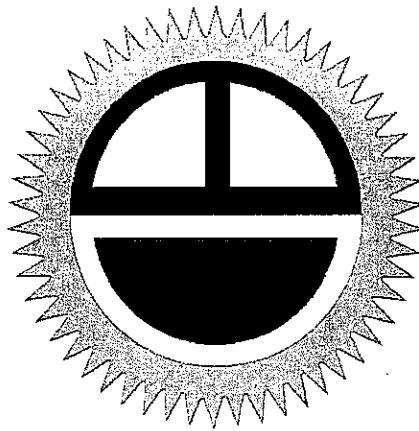


**CITY OF MOSES LAKE,
WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Prepared by The Finance Department

Ronald R. Cone, CPA, CGFM
Finance Director

Robert Taylor, CGFM
Accounting Division Manager

Linda Beisel
Accountant

Jeanette Jones
Accountant

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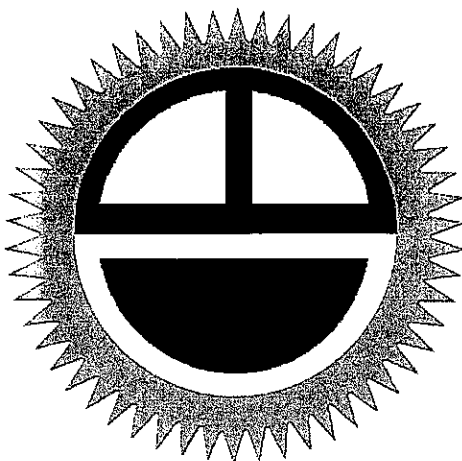
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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2008

INTRODUCTORY SECTION

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moses Lake
Washington

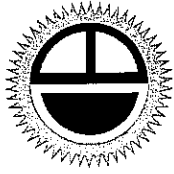
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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

April 14, 2009

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, 2008 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 (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 182 full time employees and an operating budget of \$69.8 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 23 Parks, of which 5 are partially or entirely undeveloped at this time. One of the City's major accomplishments is the City 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 was awarded the 2001 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 and until recently the main testing site for Japan Airlines pilots. 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 2008 of 18,310 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.

The Moses Lake area however did not see a rapid acceleration in the valuation of real estate that most the country had in prior years and as a result in 2008 did not experience the dramatic slump in

the housing industry leading to foreclosures, contributing to the economic down turn. With a relatively stable economy with slow steady growth the local economic development activity continued to increase with the inclusion of new manufacturing jobs and retail development. As a result, building permits and permit income, retail sales taxes and property taxes increased. Additionally, residential development is still growing with a numerous amount of plats being processed and a steady flow of housing starts permitted.

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 annexed a corridor west of town where most of the business growth has been concentrated. One business is substantially enlarging their facility, and is in the midst of a \$900 million construction project 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 2008 the City started the design and planning for the construction of a new City Hall 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 25 years WCIA has evolved from the state's original, nine-member pool, to the financially strongest liability-

property pool with over 100 members and over \$85 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- 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 it's 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 21 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.

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, 2007. This was the third 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

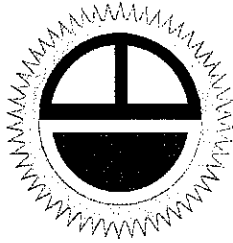
This report has been prepared by myself, Robert Taylor, CGFM, Accounting Division Manager, Linda Beisel and Jeanette Jones, Accountants. I express my appreciation to all members of the Finance Department who assisted and contributed to its preparation and to the other city departments that help in providing 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 cursive script that reads "Ronald R. Cone".

Ronald R. Cone, CPA, CGFM
Finance Director

CITY OF MOSES LAKE ELECTED OFFICIALS



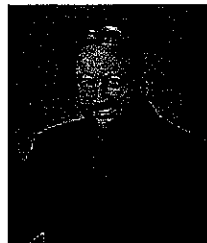
MAYOR
Ronald Covey



COUNCIL



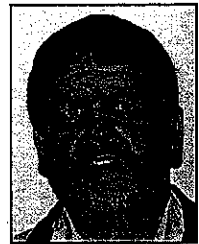
Richard Pearce
Deputy Mayor



Bill Ecret



Brent Reese



James Liebrecht



Dick Deane



Jon Lane

APPOINTED OFFICIALS

City Manager
Finance Director
City Attorney
Municipal Services Director
Parks & Recreation Director
Fire Chief
Police Chief
Community Development Director

Joseph K. Gavinski
Ronald R. Cone
James A. Whitaker
Gary Harer
Spencer Grigg
Tom Taylor
Dean Mitchell
Gilbert Alvarado

ADDRESS:

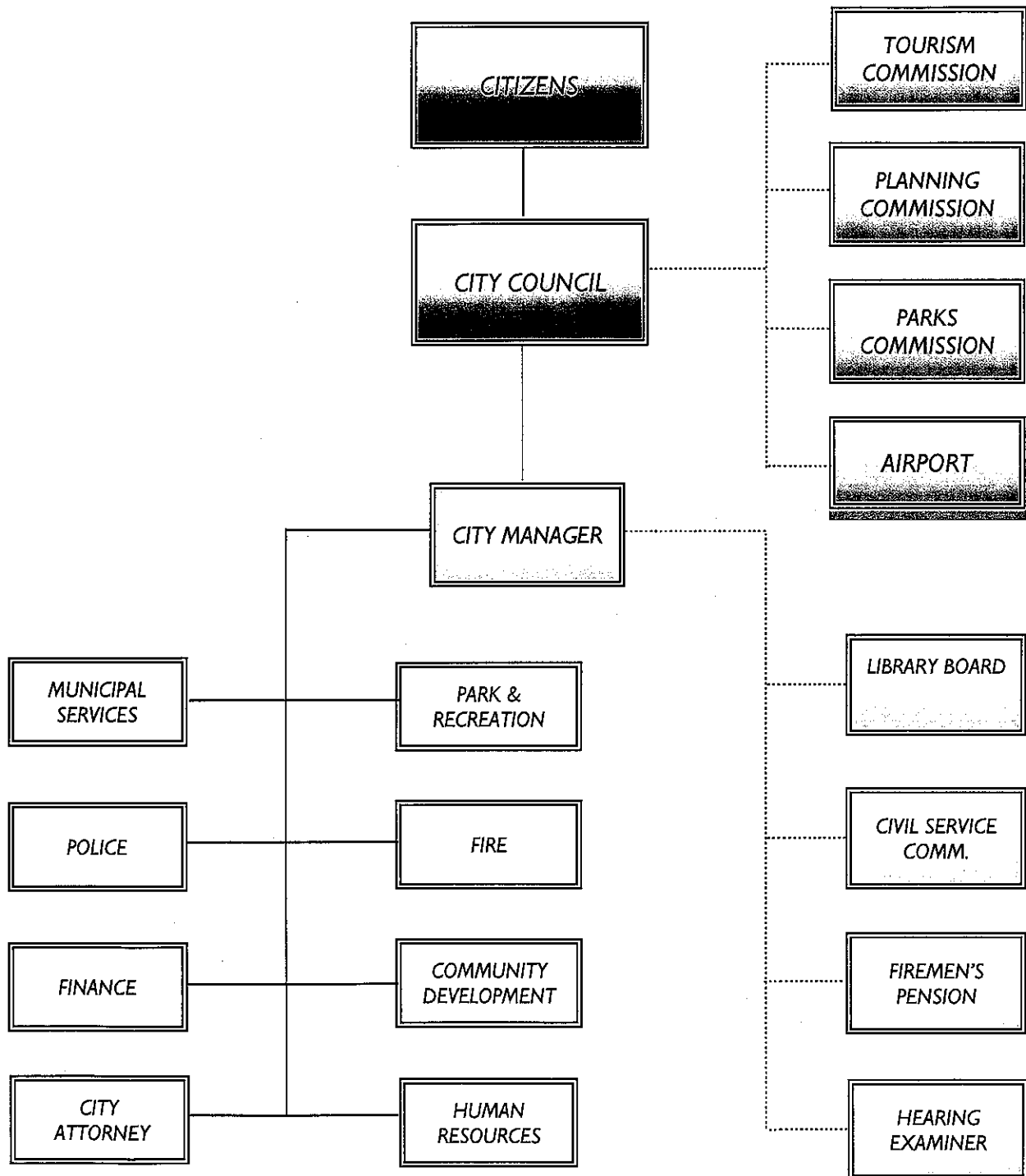
P.O. Box 1579
321 S. Balsam
Moses Lake, WA 98837

Website:

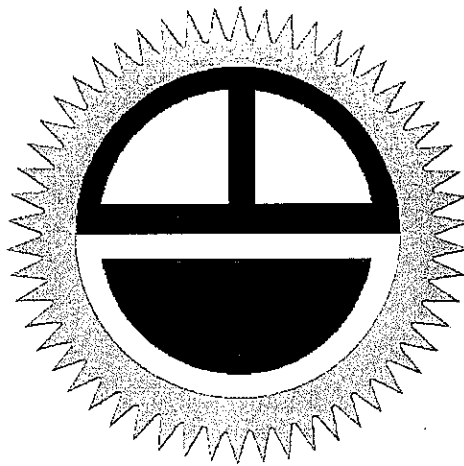
www.ci.moses-lake.wa.us

City of Moses Lake

Organizational Chart



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



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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2008

FINANCIAL SECTION



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

May 28, 2009

Mayor and City 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, 2008, 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Street funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

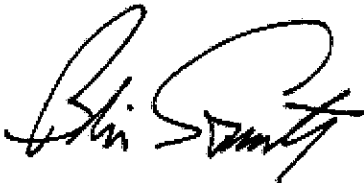
The management's discussion and analysis on pages 14 through 26, infrastructure modified approach information on pages 81 through 82 and information on post-employment benefits other than pensions on page 80 are not a required part of the basic financial statements but are supplementary information required 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.

In accordance with *Government Auditing Standards*, we will also issue our report dated May 28, 2009, 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.

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 117 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, 2008. 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 \$114,899 (net assets). Of this amount, \$13,238 (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 \$6,920.
- As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of \$2,973, a slight increase over the prior year. Almost the entire amount, \$2,439, 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 in a deficit position of \$418 resulting from the closure of the Capital Project 2006 Fund and the subsequent transfer of related debt of \$1,843.

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, 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 sixteen individual governmental funds. The City has two major governmental funds. The general fund and street fund are presented separately 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, 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, 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.

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 \$114,503 at December 31, 2008.

City of Moses Lake's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$5,563	\$6,338	\$12,716	\$12,344	\$18,279	\$18,683
Capital assets	60,621	56,872	66,621	64,109	127,242	120,982
Total assets	<u>66,184</u>	<u>63,211</u>	<u>79,337</u>	<u>76,454</u>	<u>145,521</u>	<u>139,665</u>
Long-term liabilities	10,504	10,937	16,624	17,443	27,128	28,380
Other liabilities	2,029	1,726	1,465	1,841	3,494	3,567
Total liabilities	<u>12,534</u>	<u>12,663</u>	<u>18,089</u>	<u>19,284</u>	<u>30,622</u>	<u>31,947</u>
Net assets:						
Invested in capital assets, net of related debt	50,482	46,373	49,930	46,611	100,413	92,984
Restricted	396	-	852	852	1,249	852
Unrestricted	2,771	4,174	10,466	9,707	13,238	13,881
Total net assets	<u>\$53,650</u>	<u>\$50,548</u>	<u>\$61,249</u>	<u>\$57,170</u>	<u>\$114,899</u>	<u>\$107,717</u>

The largest portion of the City of Moses Lake's net assets (87.7 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 (.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$13,238) 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 improved and is expected to continue improving.

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, before prior period adjustments, increased by \$6,920 in 2008. The increase was split among governmental (\$2,870) and business-type activities (\$4,050). Prior period adjustments reduced governmental net assets by a negligible \$261. Detail of prior period adjustment can be found in Note 16 to the financial statements.

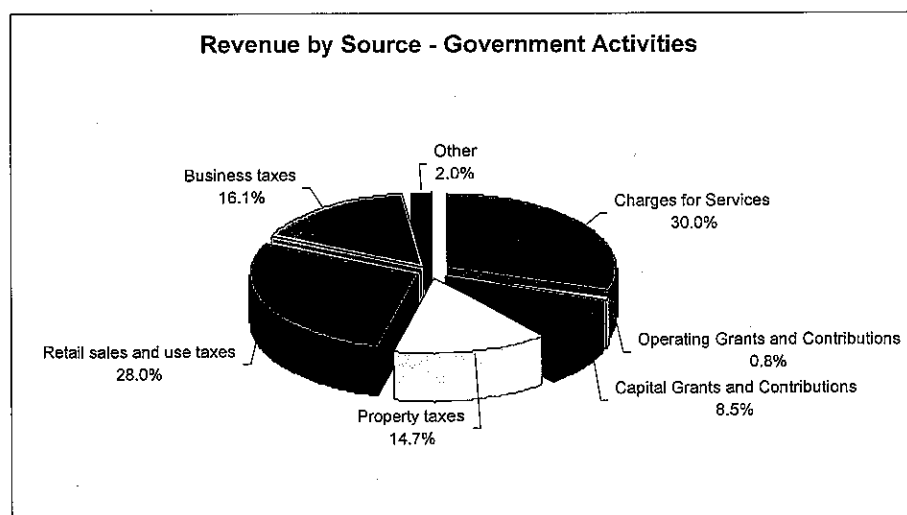
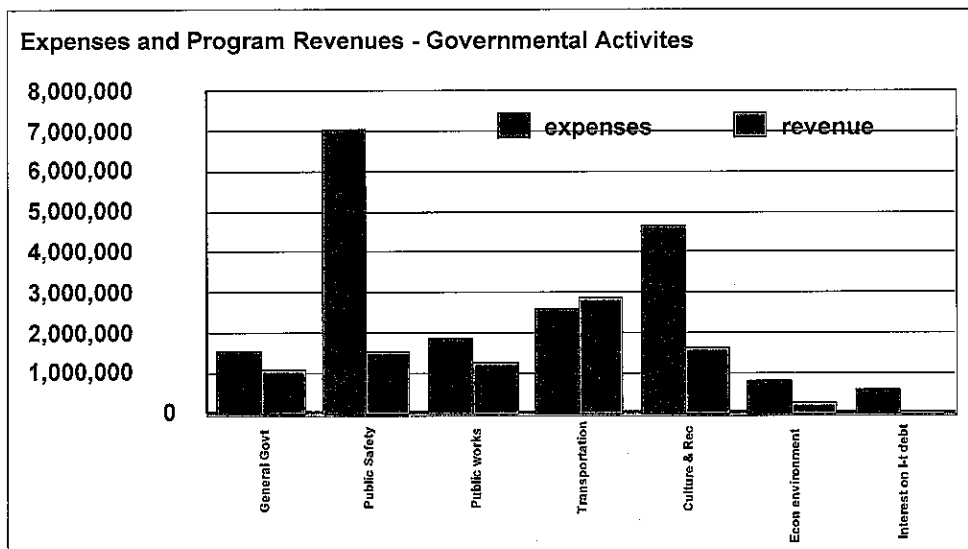
The following is a summarized version of the city's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in table form for the governmental activities autonomous from the business-type activities for 2008.

City of Moses Lake Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenue:						
Charges for services	\$6,655	\$5,684	\$12,617	\$17,121	\$19,272	\$22,805
Operating grants and contributions	170	404	-	-	170	404
Capital grants and contributions	1,884	2,380	2,428	3,131	4,312	5,511
General revenue						
Property taxes	3,271	2,940	-	-	3,271	2,940
Sales taxes	6,226	5,711	-	-	6,226	5,711
business taxes	3,571	3,118	-	-	3,571	3,118
Other taxes	-	-	-	-	-	-
Other	210	710	330	211	540	921
Total revenues	21,987	20,947	15,375	20,463	37,362	41,410
Expenses:						
General government	1,559	1,323	-	-	1,559	1,323
Public safety	7,040	6,338	-	-	7,040	6,338
Public works	1,851	1,839	-	-	1,851	1,839
Transportation	2,618	2,379	-	-	2,618	2,379
Culture & recreation	4,663	3,920	-	-	4,663	3,920
Economic environment	797	830	-	-	797	830
Interest on long-term debt	589	534	-	-	589	534
Water/sewer utility	-	-	7,040	8,122	7,040	8,122
Sanitation	-	-	2,166	1,947	2,166	1,947
Ambulance	-	-	1,960	1,566	1,960	1,566
Airport	-	-	159	54	159	54
Total expenses	19,117	17,163	11,325	11,689	30,442	28,852
Increase in net assets before transfers	2,870	3,784	4,050	8,774	6,920	12,558
Transfers	233	113	(233)	(113)	-	-
Increase in net assets	3,103	3,897	3,817	8,661	6,920	12,558
Net assets 01/01	50,548	57,547	57,170	48,508	107,718	106,055
Prior period adjustment	-	(10,897)	261	-	261	(10,897)
change in reserves	-	-	-	-	-	-
Net assets 12/31	\$53,651	\$50,547	\$61,248	\$57,169	\$114,899	\$107,716

Governmental activities. Governmental activities increased the City of Moses Lake's net assets by \$3,103. As shown in the Statement of Activities \$8,709 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 \$971 was in charges for services, coming mostly from an \$286 increase in admissions to the City's water park, \$273 additional fees collected for camera enforcement, and \$162 from federal direct and indirect grants.
- The sales tax revenue increase (\$515) and business taxes (\$453) for the year was a direct result of commercial and residential construction in and around the City and additional utility accounts and rate increases.
- The large increase in public safety expense (\$702) is attributable to an increase in monthly charges for camera enforcement equipment, utility rate increases, and additions of new accounts from annexations and development. The \$743 increase in culture expenses is mostly due to the increase in personnel and related cost due to the expansion of the water park facility.



FUND-LEVEL FINANCIAL ANALYSIS

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 \$2,973, an increase of \$27 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 (\$169), for debt service payments (\$341) 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 \$418 while the total fund balance was at a deficit \$295..

The fund balance of the City of Moses Lake's General Fund decreased by \$1,456 during the current fiscal year. Key factors in this decline are as follows:

- The Capital Project 2006 fund was closed during the current year and the related debt of \$2,000 was transferred to the General Fund.
- The marked decline in investment interest (\$458) along with the increase in public safety expenses (\$632) because of wages and benefits paid for the police and fire departments that are now at full staff was offset by the increase in tax revenue (\$1118) from retail and business, increased charges for services (\$322) due largely from water park admissions, and additional license and permit fees from construction .

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 four enterprise funds, and five internal service funds.

Unrestricted net assets of the Water and Sewer Utility at the end of the year amounted to \$7,176, and those for the Sanitation Utility amounted to \$3,799. The total of the two funds accounted for 18%

- Numerous vehicles were purchased during the year at a cost of \$685 at year end.
- A new ambulance was purchased for a cost of \$148.

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	\$1,044,634	\$5,530,375
Buildings	18,626,580	26,656,036	45,282,616
Machinery and equipment	2,838,173	1,401,395	4,239,568
Infrastructure	33,882,783	37,319,568	71,202,351
Construction in progress	787,771	199,316	987,087
Total assets	<u>\$60,621,049</u>	<u>\$66,620,949</u>	<u>\$127,241,998</u>

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

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 biennial assessments establishing the condition level of the assets, the City makes annual estimates of the cost to maintain its streets which are also reported in the City's annual Capital Improvement Program. For 2008 the City projected \$1,400 for road maintenance. The actual amount expended was \$875.

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 \$16,890. Of this amount, \$9,910 comprises debt backed by the full faith and credit of the government and \$6,980 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	\$ 8,957,499	\$ 952,501	\$ 9,910,000
Revenue debt	-	6,980,000	6,980,000
	<u>\$ 8,957,499</u>	<u>\$7,932,501</u>	<u>\$ 16,890,000</u>

The City of Moses Lake's total long-term debt decreased by \$815 (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 Special Assessment bonds are unrated and the Revenue 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 2008 was \$1,779,747 and the remaining debt capacity is as follows:

	(Actual amounts)
General	\$ 31,861,918
Open Space/Park Facilities	44,493,680
Utilities	44,493,680
Total	<u>\$120,849,278</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 and will remain restrained through 2009. Growth generally translates into greater revenues attributable in part to increased sales taxes, property taxes, permit fees, and the like. 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 and state economies. The aforementioned factors were considered in the preparation of the City's 2009 budget.

In reviewing the building activity in the local economy currently in progress and anticipated for the future, based upon submittals made to the city, it is anticipated that the local economy will continue to improve in 2009 and perhaps for several years into 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 moderate building activity, contrary to the situation in many parts of the state and country.

Sales tax represents a significant revenue component and a barometer of the local economy. Retail sales are increasing at a rate surpassing sales in the previous best years in the city. Increased retail sales translates into increased retail sales taxes and an increase in the city's general or operating fund. In 2007 and 2008 the city's sales taxes increased by approximately 24% and 7.5% respectively, well above the inflation rate. It is anticipated that the sales taxes the city receives in 2009 will at least match or even exceed those received in 2008, but will grow at a slower rate than that of 2007.

Several industrial concerns in and around the city have announced, begun, or completed expansions. These expansions and additions 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 eventually affect retail sales and, therefore, the city's retail sales tax receipts.

Another indicator of the status of the city's economy is the amount of residential building activity. Property continues to be developed and residential living units are being constructed in the City of Moses Lake at a rate not seen in the past. The city currently has about 1,000 lots available for residential development and anticipates the same number being made available in the near future with yet more being planned in years to come. This growth bodes well for the city in terms of property taxes and retail sales taxes. This residential growth seems to be supported by many factors, including the in-progress and announced industrial development.

Property tax increases have been limited by voter approved initiatives which only allows a 1% levy increase for 2009 which is generally below the rate of inflation. However, gross property tax receipts have increased because of annexations and new construction within the city. In 2006 the city realized approximately \$70 million of permitted building activity. In 2007 the city realized approximately \$55

million in permitted building activity. In 2008 the city realized approximately \$100 million in building activity. The city anticipates continued additional building activity in 2009. The building activity eventually will translate into a higher assessed valuation in the city which will generate additional property taxes up and above the 1% limitation on existing property taxation.

While the city has experienced some retail closures, new retail businesses have opened and located in Moses lake which has lessened the impact of the closures and reductions. This seems to be reflected in the city's retail sales taxes.

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. The monies were not used for operations or ordinary expenses. It is expected that the fund balances will be retained through 2009 and increased. Except for a small allowed property tax increase, no other tax increases were included in preparing the 2009 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 2009 fiscal year.

The water and sewer utility rates were not increased for the 2009 budget year. No rate increases were necessary to sustain the services for the 2009 fiscal year by the water and sewer utility.

The projected outlook for the City of Moses Lake and surrounding area remains positive as more building permits are issued and many 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 governments 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, 2008

BASIC FINANCIAL STATEMENTS

CITY OF MOSES LAKE

Statement of Net Assets

December 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,132,440	\$ 5,404,875	\$ 12,537,315
Receivables (net of allowances for uncollectibles)	505,760	1,578,855	2,084,615
Internal balances	(2,352,152)	2,352,152	-
Inventories and prepaid items	221,103	442,986	664,089
Deferred charges	53,296	116,628	169,924
Restricted assets:			
Cash	-	2,810,181	2,810,181
Interest and other receivables	2,256	10,793	13,050
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,485,742	1,044,634	5,530,375
Buildings and other improvements	18,626,580	26,656,036	45,282,616
Machinery and equipment	2,838,173	1,401,395	4,239,568
Infrastructure	33,882,783	37,319,568	71,202,351
Construction in progress	787,771	199,316	987,087
Total assets	<u>66,183,753</u>	<u>79,337,418</u>	<u>145,521,171</u>
LIABILITIES			
Accounts payable and other current liabilities	651,299	329,496	980,795
Accrued interest	143,418	156,725	300,143
Unearned revenues	-	2,127	2,127
Noncurrent liabilities:			
Due within one year	1,234,753	976,616	2,211,369
Due in more than one year	10,504,146	16,623,707	27,127,853
Total liabilities	<u>12,533,616</u>	<u>18,088,671</u>	<u>30,622,287</u>
NET ASSETS			
Invested in capital assets, net of related debt	50,482,406	49,930,238	100,412,645
Restricted for:			
Debt service	-	852,140	852,140
Other purposes	396,369	-	396,369
Unrestricted	2,771,362	10,466,369	13,237,731
Total net assets	<u>\$ 53,650,136</u>	<u>\$ 61,248,748</u>	<u>\$ 114,898,884</u>

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, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	
			Grants and Contributions	Capital Grants and Contributions		Activities	Total
Primary Government:							
Government activities:							
General government	\$ 1,558,972	\$ 1,061,752	\$ 40,000	\$ -	\$ (457,220)	\$ -	\$ (457,220)
Public safety	7,040,112	1,490,381	71,341	-	(5,478,390)	-	(5,478,390)
Public works	1,850,759	1,270,698	10,377	-	(569,684)	-	(569,684)
Transportation	2,618,394	1,006,085	3,000	1,859,178	249,868	-	249,868
Culture and recreation	4,663,157	1,551,558	45,301	24,803	(3,041,495)	-	(3,041,495)
Economic Environment	796,501	274,564	-	-	(521,937)	-	(521,937)
Interest on long-term debt	588,542	-	-	-	(588,542)	-	(588,542)
Total governmental activities	19,116,437	6,655,038	170,019	1,883,980	(10,407,400)	-	(10,407,400)
Business-type activities:							
Water/Sewer utility	7,039,880	8,510,652	-	2,331,633	-	3,802,405	3,802,405
Sanitation	2,166,047	2,083,539	-	-	-	(82,508)	(82,508)
Ambulance	1,959,865	1,988,586	-	-	-	28,721	28,721
Airport	159,494	34,720	-	96,591	-	(28,183)	(28,183)
Total business-type activities	11,325,285	12,617,496	-	2,428,223	-	3,720,434	3,720,434
Total primary government	\$ 30,441,723	\$ 19,272,534	\$ 170,019	\$ 4,312,204	(10,407,400)	3,720,434	(6,686,966)
General revenues:							
Property taxes					3,270,650	-	3,270,650
Retail sales and use taxes					6,225,961	-	6,225,961
Business taxes					3,570,860	-	3,570,860
Investment earnings					206,425	330,141	536,566
Miscellaneous					3,275	-	3,275
Transfers, internal activities					232,565	(232,565)	-
Total general revenues and transfers					13,509,735	97,576	13,607,311
Changes in net assets					3,102,335	3,818,011	6,920,345
Net assets - beginning					50,547,801	57,169,596	107,717,397
Prior Period adjustment					-	261,141	261,141
Net assets - ending					\$ 53,650,136	\$ 61,248,748	\$ 114,898,883

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

CITY OF MOSES LAKE

Balance Sheet

Governmental Funds

December 31, 2008

	General	Street	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,798,111	\$ 730,977	\$ 2,599,061	\$ 5,128,150
Receivables (net of allowance for uncollectibles):				
Taxes	247,284	-	-	247,284
Assessments	-	-	75,433	75,433
Customer accounts	44,336	-	20,246	64,582
Unbilled services	15,254	-	9,149	24,403
Other receivables	34,829	774	36,048	71,652
Due from other funds	-	-	100,000	100,000
Due from other governments	10,000	-	12,407	22,407
Prepays	80,507	70,469	-	150,976
Total assets	2,230,320	802,220	2,852,345	5,884,885
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	103,076	54,923	37,095	195,094
Salaries and benefits payable	286,849	14,292	-	301,141
Interfund loans payable	1,842,837	-	168,000	2,010,837
Deferred revenue	292,367	774	111,481	404,621
Total liabilities	2,525,129	69,989	316,576	2,911,693
Fund balances:				
Reserved for:				
Debt service	-	-	340,628	340,628
Petty cash and prepaid expenses	98,432	70,469	-	168,901
Vacation/sick leave payouts	25,000	-	-	25,000
Unreserved, reported in:				
General fund	(418,240)	-	-	(418,240)
Special revenue funds	-	661,763	1,932,553	2,594,316
Capital projects funds	-	-	262,588	262,588
Total fund balances	(294,809)	732,231	2,535,769	2,973,192
Total liabilities and fund balances	\$ 2,230,320	\$ 802,220	\$ 2,852,345	

Amounts reported for governmental activities in the 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.	53,677,546
Other long-term assets that are not available to be collected in current period revenues and, therefore are deferred in the funds.	404,621
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 in the statement of net assets.	4,327,803
Some liabilities, including bonds, loans, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,765,834)
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.	30,552
Interest receivables of governmental activities not reported in the funds.	2,256

Net assets of governmental funds \$ 53,650,136

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, 2008

	General	Streets	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 11,663,009	\$ -	\$ 1,356,918	\$ 13,019,927
Licenses and permits	970,496	188,706	-	1,159,202
Intergovernmental revenues	423,382	566,401	597,383	1,587,167
Charges for services	3,234,792	-	212,504	3,447,296
Fines and forfeits	266,921	-	44	266,965
Interest earnings	187,222	-	11,757	198,979
Rents and royalties	416,729	-	-	416,729
Contributions/donations	-	-	70,843	70,843
Assessments	-	-	76,729	76,729
Miscellaneous	11,401	6,618	87,942	105,961
Total revenues	17,173,952	761,725	2,414,120	20,349,797
EXPENDITURES				
Current:				
General government	1,378,430	-	-	1,378,430
Public safety	6,650,222	-	127,833	6,778,055
Public works	1,858,168	-	10,453	1,868,622
Transportation	-	1,641,245	907,966	2,549,211
Economic environment	798,134	-	-	798,134
Culture and recreation	3,684,064	-	258,592	3,942,656
Capital outlay	43,183	-	2,250,720	2,293,903
Debt service:				
Principal	-	-	538,396	538,396
Interest and debt issue costs	105,000	-	278,884	383,884
Total expenditures	14,517,200	1,641,245	4,372,844	20,531,289
Excess (deficiency) of revenues over (under) expenditures	2,656,752	(879,519)	(1,958,724)	(181,492)
OTHER FINANCING SOURCES (USES)				
Transfers in	372,720	1,200,000	3,945,890	5,518,610
Transfers (out)	(4,585,690)	(152,300)	(673,055)	(5,411,045)
Sales of capital assets	100,724	251	-	100,975
Total other financing sources (uses)	(4,112,247)	1,047,951	3,272,835	208,540
Net change in fund balances	(1,455,495)	168,432	1,314,111	27,048
Fund balances-beginning	1,160,686	563,800	1,221,658	2,946,144
Fund balances-ending	\$ (294,809)	\$ 732,231	\$ 2,535,769	\$ 2,973,192

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, 2008

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

Net changes in fund balances-total governmental funds:	\$ 27,048
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.	1,583,971
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statment.	20,481
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.	1,343,451
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.	538,396
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.	(109,884)
Accrued interest revenue in the statement of activities does not provide current financial resources and is not reported as revenue in governmental funds.	141
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.	(301,270)
	<u>\$ 3,102,335</u>

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, 2008

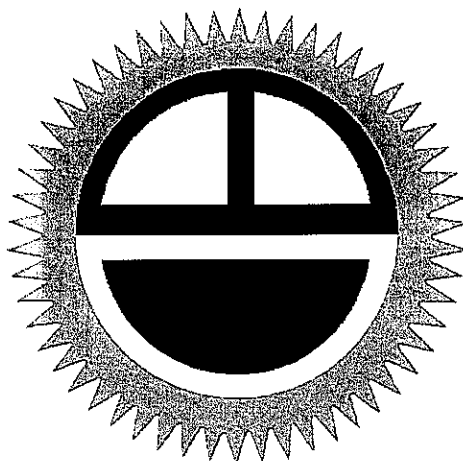
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,226,600	\$ 11,681,800	\$ 11,663,009	\$ (18,791)
Licenses and permits	793,000	928,000	970,496	42,496
Intergovernmental revenues	130,000	327,900	423,382	95,482
Charges for services	3,017,400	3,291,400	3,234,792	(56,608)
Fines and forfeits	104,500	249,500	266,921	17,421
Interest earnings	1,023,000	523,000	187,222	(335,778)
Rents and royalties	401,700	395,700	416,729	21,029
Miscellaneous	4,000	4,000	11,401	7,401
Total revenues	15,700,200	17,401,300	17,173,952	(227,348)
EXPENDITURES				
Current:				
General government	1,343,000	1,353,000	1,378,430	(25,430)
Public safety	6,509,800	6,562,200	6,650,222	(88,022)
Public works	1,998,000	2,014,600	1,858,168	156,432
Economic environment	773,300	784,400	798,134	(13,734)
Culture and recreation	3,729,800	3,779,100	3,684,064	95,036
Capital outlay	10,000	10,000	43,183	(33,183)
Debt service:				
Interest and debt issue costs	105,000	105,000	105,000	-
Total expenditures	14,468,900	14,608,300	14,517,200	91,100
Excess of revenues over expenditures	1,231,300	2,793,000	2,656,752	(136,248)
OTHER FINANCING SOURCES (USES)				
Transfers in	643,100	43,100	372,720	329,620
Transfers (out)	(2,945,500)	(2,945,500)	(4,585,690)	(1,640,190)
Sales of capital assets	-	-	100,724	100,724
Total other financing sources (uses)	(2,302,400)	(2,902,400)	(4,112,247)	(1,209,847)
Net change in fund balances	(1,071,100)	(109,400)	(1,455,495)	(1,346,095)
Fund balances-beginning	2,827,500	1,283,600	1,160,686	(122,914)
Fund balances-ending	\$ 1,756,400	\$ 1,174,200	\$ (294,809)	\$ (1,469,009)

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 Fund****For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	120,000	120,000	\$ 188,706	\$ 68,706
Intergovernmental revenues	375,000	375,000	566,401	191,401
Miscellaneous	2,000	2,000	6,618	4,618
Total revenues	497,000	497,000	761,725	264,725
EXPENDITURES				
Current:				
Transportation	1,497,800	1,806,400	1,641,245	165,155
Deficiency of revenues under expenditures	(1,000,800)	(1,309,400)	(879,519)	429,881
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers (out)	(152,300)	(152,300)	(152,300)	-
Sales of capital assets	-	-	251	251
Total other financing sources (uses)	1,047,700	1,047,700	1,047,951	251
Net change in fund balances	46,900	(261,700)	168,432	430,132
Fund balances-beginning	447,300	540,100	563,800	23,700
Fund balances-ending	\$ 494,200	\$ 278,400	\$ 732,231	\$ 453,831

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



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CITY OF MOSES LAKE
Statement of Net Assets
Proprietary Funds
December 31, 2008

Page 1 of 2

	Business-type Activities-Enterprise Funds					Governmental
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,872,720	\$ 1,119,385	\$ 356,312	\$ 56,458	\$ 5,404,875	\$ 2,004,290
Receivables (net of allowance for uncollectibles)	910,610	259,512	379,533	29,200	1,578,855	-
Interfund loans receivable	1,000,000	2,513,046	-	-	3,513,046	-
Inventories and prepaid expenses	382,457	56,515	4,015	-	442,986	70,128
Total current assets	6,165,786	3,948,457	739,860	85,658	10,939,762	2,074,418
Noncurrent assets:						
Restricted assets:						
Revenue bond reserves/debt service:						
Cash and cash equivalents	1,065,104	-	-	-	1,065,104	-
Interest receivable	1,993	-	-	-	1,993	-
Due from other governments	8,800	-	-	-	8,800	-
Construction in progress:						
Cash and cash equivalents	1,745,076	-	-	-	1,745,076	-
Total restricted assets	2,820,974	-	-	-	2,820,974	-
Capital assets, net of accumulated depreciation:						
Land and land rights	759,047	-	-	460	759,507	608,951
Buildings	26,615,513	-	-	40,523	26,656,036	3,336,512
Infrastructure	37,233,408	-	-	86,160	37,319,568	-
Machinery and equipment	1,263,258	-	138,137	-	1,401,395	2,462,078
Construction in progress	199,316	-	-	-	199,316	535,963
Intangible assets	285,127	-	-	-	285,127	-
Total capital assets	66,355,669	-	138,137	127,143	66,620,949	6,943,503
Other noncurrent assets:						
Deferred charges	116,628	-	-	-	116,628	22,744
Total non current assets	69,293,272	-	138,137	127,143	69,558,551	6,966,247
Total assets	\$ 75,459,058	\$ 3,948,457	\$ 877,996	\$ 212,801	\$ 80,498,313	\$ 9,040,665

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, 2008

Page 2 of 2

	Business-type Activities-Enterprise Funds					Governmental
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	Activities Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 85,669	\$ 144,507	\$ 5,520	\$ 1,137	\$ 236,833	\$ 132,598
Salaries payable	48,321	1,848	38,165	-	88,335	22,466
Interfund loans payable	-	-	-	-	-	1,602,209
Revenues collected in advance	-	-	2,127	-	2,127	-
Interest payable	-	-	-	-	-	38,926
Capital leases payable	7,244	-	25,924	-	33,168	425,485
G. O. bonds payable	37,500	-	-	-	37,500	238,045
Compensated absences	28,251	341	12,581	-	41,172	10,373
Accrued interest	156,725	-	-	-	156,725	-
Intergovernmental loan payable	834,776	-	-	-	834,776	-
Revenue bonds payable	30,000	-	-	-	30,000	-
Other short-term liabilities	4,328	-	-	-	4,328	-
Total current liabilities	<u>1,232,814</u>	<u>146,696</u>	<u>84,317</u>	<u>1,137</u>	<u>1,464,964</u>	<u>2,470,102</u>
Noncurrent liabilities:						
Revenue bonds payable(net discount/premium)	7,320,818	-	-	-	7,320,818	-
G.O. bonds payable(net discount/premium)	906,817	-	-	-	906,817	2,485,606
Intergovernmental loans payable	7,929,092	-	-	-	7,929,092	-
Compensated absences	254,255	3,068	113,228	-	370,551	93,353
Lease payable	13,064	-	83,366	-	96,430	824,696
Total noncurrent liabilities	<u>16,424,045</u>	<u>3,068</u>	<u>196,594</u>	<u>-</u>	<u>16,623,707</u>	<u>3,403,655</u>
Total liabilities	<u>17,656,859</u>	<u>149,764</u>	<u>280,911</u>	<u>1,137</u>	<u>18,088,671</u>	<u>5,873,757</u>
NET ASSETS						
Invested in capital assets, net of related debt	49,774,248	-	28,848	127,143	49,930,238	2,974,705
Restricted for debt service	852,140	-	-	-	852,140	-
Unrestricted	<u>7,175,812</u>	<u>3,798,693</u>	<u>568,238</u>	<u>84,521</u>	<u>11,627,264</u>	<u>192,204</u>
Total net assets	<u>\$ 57,802,199</u>	<u>\$ 3,798,693</u>	<u>\$ 597,086</u>	<u>\$ 211,664</u>	<u>62,409,642</u>	<u>\$ 3,166,908</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (1,160,895)
Net assets of business-type activities \$ 61,248,748

CITY OF MOSES LAKE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For Year Ended December 31, 2008

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	
OPERATING REVENUES						
Charges for services	\$ 8,137,526	\$ 1,946,948	\$ 1,987,989	\$ -	\$ 12,072,463	\$ 3,025,264
Intergovernmental revenues	-	-	-	-	-	68,668
Miscellaneous revenues	133,802	45	596	34,120	168,563	-
Total operating revenues	8,271,328	1,946,993	1,988,586	34,120	12,241,027	3,093,932
OPERATING EXPENSES						
Salaries and benefits	1,774,426	75,405	1,435,169	-	3,285,000	769,481
Supplies and contractual services	2,384,899	2,088,557	489,930	48,313	5,011,699	962,753
Utilities	346,206	-	-	1,814	348,020	257,313
Repairs and maintenance	157,624	-	921	97,195	255,740	252,686
Insurance claims and expenses	-	-	-	-	-	500,130
Depreciation and amortization	1,853,796	-	13,437	12,045	1,879,279	559,125
Total operating expenses	6,516,951	2,163,962	1,939,457	159,368	10,779,739	3,301,488
Operating income (loss)	1,754,377	(216,969)	49,129	(125,248)	1,461,288	(207,556)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	330,141	-	-	-	330,141	7,304
Insurance recoveries	-	-	-	-	-	30,335
Operating grants	-	-	-	-	-	17,523
Intergovernmental payments	(50,000)	-	-	-	(50,000)	-
Interest expense	(441,073)	-	(3,790)	-	(444,862)	(208,412)
Miscellaneous revenues	239,324	136,546	-	600	376,470	-
Miscellaneous expenses	-	-	-	-	-	3,275
Gain (loss) on disposal of assets	-	-	-	-	-	5,576
Total nonoperating revenues (expenses)	78,392	136,546	(3,790)	600	211,748	(144,398)
Income (loss) before contributions and transfers	1,832,769	(80,423)	45,339	(124,648)	1,673,036	(351,954)
Capital contributions	2,331,633	-	-	96,591	2,428,223	-
Transfers in	-	-	73,500	-	73,500	-
Transfers out	(306,065)	-	-	-	(306,065)	-
Change in net assets	3,858,337	(80,423)	118,839	(28,058)	3,868,695	(351,954)
Total net assets - beginning	53,682,721	3,879,116	478,247	239,722		3,518,862
Prior period adjustments	261,141	-	-	-		-
Total net assets - ending	\$ 57,802,199	\$ 3,798,693	\$ 597,086	\$ 211,664		\$ 3,166,908
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(50,684)	
Change in net assets of business-type activities					\$ 3,818,011	

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, 2008

	Business-type Activities-Enterprise Funds					Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 8,094,545	\$ 1,934,789	\$ 1,902,765	\$ 23,970	\$ 11,956,069	\$ 3,093,932
Payments to suppliers	(3,062,012)	(2,091,849)	(490,598)	(146,812)	(5,791,271)	(1,952,937)
Payments to employees	(1,735,949)	(74,429)	(1,413,408)	-	(3,223,786)	(746,772)
Miscellaneous revenues	371,981	136,452	2,606	600	511,639	3,275
Miscellaneous expenses	(268,410)	-	-	-	(268,410)	-
Net cash provided by (used for) operating activities	3,400,155	(95,036)	1,364	(122,242)	3,184,240	397,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments from (to) other funds	-	235,251	-	-	235,251	-
Advances from (to) other funds	(1,000,000)	-	73,500	-	(926,500)	-
Transfers to other funds	(306,065)	-	-	-	(306,065)	-
Insurance recoveries	-	-	-	-	-	30,335
Other intergovernmental payments	104,576	-	-	1,468	106,043	-
Receipt of grant funds	-	-	-	-	-	29,566
Net cash used for noncapital financing activities	(1,201,489)	235,251	73,500	1,468	(891,270)	59,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	109,289	-	109,289	1,715,204
Principal paid on debt	(894,114)	-	(554)	-	(894,667)	(700,184)
Interest paid on debt	(445,214)	-	(3,790)	-	(449,004)	(206,957)
Capital contributions	625,271	-	-	-	625,271	-
Purchases of capital assets	(2,881,233)	-	(134,796)	-	(3,016,029)	(1,406,900)
Proceeds of capital grants	338,639	-	897	96,591	436,127	-
Proceeds from sale of capital assets	-	-	-	-	-	32,156
Prior year adjustment	261,141	-	-	-	261,141	-
Net cash provided by (used) for capital and related financing activities	(2,995,510)	-	(28,953)	96,591	(2,927,872)	(566,681)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	306,472	-	-	-	306,472	7,304
Net cash provided by investing activities	306,472	-	-	-	306,472	7,304
Net increase (decrease) in cash and cash equivalents	(490,372)	140,214	45,912	(24,184)	(328,430)	(101,978)
Cash and cash equivalents, January 1	7,173,273	979,170	310,400	80,642	8,543,486	2,106,268
Cash and cash equivalents, December 31	\$ 6,682,901	\$ 1,119,385	\$ 356,312	\$ 56,458	\$ 8,215,056	\$ 2,004,290

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, 2008

Page 2 of 2

	Business-type Activities-Enterprise Funds					Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 1,754,377	\$ (216,969)	\$ 49,129	\$ (125,248)	\$ 1,461,288	\$ (207,556)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,853,796	-	13,437	12,045	1,879,279	559,125
Allowance for uncollectible accounts	-	-	1,535	-	1,535	-
Decrease (increase) in accounts receivable	(44,126)	(12,159)	(84,750)	(10,150)	(151,185)	-
Decrease (increase) in inventory	20,034	(18,096)	(2,095)	-	(157)	-
Decrease (increase) in prepaid expenses	-	-	-	-	-	(3,141)
(Decrease) increase in accounts payable	(461,727)	14,804	2,347	510	(444,064)	23,086
(Decrease) increase in salaries payable	38,477	976	21,760	-	61,214	(131)
(Decrease) increase in deferred revenue	-	-	-	-	-	22,841
(Decrease) increase in miscellaneous revenues	239,324	136,407	-	600	376,331	3,275
Total adjustments	1,645,778	121,933	(47,764)	3,006	1,722,952	605,054
Net cash provided (used) by operating activities	\$ 3,400,155	\$ (95,036)	\$ 1,364	\$ (122,242)	\$ 3,184,240	\$ 397,498
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ 1,374,778	-	-	-	\$ 1,374,778	-
Addition to capital leases	-	-	\$ 134,796	-	134,796	\$ 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, 2008

	Firemen's Pension	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 245,326	\$ 445,326
Escrow accounts	-	663,114
Total assets	<u>245,326</u>	<u>1,108,440</u>
LIABILITIES		
Accounts payable	1,143	-
Custodial accounts payable	-	1,108,440
Total liabilities	<u>1,143</u>	<u>1,108,440</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ 244,183</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, 2008

	<u>Firemen's Pension Fund</u>
ADDITIONS	
Intergovernmental revenues	\$ 21,696
Interest earnings	12,890
Transfers in	<u>125,000</u>
Total additions	<u>159,586</u>
DEDUCTIONS	
Benefits	20,493
Medical insurance and direct medical payments	<u>134,854</u>
Total deductions	<u>155,346</u>
Change in net assets	4,240
Net assets - beginning	<u>239,944</u>
Net assets - ending	<u><u>\$ 244,183</u></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, 2008

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CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2008

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 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-supported 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.

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 that 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 in a trustee or agency capacity for 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 services and producing and delivering goods in connection with a proprietary fund's principal ongoing 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 lives 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 purpose 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 reservation of fund balances and do 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, 2008, the treasurer was holding \$15,726,674 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, 2008, 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	\$	1,065,104
Cash Investments - Construction		1,745,076
Interest receivable		1,993
Due from other governments		8,800
Total Restricted Assets	\$	<u>2,820,974</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 \$1,037,158.

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 lives:

Assets	Years
Buildings/Improvements	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	\$ 247,284	\$ -
Revenues not applied	-	81,905
Special assessments not yet due	75,433	-
	<u>\$ 322,716</u>	<u>\$ 81,905</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. One element of that reconciliation explains that "long-term liabilities, including bonds, loans, and compensated absences, are not due and payable in the current period and, therefore are not reported in the funds." The details of this \$7,765,833 balance are as follows:

Bonds payable	\$ 6,213,118
Issuance discount	(40,916)
Capital leases payable	29,640
Accrued interest payable	104,492
Compensated absences	<u>1,459,499</u>
Net adjustment to reduce fund balance-total governmental funds to net assets governmental funds	<u>\$ 7,765,833</u>

Another element of that reconciliation explains that "Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets." The details of this \$4,327,803 difference are as follows:

Net assets of the internal service funds	\$ 3,166,908
Plus: Internal payable representing charges under the cost to business-type activities-- prior years	1,110,210
Plus: Internal payable representing charges under the cost to business-type activities--current year	50,684
Net adjustment to increase fund balance--total governmental funds to arrive at net assets--governmental activities	<u>\$ 4,327,803</u>

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. One element of the reconciliation explains that "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." The details of this \$1,583,970 difference are as follows:

Capital outlay	\$ 2,293,902
Depreciation	<u>(709,932)</u>
Net adjustment to increase net changes in fund balances--total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,583,970</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, and donations) is to increase net assets. The detail of the \$1,343,451 difference is as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in governmental funds because they are not a current financial resource.	\$ 1,450,798
Gain/ Loss on sale/disposals of assets	<u>(107,347)</u>
Total	<u>\$ 1,343,451</u>

Another element of that reconciliation states that "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." The details of the \$ 538,396 difference are as follows:

Debt Issued or Incurred:

Principal repayments	\$ 538,396
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities.	\$ 538,396

Another element of that reconciliation states that "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." The details of the \$109,884 difference are as follows:

Compensated absences	\$ 113,637
Accrued interest	(7,837)
Amortization of deferred bond issue costs	4,084
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities.	\$ 109,884

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$301,269 difference are as follows:

Change in net assets of the internal service funds	\$ 351,953
Plus: Loss from charges to business-type activities	(50,684)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ 301,269

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Closures

As of December 31, 2008, there were two funds closed. The Capital Projects 2006 Fund was closed due to completion on all projects, with the interfund loan from the sanitation department to be repaid by the general fund. With the completion of the Operations Complex the Construction Fund was closed and the assets being transferred to the Water/Sewer Fund.

Deficit Fund Balance

As of December 31, 2008, the General Fund had a deficit fund balance of \$294,808. This is due to the closure of the Capital Project 2006 Fund and the transfer of \$1,842,836 in related debt to the General Fund. To eliminate the deficit, a debt service fund is to be established to accommodate the future repayment of the debt.

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, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Investments of pension trust funds are not subject to the preceding limitations. All temporary investments are stated at cost. Other property and investments are shown on the statement of net assets at historical cost. (Other property consists of real estate held for future use).

At December 31, 2008, the bank balance was \$ 562,546. 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	\$ 6,529,921	not rated	12
WA State Invest Pool	9,196,753	not rated	18
Total Fair Value	<u>\$ 15,726,674</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 it's investment policy, the City manages it's 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: For an investment is the risk that, in the event of the failure of the counter party, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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 2008 was \$2.95957 per \$1,000 on an assessed valuation of \$1,080,369,113 for a total regular levy of \$3,197,428.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets

A summary of capital assets for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Depreciated:				
Land	\$ 4,396,028	\$ 89,714	\$ -	\$ 4,485,742
Infrastructure*	29,732,761	3,389,754	251	33,122,264
CIP	6,480,135	1,658,708	7,351,072	787,771
Total capital assets not Depreciated	<u>40,608,924</u>	<u>5,138,176</u>	<u>7,351,323</u>	<u>38,395,777</u>
Capital Assets Depreciated:				
Buildings	19,458,509	6,452,047	100,724	25,809,832
Intang-Software	147,051	-	-	147,051
Machinery and equipment	8,483,958	912,449	195,020	9,201,386
Infrastructure	1,448,608	-	-	1,448,608
Total	<u>29,538,126</u>	<u>7,364,496</u>	<u>295,744</u>	<u>36,606,877</u>
Less Accumulated Depreciation:				
Buildings	6,425,920	757,518	186	7,183,252
Intang-software	147,051	-	-	147,051
Machinery and Equipment	6,049,773	475,324	161,884	6,363,213
Infrastructure	651,873	36,215	-	688,089
Total Accumulated Depreciation	<u>13,274,618</u>	<u>1,269,057</u>	<u>162,070</u>	<u>14,381,605</u>
Total Capital Assets Being Depreciated, Net	<u>16,263,508</u>	<u>6,095,438</u>	<u>133,674</u>	<u>22,225,272</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,872,432</u>	<u>\$ 11,233,614</u>	<u>\$ 7,484,997</u>	<u>\$ 60,621,049</u>

*The city first reported infrastructure under the new requirements of the Governmental Accounting Standards Board Statement Number 34 in Fiscal Year 2003. 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
Business-type Activities				
Capital Assets Not Depreciated:				
Land	\$ 1,044,634	\$ -	\$ -	\$ 1,044,634
CIP	10,986,423	3,994,869	14,781,976	199,316
Total capital assets not Depreciated	<u>12,031,057</u>	<u>3,994,869</u>	<u>14,781,976</u>	<u>1,243,950</u>
Capital Assets Depreciated:				
Buildings	23,916,515	9,445,966	-	33,362,480
Machinery and equipment	1,848,486	190,957	39,750	1,999,693
Infrastructure	49,648,130	5,974,657	-	55,622,787
Total	<u>75,413,131</u>	<u>15,611,580</u>	<u>39,750</u>	<u>90,984,961</u>
Less Accumulated Depreciation:				
Buildings	5,990,536	715,908	-	6,706,444
Machinery and Equipment	567,338	70,710	39,750	598,298
Infrastructure	16,776,891	1,526,328	-	18,303,220
Total Accumulated Depreciation	<u>23,334,766</u>	<u>2,312,946</u>	<u>39,750</u>	<u>25,607,962</u>
Total Capital Assets being Depreciated, Net	<u>52,078,365</u>	<u>13,298,634</u>	<u>-</u>	<u>65,376,999</u>
Business-type Activities Capital Assets, Net	<u>\$ 64,109,422</u>	<u>\$ 17,293,503</u>	<u>\$ 14,781,976</u>	<u>\$ 66,620,949</u>

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

Governmental Activities	Depreciation
General Government	\$ 38,396
Public Safety	23,626
Transportation	38,950
Culture and Recreation	608,960
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	559,125
Total Depreciation - Governmental Activities	<u>\$ 1,269,057</u>
Business-Type Activities	Depreciation
Water/Sewer	\$ 2,287,463
Ambulance	13,437
Airport	12,045
Total Depreciation - Business-Type Activities	<u>\$ 2,312,945</u>

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; and
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, 2008. They are a well drilling project and a road improvement project. 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	Spent to Date	Remaining Commitment
Well #3 Drilling	\$ 47,701	\$ 511,877
Road N	19,761	996,000
Total	<u>\$ 67,462</u>	<u>\$ 1,507,877</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 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
Total	<u>255,849</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, 2008, were:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	8.31%**	8.31%**	8.31%***
Employee	6.00%****	5.45%****	*****

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

** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% 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 5.45% 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
2008	\$ 33,995	\$ 311,218	\$ 27,872
2007	\$ 27,045	\$ 234,951	\$ 26,939
2006	\$ 13,523	\$ 118,170	\$ 25,226

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, 2007:

Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Nonvested	3,708
Total	<u>26,330</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, 2008, were:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.46%**
Employee	0.00%	8.83%
State	N/A	3.53%

* 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
2008	\$ 30	\$ 213,547
2007	\$ 152	\$ 179,935
2006	\$ 170	\$ 144,481

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.

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, 2008 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 129 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, 2008 were as follows:

Unemployment Compensation	\$410,593
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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
1998 LTGO Bond	Governmental Activities - Refunding	01/06/1998	08/01/2009	\$ 1,539,725	4.0 - 4.8%	\$ 436,028
1998 LTGO Bond	Governmental - Internal Service	01/06/1998	08/01/2009	155,275	4.0 - 4.8%	43,972
2002 LTGO Bond	Governmental Activities - Refunding	09/10/2002	08/01/2012	2,315,705	1.5 - 3.95%	1,014,591
2002 LTGO Bond	Governmental- Internal Service	09/10/2002	08/01/2012	1,119,295	1.5 - 3.95%	490,409
2003 LTGO Bond	Governmental - Internal Service	12/30/2003	09/01/2023	2,725,000	1.2 - 4.6%	2,210,000
2006 LTGO Bond	Governmental Activities	06/05/2006	08/01/2026	5,083,333	3.65-4.25%	4,762,499
2006 LTGO Bond	Operations Complex	06/05/2006	08/01/2026	1,016,667	3.65-4.25%	952,501
Total				<u>\$ 13,955,000</u>		<u>\$ 9,910,000</u>

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

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 549,455	\$ 253,433	\$ 275,545	\$ 149,837
2010	572,818	232,478	287,182	140,697
2011	547,015	209,746	292,985	130,549
2012	568,831	187,968	306,169	119,687
2013 - 2017	1,170,833	735,760	929,167	470,167
2018 - 2022	1,429,167	476,329	1,135,833	260,476
2023 - 2026	1,375,000	149,281	470,000	38,826
Total	<u>\$ 6,213,118</u>	<u>\$ 2,244,995</u>	<u>\$ 3,696,882</u>	<u>\$ 1,310,240</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%	\$ 6,980,000
Total			<u>\$ 7,015,000</u>		<u>\$ 6,980,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2009	\$ 30,000	\$ 325,900	\$ 355,900
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
2014-2018	1,840,000	1,345,675	3,185,675
2019-2023	3,115,000	827,750	3,942,750
2024	1,170,000	58,500	1,228,500
Total	<u>\$ 6,980,000</u>	<u>\$ 3,826,012</u>	<u>\$ 10,806,012</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, 2008 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%	\$ 151,703
PWTF Sewer Rehabilitation	3.00%	47,690
PWTF Well #14	3.00%	82,888
PWTF Reservoir #8	2.00%	534,217
PWTF WWTP-Design	.50%	419,645
PWTF WWTP-Construction	.50%	7,411,765
WA St. Revolve (A)	5.00%	115,960
Total		<u>\$ 8,763,868</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>
2009	834,776	173,145	1,007,921
2010	798,039	48,845	846,884
2011	658,731	42,415	701,146
2012	658,731	37,459	696,190
2013	638,009	32,502	670,511
2014-2018	2,961,094	102,068	3,063,162
2019-2022	2,214,488	27,439	2,241,927
Total	<u>\$ 8,763,868</u>	<u>\$ 463,873</u>	<u>\$ 9,227,741</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, 2008, the city had \$515,432 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$1,065,104 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 is 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, 2008. The future minimum lease payments for this lease are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 51,600
2010	51,600
Total	<u>\$ 103,200</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
Machinery & Equipment	\$ 2,198,062	\$ 165,547
Less Accumulated Depreciation	556,302	12,770
Total	<u>\$ 1,641,760</u>	<u>\$ 152,777</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2008 were as follows:

Year	Governmental Activities	Business-Type Activities
2009	\$ 475,927	\$ 37,187
2010	397,182	36,137
2011	307,570	36,041
2012	177,168	29,295
Total Minimum Lease Payments	1,357,847	138,660
Less: Interest	78,056	9,063
Present Value of Minimum Lease Payments	<u>\$ 1,279,821</u>	<u>\$ 129,597</u>

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2008, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 9,716,666	\$ -	\$ 759,167	\$ 8,957,499	\$ 787,500
Less deferred amount					
For issuance premiums (discounts)	(65,982)	4,336	-	(61,647)	-
Total bonds/leases payable	9,650,684	4,336	759,167	8,895,852	787,500
Capital leases	893,944	815,204	429,328	1,279,821	436,880
Compensated absences	1,435,733	898,528	771,036	1,563,225	10,373
Governmental activity long term liabilities	<u>\$ 11,980,361</u>	<u>\$ 1,718,067</u>	<u>\$ 1,959,530</u>	<u>\$ 11,738,898</u>	<u>\$ 1,234,753</u>
Business-type activities					
Bonds payable:					
General Obligation Bonds	\$ 988,334	\$ -	\$ 35,833	\$ 952,501	\$ 37,500
Revenue bonds	7,000,000	-	20,000	6,980,000	30,000
Less deferred amounts					
For issuance premiums (discounts)	385,836	468	23,669	362,634	-
Total bonds/leases payable	8,374,170	468	79,503	8,295,135	67,500
Capital leases	28,045	134,796	33,244	129,597	33,168
Government loans	9,594,965	-	831,097	8,763,868	834,776
Compensated absences	378,335	266,759	233,372	411,723	41,172
Business-Type activity long term liabilities	<u>\$ 18,375,516</u>	<u>\$ 402,023</u>	<u>\$ 1,177,215</u>	<u>\$ 17,600,324</u>	<u>\$ 976,616</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$2,744,381 of general obligation bonds minus \$20,730 bond discount, \$1,250,181 capital leases, and \$93,353 compensated absences of internal service funds are included in the above governmental activities amounts for a total of \$4,299,884. 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, 2008, 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.
2. Bell v. Moses Lake, etal: Is a wrongful death claim arising from a motor vehicle accident. An intersection the city acquired as part of an annexation is alleged to have been negligently designed. The city has insurance for this claim subject to a \$25,000 contribution. The city has reserved funds for that purpose.
3. 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.

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, 2008 is not expected.

Interfund balances at December 31, 2008 were as follows:

		DUE FROM				
		GENERAL FUND	BUILDING MAINTENANCE	EQUIPMENT RENTAL	SIDEWALK PAVER CONSTRUCTION	Totals
DUE TO	CAPITAL PROJECTS	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
	SANITATION	1,842,837		502,209	168,000	2,513,046
	WATER/SEWER		1,000,000			1,000,000
	Totals	\$ 1,842,837	\$ 1,100,000	\$ 502,209	\$ 168,000	\$ 3,613,046

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:

		FROM					Totals
		GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	WATER SEWER	
TO	GENERAL	\$ X	\$ -	\$ 34,352	\$ 32,303	\$ 306,065	\$ 372,720
	SPECIAL REVENUE	1,951,090	X	-	300,000	-	2,251,090
	DEBT SERVICE	341,600	458,700	X	-	-	800,300
	CAPITAL PROJECTS	2,094,500	-	-	X	-	2,094,500
	AMBULANCE	73,500	-	-	-	-	73,500
	FIREMEN'S PENSION	125,000	-	-	-	-	- 125,000
	Totals	\$ 4,585,690	\$ 458,700	\$ 34,352	\$ 332,303	\$ 306,065	\$ 5,717,110

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
CONDENSED STATEMENT OF NET ASSETS			
Assets:			
Current asset	\$ 4,029,507	\$ 2,136,279	\$ 6,165,786
Restricted assets	1,497,554	1,323,420	2,820,974
Capital assets	31,274,660	35,081,009	66,355,669
Other assets	58,314	58,314	116,628
TOTAL ASSETS	36,860,036	38,599,022	75,459,058
Liabilities:			
Current liabilities	77,714	56,276	133,990
Current Liabilities payable from restricted assets	360,065	738,758	1,098,824
Noncurrent liabilities	5,879,010	10,545,035	16,424,045
TOTAL LIABILITIES	6,316,789	11,340,070	17,656,859
Net Assets:			
Invested in capital assets, net of related debt	21,402,927	28,371,321	49,774,248
Restricted	426,070	426,070	852,140
Unrestricted	8,714,250	(1,538,438)	7,175,812
TOTAL NET ASSETS	\$ 30,543,247	\$ 27,258,953	\$ 57,802,199

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Total operating Revenues	\$ 5,142,948	\$ 3,128,379	\$ 8,271,328
Depreciation, Amortization, Depletion	(880,079)	(973,717)	(1,853,796)
Total Operating Expense	(2,609,192)	(2,053,963)	(4,663,155)
Operating income	1,653,678	100,699	1,754,377
Nonoperating revenue (expenses):			
Interest income	318,306	11,835	330,141
Miscellaneous revenues/expense	123,751	115,573	239,324
Intergovernmental payments	(50,000)	-	(50,000)
Interest expense	(206,855)	(234,218)	(441,073)
Capital Contributions	1,466,975	864,658	2,331,633
Transfers in (out)	(306,065)	-	(306,065)
Change in net assets	2,999,791	858,546	3,858,337
Beginning net assets	27,282,315	26,400,406	53,682,721
Prior Period Adjustment	261,141	-	261,141
Ending net assets	\$ 30,543,247	\$ 27,258,953	\$ 57,802,199

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:			
Operating activities	\$ 2,208,524	\$ 1,452,772	\$ 3,661,296
Noncapital financing activities	(462,167)	(739,322)	(1,201,489)
Capital & related financing activities	(1,583,509)	(1,673,142)	(3,256,651)
Investing activities	174,078	132,393	306,472
Net increase (decrease)	336,926	(827,299)	(490,372)
Beginning cash & cash equivalents	5,477,076	1,696,197	7,173,273
Ending cash & cash equivalents	\$ 5,814,002	\$ 868,898	\$ 6,682,901

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 21 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 by GASB Statement 45 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

The plan has 21 members. As of March 2008 there are no active members and 21 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 2008, the city paid medical insurance premiums of \$165,496 for pre-age 65, and \$74,327 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 by GASB Statement 45 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	\$ 172,063	\$ 204,562	\$ 376,625
Interest on net OPEB obligation	2,952	3,274	6,226
Adjustment to annual required contribution	(9,792)	(10,859)	(20,652)
Annual OPEB cost (expense)	165,223	196,977	362,199
Contributions made	127,896	119,766	247,662
Increase in net OPEB obligation	37,327	77,211	114,537
Net OPEB obligation-Beginning of year	232,442	257,766	490,208
Net OPEB obligation-End of year	\$ 269,769	\$ 334,977	\$ 604,745

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 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
12/31/2006*	\$ 221,894	\$ 103,082	46%	\$ 118,812
12/31/2007	221,288	107,658	49%	232,442
12/31/2008	165,223	127,896	77%	269,770

Firemans Pension
Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions</u>	<u>Annual OPEB Costs Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2006*	\$ 241,298	\$ 109,536	45%	\$ 131,762
12/31/2007	231,842	105,838	46%	257,766
12/31/2008	196,977	119,766	61%	334,977

*2006 information was recalculated to include long term health care cost using the Projected Unit Credit method instead of the Entry Age Cost Method. Also, the information is being presented for Police and Fire individually instead of an aggregate total. Annual required contributions are the adjusted amounts.

Funding Status and Funding Progress. As of December, 2008, the actuarial accrued liability for benefits was \$8,651,419, which has a funded portion of \$177,619 from the Fireman Pension Fund. The covered payroll (annual payroll of active employees covered by the plan) is \$38,663 for the last two member who retired in the first quarter of 2008.

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 as of March 2008. 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). 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.

All active employees that retired this year qualified for post employment healthcare benefits under the provisions of RCW. Therefore, the assigned probabilities are 100%.

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 1999 to 2015, published March 2004 by the Health Care Financing Administration (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 1.27%.

Inflation rate- The expected long-term inflation assumption of 4.09 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).

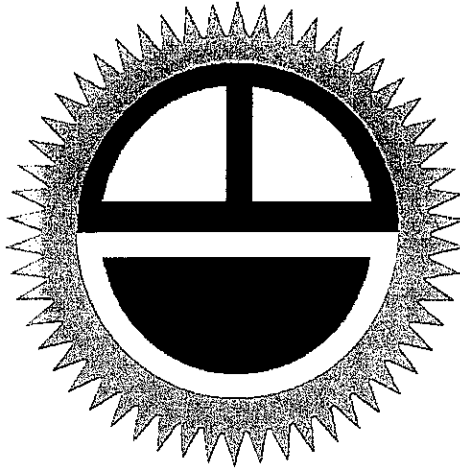
Payroll growth rate- The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 1.27 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, 2008 was twenty-seven years.

NOTE 16- OTHER DISCLOSURES

Prior Period Adjustments

As of December 31, 2008 there is a prior period adjustment of \$261,141 in the Water/Sewer Fund. With a review of the city's infrastructure it was determined that fire hydrants are a part of the water system and should be considered a part of the fixed assets of the Water fund with the implementation of GASB 34. Prior to GASB 34 hydrants were considered immaterial in nature and were expensed in the year purchased and placed into service.



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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2008

**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)
12/31/2006	-	\$ 3,139,825	\$ 3,139,825	0%	\$ 55,977	5609%
12/31/2007	-	3,164,408	3,164,408	0%	59,208	5345%
12/31/2008	-	3,871,293	3,871,293	0%	25,504	15179%

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)
12/31/2006	\$ 145,979	\$ 3,448,977	\$ 3,302,998	4%	\$ 52,492	6292%
12/31/2007	172,573	3,494,511	3,321,938	5%	54,994	6041%
12/31/2008	177,619	4,780,126	4,602,507	4%	13,159	34976%

CITY OF MOSES LAKE
Required Supplementary Information

Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach

Streets

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	2008-2006		2005-2003		2002-2000	
	Feet	%	Feet	%	Feet	%
VERY POOR	24,932	4.20%	8,090	1.49%	4,710	0.90%
POOR	30,790	5.19%	20,465	3.78%	17,375	3.40%
FAIR	62,906	10.60%	79,300	14.64%	78,705	15.30%
GOOD	154,468	26.03%	133,996	24.73%	125,711	24.40%
VERY GOOD	320,411	53.99%	299,955	55.36%	288,702	56.00%
TOTAL	593,507	100.00%	541,806	100.00%	515,203	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	2008-2006		2005-2003		2002-2000	
	Feet	%	Feet	%	Feet	%
PCR 0 to 39	55,722	9.39%	28,555	5.27%	22,085	4.30
PCR 40 to 100	537,785	90.61%	513,251	94.73%	493,118	95.70
Total	593,507	100.0%	541,806	100.0%	515,203	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.

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 2008.

	Amounts in Thousands				
	2008	2007	2006	2005	2004
Budgeted	1,400	1,295	975	1,376	438
Expended	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. Underspending 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.

sufficiency rating

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, 2008

**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 **Street Repair and Reconstruction** fund was established to account for monies received from the business and occupation taxes on utilities in excess of 5%, which are General Fund revenues. The expenditures of these monies are for the overlay, repair and reconstruction of city streets.*

*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 Projects 2006** fund was established to account for all resources used for the construction of designated significant capital assets of the city's downtown area.*

*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, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,070,403	\$ 340,628	\$ 188,031	\$ 2,599,061
Receivables (net of allowance for uncollectibles):				
Customer accounts	20,246	-	-	20,246
Unbilled services	9,149	-	-	9,149
Due from other funds	-	-	100,000	100,000
Due from other governments	12,407	-	-	12,407
Assessments:				
Deferred	-	75,433	-	75,433
Other receivables	36,048	-	-	36,048
Total assets	<u>2,148,254</u>	<u>416,060</u>	<u>288,031</u>	<u>2,852,345</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	11,653	-	25,443	37,095
Interfund loans	168,000	-	-	168,000
Deferred revenue	36,048	75,433	-	111,481
Total liabilities	<u>215,701</u>	<u>75,433</u>	<u>25,443</u>	<u>316,576</u>
Fund balances:				
Reserve for debt service	-	340,628	-	340,628
Unreserved fund balance	1,932,553	-	262,588	2,195,141
Total fund balances	<u>1,932,553</u>	<u>340,628</u>	<u>262,588</u>	<u>2,535,769</u>
Total liabilities and fund balances	<u>\$ 2,148,254</u>	<u>\$ 416,060</u>	<u>\$ 288,031</u>	<u>\$ 2,852,345</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 673,129	\$ 307,765	\$ 243,636	\$ 354,054	\$ 396,369	\$ 95,451	\$ 2,070,403
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	20,246	-	-	20,246
Unbilled receivables	-	-	-	9,149	-	-	9,149
Due from other governments	-	12,407	-	-	-	-	12,407
Other receivables	-	-	-	36,048	-	-	36,048
Total assets	<u>673,129</u>	<u>320,172</u>	<u>243,636</u>	<u>419,498</u>	<u>396,369</u>	<u>95,451</u>	<u>2,148,254</u>

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	-	11,020	416	216	-	-	11,653
Interfund loans payable	-	-	-	168,000	-	-	168,000
Deferred revenue	-	-	-	36,048	-	-	36,048
Total liabilities	<u>-</u>	<u>11,020</u>	<u>416</u>	<u>204,264</u>	<u>-</u>	<u>-</u>	<u>215,701</u>
Fund balances:							
Unreserved fund balance	673,129	309,152	243,219	215,234	396,369	95,451	1,932,553
Total fund balances	<u>673,129</u>	<u>309,152</u>	<u>243,219</u>	<u>215,234</u>	<u>396,369</u>	<u>95,451</u>	<u>1,932,553</u>
Total liabilities and fund balances	<u>\$ 673,129</u>	<u>\$ 320,172</u>	<u>\$ 243,636</u>	<u>\$ 419,498</u>	<u>\$ 396,369</u>	<u>\$ 95,451</u>	<u>\$ 2,148,254</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2008

	Equipment Leases	1998 LTGO Refunding	2002 LTGO Refunding	2006 GO Bond Redemption	Central Drive LID	Total Nonmajor Debt Service Funds
ASSETS						
Cash and cash equivalents	\$ 75,807	\$ 74,317	\$ 39,670	\$ 150,833	\$ -	\$ 340,628
Receivables (net of allowance for uncollectibles)						
Assessments - deferred	-	-	-	-	75,433	75,433
Total assets	<u>75,807</u>	<u>74,317</u>	<u>39,670</u>	<u>150,833</u>	<u>75,433</u>	<u>416,060</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred revenue	-	-	-	-	75,433	75,433
Fund balances						
Reserved for debt service	75,807	74,317	39,670	150,833	-	340,628
Total liabilities and fund balances	<u>\$ 75,807</u>	<u>\$ 74,317</u>	<u>\$ 39,670</u>	<u>\$ 150,833</u>	<u>\$ 75,433</u>	<u>\$ 416,060</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Capital Projects funds
December 31, 2008

	Capital Projects 2006	Capital	Park Improvement	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 154,214	\$ 33,816	\$ 188,031
Due from other funds	-	100,000	-	100,000
Total assets	-	254,214	33,816	288,031
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	25,443	25,443
Fund balances:				
Designated for capital purposes	(1,686,298)	543,446	25,456	(1,117,396)
Unreserved fund balances	1,686,298	(289,232)	(17,082)	1,379,984
Total fund balances	-	254,214	8,374	262,588
Total liabilities and fund equity	\$ -	\$ 254,214	\$ 33,816	\$ 288,031

CITY OF MOSES LAKE**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds****For the Year Ended December 31, 2008**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,356,918	\$ -	\$ -	\$ 1,356,918
Intergovernmental revenues	597,383	-	-	597,383
Charges for services	212,504	-	-	212,504
Fines and forfeits	44	-	-	44
Interest earnings	4,766	6,990	-	11,757
Contributions/donations	70,843	-	-	70,843
Assessments	51,585	25,144	-	76,729
Miscellaneous	77,174	-	10,768	87,942
Total revenues	<u>2,371,218</u>	<u>32,134</u>	<u>10,768</u>	<u>2,414,120</u>
EXPENDITURES				
Current:				
Public safety	127,833	-	-	127,833
Public works	10,453	-	-	10,453
Transportation	907,966	-	-	907,966
Culture and recreation	236,661	-	21,931	258,592
Capital	1,879,669	-	371,051	2,250,720
Debt service:				
Principal	-	538,396	-	538,396
Interest and other debt service costs	3,931	274,953	-	278,884
Total expenditures	<u>3,166,514</u>	<u>813,349</u>	<u>392,981</u>	<u>4,372,844</u>
Deficiency of revenues under expenditures	<u>(795,296)</u>	<u>(781,215)</u>	<u>(382,213)</u>	<u>(1,958,724)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,051,090	800,300	2,094,500	3,945,890
Transfers (out)	(306,400)	(34,352)	(332,303)	(673,055)
Total other financing sources	<u>744,690</u>	<u>765,948</u>	<u>1,762,197</u>	<u>3,272,835</u>
Net change in fund balances	(50,606)	(15,267)	1,379,984	1,314,111
Fund balances-beginning	1,983,159	355,895	(1,117,396)	1,221,658
Fund balances-ending	<u>\$ 1,932,553</u>	<u>\$ 340,628</u>	<u>\$ 262,588</u>	<u>\$ 2,535,769</u>

CITY OF MOSES LAKE

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

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2008

	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
REVENUES							
Taxes	\$ 559,891	\$ -	\$ -	\$ 797,027	\$ -	\$ -	\$ 1,356,918
Intergovernmental revenues	-	186,994	380,135	30,254	-	-	597,383
Charges for services	-	4,314	-	-	208,190	-	212,504
Fines and forfeits	-	44	-	-	-	-	44
Interest earnings	-	-	-	-	-	4,766	4,766
Contributions/donations	-	67,843	3,000	-	-	-	70,843
Assessments	-	-	-	51,585	-	-	51,585
Miscellaneous	-	7,174	70,000	-	-	-	77,174
Total revenues	559,891	266,370	453,135	878,866	208,190	4,766	2,371,218
EXPENDITURES							
Current:							
Public safety	-	127,833	-	-	-	-	127,833
Public works	-	10,453	-	-	-	-	10,453
Transportation	-	24,803	8,631	874,533	-	-	907,966
Culture and recreation	209,277	27,385	-	-	-	-	236,661
Capital	-	10,130	743,228	1,023,045	103,266	-	1,879,669
Debt service:							
Interest and other debt service costs	-	-	-	3,931	-	-	3,931
Total expenditures	209,277	200,604	751,858	1,901,509	103,266	-	3,166,514
Excess (deficiency) of revenues over (under) expenditures	350,614	65,766	(298,723)	(1,022,644)	104,924	4,766	(795,296)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	9,080	300,000	742,010	-	-	1,051,090
Transfers (out)	(180,000)	-	-	(126,400)	-	-	(306,400)
Total other financing sources (uses)	(180,000)	9,080	300,000	615,610	-	-	744,690
Net change in fund balances	170,614	74,847	1,277	(407,034)	104,924	4,766	(50,606)
Fund balances-beginning	502,515	234,305	241,942	622,268	291,445	90,684	1,983,159
Fund balances-ending	\$ 673,129	\$ 309,152	\$ 243,219	\$ 215,234	\$ 396,369	\$ 95,451	\$ 1,932,553

CITY OF MOSES LAKE

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

Nonmajor Debt Service Funds

For the Year Ended December 31, 2008

	Equipment Leases	2006 GO Bond Redemption	1998 LTGO Refunding	2002 LTGO Refunding	Central Drive LID	Total Nonmajor Debt Service Funds
REVENUES						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 25,144	\$ 25,144
Interest earnings	-	-	-	-	6,990	6,990
Total revenues	-	-	-	-	32,134	32,134
EXPENDITURES						
Debt service:						
Principal	11,928	179,167	118,091	229,210	-	538,396
Interest & debt issue costs	1,339	201,275	26,023	46,316	-	274,953
Total expenditures	13,267	380,441	144,114	275,526	-	813,349
Excess (deficiency) of revenues over (under) expenditures	(13,267)	(380,441)	(144,114)	(275,526)	32,134	(781,215)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	380,900	144,100	275,300	-	800,300
Transfers (out)	-	-	-	-	(34,352)	(34,352)
Total other financing sources (uses)	-	380,900	144,100	275,300	(34,352)	765,948
Net change in fund balances	(13,267)	459	(14)	(226)	(2,218)	(15,267)
Fund balances-beginning	89,075	150,374	74,331	39,896	2,218	355,895
Fund balances-ending	\$ 75,807	\$ 150,833	\$ 74,317	\$ 39,670	\$ -	\$ 340,628

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

CITY OF MOSES LAKE**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Capital Projects Funds****For the Year Ended December 31, 2008**

	Capital Projects 2006	Capital	Park Improvement	Totals
REVENUES				
Miscellaneous	\$ -	\$ 10,768	\$ -	\$ 10,768
EXPENDITURES				
Culture and recreation	21,931	-	-	21,931
Capital outlay	259,468	-	111,582	371,051
Total expenditures	281,399	-	111,582	392,981
Excess (deficiency) of revenues over (under) expenditures	(281,399)	10,768	(111,582)	(382,213)
OTHER FINANCING SOURCES				
Transfers in	2,000,000	-	94,500	2,094,500
Transfers out	(32,303)	(300,000)	-	(332,303)
Total other financing sources	1,967,697	(300,000)	94,500	1,762,197
Net change in fund balances	1,686,298	(289,232)	(17,082)	1,379,984
Fund balances - beginning	(1,686,298)	543,446	25,456	(1,117,396)
Fund balances - ending	\$ -	\$ 254,214	\$ 8,374	\$ 262,588

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, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 310,000	\$ 310,000	\$ 559,891	\$ 249,891
EXPENDITURES				
Economic environment	55,000	55,000	-	55,000
Culture and recreation	96,700	180,700	209,277	(28,577)
Total expenditures	151,700	235,700	209,277	26,423
Excess of revenues over expenditures	158,300	74,300	350,614	276,314
OTHER FINANCING USES				
Transfers (out)	(180,000)	(180,000)	(180,000)	-
Net change in fund balance	(21,700)	(105,700)	170,614	276,314
Fund balance - beginning	411,000	503,900	502,515	(1,385)
Fund balance - ending	\$ 389,300	\$ 398,200	\$ 673,129	\$ 274,929

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, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 116,000	\$ 116,000	\$ 186,994	\$ 70,994
Charges for services	5,700	5,700	4,314	(1,386)
Fines & forfeits	-	-	44	44
Donations and contributions	36,000	36,000	67,843	31,843
Interest and other earnings	3,500	3,500	7,174	3,674
Total revenues	161,200	161,200	266,370	105,170
EXPENDITURES				
Public safety	56,200	104,700	127,833	(23,133)
Public works	-	8,000	10,453	(2,453)
Culture and recreation	96,400	96,400	27,385	69,015
Transportation	-	10,000	24,803	(14,803)
Capital	-	21,000	10,130	10,870
Total expenditures	152,600	240,100	200,604	39,496
Excess (deficiency) of revenues over (under) expenditures	8,600	(78,900)	65,766	144,666
OTHER FINANCING SOURCES				
Transfers in	4,000	4,000	9,080	5,080
Net change in fund balance	12,600	(74,900)	74,847	149,747
Fund balance - beginning	127,700	217,500	234,305	16,805
Fund balance - ending	\$ 140,300	\$ 142,600	\$ 309,152	\$ 166,552

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, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 131,900	\$ 391,900	\$ 380,135	\$ (11,765)
Donations and contributions	-	3,000	3,000	-
Interest and other earnings	-	70,000	70,000	-
Total revenues	<u>131,900</u>	<u>464,900</u>	<u>453,135</u>	<u>(11,765)</u>
EXPENDITURES				
Transportation	-	-	8,631	(8,631)
Capital	<u>650,000</u>	<u>933,000</u>	<u>743,228</u>	<u>189,772</u>
Total expenditures	<u>650,000</u>	<u>933,000</u>	<u>751,858</u>	<u>181,142</u>
Deficiency of revenues under expenditures	<u>(518,100)</u>	<u>(468,100)</u>	<u>(298,723)</u>	<u>169,377</u>
OTHER FINANCING SOURCES				
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>300,000</u>	<u>(50,000)</u>
Net change in fund balance	(168,100)	(118,100)	1,277	119,377
Fund balance - beginning	<u>179,800</u>	<u>230,800</u>	<u>241,942</u>	<u>11,142</u>
Fund balance - ending	<u>\$ 11,700</u>	<u>\$ 112,700</u>	<u>\$ 243,219</u>	<u>\$ 130,519</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Street Repair and Reconstruction Special Revenue Fund****For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 756,500	\$ 756,500	\$ 797,027	\$ 40,527
Intergovernmental revenues	996,000	996,000	30,254	(965,746)
Special assessments	-	-	51,585	51,585
Total revenues	1,752,500	1,752,500	878,866	(873,634)
EXPENDITURES				
Transportation	1,400,000	1,400,000	874,533	525,467
Capital	2,100,000	2,100,000	1,023,045	1,076,955
Interest and other debt service costs	5,000	5,000	3,931	1,069
Total expenditures	3,505,000	3,505,000	1,901,509	1,603,491
Deficiency of revenues under expenditures	(1,752,500)	(1,752,500)	(1,022,644)	729,856
OTHER FINANCING SOURCES (USES)				
Transfers in	906,900	906,900	742,010	(164,890)
Transfers (out)	(126,400)	(126,400)	(126,400)	-
Proceeds from capital lease	700,000	700,000	-	(700,000)
Total other financing sources (uses)	1,480,500	1,480,500	615,610	(864,890)
Net change in fund balance	(272,000)	(272,000)	(407,034)	(135,034)
Fund balance - beginning	400,000	788,500	622,268	(166,232)
Fund balance - ending	\$ 128,000	\$ 516,500	\$ 215,234	\$ (301,266)

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 40,000	\$ 40,000	\$ 208,190	\$ 168,190
EXPENDITURES				
Capital	77,000	77,000	103,266	(26,266)
Excess (deficiency) of revenues over (under) expenditures	(37,000)	(37,000)	104,924	141,924
OTHER FINANCING USES				
Transfers (out)	(40,000)	(40,000)	-	40,000
Net change in fund balance	(77,000)	(77,000)	104,924	181,924
Fund balance - beginning	78,000	291,400	291,445	45
Fund balance - ending	\$ 1,000	\$ 214,400	\$ 396,369	\$ 181,969

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Interest and other earnings	\$ 2,800	\$ 2,800	\$ 4,766	\$ 1,966
Excess of revenues over expenditures	2,800	2,800	4,766	1,966
OTHER FINANCING USES				
Transfers (out)	(92,100)	(92,100)	-	92,100
Net change in fund balance	(89,300)	(89,300)	4,766	94,066
Fund balance - beginning	89,300	90,600	90,684	84
Fund balance - ending	\$ -	\$ 1,300	\$ 95,451	\$ 94,151

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 8,100	\$ 11,900	\$ 11,929	\$ (29)
Interest & debt issue costs	1,300	1,500	1,338	162
Total expenditures	<u>9,400</u>	<u>13,400</u>	<u>13,267</u>	<u>133</u>
 Deficiency of revenues under expenditures	 (9,400)	 (13,400)	 (13,267)	 133
 Net change in fund balance	 (9,400)	 (13,400)	 (13,267)	 133
 Fund balances-beginning	 92,400	 95,800	 89,075	 (6,725)
Fund balances-ending	<u>\$ 83,000</u>	<u>\$ 82,400</u>	<u>\$ 75,807</u>	<u>\$ (6,593)</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 118,200	\$ 118,200	\$ 118,091	\$ 109
Interest & debt issue costs	25,900	26,200	26,023	177
Total expenditures	<u>144,100</u>	<u>144,400</u>	<u>144,114</u>	<u>286</u>
Deficiency of revenues under expenditures	<u>(144,100)</u>	<u>(144,400)</u>	<u>(144,114)</u>	<u>286</u>
OTHER FINANCING SOURCES				
Transfers in	<u>144,100</u>	<u>144,100</u>	<u>144,100</u>	<u>-</u>
Net change in fund balance	-	(300)	(14)	286
Fund balances-beginning	74,200	74,300	74,331	31
Fund balances-ending	<u>\$ 74,200</u>	<u>\$ 74,000</u>	<u>\$ 74,317</u>	<u>\$ 317</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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 229,200	\$ 229,200	\$ 229,210	\$ (10)
Interest & debt issue costs	46,100	46,500	46,316	184
Total expenditures	275,300	275,700	275,526	174
Deficiency of revenues under expenditures	(275,300)	(275,700)	(275,526)	174
OTHER FINANCING SOURCES				
Transfers in	275,300	275,300	275,300	-
Net change in fund balance	-	(400)	(226)	174
Fund balances-beginning	40,300	40,700	39,896	(804)
Fund balances-ending	\$ 40,300	\$ 40,300	\$ 39,670	\$ (630)

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 179,300	\$ 179,300	\$ 179,167	\$ 133
Interest & debt issue costs	201,600	201,600	201,275	325
Total expenditures	380,900	380,900	380,441	459
 Deficiency of revenues under expenditures	 (380,900)	 (380,900)	 (380,441)	 459
OTHER FINANCING SOURCES				
Transfers in	380,900	380,900	380,900	-
 Net change in fund balance	 -	 -	 459	 459
 Fund balances-beginning	 150,000	 150,300	 150,374	 74
Fund balances-ending	\$ 150,000	\$ 150,300	\$ 150,833	\$ 533

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 35,800	\$ 35,800	\$ 25,144	\$ (10,656)
Interest and other earnings	7,300	7,300	6,990	(310)
Total revenues	<u>43,100</u>	<u>43,100</u>	<u>32,134</u>	<u>(10,966)</u>
Excess of revenues over expenditures	<u>43,100</u>	<u>43,100</u>	<u>32,134</u>	<u>(10,966)</u>
OTHER FINANCING USES				
Transfers (out)	<u>(43,100)</u>	<u>(43,100)</u>	<u>(34,352)</u>	<u>8,748</u>
Net change in fund balance	-	-	(2,218)	(2,218)
Fund balances-beginning	-	2,200	2,218	18
Fund balances-ending	<u>\$ -</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ (2,200)</u>

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and other earnings	-	-	\$ 10,768	\$ 10,768
Excess of revenues over expenditures	-	-	10,768	10,768
OTHER FINANCING USES				
Transfers (out)	(300,000)	\$ (300,000)	(300,000)	-
Net change in fund balance	(300,000)	(300,000)	(289,232)	10,768
Fund balance - beginning	343,400	343,400	543,446	200,046
Fund balance - ending	<u>\$ 43,400</u>	<u>\$ 43,400</u>	<u>\$ 254,214</u>	<u>\$ 210,814</u>

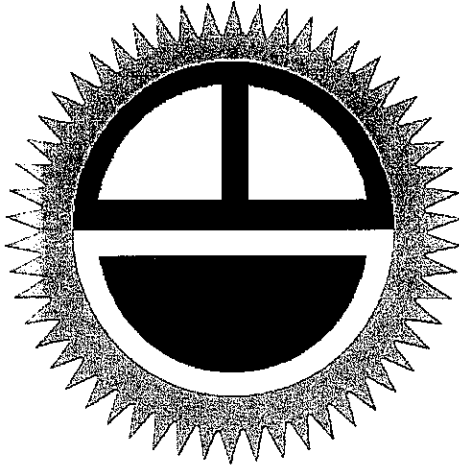
CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Park and Recreation Improvement Nonmajor Capital Projects Fund****For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
Capital	\$ 200,000	\$ 200,000	\$ 111,582	\$ 88,418
Deficiency of revenues under expenditures	(200,000)	(200,000)	(111,582)	88,418
OTHER FINANCING SOURCES				
Transfers in	226,600	226,600	94,500	(132,100)
Net change in fund balance	26,600	26,600	(17,082)	(43,682)
Fund balance - beginning	13,400	25,400	25,456	56
Fund balance - ending	<u>\$ 40,000</u>	<u>\$ 52,000</u>	<u>\$ 8,374</u>	<u>\$ (43,626)</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****Capital Projects 2006 Nonmajor Capital Projects Fund****From inception and for the Year Ended December 31, 2008**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
EXPENDITURES				
Current				
Culture and recreation	-	21,931	21,931	-
Capital outlay	\$ 8,287,953	\$ 259,468	\$ 8,547,421	\$ 10,319,100
Total expenditures	<u>8,287,953</u>	<u>281,399</u>	<u>8,569,352</u>	<u>10,319,100</u>
Deficiency of revenues under expenditures	<u>(8,287,953)</u>	<u>(281,399)</u>	<u>(8,569,352)</u>	<u>(10,319,100)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,600,000	2,000,000	3,600,000	1,750,000
Transfers (out)	-	(32,303)	(32,303)	(1,000,000)
Proceeds of G.O. bonds	<u>5,001,655</u>	<u>-</u>	<u>5,001,655</u>	<u>6,105,000</u>
Total other financing sources (uses)	<u>6,601,655</u>	<u>1,967,697</u>	<u>8,569,352</u>	<u>6,855,000</u>
Net change in fund balances	\$ <u>(1,686,298)</u>	1,686,298	\$ <u>-</u>	\$ <u>(3,464,100)</u>
Fund balances-beginning		<u>(1,686,298)</u>		
Fund balances-ending		\$ <u>-</u>		

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



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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, 2008

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 410,594	\$ 311,596	\$ 359,807	\$ 758,063	\$ 164,230	\$ 2,004,290
Prepaid expenses	-	-	17,024	32,335	20,769	70,128
Total current assets	410,594	311,596	376,832	790,398	184,998	2,074,418
Noncurrent assets:						
Capital assets:						
Land and land rights	-	-	-	-	608,951	608,951
Buildings and improvements	-	-	-	141,500	4,796,894	4,938,394
Less accumulated depreciation	-	-	-	(141,500)	(1,460,382)	(1,601,882)
Machinery and equipment	-	-	399,062	7,870,418	53,910	8,323,391
Less accumulated depreciation	-	-	(275,172)	(5,547,126)	(39,015)	(5,861,313)
Construction in progress	-	-	-	-	535,963	535,963
Intangible assets	-	-	147,051	-	-	147,051
Less accumulated amortization	-	-	(147,051)	-	-	(147,051)
Total capital assets (net of accumulated depreciation)	-	-	123,890	2,323,292	4,496,321	6,943,503
Other noncurrent assets:						
Deferred charges	-	-	-	-	22,744	22,744
Total noncurrent assets	-	-	123,890	2,323,292	4,519,064	6,966,247
Total assets	410,594	311,596	500,722	3,113,691	4,704,063	9,040,665
LIABILITIES						
Current liabilities:						
Accounts payable	-	16,337	12,876	40,834	62,550	132,598
Salaries payable	-	-	3,595	7,815	11,057	22,466
Capital leases payable	-	-	14,040	409,035	2,409	425,485
Interfund loans payable	-	-	-	502,209	1,100,000	1,602,209
G.O. bonds payable	-	-	-	-	238,045	238,045
Compensated absences	-	-	2,170	6,811	1,392	10,373
Interest payable	-	-	-	-	38,926	38,926
Total current liabilities	-	16,337	32,681	966,704	1,454,379	2,470,102
Noncurrent liabilities:						
G.O. bonds payable (net of unamortized discounts)	-	-	-	-	2,485,606	2,485,606
Compensated Absences	-	-	19,529	61,298	12,526	93,353
Capital leases payable	-	-	11,388	813,104	204	824,696
Total noncurrent liabilities	-	-	30,917	874,402	2,498,336	3,403,655
Total liabilities	-	16,337	63,598	1,841,106	3,952,716	5,873,757
NET ASSETS						
Invested in capital assets, net of related debt	-	-	100,881	1,101,153	1,772,670	2,974,705
Unrestricted	410,594	295,260	336,243	171,431	(1,021,323)	192,204
Total net assets	\$ 410,594	\$ 295,260	\$ 437,124	\$ 1,272,584	\$ 751,347	\$ 3,166,908

CITY OF MOSES LAKE

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

Internal Service Funds

For the Year Ended December 31, 2008

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
OPERATING REVENUES						
Charges for services	\$ -	\$ 613,400	\$ 399,500	\$ 1,319,014	\$ 693,350	\$ 3,025,264
Intergovernmental revenues	-	-	-	68,668	-	68,668
Total operating revenues	-	613,400	399,500	1,387,682	693,350	3,093,932
OPERATING EXPENSES						
Salaries and benefits	-	-	137,429	280,675	351,377	769,481
Supplies and contractual services	-	-	315,095	543,954	103,704	962,753
Utilities	-	-	-	173	257,140	257,313
Repairs and maintenance	-	-	32,539	151,653	68,493	252,686
Depreciation and amortization	-	-	33,152	391,497	134,476	559,125
Insurance claims and expenses	19,470	480,660	-	-	-	500,130
Total operating expenses	19,470	480,660	518,216	1,367,952	915,190	3,301,488
Operating income (loss)	(19,470)	132,740	(118,716)	19,730	(221,840)	(207,556)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	-	-	-	7,304	-	7,304
Insurance recoveries	-	30,335	-	-	-	30,335
Operating grants	-	-	-	17,523	-	17,523
Gain (loss) on disposal of fixed assets	-	-	-	5,576	-	5,576
Miscellaneous revenues	-	-	-	3,207	68	3,275
Interest expense	-	-	(1,184)	(76,781)	(130,447)	(208,412)
Total nonoperating revenues (expenses)	-	30,335	(1,184)	(43,170)	(130,378)	(144,398)
Income (loss) before contributions and transfers	(19,470)	163,075	(119,900)	(23,441)	(352,219)	(351,954)
Change in net assets	(19,470)	163,075	(119,900)	(23,441)	(352,219)	(351,954)
Total net assets - beginning	430,063	132,185	557,024	1,296,025	1,103,566	3,518,862
Total net assets - ending	\$ 410,594	\$ 295,260	\$ 437,124	\$ 1,272,584	\$ 751,347	\$ 3,166,908

CITY OF MOSES LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

Page 1 of 2

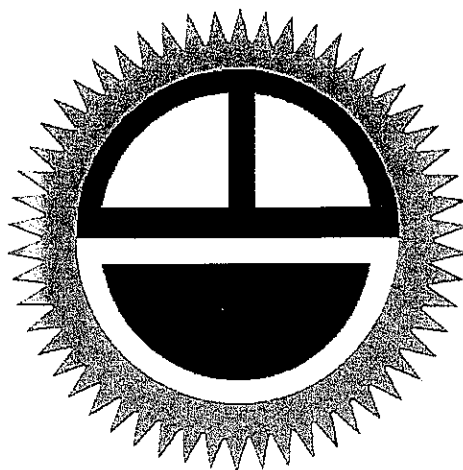
	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ 613,400	\$ 399,500	\$ 1,387,682	\$ 693,350	\$ 3,093,932
Payments to suppliers	(19,470)	(484,878)	(346,717)	(699,222)	(402,650)	(1,952,937)
Payments to employees	-	-	(134,768)	(267,840)	(344,163)	(746,772)
Miscellaneous revenues	-	-	-	3,207	68	3,275
Net cash provided (used) by operating activities	(19,470)	128,522	(81,985)	423,826	(53,395)	397,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Insurance recoveries	-	30,335	-	-	-	30,335
Grants and donations	-	-	-	29,566	-	29,566
Net cash provided (used) by noncapital financing activities	-	30,335	-	29,566	-	59,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	-	815,204	900,000	1,715,204
Principal paid on debt	-	-	(14,127)	(451,016)	(235,041)	(700,184)
Interest paid on debt	-	-	(1,184)	(76,781)	(128,992)	(206,957)
Purchase of capital assets	-	-	(24,647)	(833,868)	(548,384)	(1,406,900)
Proceeds from sale of capital assets	-	-	-	32,156	-	32,156
Net cash provided (used) by capital and related financing activities	-	-	(39,958)	(514,306)	(12,417)	(566,681)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	-	-	-	7,304	-	7,304
Net cash provided by investing activities	-	-	-	7,304	-	7,304
Net increase (decrease) in cash and cash equivalents	(19,470)	158,857	(121,944)	(53,610)	(65,812)	(101,978)
Cash and cash equivalents - January 1	430,063	152,739	481,751	811,673	230,041	2,106,268
Cash and cash equivalents - December 31	\$ 410,594	\$ 311,596	\$ 359,807	\$ 758,063	\$ 164,230	\$ 2,004,290

CITY OF MOSES LAKE

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

Page 2 of 2

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (19,470)	\$ 132,740	\$ (118,716)	\$ 19,730	\$ (221,840)	\$ (207,556)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	-	33,152	391,497	134,476	559,125
Decrease (increase) in prepaid expenses	-	-	(4,286)	2,237	(1,093)	(3,141)
(Decrease) increase in accounts payable	-	(4,218)	5,203	(5,680)	27,781	23,086
(Decrease) increase in salaries payable	-	-	(1,050)	(2,116)	3,035	(131)
Increase in compensated absences payable	-	-	3,711	14,951	4,179	22,841
(Decrease) increase in miscellaneous revenues	-	-	-	3,207	68	3,275
Total adjustments	-	(4,218)	36,731	404,096	168,446	605,054
Net cash provided (used) by operating activities	\$ (19,470)	\$ 128,522	\$ (81,985)	\$ 423,826	\$ (53,395)	\$ 397,498
 Noncash investing, capital and financing activities:						
Additions to capital lease			\$ -	\$ 815,205	\$ -	\$ 815,205



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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.

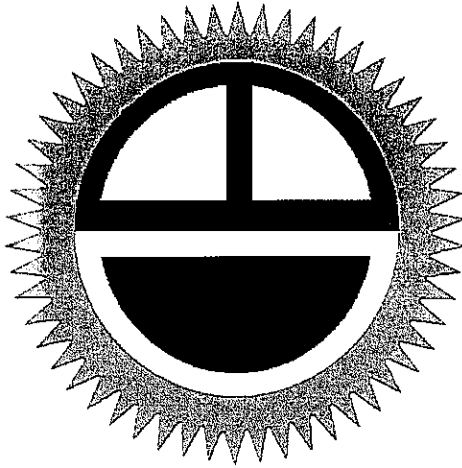
Treasurer's Suspense Fund - This fund was established to facilitate the investing of city monies. All interest earned is credited to the General Fund except as required by state or federal regulations or by bond covenant.

CITY OF MOSES LAKE
Combining Statement of Net Assets
Fiduciary Funds
December 31, 2008

	<u>Agency Funds</u>		
	<u>Deposits</u>	<u>State</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 305,810	\$ 139,516	\$ 445,326
Escrow accounts	663,114	-	663,114
Total assets	<u>968,923</u>	<u>139,516</u>	<u>1,108,440</u>
 LIABILITIES			
Custodial accounts payable	968,923	139,516	1,108,440
Total liabilities	<u>\$ 968,923</u>	<u>\$ 139,516</u>	<u>\$ 1,108,440</u>

CITY OF MOSES LAKE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

	<u>Balance 01/01/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2008</u>
DEPOSIT FUND				
Assets				
Cash	\$ 592,308	\$ 2,746,856	\$ 3,033,353	\$ 305,810
Escrow accounts	698,946	663,114	698,946	663,114
Total assets	<u>1,291,253</u>	<u>3,409,969</u>	<u>3,732,299</u>	<u>968,923</u>
Liabilities				
Deposits	592,308	6,328,359	6,614,857	305,810
Retainage payable	698,946	663,114	698,946	663,114
Total liabilities	<u>\$ 1,291,253</u>	<u>\$ 6,991,473</u>	<u>\$ 7,313,803</u>	<u>\$ 968,923</u>
STATE DEPOSIT FUND				
Assets				
Cash	\$ 101,091	\$ 2,114,042	\$ 2,075,617	\$ 139,516
Total assets	<u>101,091</u>	<u>2,114,042</u>	<u>2,075,617</u>	<u>139,516</u>
Liabilities				
Due to state	101,091	5,415,703	5,377,278	139,516
Total liabilities	<u>\$ 101,091</u>	<u>\$ 5,415,703</u>	<u>\$ 5,377,278</u>	<u>\$ 139,516</u>
TOTALS- ALL AGENCY FUNDS				
Assets				
Cash	\$ 693,399	\$ 4,860,898	\$ 5,108,970	\$ 445,326
Escrow accounts	698,946	663,114	698,946	663,114
Total assets	<u>1,392,345</u>	<u>5,524,011</u>	<u>5,807,916</u>	<u>1,108,440</u>
Liabilities				
Deposits	592,308	6,328,359	6,614,857	305,810
Due to other governments	101,091	5,415,703	5,377,278	139,516
Retainage payable	698,946	663,114	698,946	663,114
Total liabilities	<u>\$ 1,392,345</u>	<u>\$ 12,407,176</u>	<u>\$ 12,691,081</u>	<u>\$ 1,108,440</u>



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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2008

STATISTICAL SECTION

(Unaudited)

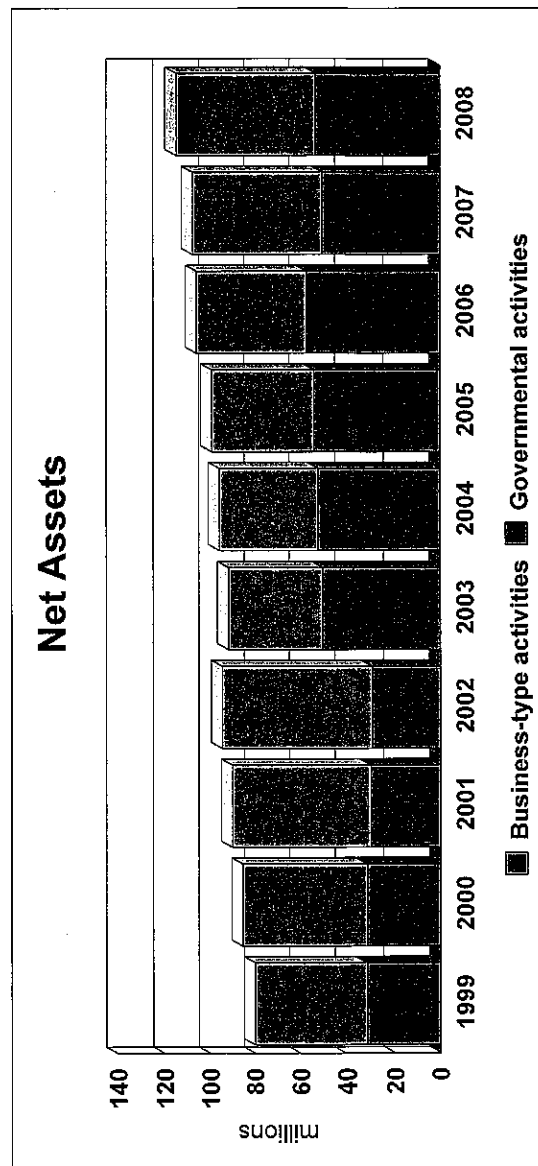
Contents	Page
Financial Trends	120
<p>These schedules contain trend information to assist the reader in understanding how the City's financial performance and well being have changed over time.</p>	
Revenue Capacity	127
<p>These schedules contain information to assist the reader in assessing the City's most significant local revenue source of property taxes.</p>	
Debt Capacity	131
<p>These schedules present information to assist the reader in assessing the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	136
<p>These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the government's financial activities take place.</p>	
Operating Information	138
<p>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.</p>	

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
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

Table B-1

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental activities										
Invested in capital assets, net of related debt	\$ 25,882	\$ 26,467	\$ 27,961	\$ 27,933	\$ 44,103	\$ 45,971	\$ 47,432	\$ 49,249	\$ 46,373	\$ 50,482
Restricted	3,594	2,690	(35)	155	690	-	-	-	-	-
Unrestricted	2,578	2,888	2,567	1,838	5,886	6,402	6,732	8,297	4,174	3,168
Total governmental activities net assets	32,053	32,046	30,493	29,927	50,379	52,373	54,164	57,547	50,548	53,650
Business-type activities										
Invested in capital assets, net of related debt	32,508	33,398	35,908	39,094	22,809	26,713	31,720	40,642	46,611	49,930
Restricted	(614)	5,501	6,109	6,026	406	3,884	7,610	916	852	852
Unrestricted	16,156	14,796	17,754	19,767	18,405	13,017	5,927	6,949	9,707	10,466
Total business-type activities net assets	48,051	53,695	59,771	64,886	41,621	43,613	45,256	48,508	57,170	61,249
Primary government										
Invested in capital assets, net of related debt	58,390	59,865	63,869	67,027	66,912	72,683	79,152	89,892	92,984	100,413
Restricted	2,980	8,192	6,074	6,182	1,096	3,884	7,610	916	852	852
Unrestricted	18,734	17,684	20,321	21,605	23,992	19,419	12,659	15,247	13,881	13,634
Total primary government net assets	\$ 80,104	\$ 85,740	\$ 90,263	\$ 94,813	\$ 92,000	\$ 95,986	\$ 99,420	\$ 106,055	\$ 107,717	\$ 114,899

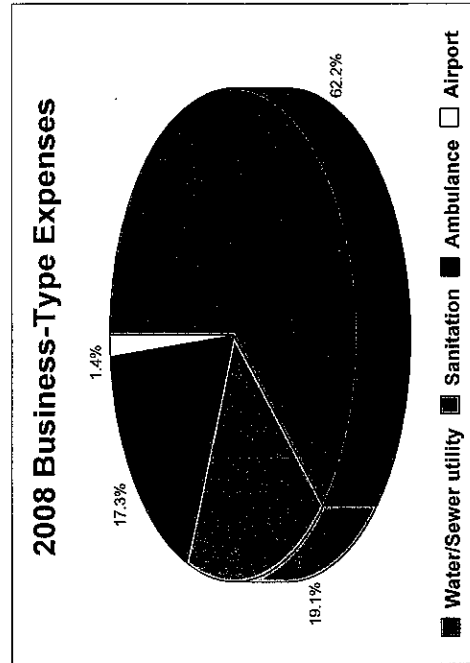
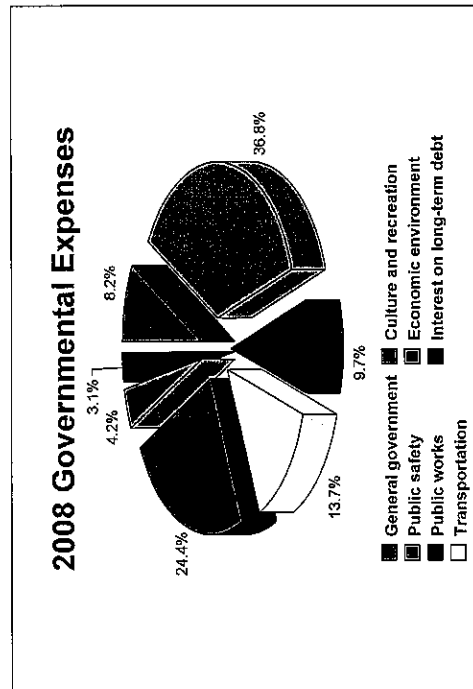


CITY OF MOSES LAKE
Changes in Expenses by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-2
page 1 of 3

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Expenses										
Governmental Activities:										
General government	\$ 1,045,617	\$ 1,080,704	\$ 1,120,100	\$ 1,270,047	\$ 1,251,849	\$ 1,199,034	\$ 1,285,520	\$ 1,467,300	\$ 1,322,682	\$ 1,558,972
Public safety	4,091,046	4,047,631	4,660,822	4,978,334	4,737,801	4,675,466	4,990,847	5,577,325	6,337,508	7,040,112
Public works	1,208,725	1,235,864	1,257,521	1,308,149	1,323,153	1,334,454	1,497,120	1,707,559	1,838,666	1,850,759
Transportation	2,021,780	3,178,437	2,611,712	1,595,262	2,053,807	1,594,196	2,534,258	2,391,960	2,379,341	2,618,394
Culture and recreation	2,287,030	2,559,852	2,785,150	2,827,286	2,980,947	2,873,910	3,286,631	3,441,019	3,919,872	4,663,157
Economic environment	381,320	367,984	409,457	540,609	525,166	564,976	624,841	770,961	829,664	796,501
Interest on long-term debt	915,523	2,361,841	2,238,141	1,150,753	433,402	346,444	311,284	389,505	533,602	588,542
Total governmental activities	\$ 11,951,041	\$ 14,832,313	\$ 15,052,903	\$ 13,670,440	\$ 13,306,125	\$ 12,588,480	\$ 14,530,501	\$ 15,745,629	\$ 17,161,335	\$ 19,116,437
Business-type activities:										
Water/Sewer utility	3,864,216	3,792,508	3,881,708	4,259,470	4,898,363	5,977,934	7,515,531	9,498,947	8,121,813	7,039,880
Sanitation	1,447,885	1,452,831	1,489,955	1,492,454	1,457,880	1,513,869	1,806,071	1,725,210	1,946,850	2,166,047
Ambulance	-	-	467,076	1,284,961	1,467,503	1,447,594	1,542,328	1,485,987	1,565,864	1,959,865
Airport	14,465	34,940	28,967	62,255	25,585	27,338	30,582	29,377	54,474	159,494
Total business-type activities expenses	\$ 5,326,566	\$ 5,280,279	\$ 5,867,706	\$ 7,109,140	\$ 7,849,331	\$ 8,986,735	\$ 10,894,512	\$ 12,739,521	\$ 11,689,000	\$ 11,325,285
Total Primary Government expenses	\$ 17,277,607	\$ 20,112,592	\$ 20,920,609	\$ 20,779,580	\$ 21,155,456	\$ 21,555,215	\$ 25,425,013	\$ 28,485,149	\$ 28,850,335	\$ 30,441,723

*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 GASB44.



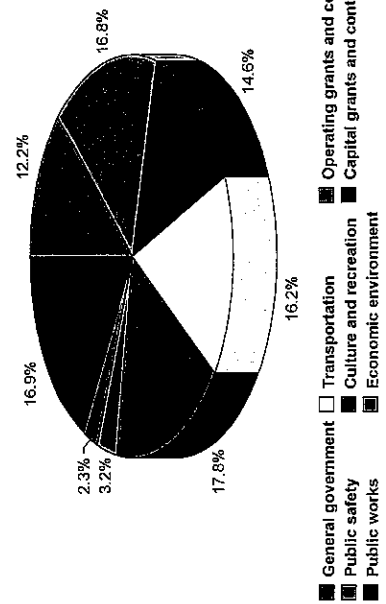
CITY OF MOSES LAKE
Changes in Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-2
page 2 of 3

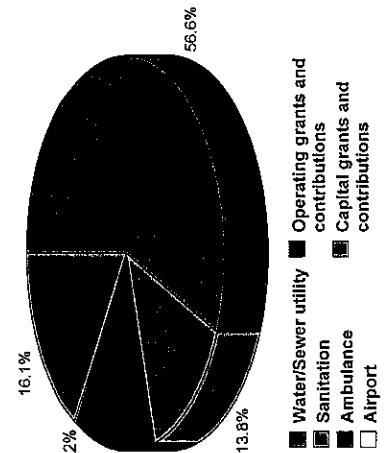
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ -	\$ -	\$ -	\$ -	\$ 785,235	\$ 803,532	\$ 1,147,343	\$ 898,920	\$ 909,143	\$ 1,051,752
Public safety	-	-	-	-	778,033	710,577	829,947	1,057,734	1,187,791	1,460,046
Public works	-	-	-	-	755,437	1,129,514	1,226,163	1,324,799	1,277,159	1,270,698
Transportation	-	-	-	-	1,036,385	1,502,840	900,669	872,818	844,321	1,414,465
Culture and recreation	-	-	-	-	897,563	862,557	970,644	1,007,845	1,265,278	1,551,558
Economic environment	-	-	-	-	98,451	117,065	150,533	231,363	200,244	274,564
Operating grants and contributions	-	-	-	-	269,764	181,558	184,575	248,467	403,746	200,354
Capital grants and contributions	-	-	-	-	327,541	30,650	667,726	2,447,667	2,379,995	1,475,600
Total governmental activities	12,258,562	14,250,865	14,063,792	12,972,920	4,948,409	5,338,293	6,077,600	8,089,612	8,467,677	8,703,037
Business-type activities:										
Charges for services:										
Water/Sewer utility	5,609,680	5,460,837	5,531,768	5,596,859	6,166,132	6,965,520	6,510,532	9,755,012	13,550,900	8,510,652
Sanitation	1,759,239	1,765,027	1,921,664	1,670,490	1,617,299	1,611,170	1,822,011	1,711,746	1,892,624	2,083,539
Ambulance	-	-	360,955	1,425,089	1,203,105	1,454,300	1,359,572	1,460,040	1,853,862	1,988,586
Airport	41,000	16,677	15,802	17,641	18,085	19,082	27,245	56,389	24,054	34,720
Capital grants and contributions	-	36,869	26,170	31,934	807,985	633,275	1,050,780	2,732,764	3,130,898	2,428,223
Total business-type activities revenues	7,409,919	7,279,410	7,856,359	8,742,013	9,812,606	10,683,347	10,770,140	15,715,951	20,252,338	15,045,720
Total Primary Government program revenues	\$ 19,668,481	\$ 21,530,275	\$ 21,920,151	\$ 21,714,933	\$ 14,761,015	\$ 16,021,640	\$ 16,947,740	\$ 23,805,563	\$ 28,720,015	\$ 23,754,757

*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)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue										
Governmental activities	\$ 307,521	\$ (581,448)	\$ (989,111)	\$ (697,520)	\$ (8,357,716)	\$ (7,250,187)	\$ (8,452,901)	\$ (7,658,017)	\$ (8,693,658)	\$ (10,407,400)
Business-type activities	2,083,353	1,999,131	1,988,653	1,632,873	1,963,275	1,716,612	(124,372)	2,975,430	8,563,338	3,720,434
Total primary government net expense	2,390,874	1,417,683	999,542	935,353	(6,394,441)	(5,533,575)	(8,577,273)	(4,679,587)	(130,320)	(6,686,966)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	-	-	-	-	2,377,734	2,540,922	2,571,621	2,780,139	2,940,325	3,270,650
Retail sales and use taxes	-	-	-	-	3,301,462	3,412,323	3,798,433	4,286,527	5,710,727	6,225,961
Business Taxes	-	-	-	-	2,711,803	2,827,959	2,961,145	3,149,254	3,117,827	3,570,860
Interest and investment earnings	-	-	-	-	240,474	206,705	402,843	727,969	708,676	206,425
Miscellaneous	-	-	-	-	-	-	-	-	1,211	3,275
Loss on sale of capital asset	-	-	-	-	(36,984)	-	-	-	-	-
Transfers, internal activities	-	-	-	-	(1,383)	8,084	510,328	93,332	112,797	232,565
Total governmental activities	286,971	526,653	474,499	1,430,498	8,593,096	8,995,993	10,244,370	11,037,122	12,591,563	13,509,735
Business-type activities:										
Interest and investment earnings	(20,208)	157,762	341,391	(27,906)	184,911	193,013	456,844	368,985	211,061	330,141
Insurance recoveries (misc before 2003)	146,003	155,734	101,951	391,227	-	-	1,866,322	-	-	-
Loss on sale of capital asset	(8,694)	42	(200,145)	(19,626)	(35,723)	(1,717)	-	-	-	-
Transfers, internal activities	(275,947)	(484,211)	(380,731)	(172,460)	1,383	(8,084)	(510,328)	(93,332)	(112,797)	(232,565)
Total business-type activities	(158,846)	(170,673)	(137,534)	171,235	150,571	183,212	1,812,839	275,653	98,264	97,576
Total primary government	128,125	355,980	336,965	1,601,733	8,743,667	9,179,205	12,057,209	11,312,776	12,689,827	13,607,311
Change in Net Assets										
Governmental activities	594,492	(54,795)	(514,612)	732,978	235,380	1,745,806	1,791,469	3,382,336	3,897,905	3,102,335
Business-type activities	1,924,507	1,828,458	1,851,119	1,804,108	2,113,846	1,899,824	1,688,467	3,252,083	8,661,601	3,818,011
Total primary government	\$ 2,518,999	\$ 1,773,663	\$ 1,336,507	\$ 2,537,086	\$ 2,349,226	\$ 3,645,630	\$ 3,479,936	\$ 6,634,420	\$ 12,559,507	\$ 6,920,345

*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

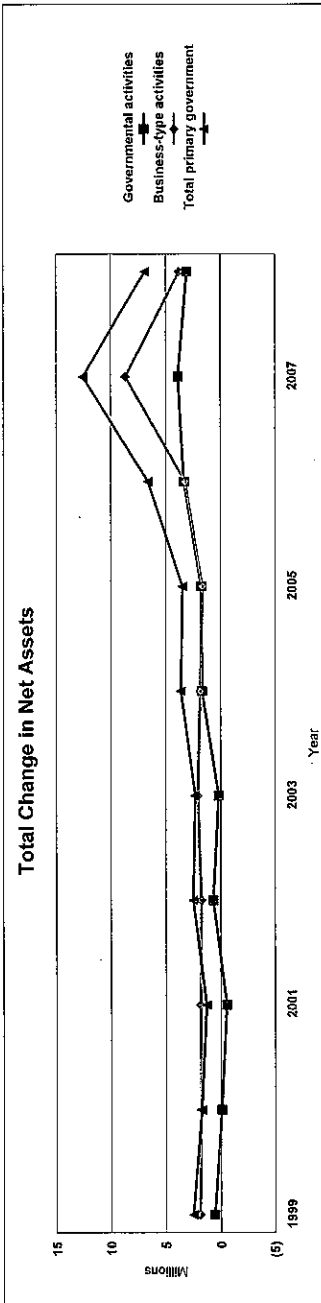
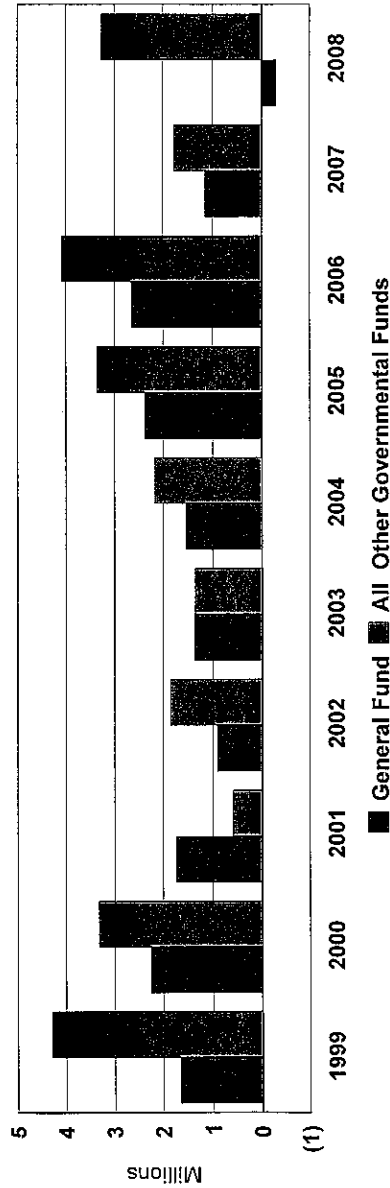


Table B-3

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 111,758	112,180	\$ 103,497	\$ 92,262	\$ 93,180	\$ 96,866	\$ 86,441	\$ 100,420	\$ 100,735	\$ 123,432
Unreserved	1,538,969	2,140,546	1,640,407	823,575	1,272,064	1,445,517	2,294,807	2,551,883	1,059,952	(418,240)
Total General Fund	<u>1,650,725</u>	<u>2,252,726</u>	<u>1,743,904</u>	<u>915,837</u>	<u>1,365,244</u>	<u>1,542,183</u>	<u>2,381,248</u>	<u>2,652,303</u>	<u>1,160,686</u>	<u>(294,809)</u>
All other governmental funds										
Reserved	3,482,246	2,578,302	(138,259)	63,141	(121,408)	32,432	1,110,821	352,725	388,671	411,096
Unreserved, reported in:										
Special Revenue funds	802,252	747,711	733,567	1,794,450	1,483,425	2,136,798	2,251,936	3,732,815	2,514,182	2,594,316
Capital projects funds	-	-	-	-	-	-	-	-	(1,117,396)	262,588
Total all other governmental funds	<u>\$ 4,284,498</u>	<u>3,326,013</u>	<u>\$ 595,308</u>	<u>\$ 1,857,591</u>	<u>\$ 1,362,017</u>	<u>\$ 2,169,230</u>	<u>\$ 3,362,757</u>	<u>\$ 4,085,540</u>	<u>\$ 1,785,457</u>	<u>\$ 3,268,000</u>

Fund Balances Governmental Funds

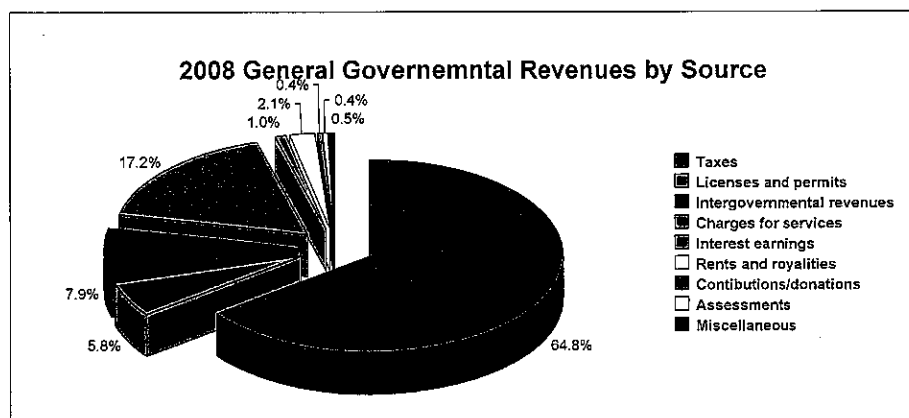


CITY OF MOSES LAKE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Amounts expressed in thousands)

Table B-4

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenue										
Taxes	\$ 7,431	\$ 8,087	\$ 8,630	\$ 8,718	\$ 8,391	\$ 8,881	\$ 9,309	\$ 10,216	\$ 11,774	\$ 13,020
Licenses and permits	266	355	434	344	483	518	630	998	879	1,159
Intergovernmental revenues	1,575	2,628	1,555	909	895	961	996	975	1,296	1,587
Charges for services	1,653	1,738	1,989	2,218	2,252	2,639	2,846	3,048	3,140	3,447
Fines and forfeits	21	10	11	12	8	7	6	7	153	267
Interest earnings	-	-	-	-	236	215	428	728	689	199
Rents and royalties	-	-	-	-	261	265	272	278	352	417
Contributions/donations	-	-	-	-	331	336	52	112	57	71
Assessments	243	120	312	153	125	162	142	142	301	77
Miscellaneous	1,070	1,312	1,132	620	73	25	53	26	76	106
Total Revenues	12,259	14,251	14,064	12,973	13,055	14,009	14,732	16,529	18,717	20,350
Expenditures										
General government	1,047	1,083	1,123	1,273	1,186	1,175	1,194	1,223	1,279	1,378
Public safety	4,091	4,048	4,661	4,978	4,583	4,696	4,835	5,394	6,267	6,778
Public works	1,209	1,236	1,258	1,308	1,288	1,314	1,441	1,673	1,856	1,869
Transportation	2,022	3,178	2,612	1,595	1,968	1,563	2,428	2,390	2,399	2,549
Economic environment	380	366	407	538	505	558	609	758	865	798
Culture and recreation	2,287	2,560	2,755	2,827	2,612	2,587	2,910	3,184	3,668	3,943
Capital outlay	590	762	2,052	603	324	572	369	4,348	5,082	2,294
Debt service										
Principal	561	1,523	1,005	399	523	504	457	444	763	538
Interest	354	388	350	315	215	173	149	164	361	384
Total Expenditures	12,541	15,143	16,221	13,836	13,204	13,142	14,391	19,579	22,539	20,531
Excess (deficiency) of revenues over (under) expenditures	(282)	(893)	(2,158)	(863)	(149)	867	341	(3,049)	(3,822)	(181)
Other financing sources (uses)										
Transfers in	2,575	2,847	3,968	1,860	227	2,259	2,757	2,775	4,847	5,519
Transfers out	(2,293)	(2,425)	(3,635)	(1,738)	(2,334)	(2,132)	(2,458)	(2,806)	(4,859)	(5,411)
Sales of capital assets	-	-	-	-	4	-	383	17	-	101
Miscellaneous nonoperating	-	56	23	299	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	43	11	14	-	43	-
Proceeds of long term debt	(13)	81	120	1,009	-	-	-	-	-	-
Proceeds from interfund debt	(7)	-	-	-	-	-	-	-	-	-
Proceeds of G.O. bonds	-	-	-	-	-	-	-	5,083	-	-
Discount on GO bonds issued	-	-	-	-	-	-	-	(47)	-	-
Total other financing sources (uses)	262	559	474	1,430	(2,061)	138	695	5,022	30	209
Net change in fund balances	\$ (20)	\$ (334)	\$ (1,683)	\$ 567	\$ (2,210)	\$ 1,005	\$ 1,036	\$ 1,972	\$ (3,792)	\$ 27
Debt service as a percentage of noncapital expenditures	7.66%	13.29%	9.56%	5.39%	5.73%	5.38%	4.32%	4.00%	6.44%	5.06%

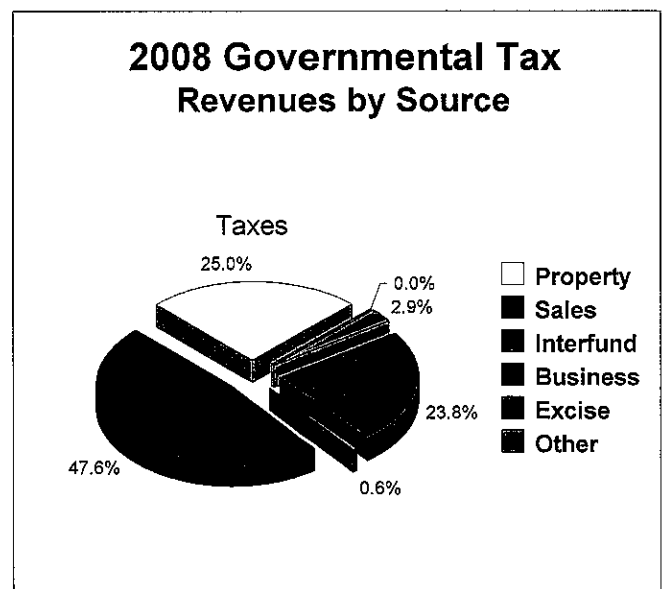
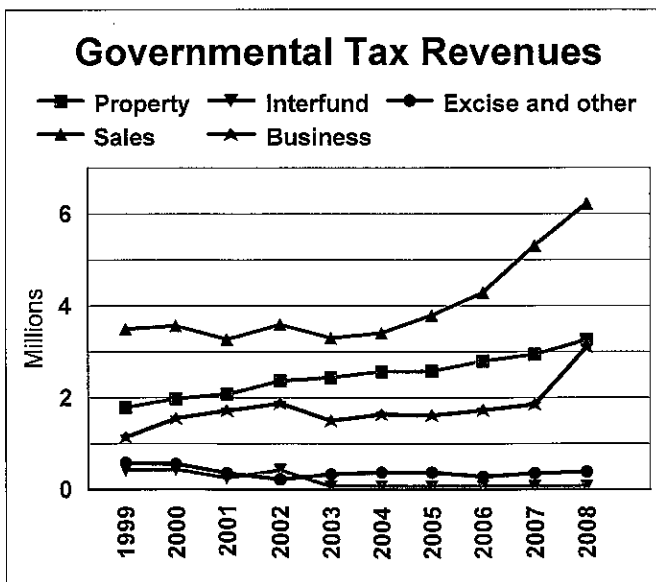
*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003



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
1999	\$ 1,798,165	\$ 3,494,802	\$ 426,409	\$ 1,140,996	\$ 586,041	\$ 464	\$ 7,446,877
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



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

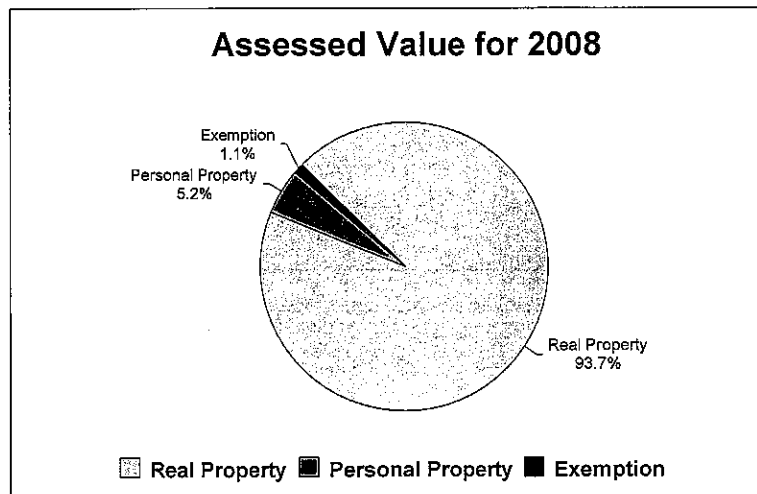
Table C-1

Fiscal Year	Real Property	Personal Property	Less Tax Exempt		Total Taxable Assessed Value	Total Direct Tax Rate per \$1000 of assessed value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Real Property	Personal Property				
1999	\$ -	\$ -	\$ -	\$ -	\$ 619,198,037	\$ 2.9906	\$ -	-
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	864,306,203	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%

*The City implemented GASB 44 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



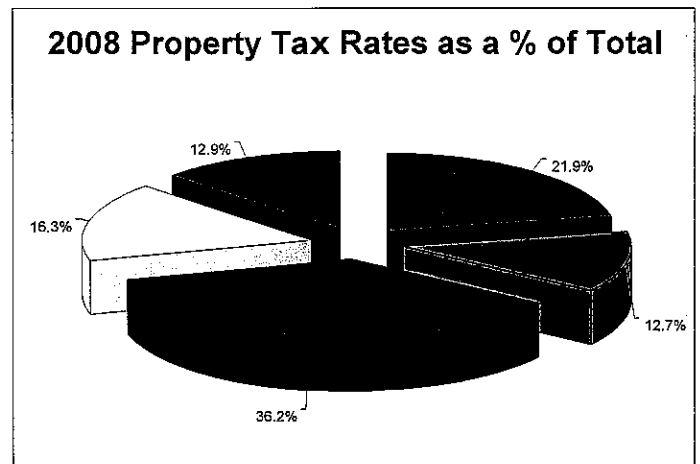
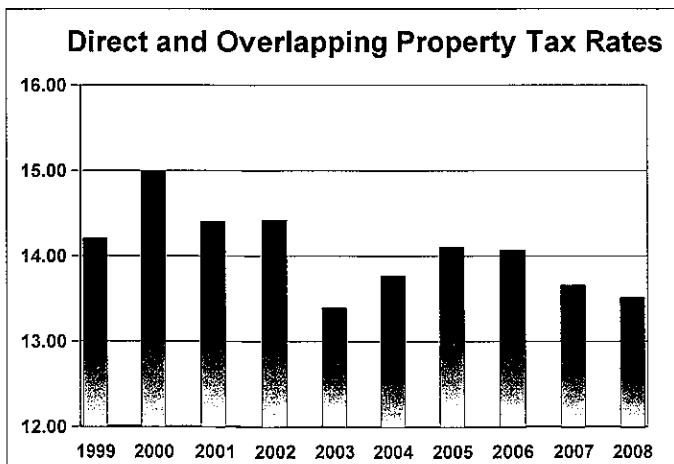
CITY OF MOSES LAKE
Property Tax Rates
Direct and Overlapping Governments
Per \$1,000 of Assessed Value
Last Ten Fiscal Years

Table C-2

Fiscal Year	Direct Tax Rate		Overlapping Rates							
	Moses Lake		Grant County		School District					
	Operating Millage	Total City Millage	Operating Millage	Total County Millage	Operting Millage	Debt Service Millage	Total School Millage	State School	Special Districts	Total
1999	2.991	2.991	1.785	1.785	2.818	1.540	4.358	3.703	1.374	14.211
2000	3.100	3.100	1.779	1.779	2.975	1.463	4.438	3.504	2.174	14.995
2001	3.076	3.076	1.781	1.781	3.069	1.364	4.434	3.213	1.903	14.406
2002	2.995	2.995	1.779	1.779	3.197	1.426	4.623	3.127	1.899	14.422
2003	2.947	2.947	1.777	1.777	3.157	1.293	4.450	2.846	1.374	13.394
2004	2.946	2.946	1.800	1.800	3.363	1.471	4.834	2.759	1.430	13.769
2005	3.026	3.026	1.800	1.800	3.534	1.497	5.031	2.807	1.443	14.107
2006	3.068	3.068	1.799	1.799	3.560	1.222	4.781	2.550	1.867	14.066
2007	2.973	2.973	1.770	1.770	3.502	1.305	4.807	2.290	1.816	13.657
2008	2.960	2.960	1.719	1.719	3.215	1.672	4.887	2.207	1.740	13.513

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).

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



CITY OF MOSES LAKE
Principal Property Taxpayers
For the Year Ended December 31, 2008

Table C-3

<u>Name</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percent of total Assessed Value*</u>
EKA Chemicals	Chemical Manu	\$ 27,568,265	1	2.6
Weyerhaeuser Company	Corrugated board	10,963,790	2	1.0
Wal-Mart Real Estate Business Trust	Grocery/retail	9,782,630	3	0.9
D&L Foundry, Inc.	Manhole Manu	6,948,515	4	0.6
Grewal Hotels Inc.	Hotel	6,803,000	5	0.6
Learner Tr, Kathryn J	Trust	6,761,820	6	0.6
Moses Lake Travel Plaza LLC	Prop Invest/mgmt	6,704,835	7	0.6
Heron Creek Apartments, LLC	Prop Invest/mgmt	5,381,110	8	0.5
HD Development of Maryland Inc	Home Improvement	4,831,520	9	0.4
Qwest Corporation Inc	Telecommunication	4,780,884	10	0.4
Totals		<u>\$ 90,526,369</u>		<u>8.4</u>

*Estimated total value of real and personal property.

\$ 1,080,369,113

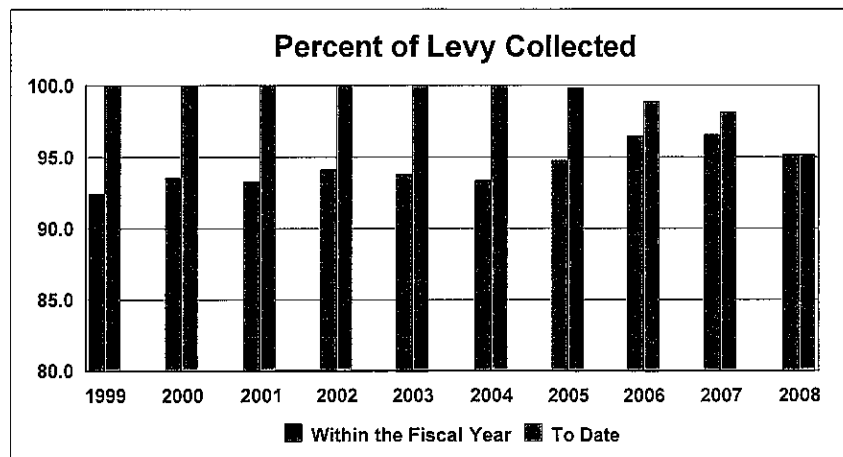
Historical data for 1999 is not readily available from the County

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	
1999	\$ 619,198,037	\$ 1,852,391	\$ 1,455,592	92.4	\$ 140,296	\$ 1,852,227	99.99	\$ 164
2000	638,080,940	1,977,773	1,591,105	93.5	127,518	1,977,372	99.98	401
2001	675,119,443	2,075,447	1,711,931	93.3	139,586	2,075,211	99.99	236
2002	800,941,356	2,402,339	1,849,854	94.1	140,952	2,401,796	99.98	543
2003	846,090,551	2,495,442	1,935,625	93.8	153,999	2,494,925	99.98	517
2004	867,122,847	2,558,494	2,260,845	93.4	169,000	2,557,667	99.97	828
2005	876,602,246	2,655,271	2,340,925	94.8	133,983	2,649,977	99.80	5,295
2006	905,052,449	2,776,828	2,388,667	96.5	65,951	2,745,153	98.86	31,676
2007	988,571,711	2,951,194	2,515,994	96.6	51,781	2,895,731	98.12	55,462
2008	1,080,369,113	3,197,428	2,679,202	95.2	-	3,043,427	95.18	154,028

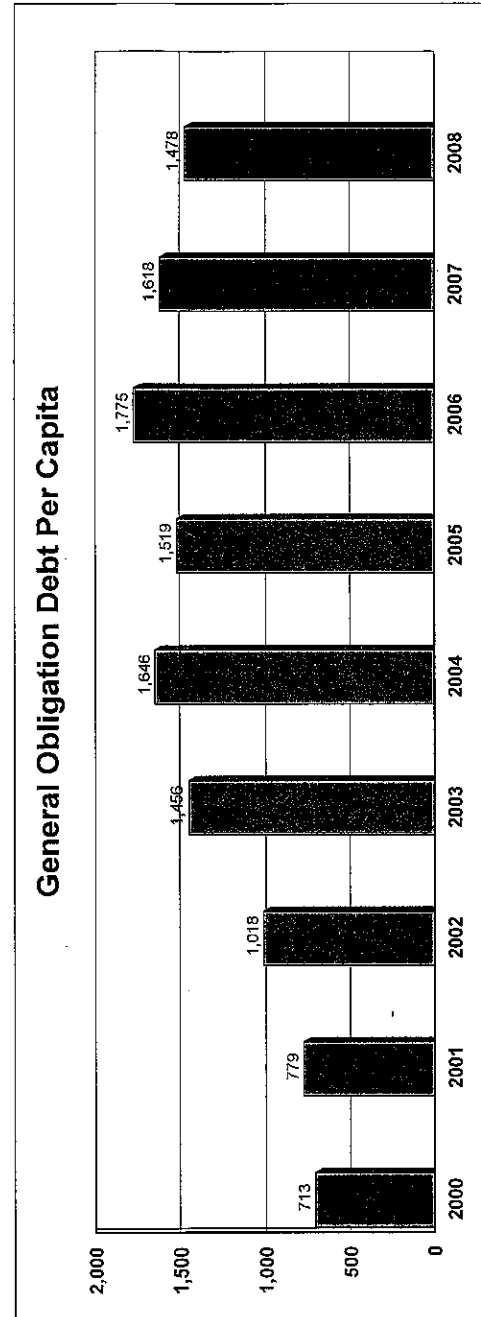


City of Moses Lake
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years*

Table D-1

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income**	Per Capita **
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water/ Sewer Bonds	General Obligation Bonds	Governmental loans	Capital Leases			
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

*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.

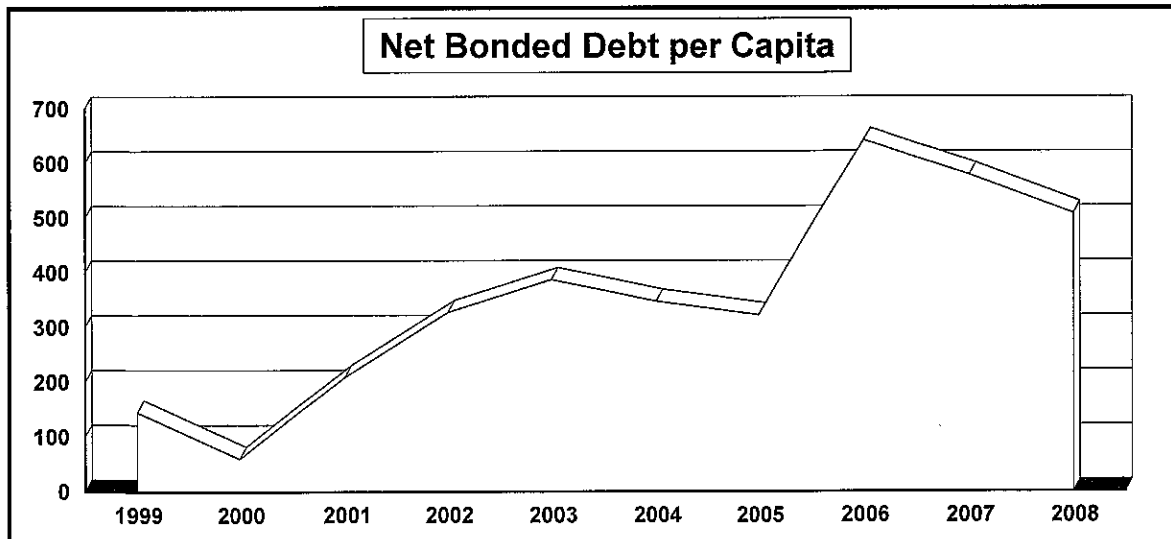


CITY OF MOSES LAKE
Ratios of Net General Bonded Debt
To Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

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
1999	14,190	\$ 619,198,037	\$ 4,117,621	\$ 2,058,693	\$ 2,058,928	0.33%	\$ 145
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

* Grant County Assessor: includes only taxable property



CITY OF MOSES LAKE
Direct and Overlapping Governmental Activities Debt
As of December 31, 2008

Table D-3

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Moses Lake School Dist. # 161	\$ 38,150,000	43.02%	\$ 16,412,130
Samaritan Hospital Dist #1	11,660,404	39.55%	4,611,690
Subtotal overlapping debt	<u>49,810,404</u>		<u>21,023,820</u>
Moses Lake direct debt	<u>9,910,000</u>		<u>9,910,000</u>
Total direct and overlapping debt	<u>\$ 59,720,404</u>		<u>\$ 30,933,820</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.

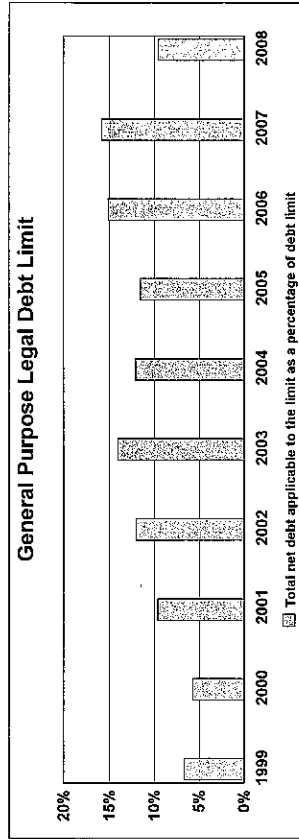
CITY OF MOSES LAKE
Legal Debt Margin Information
Last Ten Fiscal Years*

Table D-4

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$ 1,779,747,198
Debt limit	133,481,040
Debt applicable to limit:	
General obligation bonds	13,351,160
Less: amount set aside for repayment	(609,986)
of general obligation debt	12,751,174
Total net debt applicable to limit	\$ 120,729,866
Legal debt margin	

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 46,971,821	\$ 49,720,610	\$ 60,070,602	\$ 63,456,791	\$ 65,034,214	\$ 65,745,188	\$ 65,745,168	\$ 74,142,878	\$ 81,027,683	\$ 133,481,040
Total net debt applicable to limit	3,163,525	2,868,314	5,777,418	7,653,638	9,154,830	7,948,295	7,597,288	11,224,213	12,859,317	12,751,174
Legal debt margin	\$ 43,808,296	\$ 46,852,296	\$ 54,293,184	\$ 55,803,154	\$ 55,879,384	\$ 57,796,874	\$ 58,147,880	\$ 62,918,666	\$ 68,168,366	\$ 120,729,866
Total net debt applicable to the limit as a percentage of debt limit	6.73%	5.77%	9.62%	12.06%	14.08%	12.09%	11.56%	15.14%	15.87%	9.55%



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

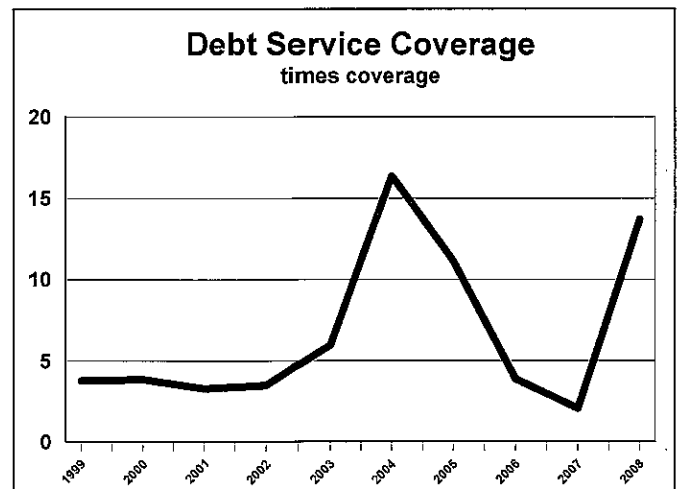
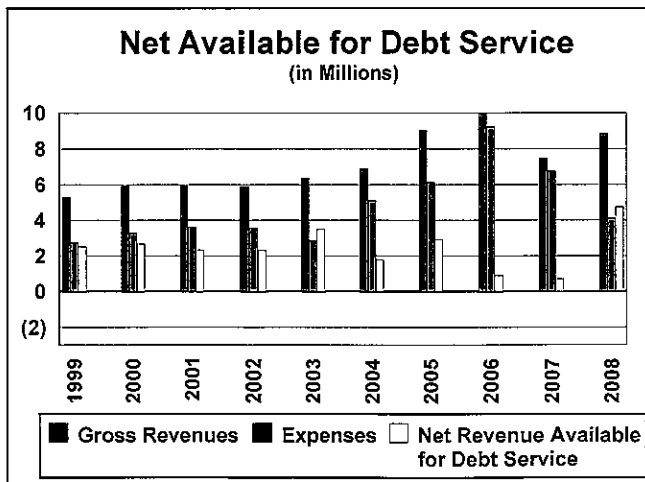
Table D-5

Year	Utility Revenues*	Operating Expenses**	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
1999	\$ 5,268,271	\$ 2,746,866	\$ 2,521,405	\$ 475,000	\$ 189,421	\$ 664,421	3.79
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

* Utility Revenue includes both operating and investment income revenue.

** 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
1999	14,550	\$ 282,386	\$ 19,408	31	6,482	9.4
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	**	**	32	7,680	5.8
2008	18,310	**	**	33	7,987	6.9

Data Sources:

Population - State of Washington, Office of Financial Management; www.ofm.wa.gov/pop/apir1/finalpop2008.pdf

Per Capita Income - County figures 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/

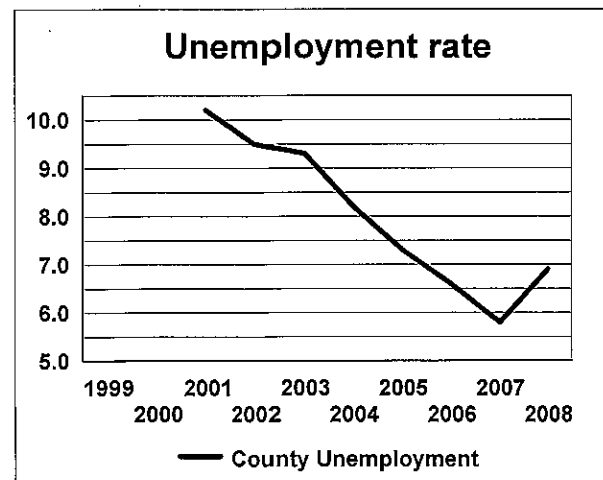
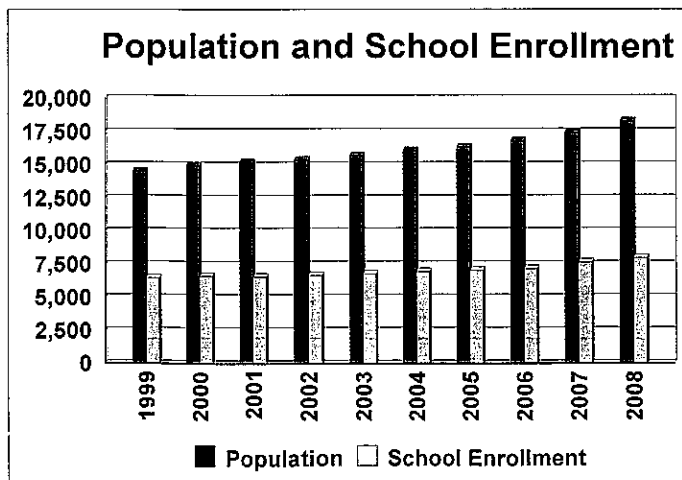
Median Age - Office of Financial Management; www.ofm.wa.gov/pop/coagemf/grant.pdf

School Enrollment - Office of Superintendent of Public Instruction; 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 under "demographics/labor force characteristics"

* 2000 US Census information included in parenthesis.

** These figures are not currently available.



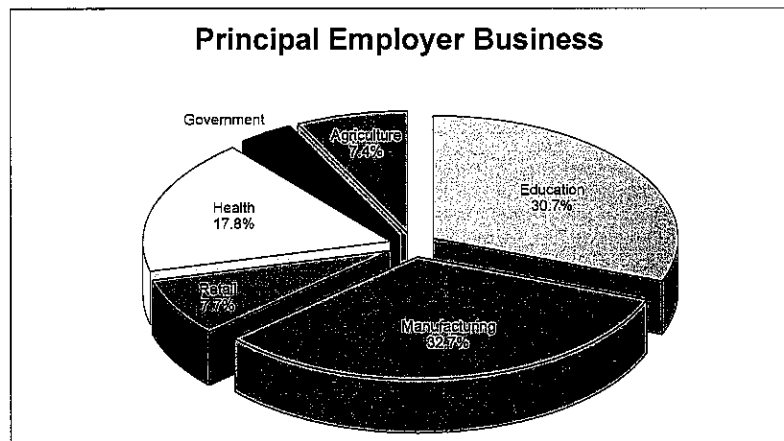
CITY OF MOSES LAKE
Principal Employers
Current year and Nine years Ago

Table E-2

Employer	Business type	2008		1999	
		Employees	Rank	Employees	Rank
Moses Lake School District	Education	1,000	1	869	1
Samaritan Hospital	Health	532	2	431	2
REC Silicon/Advanced Silicon Materials	Manufacturing	450	3	322	4
Genie Industries, Inc	Manufacturing	425	4	-	-
Big Bend Community College	Education	375	5	153	9
J.R. Simplot Co./Nestle Brand	Agriculture	330	6	428	3
Moses Lake Community Health	Health	264	7	-	-
Inflation Systems, Inc	Manufacturing	245	8	320	5
Moses Lake Clinic	Health	200	9	-	-
City of Moses Lake	Government	187	10	139	10
Wal Mart	Retail	-	-	236	6
Basic American Foods	Agriculture	-	-	194	7
D & L Foundry	Manufacturing	-	-	165	8
Totals		4,008		3,257	

Source: Grant County Economic Development Council

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



CITY OF MOSES LAKE

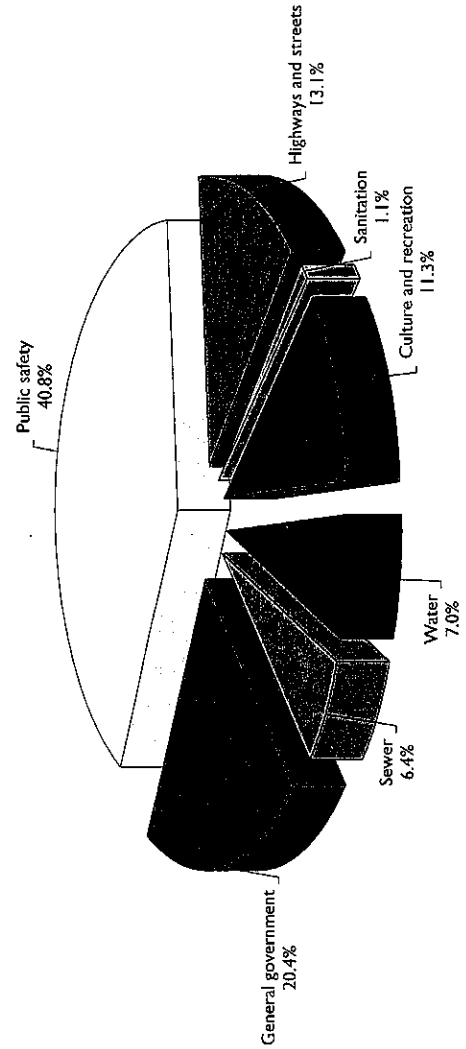
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table F-1

Function:	Full-time Equivalent Employees as of December 31									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	28	30	30	28	28	28	28	28	29	38
Public safety	34	34	34	34	34	34	34	34	36	40
Police	15	15	32	33	33	29	28	28	31	36
Fire	17	17	17	17	17	16	16	16	19	19
Highways and streets	6	6	6	6	6	6	6	6	6	6
Engineering	1	1	1	1	1	1	1	1	1	2
Maintenance	18	19	19	18	18	17	17	17	20	21
Sanitation	14	14	14	14	14	15	15	15	14	13
Culture and recreation	7	9	9	9	10	11	11	11	11	12
Water	140	145	162	160	161	157	156	156	167	187
Sewer										
Total										

Source: City of Moses Lake Annual Budget.

2008 City Employees by Function



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

Table F-2

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building permits issued	579	464	456	431	457	476	568	616	532	522
Police										
DUI	-	-	308	212	73	113	139	132	120	82
Parking violations	-	-	237	55	129	362	100	201	452	201
Traffic violations	-	-	4284	7327	2,818	2,109	2,817	2,835	2,743	2,937
Fire										
Number of calls answered	-	838	1606	3,646	3,525	3,569	2,869	3,010	3,397	3,711
Inspections	-	-	-	-	-	1,287	1,623	1,800	2,300	1,324
Culture and recreation										
Surf & slide water park	-	-	91156	84,090	87,716	125,000	130,000	130,000+	100,000+	130000+
Museum	-	-	6101	11,214	9,811	12,011	12,200	9,378	9,827	12,278
Water										
New connections	-	-	-	-	-	-	-	317	284	218
water mains breaks	-	-	-	-	-	-	-	10	11	12
Average daily consumption										
(millions of gallons)	2.800	2.990	2.770	2.700	2.770	2.850	2.870	7.700	8.500	8.700
Wastewater										
Average daily sewage treatment (mgpd)										
Sand Dunes	2.000	2.006	2.004	2.009	1.953	1.893	1.920	2.000	2.059	2.098
Larsen	0.426	0.38	0.369	0.374	0.346	0.336	0.329	0.324	0.331	0.331

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Function										
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	90	94	95	96	99	102	104
Traffic signals	24	32	35	35	35	35	35	35	35	35
Culture and Recreation										
Parks acreage	140	140	140	140	140	151	151	156	156	170
Parks	18	18	18	18	15	15	16	18	18	18
Swimming pools	1	1	1	1	1	1	1	1	1	1
Business-Type Function										
Water										
Water main (miles)	135.8	13.5	135.8	137.5	139.8	142.1	143.1	147.6	152.2	155.1
Wells	13	13	13	15	17	17	18	18	18	18
Water storage	11	11	11	12	12	12	12	12	12	12
Sewer										
Sanitary sewer (miles)	110.3	110.3	110.3	111.1	112.2	113.2	114.2	128.6	143.0	146.2
Storm sewer (miles)	9.6	9.6	9.6	10.0	10.0	10.1	10.2	10.7	11.2	11.8
Treatment plants	2	2	2	2	2	2	2	2	2	2
Airport										
Runway and taxiway (miles)	1.6983	1.6983	1.6983	1.6983	1.6983	1.6983	1.698295	1.698295	1.698295	1.6983
Tie-downs	22	24	24	24	24	24	24	24	24	24

Sources: Various city departments