no sewer services at this time. Once funding is available to extend utilities to the particular area it is the city's plan to construct paved streets and maintain them at a level consistent with the remainder of the city.

Below is information on budgeted and actual expenditures incurred to maintain and preserve the street system at or above the minimum acceptable condition level from 2004 to 2009.

	Amounts in Thousands					
	2009	2008	2007	2006	2005	2004
Budgeted	700	1,400	1,295	975	1,376	438
Expended	778	836	655	291	1,096	194



The budgeted amount is equivalent to the anticipated amount needed to maintain streets up to the recommended condition level. Underspensing of budgeted amounts occurs when streets projects are removed from the work schedule due to conflicts with other major construction work; lowering of priority due to cost considerations brought on by excessive bids over estimates or shortages of sufficient contractor bids; and through direction from Council.

### Bridge

The City currently maintains one simple structure bridge. Physical inspections to determine the surface and underneath condition of the bridge and the degree of wear and deterioration are carried out every two years by City staff. Underwater inspections are contracted by the State Department of Transportation once every five years. Inspections reveal deficiencies in the bridge such as steel corrosion, damaged pillars, cracked concrete, deteriorated bridge decks and erosion. These are documented in an inspection report provided by the State Department of Transportation along with recommended repairs and needed services.

A key element in determining the condition of the bridge is the sufficiency rating (SR), the numerical value which indicates a bridge's relative ability to serve its intended purpose, measure considered by state and federal governments as the basis for establishing eligibility and priority for the bridge replacement and rehabilitation. The numerical rating is based on the summation of four calculated values: structural adequacy and safety, serviceability and functional obsolescence, essentiality for public use, and special reductions. The value ranges from 100 (newly constructed bridge) to 0 (bridge incapable of carrying traffic).

In general, the lower the sufficiency rating, the higher the priority. To qualify for replacement, a bridge must have a sufficiency rating of less than 50 and be structurally deficient or functionally obsolete. To be eligible for rehabilitation, a bridge must have a SR of 80 or less and be structurally deficient or functionally obsolete. A structurally deficient bridge is defined as one whose condition or design has impacted its ability to adequately carry intended traffic loads. A functionally obsolete bridge is one in which the deck geometry, load carrying capacity, clearance, or approach roadway alignment has reduced its ability to adequately meet the traffic needs below accepted design standards.

Below are the two most recent sufficiency ratings of the Alder St. causeway.

	<u>sufficiency rating</u>
2001	70 %
2006	69 %

It is the policy of the City to maintain bridges in such a manner that the sufficiency rating is 20 or higher. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement or rehabilitation of the bridge. As of December 31, 2006 the City's lone bridge was given a 'good' evaluation. With annual surface inspections and maintenance, as well as minimal water flow under the bridge it is anticipated that the bridge will continue to have a favorable evaluation well into the future. With little change in the last two ratings the results of the City's efforts to maintain the bridge in above standard condition are evident.

Because the City's bridge is relatively small (146 feet long) the budget and actual expended amounts to maintain and preserve the bridge are included in the budget and expended amounts for streets. Historically there has been no identifiable budget or expenditure for the maintenance of the lone bridge.

Budget amounts are the anticipated amount needed to maintain and preserve the bridge up to the required condition level. The traffic, weight loads, aging and weather extremes all have an effect on the condition and maintenance level of the bridge.

City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2009

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources that are legally restricted. The City of Moses Lake had the following non major special revenue funds:

*The **Tourism** fund was created to account for the 2% of revenues received from the Hotel Motel tax under RCW67.28. The monies distributed are to be used for the purpose of paying all or any part of the cost of tourism promotion and acquisition of tourism.*

*The **Grants and Donations** fund was established by Ordinance 2173 to account for monies received from federal, state, and local organizations or individuals, in the form of grants or donations. These monies are generally designated for specific projects.*

*The amount expended on **Paths and Trails** per RCW47.30.060 are to be no less than .42% of the total received from motor vehicle (RCW46.68.090). The city is authorized to expend the available monies as necessary for the planning accommodation, establishment, and maintenance of non motorized traffic facilities.*

*The **Park Fees** fund was created for the purpose of accounting for capital received from developers for the creation of future parks.*

*The **Basin Homes Block Grant** fund was established in 1991 by resolution to account for all revenues from lien repayments concerning Basin Homes Block Grant, until ten(10) years from the date of execution of the last Basin Homes Block Grant lien.*

## DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bond principal and interest from governmental resources; special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment; and all other general long-term debt principal and interest. All general obligation bonds serviced by the City of Moses Lake are serial bonds issued on the full faith and credit of the city, councilmanic and financed by property tax levies or through interfund loans. The City of Moses Lake has the following non major Debt Service funds:

*The Equipment leases accounts for the debt service on assets purchased by lease.*

*1998 LTGO Refunding proceeds were used to refinance 1992 bonds of \$1,015,000 and 1990 Refunding debt of \$530,000. The majority of the original debt was issued to finance the downtown paver project.*

*2002 LTGO Refunding proceeds were used to refinance the \$1,330,000 of the Limited Tax General Obligation Refunding of the 1993 Aquatic Center debt and to purchase City Hall campus lots 1, 6, 9, and 18 along with the Larson Recreational Center and Penn St. property.*

*2006 LTGO proceeds were issued by the authority of Ordinance 2256 to finance various downtown improvements, ice skating rink, flowrider/lazy river for the aquatic center and maintenance facility for the Parks and Recreation Department.*

*Central Drive LID was established for the construction and installing full width street improvements, curbs, gutters, and sidewalks along with traffic signalization along Central Drive.*

## CAPITAL PROJECTS FUNDS

Capital projects funds are established to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by special assessment and proprietary funds. Sources of revenue are typically grants, bonds and transfers from other funds. The city of Moses Lake has the following Capital Projects funds:

*The Capital fund was established to provide for municipal facilities construction.*

*The Park and Recreation Improvement fund was established to provide for capital improvement for all city park and recreation facilities.*



**CITY OF MOSES LAKE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2009**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,715,231	\$ 323,473	\$ 284,209	\$ 2,322,913
Receivables (net of allowance for uncollectibles):				
Customer accounts	18,153	-	-	18,153
Unbilled services	9,101	-	-	9,101
Due from other governments	437,075	-	-	437,075
Assessments:				
Deferred	-	50,288	-	50,288
Total assets	<u>2,179,559</u>	<u>373,762</u>	<u>284,209</u>	<u>2,837,530</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	108,729	-	16,916	125,644
Salaries & benefits payable	4,036	-	-	4,036
Revenues collected in advance	355	-	-	355
Deferred revenue	-	50,288	-	50,288
Total liabilities	<u>113,120</u>	<u>50,288</u>	<u>16,916</u>	<u>180,324</u>
Fund balances:				
Reserve for debt service	-	323,473	-	323,473
Unreserved fund balance	<u>2,066,440</u>	<u>-</u>	<u>267,293</u>	<u>2,333,733</u>
Total fund balances	<u>2,066,440</u>	<u>323,473</u>	<u>267,293</u>	<u>2,657,206</u>
Total liabilities and fund balances	<u>\$ 2,179,559</u>	<u>\$ 373,762</u>	<u>\$ 284,209</u>	<u>\$ 2,837,530</u>

**CITY OF MOSES LAKE****Combining Balance Sheet****Nonmajor Special Revenue Funds****For the Year Ended December 31, 2009**

	<u>Tourism</u>	<u>Grants and Donations</u>	<u>Paths and Trails</u>	<u>Parks Fees</u>	<u>Basin Homes Block Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 336,476	\$ 261,642	\$ 249,161	\$ 333,407	\$ 97,059	\$ 1,277,744
Receivables (net of allowance for uncollectibles):						
Due from other governments	-	11,087	-	-	-	11,087
Total assets	<u>336,476</u>	<u>272,728</u>	<u>249,161</u>	<u>333,407</u>	<u>97,059</u>	<u>1,288,831</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	-	8,557	-	-	-	8,557
Salaries & benefits payable	-	1,840	-	-	-	1,840
Revenues collected in advance	-	355	-	-	-	355
Total liabilities	<u>-</u>	<u>10,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,752</u>
Fund balances:						
Unreserved fund balance	336,476	261,976	249,161	333,407	97,059	1,278,079
Total fund balances	<u>336,476</u>	<u>261,976</u>	<u>249,161</u>	<u>333,407</u>	<u>97,059</u>	<u>1,278,079</u>
Total liabilities and fund balances	<u>\$ 336,476</u>	<u>\$ 272,728</u>	<u>\$ 249,161</u>	<u>\$ 333,407</u>	<u>\$ 97,059</u>	<u>\$ 1,288,831</u>



**CITY OF MOSES LAKE**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2009**

	Equipment Leases	1998 LTGO Refunding	2002 LTGO Refunding	2006 GO Bond Redemption	Central Drive LID	Total Nonmajor Debt Service Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 59,551	\$ 74,175	\$ 39,496	\$ 150,252	\$ -	\$ 323,473
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	50,288
Assessments - deferred	59,551	74,175	39,496	150,252	50,288	373,762
Total assets						
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Deferred revenue	-	-	-	-	50,288	50,288
Fund balances						
Reserved for debt service	59,551	74,175	39,496	150,252	-	323,473
Total liabilities and fund balances	\$ 59,551	\$ 74,175	\$ 39,496	\$ 150,252	\$ 50,288	\$ 373,762

**CITY OF MOSES LAKE**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects funds**  
**December 31, 2009**

	<u>Capital</u>	<u>Park Improvement</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 257,449	\$ 26,760	\$ 284,209
Total assets	<u>257,449</u>	<u>26,760</u>	<u>284,209</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	16,916	16,916
 Fund balances:			
Designated for capital purposes	254,214	8,374	262,588
Unreserved fund balances	3,235	1,470	4,706
Total fund balances	<u>257,449</u>	<u>9,844</u>	<u>267,293</u>
Total liabilities and fund equity	\$ 257,449	\$ 26,760	\$ 284,209



# CITY OF MOSES LAKE

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

### Nonmajor Governmental Funds

For the Year Ended December 31, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,156,781	\$ -	\$ -	\$ 1,156,781
Intergovernmental revenues	1,461,283	-	-	1,461,283
Charges for services	146,116	-	-	146,116
Interest earnings	1,608	5,243	-	6,850
Contributions/donations	64,311	-	-	64,311
Assessments	6,562	25,144	-	31,706
Miscellaneous	5,233	-	3,235	8,468
Total revenues	2,841,893	30,387	3,235	2,875,515
<b>EXPENDITURES</b>				
Current:				
General government	500	-	-	500
Public safety	256,895	-	-	256,895
Public works	58,810	-	-	58,810
Transportation	777,920	-	-	777,920
Culture and recreation	239,600	-	-	239,600
Capital	1,771,356	-	48,530	1,819,885
Debt service:				
Principal	-	564,350	-	564,350
Interest and other debt service costs	3,898	255,504	-	259,402
Total expenditures	3,108,978	819,854	48,530	3,977,362
Deficiency of revenues under expenditures	(267,085)	(789,467)	(45,294)	(1,101,847)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,206,571	802,700	50,000	2,059,271
Transfers (out)	(805,600)	(30,387)	-	(835,987)
Total other financing sources	400,971	772,313	50,000	1,223,285
Net change in fund balances	133,886	(17,154)	4,706	121,438
Fund balances-beginning	1,932,553	340,628	262,588	2,535,769
Fund balances-ending	\$ 2,066,440	\$ 323,473	\$ 267,293	\$ 2,657,206

# CITY OF MOSES LAKE

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

### Nonmajor Special Revenue Funds

For the Year Ended December 31, 2009

REVENUES		Tourism	Grants and Donations	Paths and Trails	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
Taxes	\$ 536,408	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	-	-	252,316	1,942	-	-	536,408
Charges for services	-	-	2,761	-	143,354	-	254,258
Interest earnings	-	-	-	-	-	1,608	146,116
Contributions/donations	-	-	61,811	2,500	-	-	1,608
Miscellaneous	-	-	4,233	1,000	-	-	64,311
Total revenues	536,408	536,408	321,121	5,442	143,354	1,608	5,233
							1,007,932
EXPENDITURES							
Current:							
General government	-	-	500	-	-	-	500
Public safety	-	-	256,895	-	-	-	256,895
Public works	-	-	58,810	-	-	-	58,810
Transportation	-	-	-	(500)	-	-	(500)
Culture and recreation	193,061	193,061	46,539	-	-	-	239,600
Capital	-	-	12,125	-	206,315	-	218,440
Total expenditures	193,061	193,061	374,868	(500)	206,315	-	773,744
Excess (deficiency) of revenues over (under) expenditures	343,347	343,347	(53,747)	5,942	(62,961)	1,608	234,188
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	6,571	-	-	-	6,571
Transfers (out)	(680,000)	(680,000)	-	-	-	-	(680,000)
Total other financing sources (uses)	(680,000)	(680,000)	6,571	-	-	-	(673,429)
Net change in fund balances	(336,653)	(336,653)	(47,176)	5,942	(62,961)	1,608	(439,240)
Fund balances-beginning	673,129	673,129	309,152	243,219	396,369	95,451	1,717,319
Fund balances-ending	\$ 336,476	\$ 336,476	\$ 261,976	\$ 249,161	\$ 333,407	\$ 97,059	\$ 1,278,079



# CITY OF MOSES LAKE

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

### Nonmajor Debt Service Funds

For the Year Ended December 31, 2009

	Equipment Leases	2006 GO Bond Redemption	1998 LTGO Refunding	2002 LTGO Refunding	Central Drive LID	Total Nonmajor Debt Service Funds
<b>REVENUES</b>						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 25,144	\$ 25,144
Interest earnings	-	-	-	-	5,243	5,243
Total revenues	-	-	-	-	30,387	30,387
<b>EXPENDITURES</b>						
Debt service:						
Principal	14,895	187,500	122,633	239,322	-	564,350
Interest & debt issue costs	1,361	194,681	20,709	38,752	-	255,504
Total expenditures	16,256	382,181	143,342	278,075	-	819,854
Excess (deficiency) of revenues over (under) expenditures	(16,256)	(382,181)	(143,342)	(278,075)	30,387	(789,467)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	381,600	143,200	277,900	-	802,700
Transfers (out)	-	-	-	-	(30,387)	(30,387)
Total other financing sources (uses)	-	381,600	143,200	277,900	(30,387)	772,313
Net change in fund balances	(16,256)	(581)	(142)	(175)	-	(17,154)
Fund balances-beginning	75,807	150,833	74,317	39,670	-	340,628
Fund balances-ending	\$ 59,551	\$ 150,252	\$ 74,175	\$ 39,496	\$ -	\$ 323,473

**CITY OF MOSES LAKE****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Capital Projects Funds****For the Year Ended December 31, 2009**

	<b>Capital</b>	<b>Park Improvement</b>	<b>Totals</b>
<b>REVENUES</b>			
Miscellaneous	\$ 3,235	\$ -	\$ 3,235
<b>EXPENDITURES</b>			
Capital outlay	-	48,530	48,530
Total expenditures	-	48,530	48,530
Excess (deficiency) of revenues over (under) expenditures	3,235	(48,530)	(45,294)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	50,000	50,000
Net change in fund balances	3,235	1,470	4,706
Fund balances - beginning	254,214	8,374	262,588
Fund balances - ending	\$ 257,449	\$ 9,844	\$ 267,293



**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Tourism Special Revenue Fund****For the Year Ended December 31, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 380,000	\$ 380,000	\$ 536,408	\$ 156,408
<b>EXPENDITURES</b>				
Culture and recreation	103,500	203,600	193,061	10,539
Total expenditures	103,500	203,600	193,061	10,539
Excess of revenues over expenditures	276,500	176,400	343,347	166,947
<b>OTHER FINANCING USES</b>				
Transfers (out)	(680,000)	(680,000)	(680,000)	-
Net change in fund balance	(403,500)	(503,600)	(336,653)	166,947
Fund balance - beginning	555,000	673,100	673,129	29
Fund balance - ending	\$ 151,500	\$ 169,500	\$ 336,476	\$ 166,976

**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Grants and Donations Special Revenue Fund****For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 172,000	\$ 244,500	\$ 252,316	\$ 7,816
Charges for services	4,000	11,200	2,761	(8,439)
Donations and contributions	34,500	42,800	61,811	19,011
Interest and other earnings	3,500	4,800	4,233	(567)
Total revenues	214,000	303,300	321,121	17,821
EXPENDITURES				
General government	-	-	500	(500)
Public safety	73,500	251,700	256,895	(5,195)
Public works	2,500	54,800	58,810	(4,010)
Culture and recreation	53,600	82,100	46,539	35,561
Transportation	-	16,000	-	16,000
Capital	-	12,100	12,125	(25)
Total expenditures	129,600	416,700	374,868	41,832
Excess (deficiency) of revenues over (under) expenditures	84,400	(113,400)	(53,747)	59,653
OTHER FINANCING SOURCES				
Transfers in	5,000	5,000	6,571	1,571
Net change in fund balance	89,400	(108,400)	(47,176)	61,224
Fund balance - beginning	257,000	307,100	309,152	2,052
Fund balance - ending	\$ 346,400	\$ 198,700	\$ 261,976	\$ 63,276



**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Paths and Trails Special Revenue Fund****For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 200,000	\$ 200,000	\$ 1,942	\$ (198,058)
Donations and contributions	-	-	2,500	2,500
Interest and other earnings	-	-	1,000	1,000
Total revenues	200,000	200,000	5,442	(194,558)
EXPENDITURES				
Transportation	-	-	(500)	500
Capital	550,000	550,000	-	550,000
Total expenditures	550,000	550,000	(500)	550,500
Deficiency of revenues under expenditures	(350,000)	(350,000)	5,942	355,942
OTHER FINANCING SOURCES				
Transfers in	350,000	350,000	-	(350,000)
Net change in fund balance	-	-	5,942	5,942
Fund balance - beginning	48,000	243,200	243,219	19
Fund balance - ending	\$ 48,000	\$ 243,200	\$ 249,161	\$ 5,961



*Japanese Gardens*





**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Parks Fees Special Revenue Fund****For the Year Ended December 31, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 143,354	\$ 93,354
<b>EXPENDITURES</b>				
Capital	357,000	357,000	206,315	150,685
Excess (deficiency) of revenues over (under) expenditures	(307,000)	(307,000)	(62,961)	244,039
Fund balance - beginning	317,400	396,400	396,369	(31)
Fund balance - ending	\$ 10,400	\$ 89,400	\$ 333,407	\$ 244,007

**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Basin Homes Block Grant Special Revenue Fund****For the Year Ended December 31, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest and other earnings	\$ 2,800	\$ 2,800	\$ 1,608	\$ (1,192)
Excess of revenues over expenditures	2,800	2,800	1,608	(1,192)
<b>OTHER FINANCING USES</b>				
Transfers (out)	(96,500)	(96,500)	-	96,500
Net change in fund balance	(93,700)	(93,700)	1,608	95,308
Fund balance - beginning	93,700	95,500	95,451	(49)
Fund balance - ending	\$ -	\$ 1,800	\$ 97,059	\$ 95,259



**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****Equipment Leases Debt Service Fund****For the Year Ended December 31, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal	\$ 11,600	\$ 11,600	\$ 14,895	\$ (3,295)
Interest & debt issue costs	1,200	1,200	1,361	(161)
Total expenditures	12,800	12,800	16,256	(3,456)
 Deficiency of revenues under expenditures	 (12,800)	 (12,800)	 (16,256)	 (3,456)
 Net change in fund balance	 (12,800)	 (12,800)	 (16,256)	 (3,456)
 Fund balances-beginning	 74,900	 75,800	 75,807	 7
Fund balances-ending	\$ 62,100	\$ 63,000	\$ 59,551	\$ (3,449)

Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 1998 General Obligation Bond Refunding Debt Service Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Debt service:				
Principal	\$ 122,700	\$ 122,700	\$ 122,833	\$ 67
Interest & debt issue costs	20,800	20,800	20,709	91
Total expenditures	<u>143,500</u>	<u>143,500</u>	<u>143,342</u>	<u>158</u>
Deficiency of revenues under expenditures	<u>(143,500)</u>	<u>(143,500)</u>	<u>(143,342)</u>	<u>158</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>143,200</u>	<u>143,200</u>	<u>143,200</u>	<u>-</u>
Net change in fund balance	<u>(300)</u>	<u>(300)</u>	<u>(142)</u>	<u>158</u>
Fund balances-beginning	<u>74,200</u>	<u>74,300</u>	<u>74,317</u>	<u>17</u>
Fund balances-ending	<u>\$ 73,900</u>	<u>\$ 74,000</u>	<u>\$ 74,175</u>	<u>\$ 175</u>



**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****2002 General Obligation Bond Refunding Debt Service Fund****For the Year Ended December 31, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES</b>				
Debt service:				
Principal	\$ 239,400	\$ 239,400	\$ 239,322	\$ 78
Interest & debt issue costs	38,500	38,800	38,752	48
Total expenditures	<u>277,900</u>	<u>278,200</u>	<u>278,075</u>	<u>126</u>
 Deficiency of revenues under expenditures	 <u>(277,900)</u>	 <u>(278,200)</u>	 <u>(278,075)</u>	 <u>126</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	277,900	<u>277,900</u>	<u>277,900</u>	-
 Net change in fund balance	-	(300)	(175)	126
 Fund balances-beginning	39,800	39,700	39,670	(30)
Fund balances-ending	<u>\$ 39,800</u>	<u>\$ 39,400</u>	<u>\$ 39,496</u>	<u>\$ 96</u>

# CITY OF MOSES LAKE

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual

### 2006 General Obligation Bond Redemption Debt Service Fund

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>EXPENDITURES</b>				
Debt service:				
Principal	\$ 187,600	\$ 187,600	\$ 187,500	\$ 100
Interest & debt issue costs	195,000	195,000	194,681	319
Total expenditures	<u>382,600</u>	<u>382,600</u>	<u>382,181</u>	<u>419</u>
Deficiency of revenues under expenditures	<u>(382,600)</u>	<u>(382,600)</u>	<u>(382,181)</u>	<u>419</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>381,600</u>	<u>381,600</u>	<u>381,600</u>	-
Net change in fund balance	(1,000)	(1,000)	(581)	419
Fund balances-beginning	150,300	150,800	150,833	33
Fund balances-ending	<u>\$ 149,300</u>	<u>\$ 149,800</u>	<u>\$ 150,252</u>	<u>\$ 452</u>



**CITY OF MOSES LAKE****Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual****Central Drive L.I.D. Debt Service Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,144	\$ 144
Interest and other earnings	7,000	7,000	5,243	(1,757)
Total revenues	32,000	32,000	30,387	(1,613)
Excess of revenues over expenditures	32,000	32,000	30,387	(1,613)
<b>OTHER FINANCING USES</b>				
Transfers (out)	(32,000)	(32,000)	(30,387)	1,613
Net change in fund balance	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

# CITY OF MOSES LAKE

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

### Budget and Actual

### Capital Nonmajor Capital Projects Fund

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Interest and other earnings	\$ 3,800	\$ 3,800	\$ 3,235	\$ (565)
Excess of revenues over expenditures	3,800	3,800	3,235	(565)
Fund balance - beginning	43,000	154,200	254,214	100,014
Fund balance - ending	\$ 46,800	\$ 158,000	\$ 257,449	\$ 99,449

# CITY OF MOSES LAKE

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

### Budget and Actual

### Park and Recreation Improvement Nonmajor Capital Projects Fund

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>EXPENDITURES</b>				
Capital	-	\$ 88,100	\$ 48,530	\$ 39,570
Deficiency of revenues under expenditures	-	(88,100)	(48,530)	39,570
<b>OTHER FINANCING SOURCES</b>				
Transfers in	96,500	146,500	50,000	(96,500)
Net change in fund balance	96,500	58,400	1,470	(56,930)
Fund balance - beginning	30,000	8,400	8,374	(26)
Fund balance - ending	\$ 126,500	\$ 66,800	\$ 9,844	\$ (56,956)



## INTERNAL SERVICE FUNDS

Internal Service Funds are established to provide for goods and services provided by department or fund to another department or fund of the city. These services are provided on a cost reimbursement basis. The City of Moses Lake has the following Internal Service funds:

***Unemployment Compensation Insurance Fund*** - This fund was established in 1978 and was given further establishment and definitions in 1991 by ordinance to account for the funds used to reimburse the Washington State Department of Employment for unemployment compensation insurance, to pay administrative charges and to maintain reserves for these purposes.

***Self- Insurance Fund*** - This fund was established in 1986 with a budget ordinance and resolution. It was given further definitions in 1991 by ordinance to account for the funds used by the city to provide all partial self-insurance for accident claims against the city in future periods, to pay administrative charges, insurance premiums, and maintain reserves for these purposes.

***Central Services Fund*** - This fund is an intra-government service fund created by resolution in 1983 and further defined by ordinance in 1991 to provide data processing; word processing services to all city funds and department; to acquire, service, repair, maintain, operate, and replace personal computers, computer software, copiers, telephone systems, office supplies, and other electronic equipment; to provide services for all city funds and departments as deemed necessary and appropriate.

***Equipment Rental Fund*** - This fund is an intra-governmental service fund created by Ordinance Number 320 as authorized by state statute. The equipment Rental Fund provides and maintains equipment for other funds and departments of the city.

***Building Maintenance Fund*** - This fund is an intra-government service fund created by resolution in 1983 and further defined by ordinance in 1991 to account for all general government real property and buildings except that property purchased prior to the effective date of the ordinance, which shall be accounted for in the individual fund. This fund shall be used to acquire, service, repair, maintain, operate, and replace all general governmental real property, including land and buildings.

**CITY OF MOSES LAKE**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2009**

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 373,160	\$ 397,053	\$ 279,456	\$ 1,163,841	\$ 106,557	\$ 2,320,068
Receivables (net of allowance for uncollectibles):						
Other receivables	-	-	250	-	-	250
Intergovernmental receivable	-	-	-	-	19,601	19,601
Prepaid expenses	-	-	26,201	37,761	20,652	84,615
Total current assets	373,160	397,053	305,908	1,201,603	146,811	2,424,534
Noncurrent assets:						
Capital assets:						
Land and land rights	-	-	-	-	608,951	608,951
Buildings and improvements	-	-	-	141,500	4,841,325	4,982,825
Less accumulated depreciation	-	-	-	(141,500)	(1,595,280)	(1,736,780)
Machinery and equipment	-	-	412,452	8,287,457	66,783	8,766,691
Less accumulated depreciation	-	-	(305,015)	(5,899,632)	(41,892)	(6,246,538)
Construction in progress	-	-	-	29,980	1,360,732	1,390,712
Intangible assets	-	-	147,051	-	-	147,051
Less accumulated amortization	-	-	(147,051)	-	-	(147,051)
Total capital assets (net of accumulated depreciation)	-	-	107,437	2,417,806	5,240,619	7,765,861
Other noncurrent assets:						
Deferred charges	-	-	-	-	20,598	20,598
Total noncurrent assets	-	-	107,437	2,417,806	5,261,217	7,786,459
Total assets	373,160	397,053	413,344	3,619,408	5,408,027	10,210,993
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	32,594	3,796	10,571	39,322	18,404	104,687
Salaries payable	-	-	4,061	8,585	12,966	25,612
Capital leases payable	-	-	6,801	481,943	204	488,949
Interfund loans payable	-	-	-	449,617	2,250,000	2,699,617
G.O. bonds payable	-	-	-	-	248,849	248,849
Compensated absences	-	-	247	7,177	679	8,104
Interest payable	-	-	-	-	35,950	35,950
Total current liabilities	32,594	3,796	21,682	986,645	2,567,052	3,611,767
Noncurrent liabilities:						
G.O. bonds payable (net of unamortized discounts)	-	-	-	-	2,238,755	2,238,755
Compensated Absences	-	-	2,226	64,595	6,114	72,934
Capital leases payable	-	-	4,586	901,319	-	905,905
Total noncurrent liabilities	-	-	6,812	965,913	2,244,869	3,217,594
Total liabilities	32,594	3,796	28,493	1,952,558	4,811,920	6,829,361
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	-	-	96,238	1,034,544	2,753,015	3,883,797
Unrestricted	340,567	393,257	288,613	632,306	(2,156,908)	(502,165)
Total net assets	\$ 340,567	\$ 393,257	\$ 384,851	\$ 1,666,850	\$ 596,107	\$ 3,381,632

# CITY OF MOSES LAKE

## Combining Statement of Revenues, Expenses, and Changes in Fund Balances

### Internal Service Funds

For the Year Ended December 31, 2009

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
<b>OPERATING REVENUES</b>						
Charges for services	\$ -	\$ 614,400	\$ 399,500	\$ 1,812,768	\$ 693,800	\$ 3,520,468
Intergovernmental revenues	-	-	-	3,510	-	3,510
Total operating revenues	-	614,400	399,500	1,816,278	693,800	3,523,978
<b>OPERATING EXPENSES</b>						
Salaries and benefits	-	-	133,998	300,134	422,194	856,326
Supplies and contractual services	-	-	241,532	506,853	134,599	882,983
Utilities	-	-	-	100	135,273	135,373
Repairs and maintenance	-	-	45,949	94,325	17,582	157,856
Depreciation and amortization	-	-	29,843	451,759	137,775	619,377
Insurance claims and expenses	70,027	519,201	-	-	-	589,228
Total operating expenses	70,027	519,201	451,321	1,353,171	847,422	3,241,143
Operating income (loss)	(70,027)	95,199	(51,821)	463,106	(153,622)	282,835
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment earnings	-	-	-	1,490	-	1,490
Gain (loss) on disposal of fixed assets	-	-	-	(15,933)	-	(15,933)
Miscellaneous revenues	-	-	250	187	-	437
Interest expense	-	-	(701)	(79,585)	(115,552)	(195,839)
Total nonoperating revenues (expenses)	-	-	(451)	(93,840)	(115,552)	(209,844)
Income (loss) before contributions and transfers	(70,027)	95,199	(52,273)	369,266	(269,174)	72,991
Capital contributions	-	2,798	-	25,000	113,934	141,732
Change in net assets	(70,027)	97,997	(52,273)	394,266	(155,240)	214,724
Total net assets - beginning	410,594	295,260	437,124	1,272,584	751,347	3,166,908
Total net assets - ending	\$ 340,567	\$ 393,257	\$ 384,851	\$ 1,666,850	\$ 596,107	\$ 3,381,632



**CITY OF MOSES LAKE**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

Page 1 of 2

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ -	\$ 614,400	\$ 399,500	\$ 1,816,278	\$ 693,800	\$ 3,523,978
Payments to suppliers	(37,434)	(531,741)	(298,963)	(608,216)	(331,484)	(1,807,838)
Payments to employees	-	-	(152,757)	(295,701)	(427,410)	(875,868)
Miscellaneous revenues	-	-	-	187	-	187
Net cash provided (used) by operating activities	(37,434)	82,659	(52,220)	912,548	(65,094)	840,460
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grants and donations	-	-	-	-	(19,601)	(19,601)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(19,601)	(19,601)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from capital debt	-	-	-	507,194	1,150,000	1,657,194
Principal paid on debt	-	-	(14,041)	(398,664)	(240,454)	(653,159)
Interest paid on debt	-	-	(701)	(79,585)	(114,385)	(194,672)
Capital contributions	-	2,798	-	-	113,934	116,732
Purchase of capital assets	-	-	(13,389)	(544,415)	(882,072)	(1,439,877)
Proceeds from sale of capital assets	-	-	-	7,210	-	7,210
Net cash provided (used) by capital and related financing activities	-	2,798	(28,131)	(508,260)	27,023	(506,571)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income	-	-	-	1,490	-	1,490
Net cash provided by investing activities	-	-	-	1,490	-	1,490
<b>Net increase (decrease) in cash and cash equivalents</b>	(37,434)	85,457	(80,351)	405,778	(57,672)	315,778
Cash and cash equivalents - January 1	410,594	311,596	359,807	758,063	164,230	2,004,290
Cash and cash equivalents - December 31	<u>\$ 373,160</u>	<u>\$ 397,053</u>	<u>\$ 279,456</u>	<u>\$ 1,163,841</u>	<u>\$ 106,557</u>	<u>\$ 2,320,068</u>

**CITY OF MOSES LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2009**

Page 2 of 2

	<b>Unemployment Compensation</b>	<b>Self Insurance</b>	<b>Central Services</b>	<b>Equipment Rental</b>	<b>Building Maintenance</b>	<b>Totals</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ (70,027)	\$ 95,199	\$ (51,821)	\$ 463,106	\$ (153,622)	\$ 282,835
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	-	29,843	451,759	137,775	619,377
Decrease (increase) in intergovernmental receivable	-	-	-	(5,427)	-	(5,427)
Decrease (increase) in prepaid expenses	-	-	(9,177)	(1,512)	117	(10,572)
(Decrease) increase in accounts payable	32,594	(12,541)	(2,305)	770	(44,147)	(25,628)
(Decrease) increase in salaries payable	-	-	467	3,663	1,909	6,039
Increase in compensated absences payable	-	-	(19,228)	187	(7,125)	(26,163)
Total adjustments	32,594	(12,541)	(399)	449,442	88,529	557,625
Net cash provided (used) by operating activities	\$ (37,434)	\$ 82,659	\$ (52,220)	\$ 912,548	\$ (65,094)	\$ 840,460
<b>Noncash investing, capital and financing activities:</b>						
Additions to capital lease			\$ -	\$ 815,205	\$ -	\$ 815,205







## TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Such funds are classified as Pension Trust, Non-Expendable Trust, Expendable Trust, and Agency Funds. The city maintains one Pension Trust Fund (Firemen's) which is accounted for on the full accrual basis. The city maintains three Agency Funds (Deposit, State Deposit, and Treasurer Suspense) which are custodial in nature and do not involve the measurement of operations.

***Firemen's Pension Fund** - This fund was established in accordance with RCW 41.16 and provides for the payment of benefits for firemen. The Firemen's Pension Board, consisting of the Mayor or elected official, City Manager, Finance Director, and two employed or retired firemen, approve all disability for members of the paid Fire Department. State statute requires that any city with a paid Fire Department must budget for the Firemen's Pension Fund. Pension contributions are made from the General Fund and the fund is adequately funded.*

***Deposit and State Deposit Funds** - These funds are established to receipt and disburse monies that are deposited with the city as custodial cash. The Deposit Fund handles monies for business license deposits, bid bond deposits, etc. that will be remitted to individuals or contractors. This fund also accounts for any pass through monies and any items whose ultimate disposition is not known. The State Deposit Fund handles monies for excise and use tax, leasehold excise tax, labor and industries, building code, etc that will be remitted to the state.*

***Treasurer's Suspense Fund** - This fund was established to facilitate the investing of city monies. All interest earned is credited to the General Fund except as required by state or federal regulations or by bond covenant.*

**CITY OF MOSES LAKE**  
**Combining Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2009**

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	<u>Agency Funds</u>		
	<u>Deposits</u>	<u>State</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 448,849	\$ 60,944	\$ 509,792
Escrow accounts	13,173	-	13,173
Total assets	<u>462,022</u>	<u>60,944</u>	<u>522,965</u>
 <b>LIABILITIES</b>			
Custodial accounts payable	462,022	60,944	522,965
Total liabilities	<u>\$ 462,022</u>	<u>\$ 60,944</u>	<u>\$ 522,965</u>

# CITY OF MOSES LAKE

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

For the Year Ended December 31, 2009

	Balance 01/01/2009	Additions	Deductions	Balance 12/31/2009
<b>DEPOSIT FUND</b>				
Assets				
Cash	\$ 305,810	\$ 3,703,947	\$ 3,560,908	\$ 448,849
Escrow accounts	663,114	13,173	663,114	13,173
Total assets	<u>968,923</u>	<u>3,717,120</u>	<u>4,224,022</u>	<u>462,022</u>
Liabilities				
Deposits	305,810	8,417,189	8,376,182	346,816
Retainage payable	663,114	142,610	690,518	115,206
Total liabilities	<u>\$ 968,923</u>	<u>\$ 8,559,799</u>	<u>\$ 9,066,701</u>	<u>\$ 462,022</u>
<b>STATE DEPOSIT FUND</b>				
Assets				
Cash	\$ 139,516	\$ 2,236,934	\$ 2,315,507	\$ 60,944
Total assets	<u>139,516</u>	<u>2,236,934</u>	<u>2,315,507</u>	<u>60,944</u>
Liabilities				
Due to state	139,516	5,750,432	5,829,005	60,944
Total liabilities	<u>\$ 139,516</u>	<u>\$ 5,750,432</u>	<u>\$ 5,829,005</u>	<u>\$ 60,944</u>
<b>TOTALS- ALL AGENCY FUNDS</b>				
Assets				
Cash	\$ 445,326	\$ 5,940,881	\$ 5,876,415	\$ 509,792
Escrow accounts	663,114	13,173	663,114	13,173
Total assets	<u>1,108,440</u>	<u>5,954,054</u>	<u>6,539,529</u>	<u>522,965</u>
Liabilities				
Deposits	305,810	8,417,189	8,376,182	346,816
Due to other governments	139,516	5,750,432	5,829,005	60,944
Retainage payable	663,114	142,610	690,518	115,206
Total liabilities	<u>\$ 1,108,440</u>	<u>\$ 14,310,232</u>	<u>\$ 14,895,706</u>	<u>\$ 522,965</u>





City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2009

**STATISTICAL SECTION**

(Unaudited)

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	116
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well being have changed over time.	
<b>Revenue Capacity</b>	123
These schedules contain information to assist the reader in assessing the City's most significant local revenue source of property taxes.	
<b>Debt Capacity</b>	127
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.	
<b>Demographic and Economic Information</b>	132
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the government's financial activities take place.	
<b>Operating Information</b>	134
These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the city provides and activities it performs.	

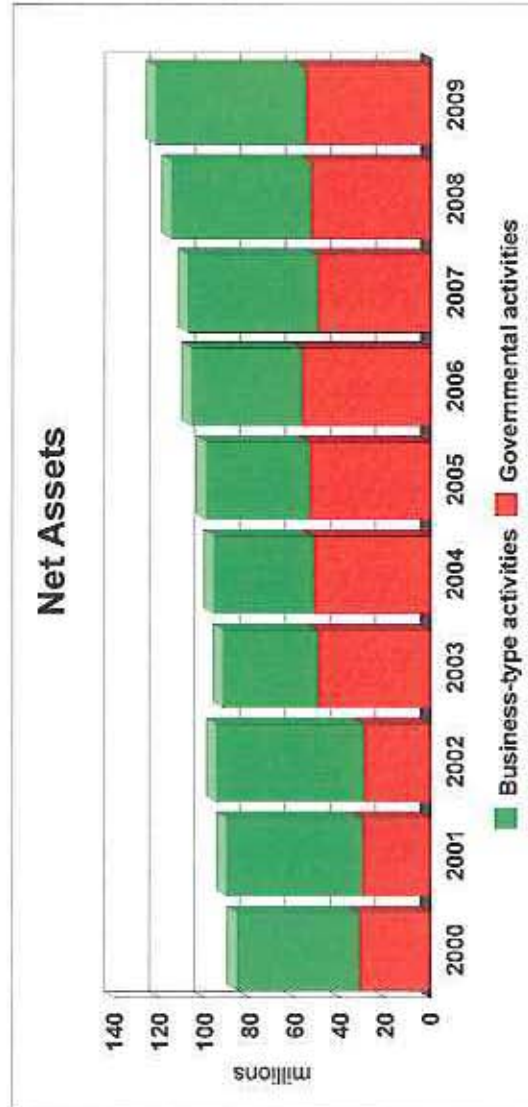
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.



**CITY OF MOSES LAKE**  
Net Assets by Component  
Last Ten Fiscal Years  
(ACCURAL BASIS OF ACCOUNTING)  
(amounts expressed in thousands)

Table B-1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 26,467	\$ 27,961	\$ 27,933	\$ 44,103	\$ 45,971	\$ 47,432	\$ 49,249	\$ 46,373	\$ 50,482	\$ 54,497
Restricted	2,690	(35)	155	690	-	-	-	-	-	333
Unrestricted	2,868	2,567	1,839	5,596	6,402	6,732	8,297	4,174	3,168	1,169
<b>Total governmental activities net assets</b>	<b>32,046</b>	<b>30,453</b>	<b>29,927</b>	<b>50,379</b>	<b>52,373</b>	<b>54,164</b>	<b>57,547</b>	<b>50,546</b>	<b>53,650</b>	<b>55,999</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	33,398	35,928	39,084	22,809	28,713	31,720	40,642	46,811	49,920	53,565
Restricted	5,501	6,106	6,026	406	3,884	7,810	916	852	852	954
Unrestricted	14,796	17,754	19,767	18,405	13,017	5,927	6,949	8,707	10,486	11,624
<b>Total business-type activities net assets</b>	<b>53,695</b>	<b>59,771</b>	<b>64,885</b>	<b>41,621</b>	<b>45,613</b>	<b>45,256</b>	<b>48,508</b>	<b>57,170</b>	<b>61,249</b>	<b>66,063</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	59,865	63,859	67,027	66,912	72,663	79,152	89,892	92,984	100,413	108,082
Restricted	8,192	6,074	6,182	1,096	3,884	7,810	916	852	852	1,167
Unrestricted	17,684	20,321	21,605	23,992	19,419	12,659	15,247	13,881	13,634	12,793
<b>Total primary government net assets</b>	<b>\$ 85,740</b>	<b>\$ 90,263</b>	<b>\$ 94,813</b>	<b>\$ 92,000</b>	<b>\$ 95,966</b>	<b>\$ 99,420</b>	<b>\$ 106,055</b>	<b>\$ 107,717</b>	<b>\$ 114,899</b>	<b>\$ 122,063</b>





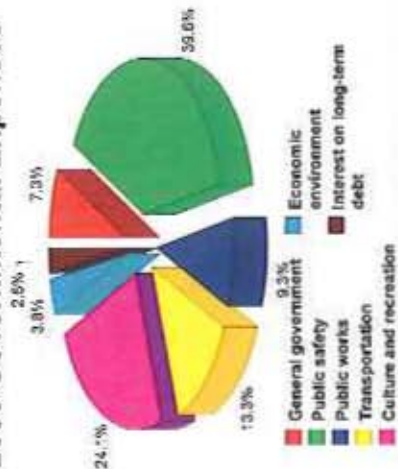
**CITY OF MOSES LAKE**  
Changes in Expenses by Function  
Last Ten Fiscal Years  
(actual basis of accounting)

Table B-2  
page 1 of 3

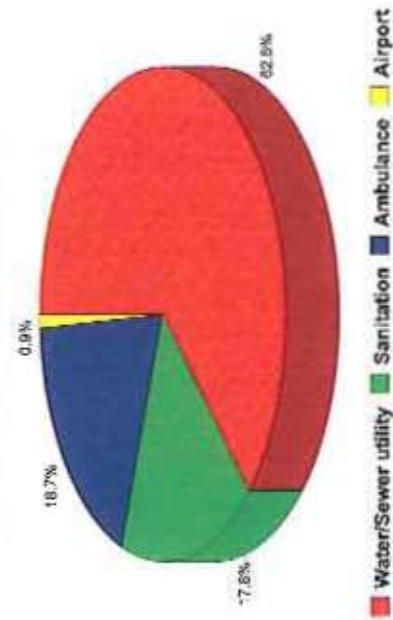
Expenses	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental Activities:</b>										
General government	\$ 1,080,704	\$ 1,120,100	\$ 1,270,047	\$ 1,251,949	\$ 1,199,034	\$ 1,285,520	\$ 1,497,300	\$ 1,322,882	\$ 1,558,972	\$ 1,495,042
Public safety	4,047,631	4,860,822	4,978,334	4,737,801	4,675,466	4,980,947	5,577,325	6,337,508	7,040,112	6,082,884
Public works	1,235,864	1,257,521	1,308,149	1,323,153	1,394,454	1,497,120	1,707,559	1,836,566	1,850,759	1,894,915
Transportation	3,176,437	2,611,712	1,595,262	2,053,807	1,594,186	2,534,258	2,391,980	2,379,341	2,618,394	2,711,745
Culture and recreation	2,559,862	2,765,150	2,827,266	2,980,947	2,873,910	3,286,631	3,441,019	3,919,872	4,603,157	4,911,237
Economic environment	367,964	409,457	540,609	525,166	564,976	624,841	770,961	829,864	796,501	768,252
Interest on long-term debt	2,361,841	2,238,141	1,150,753	433,402	346,444	311,284	399,505	533,602	588,542	533,057
<b>Total governmental activities</b>	<b>14,833,313</b>	<b>15,052,903</b>	<b>13,670,440</b>	<b>13,306,125</b>	<b>12,586,480</b>	<b>14,530,501</b>	<b>15,746,629</b>	<b>17,161,535</b>	<b>19,116,437</b>	<b>20,403,112</b>
<b>Business-type activities:</b>										
Water/Sewer utility	3,792,508	3,881,708	4,259,470	4,898,363	5,977,934	7,515,531	9,488,947	8,121,813	7,039,860	7,128,833
Sanitation	1,452,831	1,489,955	1,492,454	1,457,880	1,513,869	1,505,071	1,725,210	1,946,850	2,106,047	2,025,330
Ambulance	-	467,076	1,294,961	1,467,503	1,447,594	1,542,328	1,485,987	1,565,864	1,959,865	2,124,517
Airport	34,940	28,907	62,255	25,585	27,338	30,582	29,377	54,474	159,494	100,250
<b>Total business-type activities expenses</b>	<b>5,280,279</b>	<b>5,867,706</b>	<b>7,109,140</b>	<b>7,849,331</b>	<b>8,966,735</b>	<b>10,594,512</b>	<b>12,739,521</b>	<b>11,689,000</b>	<b>11,325,265</b>	<b>11,378,930</b>
<b>Total Primary Government expenses</b>	<b>\$ 20,112,592</b>	<b>\$ 20,920,609</b>	<b>\$ 20,779,580</b>	<b>\$ 21,155,456</b>	<b>\$ 21,553,215</b>	<b>\$ 25,425,013</b>	<b>\$ 28,486,149</b>	<b>\$ 28,850,535</b>	<b>\$ 30,441,723</b>	<b>\$ 31,782,042</b>

\*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003  
The comparative totals before 2003 may not accurately reflect the reporting format required by GASB#44

### 2008 Governmental Expenses



### 2008 Business-Type Expenses



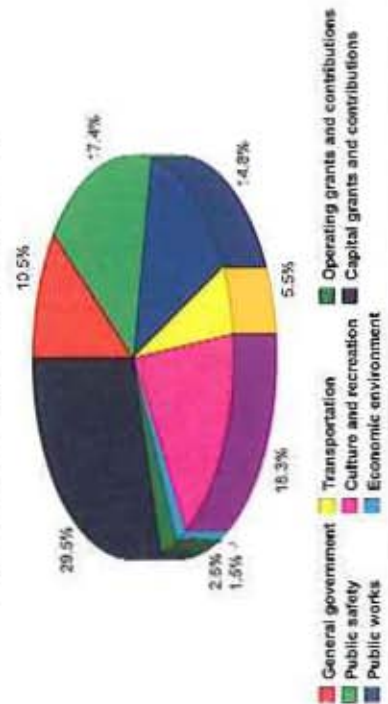
**CITY OF MOSES LAKE**  
Changes in Revenues by Function  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table B-2  
page 2 of 3

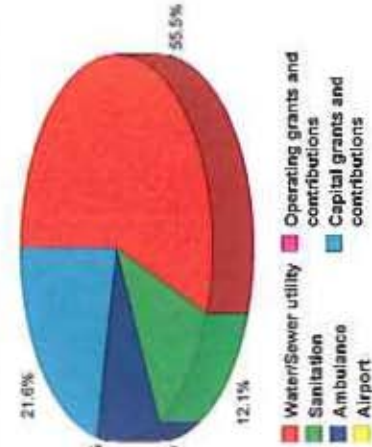
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ -	\$ -	\$ -	\$ 785,235	\$ 803,532	\$ 1,147,343	\$ 898,920	\$ 909,143	\$ 1,061,752	\$ 959,474
Public safety	-	-	-	778,033	710,577	829,947	1,657,734	1,187,791	1,490,381	1,592,864
Public works	-	-	-	755,437	1,129,514	1,226,163	1,324,799	1,277,159	1,270,896	1,356,999
Transportation	-	-	-	1,036,385	1,502,840	900,669	872,818	844,321	1,006,085	501,464
Culture and recreation	-	-	-	897,563	862,557	970,644	1,007,845	1,265,278	1,561,558	1,677,145
Economic environment	-	-	-	98,451	117,065	150,533	231,363	200,244	274,564	141,282
Operating grants and contributions	-	-	-	269,764	181,558	184,576	248,487	403,746	170,019	236,741
Capital grants and contributions	-	-	-	327,541	30,850	667,726	2,447,667	2,379,995	1,893,980	2,701,529
<b>Total governmental activities</b>	<b>14,250,365</b>	<b>14,063,792</b>	<b>12,972,920</b>	<b>4,946,409</b>	<b>5,338,293</b>	<b>8,077,600</b>	<b>8,089,512</b>	<b>8,457,677</b>	<b>8,709,037</b>	<b>8,189,497</b>
Business-type activities:										
Charges for services:										
Water/Sewer utility	5,460,837	5,531,768	5,596,359	6,166,132	6,965,520	6,510,532	9,755,012	13,550,900	8,510,652	8,904,299
Sanitation	1,765,027	1,921,894	1,670,490	1,517,299	1,611,170	1,822,011	1,711,746	1,892,624	2,093,539	1,946,888
Ambulance	-	360,955	1,425,089	1,203,105	1,454,300	1,399,572	1,460,040	1,953,862	1,988,568	1,691,073
Airport	16,677	15,802	17,641	18,085	19,082	27,245	56,389	24,054	34,720	31,044
Capital grants and contributions	36,868	26,170	31,934	807,585	633,275	1,050,780	2,732,754	3,130,858	2,428,223	3,482,261
<b>Total business-type activities</b>	<b>7,279,410</b>	<b>7,856,359</b>	<b>8,742,013</b>	<b>9,812,606</b>	<b>10,683,347</b>	<b>10,770,140</b>	<b>15,715,951</b>	<b>20,252,338</b>	<b>15,045,720</b>	<b>16,035,564</b>
<b>Total Primary Government Revenues</b>	<b>\$ 21,530,275</b>	<b>\$ 21,920,151</b>	<b>\$ 21,714,933</b>	<b>\$ 14,761,015</b>	<b>\$ 16,021,640</b>	<b>\$ 18,847,740</b>	<b>\$ 23,805,563</b>	<b>\$ 28,720,015</b>	<b>\$ 23,754,757</b>	<b>\$ 25,205,061</b>

\*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003. Revenues before 2003 were not reported by activity therefore the detailed breakdown of revenue is unavailable. The comparative totals before 2003 may not accurately reflect the reporting format required by GASB44.

## 2008 Governmental Revenues



## 2008 Business-Type Revenues



# CITY OF MOSES LAKE

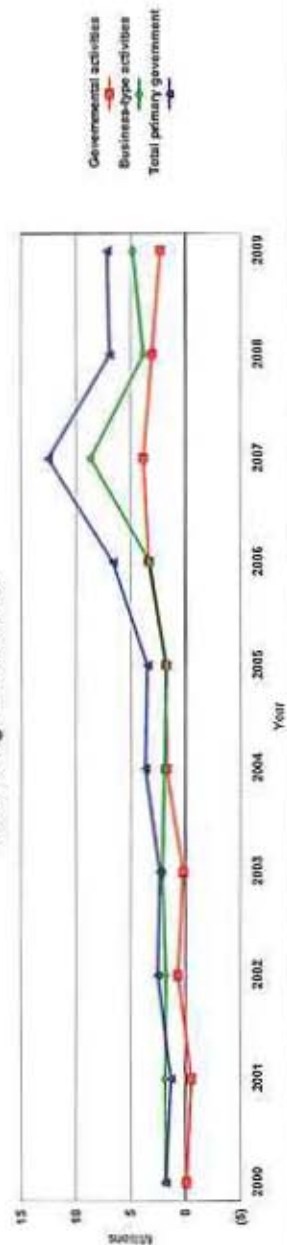
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table B-2  
page 3 of 3

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (581,448)	\$ (969,111)	\$ (687,520)	\$ (8,357,716)	\$ (7,250,187)	\$ (8,452,901)	\$ (7,656,017)	\$ (8,693,656)	\$ (10,407,400)	\$ (11,233,616)
Business-type activities	1,998,131	1,988,653	1,632,873	1,963,275	1,716,612	(124,372)	2,976,430	8,563,338	3,720,434	4,656,635
Total primary government net expense	1,417,683	999,542	945,353	(6,394,441)	(5,533,575)	(8,577,273)	(4,679,587)	(130,320)	(6,686,966)	(6,576,981)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Property taxes	-	-	-	2,377,734	2,540,922	2,571,821	2,780,139	2,940,325	3,270,650	4,321,219
Retail sales and use taxes	-	-	-	3,301,462	3,412,323	3,798,433	4,286,527	5,710,727	6,225,961	5,633,499
Business Taxes	-	-	-	2,711,803	2,827,959	2,961,145	3,149,254	3,117,827	3,570,860	3,490,995
Interest and investment earnings	-	-	-	240,474	206,705	402,843	727,869	708,676	206,425	270,648
Miscellaneous	-	-	-	-	-	-	-	1,211	3,275	437
Loss on sale of capital asset	-	-	-	(36,994)	-	-	-	-	-	-
Transfers, internal activities	-	-	-	(1,383)	8,084	510,328	83,332	112,797	232,565	(134,074)
Total governmental activities	526,653	474,499	1,400,498	8,593,096	8,595,993	10,244,370	11,037,122	12,591,563	13,509,735	13,582,724
Business-type activities:										
Interest and investment earnings	157,762	341,381	(27,906)	184,911	193,013	456,844	368,985	211,061	330,141	24,032
Insurance recoveries (net of before 2003)	155,734	101,951	391,227	-	-	1,856,322	-	-	-	-
Loss on sale of capital asset	42	(200,145)	(19,526)	(35,723)	(1,717)	-	-	-	-	-
Transfers, internal activities	(484,211)	(380,731)	(172,460)	1,383	(8,084)	(510,328)	(93,332)	(112,797)	(232,565)	134,074
Total business-type activities	(170,673)	(137,534)	171,235	150,571	183,212	1,812,839	275,653	98,264	97,576	158,105
Total primary government	355,980	336,965	1,601,733	8,743,667	8,779,205	12,057,209	11,312,776	12,689,827	13,607,311	13,740,829
<b>Change in Net Assets</b>										
Governmental activities	(54,795)	(514,612)	732,978	235,380	1,745,806	1,791,469	3,382,336	3,897,905	3,102,335	2,349,109
Business-type activities	1,828,458	1,851,119	1,804,108	2,113,846	1,959,824	1,688,487	3,252,083	8,661,501	3,818,011	4,814,743
Total primary government	\$ 1,773,663	\$ 1,336,507	\$ 2,537,086	\$ 2,349,226	\$ 3,645,630	\$ 3,479,956	\$ 6,634,420	\$ 12,559,507	\$ 6,920,345	\$ 7,163,845

The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB 44 implementation in 2003. Revenues before 2003 were not reported by activity therefore the detailed breakdown of revenues is unavailable. The comparative totals before 2003 may not accurately reflect the reporting format required by GASB 44.

Total Change in Net Assets



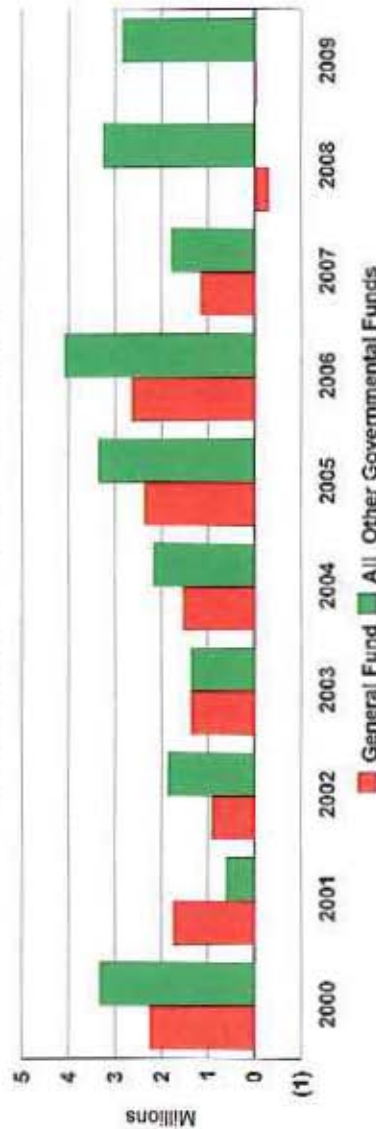


**CITY OF MOSES LAKE**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table B-3

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 112,180	103,497	\$ 92,262	\$ 93,190	\$ 96,555	\$ 86,441	\$ 100,420	\$ 100,735	\$ 123,432	\$ 117,408
Unreserved	2,140,546	1,640,407	823,575	1,272,064	1,445,517	2,294,807	2,551,853	1,059,952	(415,240)	(139,935)
Total General Fund	2,252,726	1,743,904	915,837	1,365,244	1,542,183	2,381,248	2,652,303	1,160,686	(294,809)	(22,337)
All other governmental funds										
Reserved	2,578,302	(138,259)	63,141	(121,408)	52,432	1,110,821	352,725	388,671	411,096	376,696
Unreserved, reported in:										
Special Revenue funds	747,711	733,567	1,794,450	1,483,425	2,136,768	2,251,936	3,732,815	2,514,182	2,594,316	2,199,125
Capital projects funds	-	-	-	-	-	-	-	(1,117,396)	262,588	267,293
Total all other governmental funds	\$ 3,326,013	\$ 595,308	\$ 1,857,591	\$ 1,362,017	\$ 2,189,230	\$ 3,362,757	\$ 4,085,540	\$ 1,765,457	\$ 3,268,000	\$ 2,843,115

**Fund Balances Governmental Funds**

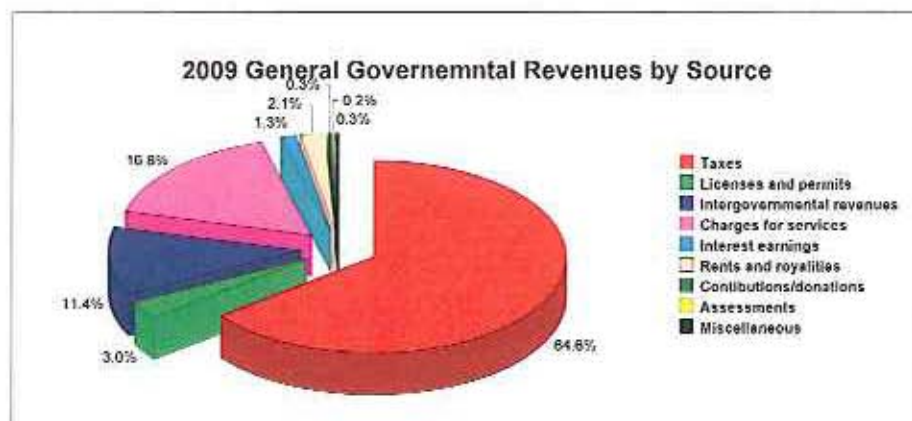


**CITY OF MOSES LAKE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
 (modified accrual basis of accounting)  
 (Amounts expressed in thousands)

Table B-4

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenue</b>										
Taxes	\$ 8,087	\$ 8,630	\$ 8,718	\$ 8,391	\$ 8,881	\$ 9,309	\$ 10,216	\$ 11,774	\$ 13,020	\$ 13,378
Licenses and permits	355	434	344	463	518	630	998	879	1,159	617
Intergovernmental revenues	2,628	1,555	909	895	961	996	975	1,296	1,587	2,369
Charges for services	1,738	1,989	2,218	2,252	2,639	2,846	3,048	3,140	3,447	3,490
Fines and forfeits	10	11	12	8	7	6	7	153	267	654
Interest earnings	-	-	-	236	215	428	728	689	199	269
Rents and royalties	-	-	-	261	265	272	278	352	417	430
Contributions/donations	-	-	-	331	336	52	112	57	71	64
Assessments	120	312	163	125	162	142	142	301	77	32
Miscellaneous	1,312	1,132	620	73	25	53	26	76	105	71
<b>Total Revenues</b>	<b>14,251</b>	<b>14,064</b>	<b>12,973</b>	<b>13,055</b>	<b>14,009</b>	<b>14,732</b>	<b>16,529</b>	<b>18,717</b>	<b>20,350</b>	<b>21,385</b>
<b>Expenditures</b>										
General government	1,083	1,123	1,273	1,186	1,175	1,194	1,223	1,279	1,378	1,481
Public safety	4,048	4,661	4,978	4,583	4,696	4,835	5,394	6,267	6,778	7,267
Public works	1,236	1,298	1,308	1,288	1,314	1,441	1,673	1,856	1,869	1,886
Transportation	3,178	2,612	1,595	1,968	1,563	2,428	2,390	2,399	2,549	2,707
Economic environment	366	407	538	505	558	609	758	855	798	777
Culture and recreation	2,550	2,755	2,827	2,612	2,587	2,910	3,184	3,668	3,943	4,408
Capital outlay	762	2,052	603	324	572	369	4,348	5,082	2,294	1,916
Debt service										
Principal	1,523	1,005	399	523	504	457	444	763	538	564
Interest	388	350	315	215	173	149	164	361	384	342
<b>Total Expenditures</b>	<b>15,143</b>	<b>16,221</b>	<b>13,836</b>	<b>13,204</b>	<b>13,142</b>	<b>14,391</b>	<b>19,579</b>	<b>22,539</b>	<b>20,531</b>	<b>21,348</b>
Excess (deficiency) of revenues over (under) expenditures	(893)	(2,158)	(863)	(149)	867	341	(3,049)	(3,822)	(181)	37
<b>Other financing sources (uses)</b>										
Transfers in	2,847	3,966	1,860	227	2,259	2,757	2,775	4,847	5,519	3,590
Transfers out	(2,425)	(3,635)	(1,738)	(2,334)	(2,132)	(2,458)	(2,806)	(4,859)	(5,411)	(3,797)
Sales of capital assets	-	-	-	4	-	383	17	-	101	-
Miscellaneous nonoperating	58	23	299	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	43	11	14	-	43	-	18
Proceeds of long term debt	81	120	1,009	-	-	-	-	-	-	-
Proceeds from interfund debt	-	-	-	-	-	-	-	-	-	-
Proceeds of G.O. bonds	-	-	-	-	-	-	5,083	-	-	-
Discount on GO bonds issued	-	-	-	-	-	-	(47)	-	-	-
<b>Total other financing sources (uses)</b>	<b>559</b>	<b>474</b>	<b>1,430</b>	<b>(2,061)</b>	<b>138</b>	<b>695</b>	<b>5,022</b>	<b>30</b>	<b>209</b>	<b>(189)</b>
<b>Net change in fund balances</b>	<b>\$ (334)</b>	<b>\$ (1,683)</b>	<b>\$ 567</b>	<b>\$ (2,210)</b>	<b>\$ 1,005</b>	<b>\$ 1,036</b>	<b>\$ 1,972</b>	<b>\$ (3,792)</b>	<b>\$ 27</b>	<b>\$ (152)</b>
Debt service as a percentage of noncapital expenditures	13.29%	9.56%	5.39%	5.73%	5.38%	4.32%	4.00%	6.44%	5.06%	4.66%

\*The City Implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003

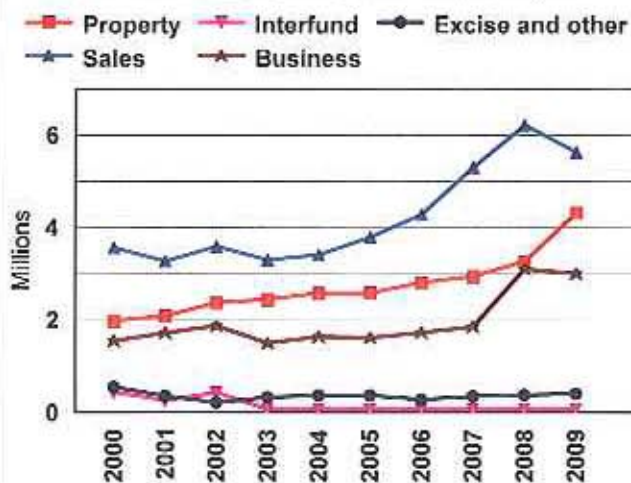


CITY OF MOSES LAKE  
Governmental Activities Tax Revenues By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)

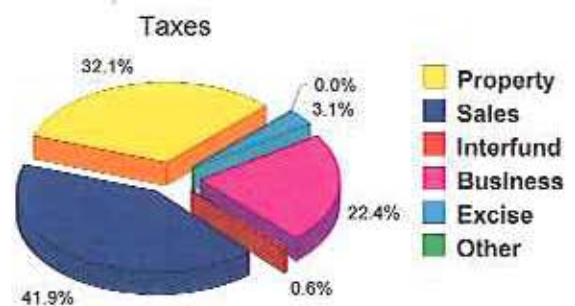
Table B-9

Fiscal Year	Property Taxes	Sales Taxes	Interfund Taxes	Business Taxes	Excise Taxes	Other Taxes	Total
2000	\$ 1,981,444	\$ 3,563,718	\$ 441,575	\$ 1,553,147	\$ 561,263	\$ 970	\$ 8,102,117
2001	2,088,800	3,272,209	261,307	1,727,937	363,953	3,185	7,717,391
2002	2,373,501	3,595,837	424,764	1,875,919	226,964	1,856	8,498,841
2003	2,446,747	3,301,462	75,016	1,500,060	339,557	1,492	7,664,334
2004	2,578,519	3,412,323	72,716	1,644,874	379,590	6,819	8,094,841
2005	2,585,838	3,798,433	74,500	1,618,206	377,767	6,520	8,461,265
2006	2,808,139	4,286,527	72,501	1,732,584	286,128	528	9,186,407
2007	2,945,713	5,310,180	74,500	1,859,952	355,445	2,321	10,548,111
2008	3,270,650	6,225,961	74,500	3,111,033	384,450	877	13,067,471
2009	4,321,219	5,633,499	74,500	3,005,386	410,639	470	13,445,713

### Governmental Tax Revenues



### 2009 Governmental Tax Revenues by Source





**CITY OF MOSES LAKE**  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years\*

Table C-1

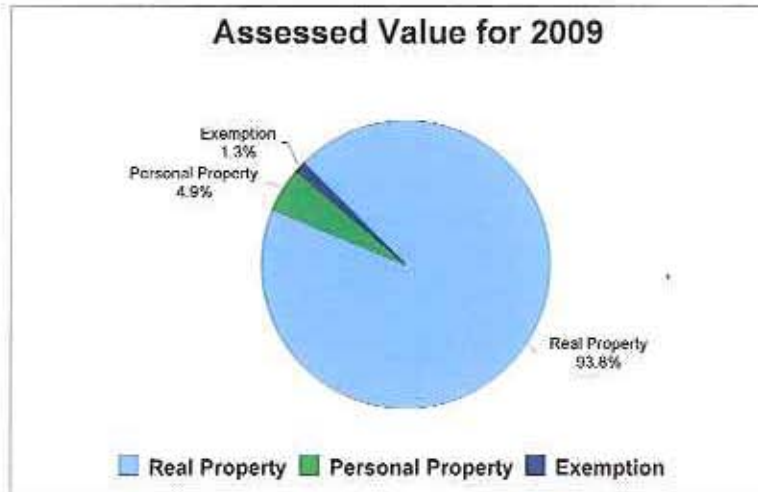
Fiscal Year	Real Property	Personal Property	Less Tax Exempt		Total Taxable Assessed Value	Direct Tax Rate per \$1000 of assessed value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Real Property	Personal Property				
2000	\$ -	\$ -	\$ -	\$ -	\$ 638,080,940	\$ 3.1000	\$ -	-
2001	-	-	-	-	675,119,443	3.0757	-	-
2002	-	-	-	-	800,941,356	2.9945	-	-
2003	-	-	-	-	846,090,551	2.9472	-	-
2004	821,899,691	60,080,121	14,687,605	169,360	867,122,847	2.9462	1,097,623,857	79%
2005	835,690,337	48,589,954	7,461,400	216,645	876,602,246	3.0255	984,946,344	89%
2006	864,308,203	50,834,016	9,911,280	176,490	905,052,449	3.0681	1,587,811,314	57%
2007	947,112,953	52,402,073	10,781,700	161,615	988,571,711	2.9732	2,995,671,852	33%
2008	1,035,482,663	57,047,725	11,738,025	423,250	1,080,369,113	2.9596	2,160,738,226	51%
2009	1,713,811,503	89,251,847	22,878,102	438,050	1,779,747,198	2.9198	2,966,245,330	61%

\*The City implemented GASB 41 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003.

Source is Grant County

Missing data was not available from Grant County

There are no components to the direct rate.



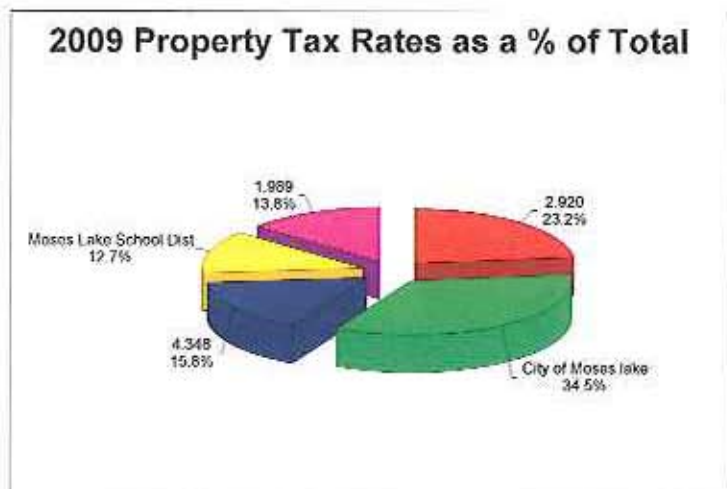
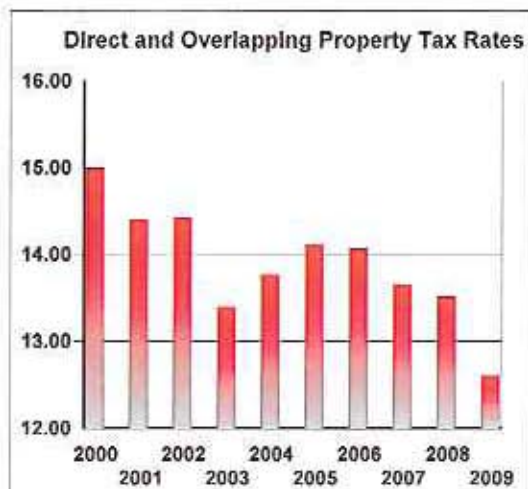
**CITY OF MOSES LAKE**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Per \$1,000 of Assessed Value**  
**Last Ten Fiscal Years**

Table C-2

Fiscal Year	City Tax Rate	Overlapping Rates						
	Moses Lake	Grant County	School District			Other		
	Direct Rate	Operating Rate	Operating Rate	Debt Service	Total School Rate	State School	Special Districts	Total
2000	3.100	1.779	2.975	1.463	4.438	3.504	2.174	14.995
2001	3.076	1.781	3.069	1.364	4.434	3.213	1.903	14.406
2002	2.995	1.779	3.197	1.426	4.623	3.127	1.899	14.422
2003	2.947	1.777	3.157	1.293	4.450	2.846	1.374	13.394
2004	2.946	1.800	3.363	1.471	4.834	2.759	1.430	13.769
2005	3.026	1.800	3.534	1.497	5.031	2.807	1.443	14.107
2006	3.068	1.799	3.560	1.222	4.781	2.550	1.867	14.066
2007	2.973	1.770	3.502	1.305	4.807	2.290	1.816	13.657
2008	2.960	1.719	3.215	1.672	4.887	2.207	1.740	13.513
2009	2.920	1.604	2.677	1.671	4.348	1.989	1.740	12.601

Overlapping rates are those of local and county governments that apply to property owners within the city of Moses Lake. Not all overlapping rates apply to all Moses Lake property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district). City of Moses Lake does not have any voted GO Debt levy rates.

Taxes are levied in the year prior to the year listed above.



# CITY OF MOSES LAKE

Principal Property Taxpayers

Prior year and five years ago

Table C-3

Name	Type of business	2008			2004		
		Assessed Valuation	Rank	Percent of total Assessed Value	Assessed Valuation	Rank	Percent of total Assessed Value
REC Silicon (EKA Chemicals '04)	Chemical Manu	\$ 27,568,265	1	1.5	\$ 26,435,470	1	3.0
Weyerhaeuser Company	Corrugated board	10,963,790	2	0.6	12,003,530	2	1.4
Wal-Mart Real Estate Business Trus	Grocery/retail	9,782,630	3	0.5	9,782,630	3	1.1
D&L Foundry, Inc.	Manhole Manu	6,948,515	4	0.4	7,752,650	5	0.9
Grewal Hotels Inc.	Hotel	6,803,000	5	0.4	5,349,020	7	0.6
Learner Tr, Kathryn J	Trust	6,761,820	6	0.4	7,015,770	6	0.8
Moses Lake Travel Plaza LLC	Prop Invest/mgmt	6,704,835	7	0.4			-
Heron Creek Apartments, LLC	Prop Invest/mgmt	5,381,110	8	0.3			-
HD Development of Maryland Inc	Home Improvement	4,831,520	9	0.3			-
Qwest Corporation Inc	Telecommunication	4,780,884	10	0.3			-
Central Leasing of Wa., LLC	Leasing				8,173,325	4	0.9
Weston Square	Apartments				4,518,690	8	0.5
Fidalgo Bay Investor, LLC	Mall Property				3,928,515	9	0.5
Sasco 1996-CFL Stratford Rd	Commercial Property				3,763,170	10	0.4
Totals		\$ 90,526,369		5.1	\$ 88,722,770		10.2

# Historical data for 2000 is not readily available from the County, therefore showing 2004, which is oldest data available, for comparison.

@ Current year data (2009) is not available from the County. Showing prior year statisitcal information for comparative purposes.

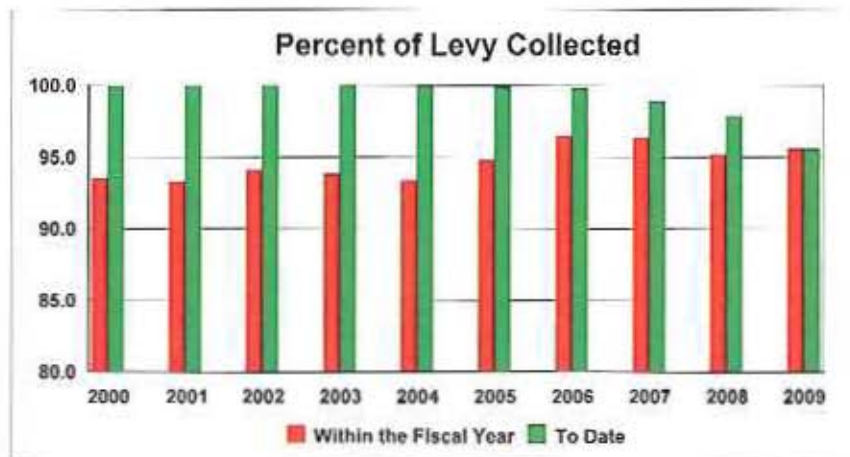
Source: Grant County Assessor



**CITY OF MOSES LAKE**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table C-4

Year Ended December 31	Assessed Valuation	Total Tax Levy for Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Total Collections to Date		Current Outstanding
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2000	\$ 638,080,940	\$ 1,977,773	\$ 1,849,854	93.5	\$ 127,562	\$ 1,977,416	99.98	\$ 357
2001	675,119,443	2,075,447	1,935,625	93.3	139,718	2,075,342	99.99	105
2002	800,941,356	2,402,339	2,260,845	94.1	141,363	2,402,208	99.99	131
2003	846,090,551	2,495,442	2,340,925	93.8	154,333	2,495,258	99.99	184
2004	867,122,847	2,558,494	2,388,667	93.4	169,406	2,558,073	99.98	421
2005	876,602,246	2,655,271	2,515,994	94.8	135,989	2,651,983	99.88	3,288
2006	905,052,449	2,776,828	2,679,202	96.5	91,632	2,770,834	99.78	5,995
2007	988,571,711	2,951,194	2,843,950	96.4	73,196	2,917,147	98.85	34,047
2008	1,080,369,113	3,197,428	3,043,399	95.2	86,225	3,129,625	97.88	67,803
2009	1,779,747,198	5,196,411	4,965,645	95.6	-	4,965,645	95.56	230,766



**City of Moses Lake**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years\*

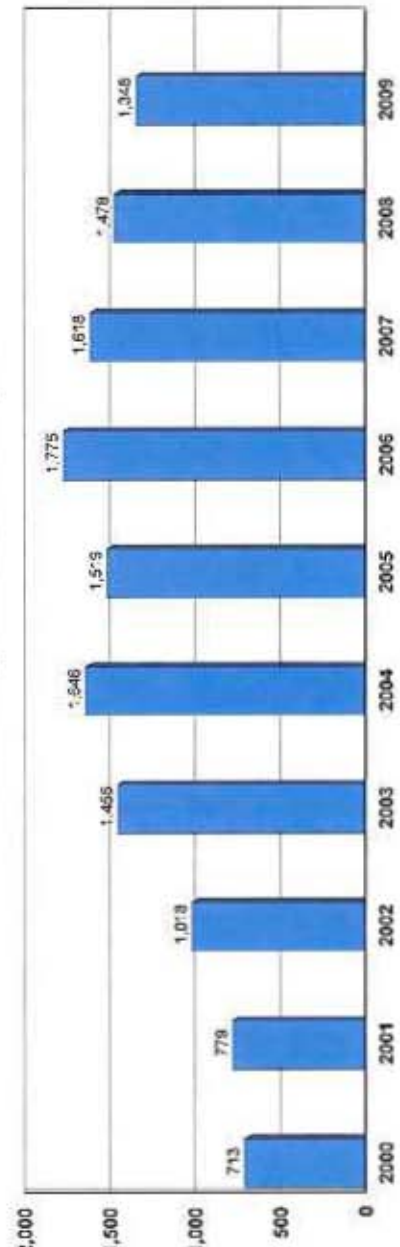
Table D-1

Fiscal Year	Governmental Activities				Business-Type Activities				Percentage of Personal Income**	Per Capita **
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water/ Sewer Bonds	General Obligation Bonds	Governmental loans	Capital Leases	Total Primary Government		
2000	\$ 5,890,501	\$ 960,322	\$ 1,243,913	\$ 495,000	\$ -	\$ 1,980,796	\$ 90,131	\$ 10,660,663	3.53%	\$ 713
2001	5,612,474	691,734	707,519	1,390,000	-	3,500,417	131,681	12,033,825	3.72%	779
2002	7,431,716	604,432	1,966,211	780,000	-	4,749,618	167,016	15,698,993	4.76%	1,018
2003	6,930,000	517,130	1,517,743	225,000	-	12,456,640	122,792	21,769,305	6.69%	1,456
2004	6,420,000	426,633	915,231	7,140,000	-	11,538,502	80,087	26,520,453	7.42%	1,646
2005	5,885,000	341,306	716,577	7,080,000	-	10,746,823	42,981	24,812,687	6.64%	1,519
2006	10,423,333	255,980	728,642	7,015,000	1,016,667	10,422,560	15,543	29,877,725	7.85%	1,775
2007	9,716,666	-	893,943	7,000,000	988,334	9,594,965	28,045	28,221,954	N/A	1,618
2008	8,957,500	-	1,279,821	6,980,000	952,500	8,763,868	129,598	27,063,286	N/A	1,478
2009	8,170,000	-	1,427,952	6,950,000	915,000	7,929,092	126,522	25,518,566	N/A	1,348

\*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003.

\*\* See the Schedule of Demographic and Economic Statistics (Table E1) for personal income and population data.

**General Obligation Debt Per Capita**

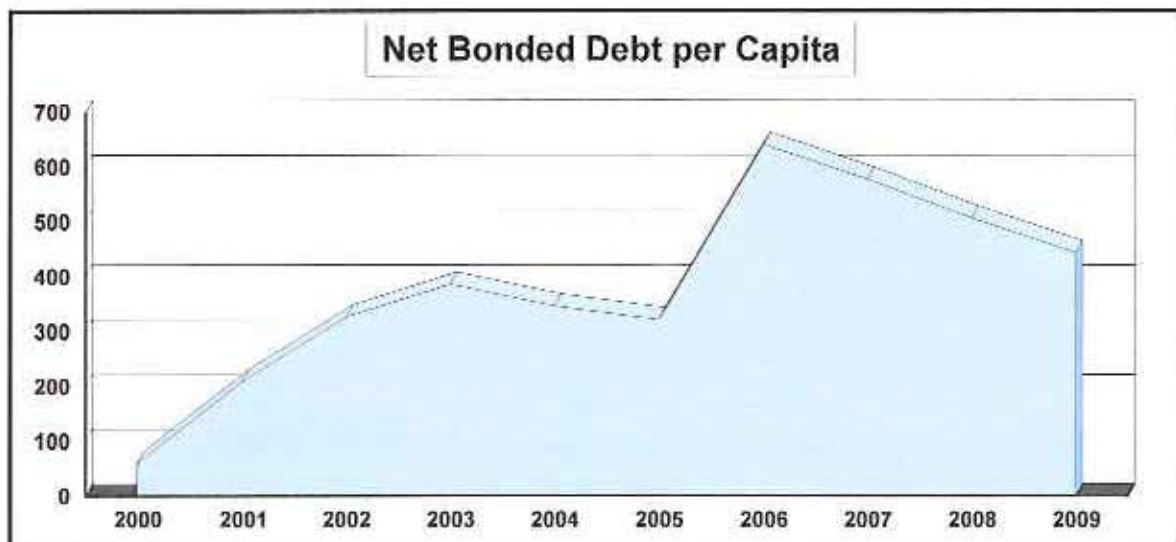


**CITY OF MOSES LAKE**  
 Ratios of Net General Bonded Debt  
 To Assessed Value and Net Bonded Debt per Capita  
 Last Ten Fiscal Years

Table D-2

Year	Population	Assessed Value*	G.O. Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2000	14,953	\$ 638,080,940	\$ 3,850,321	\$ 2,941,984	\$ 908,338	0.14%	\$ 61
2001	15,444	675,119,443	3,396,734	168,511	3,228,223	0.48%	209
2002	15,420	800,941,356	5,224,432	171,988	5,052,444	0.63%	328
2003	15,730	846,090,551	6,930,000	838,119	6,091,881	0.72%	387
2004	16,110	867,122,847	6,420,000	823,392	5,596,608	0.65%	347
2005	16,340	876,602,246	5,885,000	617,520	5,267,480	0.60%	322
2006	16,830	905,052,449	11,440,000	630,470	10,809,530	1.19%	642
2007	17,440	988,571,711	10,705,000	615,528	10,089,472	1.02%	579
2008	18,310	1,080,369,113	9,910,000	609,986	9,300,014	0.86%	508
2009	18,930	1,779,747,198	9,085,000	665,727	8,419,273	0.47%	445

\* Grant County Assessor: includes only taxable property





**CITY OF MOSES LAKE**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2009**

Table D-3

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Overlapping Debt:			
Moses Lake School Dist. # 161	\$ 45,285,000	43.02%	\$ 19,481,607
Samaritan Hospital Dist #1	10,832,876	39.55%	4,284,403
Subtotal overlapping debt	56,117,876		<u>23,766,010</u>
Moses Lake direct debt	<u>9,085,000</u>		<u>9,085,000</u>
Total governmental direct and overlapping debts	<u>65,202,876</u>		<u>\$ 32,851,010</u>

Sources: Assessed value data used to estimate applicable percentages was provided by Grant County Assessor's Office.  
Debt outstanding provided by each government unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Moses Lake. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

\*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**CITY OF MOSES LAKE**  
Legal Debt Margin Information  
Last Ten Fiscal Years\*

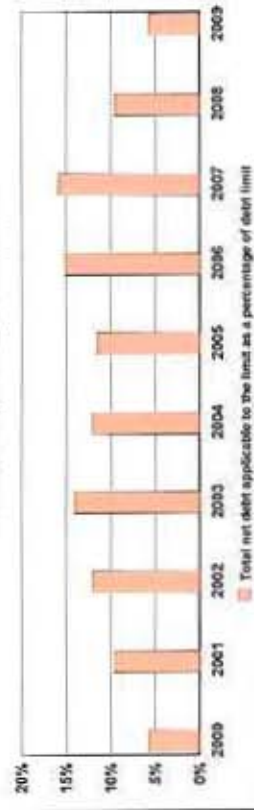
Table D-4

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed Value	\$ 2,809,250,237
Debt limit	210,696,768
Debt applicable to limit:	
General obligation debt:	12,785,221
Less: amount set aside for repayment	(665,727)
of general obligation debt	12,129,494
Total net debt applicable to limit	\$ 198,567,274
Legal debt margin	

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 49,720,610	\$ 60,070,602	\$ 63,456,791	\$ 65,034,214	\$ 65,745,168	\$ 74,142,878	\$ 81,027,683	\$ 133,481,040		
Total net debt applicable to limit	2,888,314	5,777,418	7,653,638	9,154,830	7,948,295	7,597,288	11,224,213	12,859,317	12,751,174	12,129,494
Legal debt margin	\$ 46,832,296	\$ 54,293,184	\$ 55,803,154	\$ 55,879,384	\$ 57,796,874	\$ 66,545,580	\$ 69,168,366	\$ 120,621,723	\$ 120,729,866	\$ 198,567,274
Total net debt applicable to the limit as a percentage of debt limit	5.77%	9.62%	12.06%	14.08%	12.05%	11.50%	15.14%	15.87%	9.55%	5.76%

**General Purpose Legal Debt Limit**



**CITY OF MOSES LAKE**  
**Water and Sewer Revenue Bond Coverage**  
**Last Ten Fiscal Years**

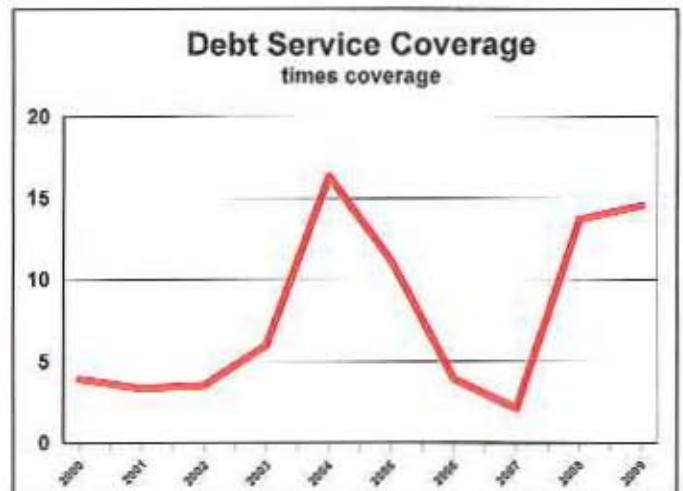
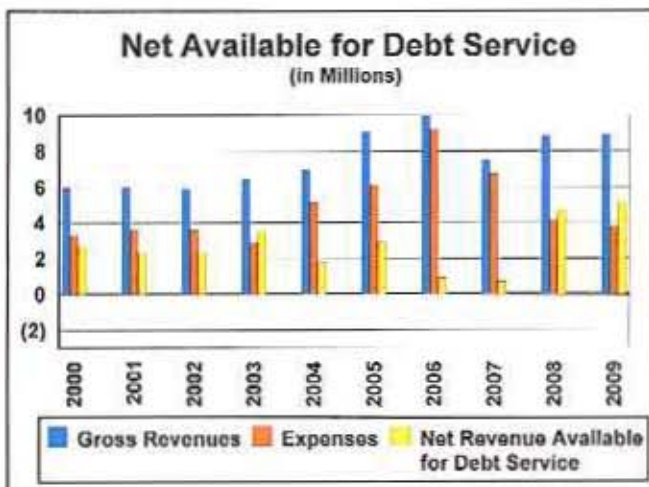
Table D-5

Year	Utility Revenues*		Operating Expenses**		Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2000	\$	5,923,767	\$	3,268,983	\$ 2,654,784	\$ 515,000	\$ 173,599	\$ 688,599	3.86
2001		5,926,795		3,614,714	2,312,080	520,000	176,111	696,111	3.32
2002		5,891,417		3,578,550	2,312,867	565,000	94,716	659,716	3.51
2003		6,351,043		2,857,616	3,493,427	555,000	29,508	584,508	5.98
2004		6,883,510		5,101,214	1,782,296	100,000	9,013	109,013	16.35
2005		9,042,897		6,126,345	2,916,552	60,000	202,045	262,045	11.13
2006		10,132,439		9,231,964	900,475	65,000	166,827	231,827	3.88
2007		7,441,521		6,732,473	709,049	15,000	326,700	341,700	2.08
2008		8,840,793		4,103,860	4,736,933	20,000	326,266	346,266	13.68
2009		8,928,330		3,760,119	5,168,212	30,000	325,599	355,599	14.53

\* Utility Revenue includes both operating and nonoperating revenues of the Water/Sewer Fund.

\*\* Total operating expenses excluding depreciation and amortization expenses. However does include interest transferred to the general fund.

Coverage is the percentage of total debt requirements to net revenue available for debt service





**CITY OF MOSES LAKE**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table E-1

Year	City Population	Grant County Personal Income (Thousands of dollars)	Grant County Per Capita Income	Grant County Median Age	City K-12 School Enrollment	Grant County Percent Unemployment
2000	14,953	\$ 301,647	\$ 20,173 (16,644)*	31.10 (32.3)*	6,641	10.2 (6.4)*
2001	15,210	318,634	20,949	31	6,589	8.9
2002	15,420	329,649	21,378	32	6,695	9.5
2003	15,730	342,222	21,756	32	6,812	9.3
2004	16,110	357,497	22,191	32	6,974	8.2
2005	16,340	368,271	22,538	32	7,063	7.3
2006	16,830	380,745	22,623	32	7,200	6.6
2007	17,440	2,037,000	24,733	32	7,680	5.8
2008	18,310	**	**	33	7,987	6.9
2009	18,930	**	**	33	7,962	9.4

**Data Sources:**

Population - State of Washington, Office of Financial Management; [www.ofm.wa.gov/pop/april1/finalpop2009.pdf](http://www.ofm.wa.gov/pop/april1/finalpop2009.pdf)

Per Capita Income - County figures (latest year available 2007) given due to unavailability of City percentages. This information is found on the Regional Economics Accounts web site at [www.bea.gov/bea/regional/reis/](http://www.bea.gov/bea/regional/reis/)

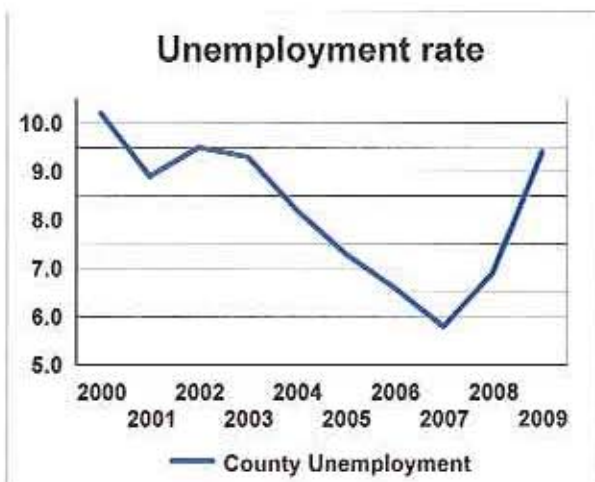
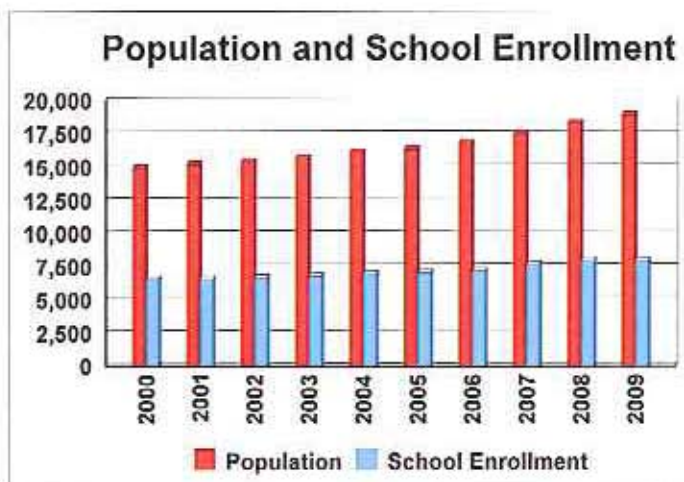
Median Age - Office of Financial Management; [www.ofm.wa.gov/pop/coagemf/grant.pdf](http://www.ofm.wa.gov/pop/coagemf/grant.pdf)

School Enrollment - Office of Superintendent of Public Instruction; [www.k12.wa.us/DataAdmin/](http://www.k12.wa.us/DataAdmin/)

Percent Unemployment - County figures given due to the unavailability of City percentages. This information is found on Grant County Economic Development councils web site at [www.grantedc.com](http://www.grantedc.com) under "demographics/labor force characteristics"

\* 2000 US Census information included in parenthesis.

\*\* These figures are not currently available.



# CITY OF MOSES LAKE

## Principal Employers

Current year and Nine years Ago

Table E-2

Employer	Business type	2009			2000		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Moses Lako School District	Education	1,000	1	14%	874	1	14%
Samaritan Hospital	Health	532	2	8%	500	2	8%
REC Silicon/Advanced Silicon Materials	Manufacturing	520	3	7%	350	4	6%
Gentle Industries, Inc	Manufacturing	425	4	6%	-	-	0%
Big Bend Community College	Education	375	5	5%	153	9	2%
J.R. Simplot Co./Nestle Brand	Agriculture	330	6	5%	350	3	6%
Moses Lake Community Health	Health	284	7	4%	-	-	0%
Inflation Systems, Inc	Manufacturing	245	8	3%	320	5	5%
Moses Lake Clinic	Health	200	9	3%	146	10	2%
City of Moses Lake	Government	179	10	3%	-	-	0%
Wal Mart	Retail	-	-	0%	236	6	4%
Basic American Foods	Agriculture	-	-	0%	180	7	3%
D & L Foundry	Manufacturing	-	-	0%	175	8	3%
Totals		4,070		58%	3,284		52%

Source: Grant County Economic Development Council

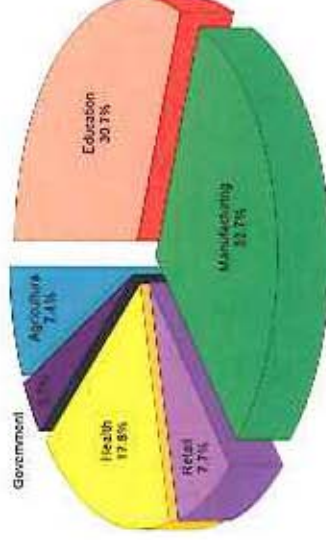
Note: Not all employers are located within the physical limits of the city.

Note: In order to figure percentage of total city employment we used county labor force divided by population equal to city labor force (unknown)

over city population to give a ratio for the percentage for current year.

Used the 2000 census on the WA OFM.

## Principal Employer Business



# CITY OF MOSES LAKE

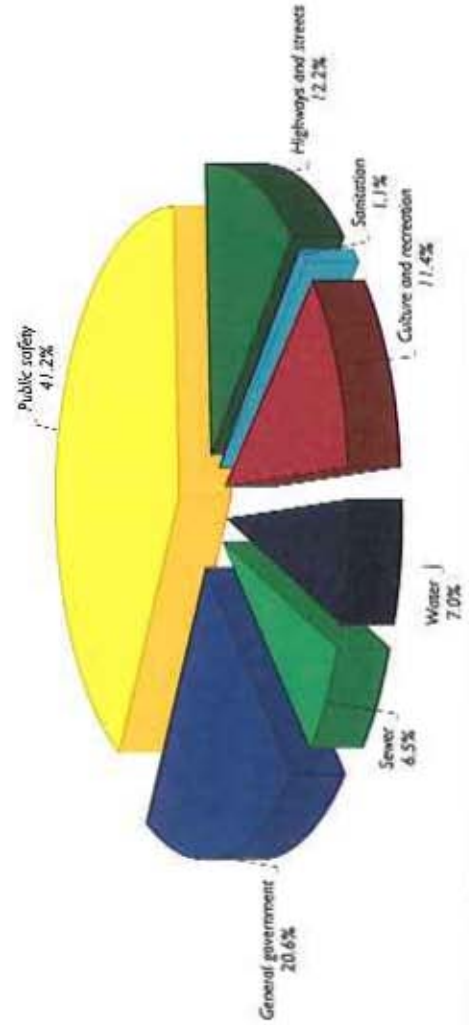
Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Table F-1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function:										
General government	30	30	28	28	28	28	28	29	38	38
Public safety	34	34	34	34	34	34	34	36	40	40
Police	15	32	33	33	29	28	28	31	36	36
Fire	17	17	17	17	16	16	16	19	19	18
Highways and streets	6	6	6	6	6	6	6	6	6	5
Engineering	1	1	1	1	1	1	1	1	2	2
Maintenance	19	19	18	18	17	17	17	20	21	21
Sanitation	14	14	14	14	15	15	15	14	13	13
Culture and recreation	9	9	9	10	11	11	11	11	12	12
Water	145	162	160	161	157	156	156	167	187	185
Sewer										
Total										

Source: City of Moses Lake Annual Budget.

## 2009 City Employees by Function





**CITY OF MOSES LAKE**  
Operating Indicators by Function  
Last Ten Fiscal Years

Table F-2

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Building permits issued	464	456	431	457	476	568	616	532	522	522
Police										
DUI	-	308	212	73	113	139	132	120	82	76
Parking violations	-	237	55	129	362	100	201	452	201	336
Traffic violations	-	4,284	7,327	2,818	2,109	2,817	2,835	2,743	2,937	3,817
Fire										
Number of calls answered	838	1,606	3,646	3,525	3,569	2,869	3,010	3,397	3,711	3,396
Inspections	-	-	-	-	1,287	1,623	1,800	2,300	1,324	1,000
Culture and recreation										
Surf & slide water park	-	91,156	84,090	87,716	125,000	130,000	130,000+	100,000+	130000+	120000+
Museum	-	6,101	11,214	9,811	12,011	12,200	9,378	9,827	12,278	13,003
Water										
New connections	-	-	-	-	-	-	317	284	218	124
water mains breaks	-	-	-	-	-	-	10	11	12	12
Average daily consumption (millions of gallons)	2.990	2.770	2.700	2.770	2.850	2.870	7.700	8.500	8.700	8.700
Wastewater										
Average daily sewage treatment (mgpd)										
Sand Dunes	2.006	2.004	2.009	1.953	1.893	1.920	2.000	2.059	2.098	2.275
Larsen	0.38	0.369	0.374	0.346	0.336	0.329	0.324	0.331	0.331	0.325

Years prior to 2006 without data are not available for review.

Sources: Various city departments

**City of Moses Lake**  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

Table F-3

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental Function</b>										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	14	14	14	14
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and Streets										
Streets (miles)	90	90	90	94	95	96	99	102	104	107
Traffic signals	32	35	35	35	35	35	35	35	35	35
Culture and Recreation										
Parks acreage	140	140	140	140	151	151	156	156	170	194
Parks	18	18	18	15	15	16	18	18	18	20
Swimming pools	1	1	1	1	1	1	1	1	1	1
<b>Business-Type Function</b>										
Water										
Water main (miles)	13.5	135.8	137.5	139.8	142.1	143.1	147.6	152.2	155.1	158.9
Wells	13	13	15	17	17	18	18	18	18	19
Water storage	11	11	12	12	12	12	12	12	12	12
Sewer										
Sanitary sewer (miles)	110.3	110.3	111.1	112.2	113.2	114.2	128.6	143.0	146.2	149.5
Storm sewer (miles)	9.6	9.6	10.0	10.0	10.1	10.2	10.7	11.2	11.8	12.2
Treatment plants	2	2	2	2	2	2	2	2	2	2
Airport										
Runway and taxiway (miles)	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Tie-downs	24	24	24	24	24	24	24	24	24	24

Sources: Various city departments