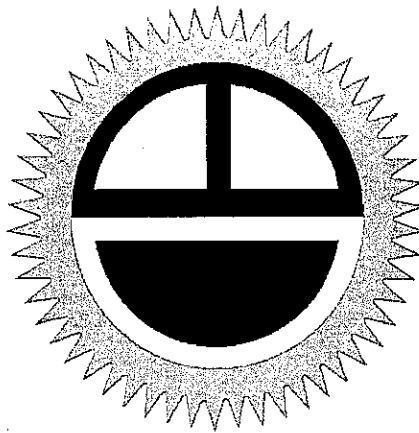


CITY OF MOSES LAKE,
WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

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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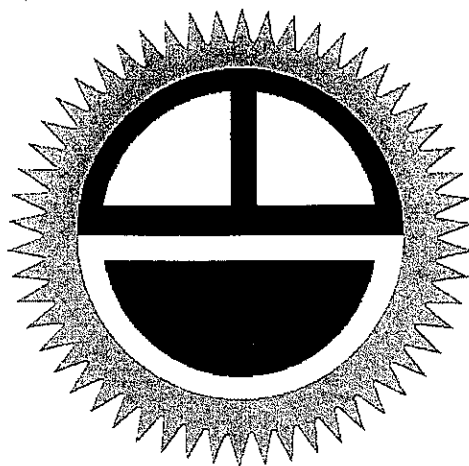
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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2007

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, 2006

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.

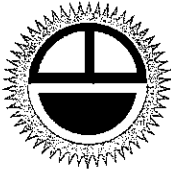


Chloe S. Cox

President

Jeffrey R. Emer

Executive Director



CITY OF MOSES LAKE
Finance Department

May 30, 2008

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, 2007 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 17,000 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 174 full time employees and an operating budget of \$53.8 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 maintains a library.

The City is quite proud of being a family oriented community with a total of 25 Parks, of which 5 are undeveloped at this time. One of the City's major accomplishments is the City Aquatic Center 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 with a proposed lazy river and flow rider, the facility won the 2001 Georgie Award for most outstanding tourism product or service to enhance travel and tourism in the state of Washington.

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 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 2007 of 17,440 but serves a population 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.

In 2007 economic development activity continued to increase significantly 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 increased significantly with a large number of plats being processed and a large number 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. Currently, two new business have taken steps in building substantially large complexes in the Moses Lake area, contributing to the area's growth.

Long-term Financial Planning

Several long term capital projects are underway in the City of Moses Lake. In 2007 the City completed a revitalization of its downtown core with street and park improvements. In 2008 the City is expanding its utility system and looks at constructing 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 Councilmanic borrowing and paying the debt service 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 24 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 its regular contribution based on a percentage of the employees wage as prescribed by DRS.

Besides the plans under DRS the City provides post-retirement health care benefits in accordance with statute for police and fire employees who are eligible under the Firemen's Pension Fund. Currently the City has 20 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, 2006. This was the second 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

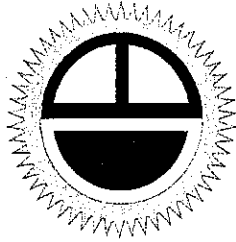
This report has been prepared by myself, Robert Taylor, CGFM, Accounting Division Manager, Linda Beisel and Jeanette Jones, Accountants. I express my appreciation to all members of the Finance Department who assisted and contributed to its preparation and to the other city departments that help in providing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

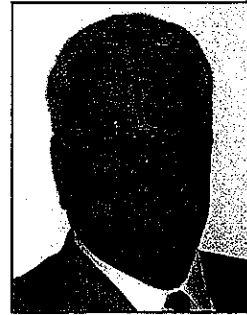
A handwritten signature in cursive script that reads "Ronald R. Cone".

Ronald R. Cone, CPA, CGFM
Finance Director

CITY OF MOSES LAKE ELECTED OFFICIALS



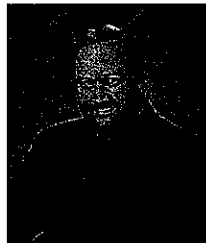
MAYOR
Ronald Covey



COUNCIL



Richard Pearce
Deputy Mayor



Bill Ecret



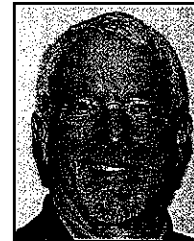
Brent Reese



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:

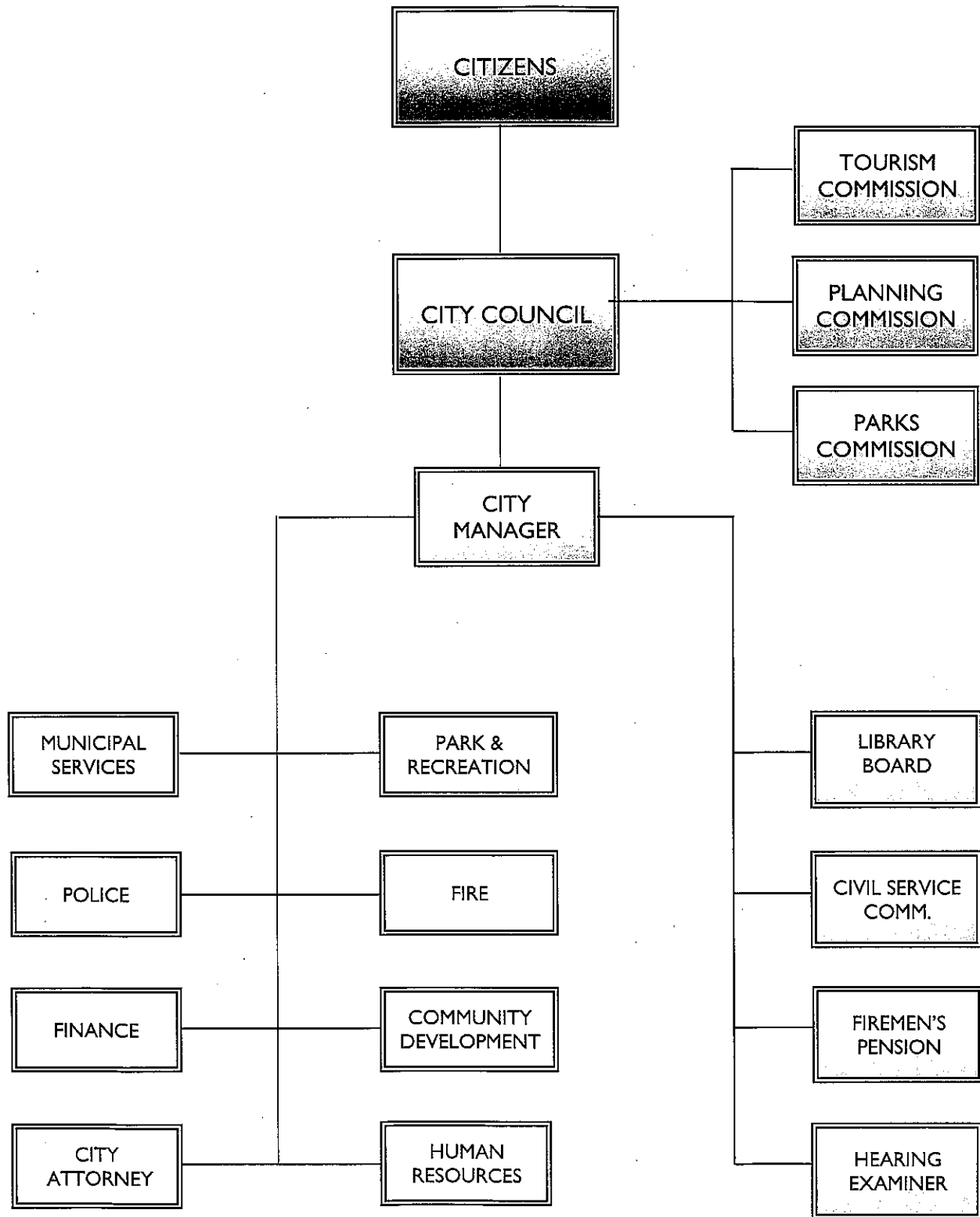
P.O. Box 1579
321 S. Balsam
Moses Lake, WA 98837

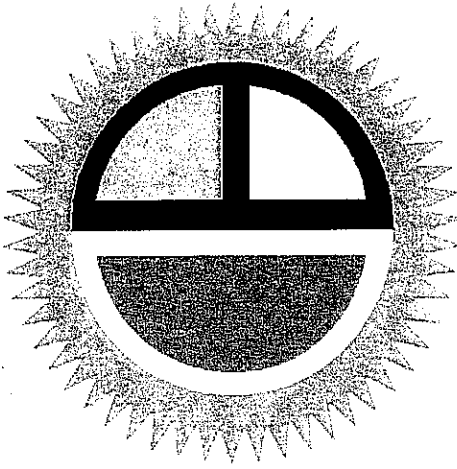
Website:

www.ci.moses-lake.wa.us

City of Moses Lake

Organizational Chart





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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2007

FINANCIAL SECTION



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

May 22, 2008

City Council
City of Moses Lake
Moses Lake, Washington

We have audited the accompanying financial statements of the 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, 2007, 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. 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Street Fund funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

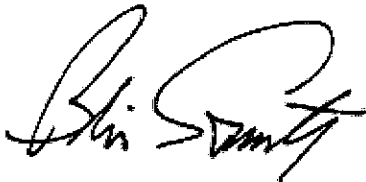
The management's discussion and analysis on pages 14 through 26, infrastructure modified approach information on pages 81 through 82 and pension trust fund information on page 80

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.

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 83 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, 2007. 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 \$107,717 (net assets). Of this amount, \$13,881 (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 \$1,663.
- As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of \$2,946, a decrease of \$3,792 in comparison with the prior year. Almost the entire amount, \$2,457, 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 \$1,059, or 7.8% of total general fund expenditures.
- The City received insurance recoveries of \$5,676 during the current fiscal year for claims with Safeco Insurance Company regarding the Larson Air Base Superfund Site.

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 comprise 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 three major governmental funds. The general fund, street fund, and capital projects 2006 fund are presented separately in the governmental fund balance sheet, and the governmental fund 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 \$107,717 at December 31, 2007.

City of Moses Lake's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$6,338	\$10,701	\$12,344	\$9,276	\$18,683	\$19,977
Capital assets	56,872	60,263	64,109	59,021	120,982	119,283
Total assets	<u>63,211</u>	<u>70,964</u>	<u>76,454</u>	<u>68,297</u>	<u>139,665</u>	<u>139,261</u>
Long-term liabilities	10,937	10,124	17,443	17,996	28,380	28,120
Other liabilities	1,726	3,294	1,841	1,793	3,567	5,086
Total liabilities	<u>12,663</u>	<u>13,417</u>	<u>19,284</u>	<u>19,789</u>	<u>31,947</u>	<u>33,206</u>
Net assets:						
Invested in capital assets, net of related debt	46,373	49,249	46,611	40,642	92,984	89,892
Restricted	-	-	852	916	852	916
Unrestricted	4,174	8,297	9,707	6,949	13,881	15,247
Total net assets	<u>\$50,548</u>	<u>\$57,547</u>	<u>\$57,170</u>	<u>\$48,508</u>	<u>\$107,717</u>	<u>\$106,055</u>

The largest portion of the City of Moses Lake's net assets (86 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 (.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$13,881) 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 \$12,558 in 2007. The increase was split among governmental (\$3,897) and business-type activities (\$8,661). Prior period adjustments reduced governmental net assets by \$6,956. Detail of prior period adjustment can be found in Note 16 to the financial statements.

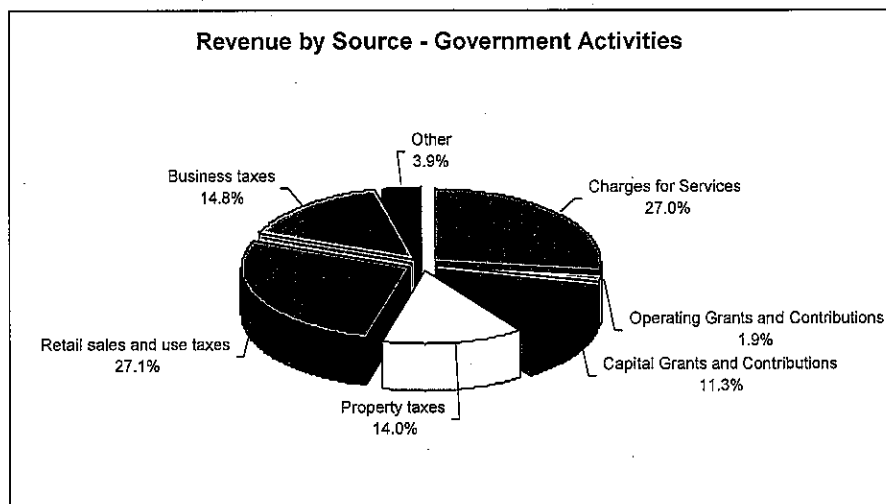
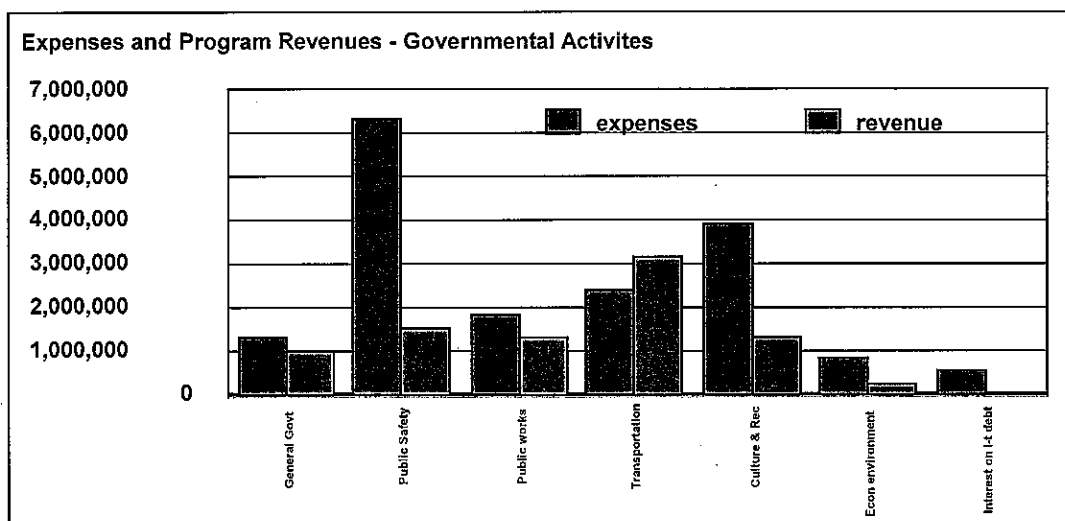
The following is a summarized version of the city's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in table form for the governmental activities autonomous from the business-type activities for 2007.

City of Moses Lake Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenue:						
Charges for services	\$5,684	\$5,393	\$17,121	\$12,983	\$22,805	\$18,377
Operating grants and contributions	404	248	-	-	404	248
Capital grants and contributions	2,380	2,448	3,131	2,733	5,511	5,181
General revenue						
Property taxes	2,940	2,780	-	-	2,940	2,780
Sales taxes	5,711	4,287	-	-	5,711	4,287
business taxes	3,118	3,149	-	-	3,118	3,149
Other taxes	-	-	-	-	-	-
Other	710	729	211	369	921	1,098
Total revenues	20,947	19,034	20,463	16,085	41,410	35,120
Expenses:						
General government	1,323	1,467	-	-	1,323	1,467
Public safety	6,338	5,577	-	-	6,338	5,577
Public works	1,839	1,708	-	-	1,839	1,708
Transportation	2,379	2,392	-	-	2,379	2,392
Culture & recreation	3,920	3,441	-	-	3,920	3,441
Economic environment	830	771	-	-	830	771
Interest on long-term debt	534	390	-	-	534	390
Water/sewer utility	-	-	8,122	9,499	8,122	9,499
Sanitation	-	-	1,947	1,725	1,947	1,725
Ambulance	-	-	1,566	1,486	1,566	1,486
Airport	-	-	54	29	54	29
Total expenses	17,163	15,746	11,689	12,739	28,852	28,485
Increase in net assets before transfers	3,784	3,288	8,774	3,346	12,558	6,634
Transfers	113	93	(113)	(93)	-	-
Increase in net assets	3,897	3,381	8,661	3,253	12,558	6,634
Net assets 01/01	57,547	54,165	48,508	45,256	106,055	99,421
Prior period adjustment	(10,897)	-	-	-	(10,897)	-
change in reserves	-	-	-	-	-	-
Net assets 12/31	\$50,547	\$57,546	\$57,169	\$48,508	\$107,716	\$106,054

Governmental activities. Governmental activities increased the City of Moses Lake's net assets by \$3,897. As shown in the Statement of Activities \$8,468 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:

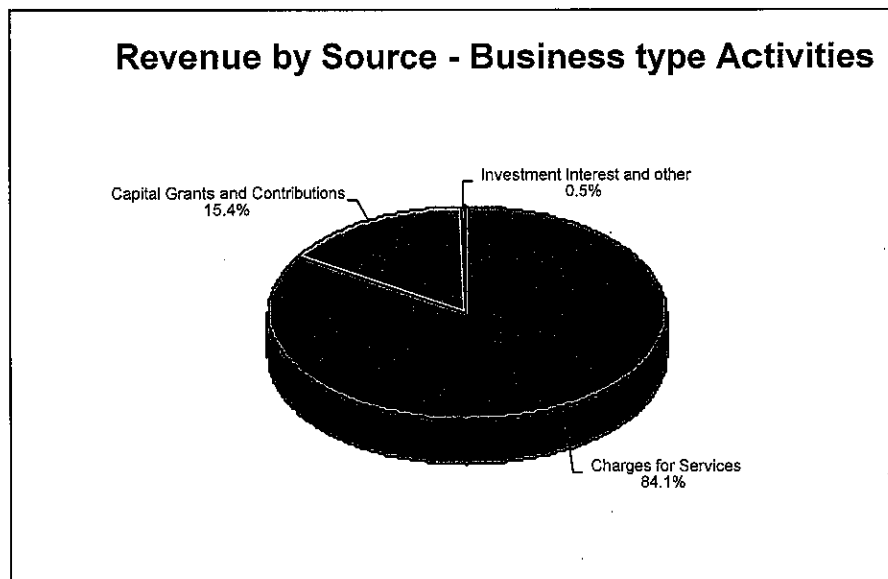
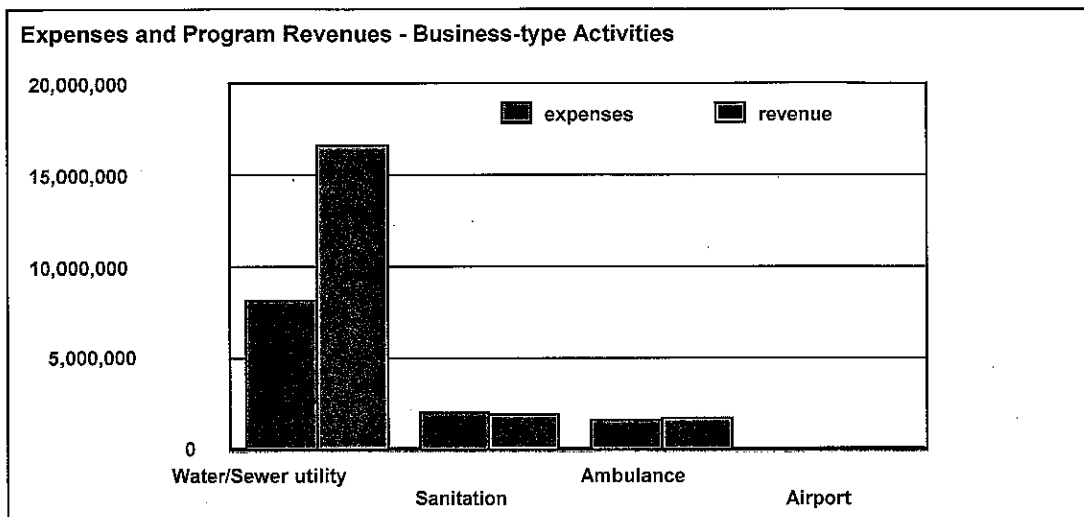
- Sales taxes revenue increased by \$1,424 (33%) during the year. Most of this increase is from economic recovery and large amount of construction in and around the City limits.
- The \$160 (5.8%) increase in revenue from capital contributions was a result of assets (streets and improvements) contributed by developers from new developments.
- The largest increase (\$760) in expenditures was from public safety. The increases were due to rates charged internally for building maintenance services and additional first year fees charged for red light camera enforcement.



For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Total net assets of Business-type activities increased by \$8,662 for the year. As with governmental activities, revenues were the main reason for the increase in net assets. Key elements of the increase are as follows.

- The City received a substantial insurance recovery amount (\$5,675) which was for operating expenses incurred in the Operations and Maintenance yard Super Site clean up.
- Capital contributions from developers were a significant revenue source for the Water and Sewer Utility during the current fiscal year, producing \$398 in revenue.
- A decrease in operating expenses of \$1,051 is attributed to the reduction of costs related to the Operations and Maintenance yard Super Site clean up.



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 \$2,946, a decrease of \$3,792 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 (\$109), for debt service payments (\$356) 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 \$1,060 while the total fund balance reached was \$1,161. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8 percent of total General Fund expenditures, while total fund balance represents 9 percent of that same amount.

The fund balance of the City of Moses Lake's General Fund decreased by \$1,492 during the current fiscal year. Key factors in this decline are as follows:

- An increase in revenue attributable to sales and business tax of \$1,398 .
- The increase in expenditures of \$1,769 were a primary result of an increase in public safety discussed earlier in the government-wide analysis section. An additional \$1,600 can be attributable to transfers for expenditures of capital projects.

The entire decrease of \$2,977 unreserved fund balance of the Capital Projects 2006 Fund is due to the cost related to the completion of the downtown improvement.

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 \$6,375, and those for the Sanitation Utility amounted to \$3,879. The total of the two funds accounted for 18% of the total net assets for all enterprise funds. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Moses Lake's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original compared to final budget

The final revenue budget was \$1,711 (12%) higher than the original budget. This was the result of budget amendments approved by City council during the year. The major budget changes are listed below.

- The unforeseen increase in tax revenue from sales due to construction in both the residential and commercial projects amount to an increase of \$1,524 for taxes.
- A significant increase in the number of citations, due to the installation of cameras to monitor stop lights, amounted to a \$148 rise in fines collected.
- Fees paid for services for the enforcement of red light violations of \$86 were predicated on the number of citations issued. As the amount of fees collected increased so did the amount to be paid for the use of cameras and software.

Actual results compared to final budget

General fund revenues and expenditures came in under the final amended budget by \$166 (1%) and \$546 (3.9%) respectively. Factors contributing to this outcome include the following:

- Interest earnings came in under budget by \$102 due to less than anticipated returns.
- Due to a down turn in the housing construction property tax revenue (\$155) did not meet expectations.
- Fire department had personnel turnover that resulted in less expenditures (\$107) paid out for salaries and benefits than what was anticipated.
- With less than ideal weather the Parks department sustained less expenditures than was budgeted for labor (\$150) and operating supplies (\$103).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Moses Lake's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$121,026 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, aquatic facilities, and streets. The total increase in the City of Moses Lake's investment in capital assets for the current fiscal year was 7% (a 6 increase for governmental activities and a 9% increase for business-type activities).

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

- Construction is almost complete on the Operations and Maintenance Complex with a year

to date project cost of \$8,906.

- An expansion project to the Aquatic Center is near completion at a cost of \$4,421 to date.
- Ice skating rink was 90% complete for \$1,550.
- A downtown revitalization project was completed for a final cost of \$2,334.
- Numerous city vehicles and a ice resurfacers were purchased during the year at a cost of \$357 at year end.
- Two new large capacity trucks were purchased for a cost of \$266.

City of Moses Lake's Capital Assets

(net of depreciation)

actual amounts

	Government Activities	Business-type Activities	Total
Land and land improvements	\$4,396,028	\$1,044,634	\$5,440,661
Buildings	13,032,589	17,925,978	30,958,568
Machinery and equipment	2,434,185	1,281,148	3,715,333
Infrastructure	30,529,496	32,871,239	63,400,734
Construction in progress	6,480,135	10,986,423	17,466,558
Total assets	<u>\$56,872,432</u>	<u>\$64,109,422</u>	<u>\$120,981,854</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 it's streets which are also reported in the City's annual Capital Improvement Program. For 2007 the City projected \$1,295 for road maintenance. The actual amount expended was \$655.

For the year there was no significant changes in the condition levels of the streets. With mild weather patterns the condition level of the streets were 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 \$17,705. Of this amount, \$10,705 comprises debt backed by the full faith and credit of the government and \$7,000 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	\$ 9,716,666	\$ 988,334	\$ 10,705,000
Revenue debt	-	7,000,000	7,000,000
	<u>\$ 9,716,666</u>	<u>\$7,988,664</u>	<u>\$ 17,705,000</u>

The City of Moses Lake's total long-term debt decreased by \$1,006 (5%) during the current fiscal year. The decrease was due to an early payoff of special assessment and annual obligation payments.

The City of Moses Lake maintains a "AAA" rating from Standard & Poor's by carrying Bond insurance. The Special Assessment bonds are unrated.

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 2007 was \$1,080,369 and the remaining debt capacity is as follows:

	(Actual amounts)
General	\$14,149,910
Open Space/Park Facilities	27,009,228
Utilities	<u>27,009,228</u>
Total	<u>\$68,168,366</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 has slowed in 2008. This growth generally translates into greater revenues attributable in part to increased sales taxes, property taxes, permit fees, and the like. With the recovery and continued 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. The aforementioned factors were considered in the preparation of the City's 2008 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 2008 and perhaps for several years into the future, which supports the assumption that current service levels can be maintained and perhaps increased. 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 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 sales 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 the city's sales taxes increased by approximately 24%, well above the inflation rate. It is anticipated that the sales taxes the city receives in 2008 will match or exceed those received in 2007, but will grow at a slower rate than that of 2007.

Several industrial concerns in and around the city have announced and/or begun expansion. Additionally, new industry has announced locating in Moses Lake. 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 is being 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 2008 which is below the rate of inflation. However, property taxes generally 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. The city anticipates meeting or exceeding the 2007 permitted building activity in 2008. 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 2008 and increased. Except for a small allowed property tax increase, no other tax increases were included in preparing the 2008 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 2008 fiscal year.

The water and sewer utility rates were increased for the 2008 budget year. The water and sewer rates were increased by the rate of inflation for all customers pursuant to city ordinance. The water and sewer rates affected both residential and industrial consumers by approximately the same percentage. The rate increases were necessary to sustain the services for 2008 fiscal year by the water and sewer utility.

The projected outlook for the City of Moses Lake and surrounding area is 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 321 S. Balsam, PO Box 1579, Moses Lake, WA 98837.

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2007

BASIC FINANCIAL STATEMENTS

CITY OF MOSES LAKE

Statement of Net Assets

December 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,228,094	\$ 6,724,059	\$ 13,952,153
Receivables (net of allowances for uncollectibles)	531,305	1,431,035	1,962,340
Internal balances	(1,638,087)	1,638,087	-
Inventories and prepaid items	157,873	442,829	600,702
Deferred charges	57,187	124,032	181,219
Restricted assets:			
Cash	-	1,819,427	1,819,427
Interest and other receivables	2,115	165,007	167,122
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,396,028	1,044,634	5,440,661
Buildings and other improvements	13,032,589	17,925,978	30,958,568
Machinery and equipment	2,434,185	1,281,148	3,715,333
Infrastructure	30,529,496	32,871,239	63,400,734
Construction in progress	6,480,135	10,986,423	17,466,558
Total assets	<u>63,210,919</u>	<u>76,453,897</u>	<u>139,664,816</u>
LIABILITIES			
Accounts payable and other current liabilities	526,391	745,873	1,272,264
Accrued interest	153,944	161,683	315,628
Unearned revenues	2,422	1,229	3,652
Noncurrent liabilities:			
Due within one year	1,043,223	932,501	1,975,724
Due in more than one year	10,937,137	17,443,014	28,380,152
Total liabilities	<u>12,663,118</u>	<u>19,284,301</u>	<u>31,947,419</u>
NET ASSETS			
Invested in capital assets, net of related debt	46,373,482	46,610,518	92,984,000
Restricted for:			
Debt service	-	852,291	852,291
Unrestricted	4,174,319	9,706,787	13,881,106
Total net assets	<u>\$ 50,547,801</u>	<u>\$ 57,169,596</u>	<u>\$ 107,717,397</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, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Government activities:							
General government	\$ 1,322,682	\$ 909,143	\$ 64,600	\$ -	\$ (348,939)	\$ -	\$ (348,939)
Public safety	6,337,508	1,187,791	239,896	81,984	(4,827,837)	-	(4,827,837)
Public works	1,838,666	1,277,159	12,154	-	(549,353)	-	(549,353)
Transportation	2,379,341	844,321	7,000	2,298,011	769,991	-	769,991
Culture and recreation	3,919,872	1,265,278	48,813	-	(2,605,781)	-	(2,605,781)
Economic Environment	829,664	200,244	31,283	-	(598,137)	-	(598,137)
Interest on long-term debt	533,602	-	-	-	(533,602)	-	(533,602)
Total governmental activities	17,161,335	5,683,937	403,746	2,379,995	(8,693,658)	-	(8,693,658)
Business-type activities:							
Water/Sewer utility	8,121,813	13,550,900	-	3,105,526	-	8,534,613	8,534,613
Sanitation	1,946,850	1,892,624	-	-	-	(54,226)	(54,226)
Ambulance	1,565,864	1,653,862	-	-	-	87,999	87,999
Airport	54,474	24,054	-	25,373	-	(5,048)	(5,048)
Total business-type activities	11,689,000	17,121,440	-	3,130,898	-	8,563,338	8,563,338
Total primary government	\$ 28,850,335	\$ 22,805,376	\$ 403,746	\$ 5,510,893	(8,693,658)	8,563,338	(130,320)
General revenues:							
Property taxes					2,940,325	-	2,940,325
Retail sales and use taxes					5,710,727	-	5,710,727
Business taxes					3,117,827	-	3,117,827
Investment earnings					708,676	211,061	919,737
Miscellaneous					1,211	-	1,211
Transfers, internal activities					112,797	(112,797)	-
Total general revenues and transfers					12,591,563	98,264	12,689,827
Changes in net assets							
Net assets - beginning					3,897,905	8,661,601	12,559,507
Prior Period adjustment					57,546,739	48,507,994	106,054,733
Net assets - ending					(10,896,843)	-	(10,896,843)
					\$ 50,547,801	\$ 57,169,596	\$ 107,717,397

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

CITY OF MOSES LAKE

Balance Sheet

Governmental Funds

December 31, 2007

	General	Street	Capital Projects 2006	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,316,983	\$ 576,961	\$ 368,615	\$ 2,859,267	\$ 5,121,826
Receivables (net of allowance for uncollectibles):					
Taxes	199,740	-	-	-	199,740
Assessments	-	-	-	100,577	100,577
Customer accounts	43,197	150	-	19,714	63,061
Unbilled services	14,379	-	-	8,654	23,034
Other receivables	36,975	547	-	36,048	73,570
Due from other funds	-	-	-	200,000	200,000
Due from other governments	16,000	-	-	43,281	59,281
Prepays	58,110	32,777	-	-	90,886
Total assets	<u>1,685,384</u>	<u>610,435</u>	<u>368,615</u>	<u>3,267,541</u>	<u>5,931,974</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	57,473	37,107	54,913	23,917	173,410
Salaries and benefits payable	220,256	8,982	-	621	229,858
Revenues collected in advance	-	-	-	2,422	2,422
Interfund loans payable	-	-	2,000,000	196,000	2,196,000
Deferred revenue	246,968	547	-	136,625	384,140
Total liabilities	<u>524,698</u>	<u>46,636</u>	<u>2,054,913</u>	<u>359,585</u>	<u>2,985,831</u>
Fund balances:					
Reserved for:					
Debt service	-	-	-	355,895	355,895
Petty cash and prepaid expenses	75,735	32,777	-	-	108,511
Vacation/sick leave payouts	25,000	-	-	-	25,000
Unreserved, reported in:					
General fund	1,059,952	-	-	-	1,059,952
Special revenue funds	-	531,023	-	1,983,159	2,514,182
Capital projects 2006 fund	-	-	(1,686,298)	568,902	(1,117,396)
Total fund balances	<u>1,160,686</u>	<u>563,800</u>	<u>(1,686,298)</u>	<u>2,907,956</u>	<u>2,946,144</u>
Total liabilities and fund balances	<u>\$ 1,685,384</u>	<u>\$ 610,435</u>	<u>\$ 368,615</u>	<u>\$ 3,267,541</u>	

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.	50,750,124
Other long-term assets that are not available to be collected in current period revenues and, therefore are deferred in the funds.	384,140
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.	4,629,073
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.	(8,196,092)
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.	32,298
Interest receivables of governmental activities not reported in the funds.	2,115

Net assets of governmental funds \$ 50,547,801

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, 2007

	General	Streets	Capital Projects 2006	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,545,040	\$ 2,458	\$ -	\$ 1,226,157	\$ 11,773,654
Licenses and permits	767,505	111,647	-	-	879,152
Intergovernmental revenues	376,066	571,266	-	348,601	1,295,932
Charges for services	2,912,974	7,223	-	219,761	3,139,958
Fines and forfeits	152,965	-	-	-	152,965
Interest earnings	644,782	269	-	44,335	689,386
Rents and royalties	351,773	-	-	-	351,773
Contributions/donations	600	-	-	56,408	57,008
Assessments	-	-	-	301,158	301,158
Miscellaneous	48,246	11,549	-	16,297	76,092
Total revenues	15,799,951	704,411	-	2,212,718	18,717,080
EXPENDITURES					
Current:					
General government	1,279,046	-	-	-	1,279,046
Public safety	6,017,648	-	-	249,778	6,267,427
Public works	1,843,603	-	-	12,154	1,855,757
Transportation	-	1,716,231	-	682,406	2,398,637
Economic environment	751,880	-	-	113,245	865,125
Culture and recreation	3,355,900	-	-	312,314	3,668,214
Capital outlay	63,845	-	4,577,311	440,363	5,081,519
Debt service:					
Principal	255,980	-	-	506,910	762,889
Interest and debt issue costs	29,651	-	-	330,990	360,641
Total expenditures	13,597,552	1,716,231	4,577,311	2,648,160	22,539,254
Excess (deficiency) of revenues over (under) expenditures	2,202,399	(1,011,820)	(4,577,311)	(435,442)	(3,822,175)
OTHER FINANCING SOURCES (USES)					
Transfers in	429,240	1,200,000	1,600,000	1,617,634	4,846,873
Transfers (out)	(4,165,934)	(152,200)	-	(540,943)	(4,859,076)
Proceeds of capital lease	42,678	-	-	-	42,678
Total other financing sources (uses)	(3,694,015)	1,047,800	1,600,000	1,076,691	30,475
Net change in fund balances	(1,491,617)	35,980	(2,977,311)	641,249	(3,791,699)
Fund balances-beginning	2,652,303	527,820	1,291,013	2,266,707	6,737,843
Fund balances-ending	\$ 1,160,686	\$ 563,800	\$ (1,686,298)	\$ 2,907,956	\$ 2,946,144

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, 2007

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

Net changes in fund balances-total governmental funds:	\$ (3,791,699)
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.	4,670,964
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.	(278,728)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.	2,298,011
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.	720,211
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.	(52,178)
Accrued interest revenue in the statement of activities does not provide current financial resources and is not reported as revenue in governmental funds.	410
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.	330,914
	<u>\$ 3,897,905</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,263,300	\$ 10,787,600	\$ 10,545,040	\$ (242,560)
Licenses and permits	635,000	707,700	767,505	59,805
Intergovernmental revenues	118,000	335,800	376,066	40,266
Charges for services	2,911,000	2,903,800	2,912,974	9,174
Fines and forfeits	4,200	152,200	152,965	765
Interest earnings	1,010,000	747,000	644,782	(102,218)
Rents and royalties	304,300	322,900	351,773	28,873
Contributions/donations	-	-	600	600
Miscellaneous	8,800	8,800	48,246	39,446
Total revenues	14,254,600	15,965,800	15,799,951	(165,849)
EXPENDITURES				
Current:				
General government	1,301,800	1,333,300	1,279,046	54,254
Public safety	6,121,400	6,289,600	6,017,648	271,952
Public works	1,846,100	1,848,600	1,843,603	4,997
Economic environment	652,700	725,300	751,880	(26,580)
Culture and recreation	3,529,800	3,589,800	3,355,900	233,900
Capital outlay	65,400	71,100	63,845	7,255
Debt service:				
Principal	85,400	256,000	255,980	20
Interest and debt issue costs	17,800	29,700	29,651	49
Total expenditures	13,620,400	14,143,400	13,597,552	545,848
Excess of revenues over expenditures	634,200	1,822,400	2,202,399	379,999
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	431,300	429,240	(2,060)
Transfers (out)	(2,302,300)	(4,172,200)	(4,165,934)	6,266
Proceeds from capital lease	50,400	50,400	42,678	(7,722)
Total other financing sources (uses)	(1,751,900)	(3,690,500)	(3,694,015)	(3,515)
Net change in fund balances	(1,117,700)	(1,868,100)	(1,491,617)	376,483
Fund balances-beginning	1,768,100	2,705,300	2,652,303	(52,997)
Fund balances-ending	\$ 650,400	\$ 837,200	\$ 1,160,686	\$ 323,486

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

CITY OF MOSES LAKE

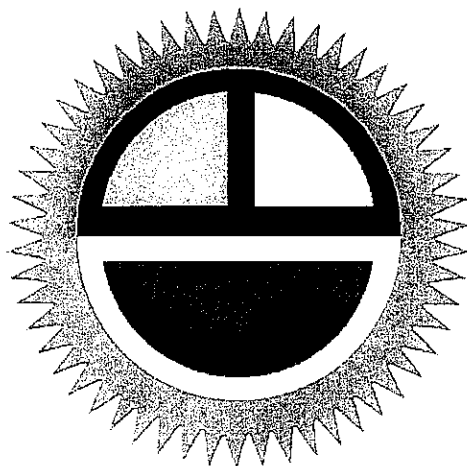
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Street Fund

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 2,458	\$ 2,458
Licenses and permits	90,000	90,000	111,647	21,647
Intergovernmental revenues	360,000	360,000	571,266	211,266
Charges for services	-	-	7,223	7,223
Interest earnings	-	-	269	269
Miscellaneous	-	-	11,549	11,549
Total revenues	450,000	450,000	704,411	254,411
EXPENDITURES				
Current:				
Transportation	1,665,900	1,790,900	1,716,231	74,669
Total expenditures	1,665,900	1,790,900	1,716,231	74,669
Deficiency of revenues under expenditures	(1,215,900)	(1,340,900)	(1,011,820)	329,080
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers (out)	(152,200)	(152,200)	(152,200)	-
Total other financing sources (uses)	1,047,800	1,047,800	1,047,800	-
Net change in fund balances	(168,100)	(293,100)	35,980	329,080
Fund balances-beginning	261,900	541,100	527,820	(13,280)
Fund balances-ending	\$ 93,800	\$ 248,000	\$ 563,800	\$ 315,800

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, 2007

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	\$ 5,353,846	\$ 979,170	\$ 310,400	\$ 80,642	\$ 6,724,059	\$ 2,106,268
Receivables (net of allowance for uncollectibles)	866,846	247,353	296,319	19,050	1,429,568	-
Interfund loans receivable	-	2,748,297	-	-	2,748,297	-
Intergovernmental receivable	-	-	-	1,468	1,468	12,043
Inventories and prepaid expenses	402,490	38,419	1,920	-	442,829	66,987
Total current assets	6,623,182	4,013,239	608,639	101,160	11,346,220	2,185,298
Noncurrent assets:						
Restricted assets:						
Revenue bond reserves/debt service:						
Cash and cash equivalents	893,778	-	-	-	893,778	-
Interest receivable	1,631	-	-	-	1,631	-
Due from other governments	163,376	-	-	-	163,376	-
Construction in progress:						
Cash and cash equivalents	925,649	-	-	-	925,649	-
Total restricted assets	1,984,434	-	-	-	1,984,434	-
Capital assets, net of accumulated depreciation:						
Land and land rights	759,047	-	-	460	759,507	608,951
Buildings	17,884,130	-	-	41,848	17,925,978	3,252,709
Infrastructure	32,774,358	-	-	96,881	32,871,239	-
Machinery and equipment	1,264,370	-	16,778	-	1,281,148	2,056,848
Construction in progress	10,986,423	-	-	-	10,986,423	203,799
Intangible assets	285,127	-	-	-	285,127	-
Total capital assets	63,953,455	-	16,778	139,188	64,109,422	6,122,308
Other noncurrent assets:						
Deferred charges	124,032	-	-	-	124,032	24,889
Total other noncurrent assets	124,032	-	-	-	124,032	24,889
Total assets	\$ 72,685,103	\$ 4,013,239	\$ 625,417	\$ 240,348	\$ 77,564,107	\$ 8,332,495

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, 2007

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	\$ 547,395	\$ 129,842	\$ 3,173	\$ 627	\$ 681,036	\$ 109,512
Salaries payable	35,201	1,355	24,401	-	60,958	13,611
Interfund loans payable	-	-	-	-	-	752,297
Revenues collected in advance	-	-	1,229	-	1,229	-
Interest payable	-	-	-	-	-	41,615
Capital leases payable	7,183	-	554	-	7,737	263,140
G. O. bonds payable	35,833	-	-	-	35,833	232,699
Compensated absences	25,760	293	11,781	-	37,834	8,987
Accrued interest	161,683	-	-	-	161,683	-
Intergovernmental loan payable	831,097	-	-	-	831,097	-
Revenue bonds payable	20,000	-	-	-	20,000	-
Other short-term liabilities	3,879	-	-	-	3,879	-
Total current liabilities	<u>1,668,032</u>	<u>131,490</u>	<u>41,138</u>	<u>627</u>	<u>1,841,287</u>	<u>1,421,861</u>
Noncurrent liabilities:						
Revenue bonds payable(net discount/premium)	7,374,487	-	-	-	7,374,487	-
G.O. bonds payable(net discount/premium)	943,849	-	-	-	943,849	2,721,653
Intergovernmental loans payable	8,763,868	-	-	-	8,763,868	-
Compensated absences	231,837	2,633	106,032	-	340,502	80,885
Lease payable	20,308	-	-	-	20,308	589,234
Total noncurrent liabilities	<u>17,334,350</u>	<u>2,633</u>	<u>106,032</u>	<u>-</u>	<u>17,443,014</u>	<u>3,391,772</u>
Total liabilities	<u>19,002,382</u>	<u>134,122</u>	<u>147,170</u>	<u>627</u>	<u>19,284,301</u>	<u>4,813,633</u>
NET ASSETS						
Invested in capital assets, net of related debt	46,455,019	-	16,310	139,188	46,610,518	2,325,279
Restricted for debt service	852,291	-	-	-	852,291	-
Unrestricted	6,375,411	3,879,116	461,937	100,533	10,816,997	1,193,583
Total net assets	<u>\$ 53,682,721</u>	<u>\$ 3,879,116</u>	<u>\$ 478,247</u>	<u>\$ 239,722</u>	<u>58,279,806</u>	<u>\$ 3,518,862</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (1,110,210)

Net assets of business-type activities \$ 57,169,596

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

CITY OF MOSES LAKE

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For Year Ended December 31, 2007

	Business-type Activities-Enterprise Funds					Governmental
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	Activities Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 7,591,722	\$ 1,830,972	\$ 1,653,037	\$ -	\$ 11,075,732	\$ 3,419,081
Miscellaneous revenues	119,994	45	825	23,754	144,618	-
Total operating revenues	7,711,716	1,831,018	1,653,862	23,754	11,220,350	3,419,081
OPERATING EXPENSES						
Salaries and benefits	1,623,421	72,089	1,148,296	-	2,843,807	519,111
Supplies and contractual services	4,075,078	1,877,335	445,694	12,066	6,410,172	953,481
Utilities	329,275	-	-	1,705	330,980	240,155
Repairs and maintenance	108,864	-	898	28,726	138,487	365,778
Insurance claims and expenses	-	-	-	-	-	420,308
Depreciation and amortization	1,536,295	-	2,204	12,045	1,550,545	478,659
Total operating expenses	7,672,933	1,949,424	1,597,093	54,541	11,273,991	2,977,492
Operating income (loss)	38,783	(118,407)	56,769	(30,787)	(53,641)	441,589
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	211,061	-	-	-	211,061	29,962
Insurance recoveries	5,675,995	-	-	-	5,675,995	55,259
Operating grants	-	-	-	-	-	56,193
Intergovernmental payments	(50,000)	-	-	-	(50,000)	-
Interest expense	(481,256)	-	(107)	-	(481,363)	(203,992)
Miscellaneous revenues	163,188	61,606	-	300	225,094	-
Miscellaneous expenses	-	-	-	-	-	1,211
Gain (loss) on disposal of assets	-	-	-	-	-	4,622
Total nonoperating revenues (expenses)	5,518,989	61,606	(107)	300	5,580,788	(56,744)
Income (loss) before contributions and transfers	5,557,772	(56,800)	56,662	(30,487)	5,527,147	384,845
Capital contributions	3,105,526	-	-	25,373	3,130,898	62,423
Transfers in	-	-	73,500	-	73,500	56,141
Transfers out	(242,439)	-	-	-	(242,439)	-
Change in net assets	8,420,859	(56,800)	130,162	(5,115)	8,489,106	503,409
Total net assets - beginning	45,261,862	3,935,917	348,084	244,836		3,015,453
Total net assets - ending	\$ 53,682,721	\$ 3,879,116	\$ 478,247	\$ 239,722		\$ 3,518,862
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					172,495	
Change in net assets of business-type activities					\$ 8,661,601	

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, 2007**

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water/ Sewer	Sanitation	Ambulance	Airport	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 7,564,449	\$ 1,813,257	\$ 1,782,505	\$ 23,754	\$ 11,183,966	\$ 3,419,081
Payments to suppliers	(3,663,752)	(1,890,601)	(444,067)	(42,270)	(6,040,690)	(1,931,155)
Payments to employees	(1,601,818)	(69,927)	(1,151,992)	-	(2,823,737)	(498,558)
Miscellaneous revenues	284,553	61,790	-	11,321	357,664	1,211
Miscellaneous expenses	(513,040)	-	-	-	(513,040)	-
Net cash provided by (used for) operating activities	2,070,392	(85,481)	186,446	(7,195)	2,164,162	990,579
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments from (to) other funds	(525,288)	(1,301,431)	-	-	(1,826,719)	-
Advances from other funds	-	-	73,500	-	73,500	-
Transfers to other funds	(242,439)	-	-	-	(242,439)	-
Insurance recoveries	5,675,995	-	-	-	5,675,995	55,259
Other intergovernmental payments	(212,012)	-	-	(1,468)	(213,480)	-
Receipt of grant funds	-	-	-	-	-	52,649
Net cash used for noncapital financing activities	4,696,257	(1,301,431)	73,500	(1,468)	3,466,858	107,909
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	30,752	-	-	-	30,752	-
Principal paid on debt	(881,607)	-	-	-	(889,178)	(226,982)
Interfund loans receipts (repayments)	(463,180)	-	-	-	(463,287)	(202,209)
Capital contributions	599,846	-	(7,571)	-	599,846	-
Purchases of capital assets	(4,310,438)	-	(107)	-	(4,310,438)	(899,867)
Proceeds of capital grants	176,886	-	-	25,373	202,873	-
Debt issue costs	7,054	-	-	-	7,054	-
Proceeds from sale of equipment	-	-	614	-	-	8,882
Net cash provided by (used) for capital and related financing activities	(4,840,687)	-	(7,064)	25,373	(4,822,379)	(1,320,177)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	187,391	-	-	-	187,391	18,880
Net cash provided by investing activities	187,391	-	-	-	187,391	18,880
Net increase (decrease) in cash and cash equivalents	2,113,353	(1,386,912)	252,881	16,710	996,032	(202,808)
Cash and cash equivalents, January 1	5,059,920	2,366,082	57,519	63,932	7,547,454	2,309,077
Cash and cash equivalents, December 31	\$ 7,173,273	\$ 979,170	\$ 310,400	\$ 80,642	\$ 8,543,486	\$ 2,106,268

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, 2007

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)	\$ 38,783	\$ (118,407)	\$ 56,769	\$ (30,787)	\$ (53,641)	\$ 441,589
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,536,295	-	2,204	12,045	1,550,545	478,659
Allowance for uncollectible accounts	-	-	(59,986)	-	(59,986)	-
Decrease (increase) in accounts receivable	(29,314)	(17,715)	188,629	11,021	152,620	-
Decrease (increase) in inventory	(22,424)	(13,595)	1,303	-	(34,717)	-
Decrease (increase) in prepaid expenses	-	-	-	-	-	(11,914)
(Decrease) increase in accounts payable	85,767	329	1,222	226	87,544	60,482
(Decrease) increase in salaries payable	25,014	2,162	(3,696)	-	23,481	20,553
(Decrease) increase in deferred revenue	273,082	-	-	-	273,082	-
(Decrease) increase in due to/ from other	163,188	61,745	-	300	225,233	1,211
Total adjustments	2,031,608	32,926	129,676	23,593	2,217,803	548,990
Net cash provided (used) by operating activities	\$ 2,070,392	\$ (85,481)	\$ 186,446	\$ (7,195)	\$ 2,164,162	\$ 990,579
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ 3,105,526				\$ 3,105,526	-
Borrowing under capital lease	27,491		\$ 554		28,045	\$ 852,374
Transfer of capital assets	(56,141)				(56,141)	56,141

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, 2007

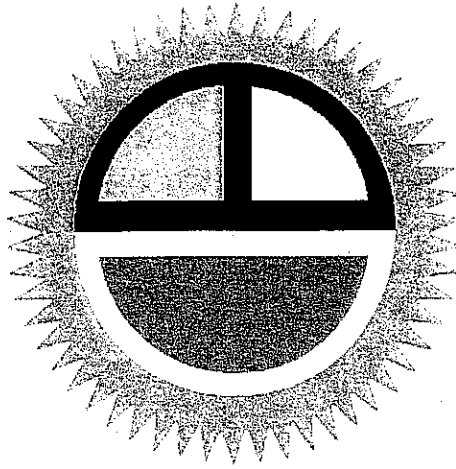
	<u>Firemen's Pension</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 240,266	\$ 693,399	\$ 933,664
Escrow accounts	-	698,946	698,946
Total assets	<u>240,266</u>	<u>1,392,345</u>	<u>1,632,610</u>
LIABILITIES			
Accounts payable	322	-	322
Custodial accounts payable	-	1,392,345	1,392,345
Total liabilities	<u>322</u>	<u>1,392,345</u>	<u>1,392,667</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 239,944</u>	<u>\$ -</u>	<u>\$ 239,944</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, 2007**

	<u>Firemen's Pension Fund</u>
ADDITIONS	
Intergovernmental revenues	\$ 23,272
Interest earnings	11,776
Transfers in	<u>125,000</u>
Total additions	<u>160,047</u>
 DEDUCTIONS	
Benefits	18,727
Medical insurance and direct medical payments	<u>105,498</u>
Total deductions	<u>124,224</u>
 Change in net assets	35,823
 Net assets - beginning	<u>204,120</u>
Net assets - ending	<u><u>\$ 239,944</u></u>

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



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CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2007

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CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2007

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 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. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or 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 **Capital Projects 2006 Fund** accounts for all resources to be used for the construction or acquisition of designated capital assets by the city except for those financed by proprietary or fiduciary funds. Major sources of revenues are proceeds from general obligation bonds, grants from other agencies and contributions from other funds.

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 revenues from specific taxes or other earmarked revenue sources that by law are designed to finance particular functions or activities of the city.

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.

Fiduciary Funds account for the activities of the fireman's pension fund, which accumulates resources for excess pension benefit payments to qualified firefighters.

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.

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

1. 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.

2. 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

1. Cash and Cash Equivalents

It is the city's policy to invest all temporary cash surpluses. At December 31, 2007, the treasurer was holding \$16,059,193 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.

2. 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, 2007, 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.

3. 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.

4. 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.

5. 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	\$	893,778
Cash Investments - Construction		925,649
Interest receivable		1,631
Due from other governments		163,376
Total Restricted Assets	\$	<u>1,984,434</u>

6. 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 \$1,045,995.

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

Infrastructure capital assets 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.

7. 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.

8. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

9. 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	\$ 199,740	\$ -
Revenues not applied	-	83,823
Special assessments not yet due	100,577	-
	<u>\$ 300,317</u>	<u>\$ 83,823</u>

10. 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

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

The governmental funds' balance sheet includes a reconciliation 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 \$8,196,092 balance are as follows:

Bonds payable	\$ 6,739,586
Issuance discount	(43,254)
Capital leases payable	41,569
Accrued interest payable	112,330
Compensated absences	<u>1,345,861</u>
Net adjustment to reduce fund balance-total governmental funds to net assets governmental funds	<u>\$ 8,196,092</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 \$4,629,073 difference are as follows:

Net assets of the internal service funds	\$ 3,518,862
Plus: Internal payable representing charges under the cost to business-type activities-- prior years	1,282,706
Less: Internal payable representing charges under the cost to business-type activities--current year	(172,495)
Net adjustment to increase fund balance-total governmental funds to arrive at net assets--governmental activities	<u>\$ 4,629,073</u>

B. 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 \$4,670,963 difference are as follows:

Capital outlay	\$ 5,081,519
Depreciation	(410,556)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,670,963</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 \$2,298,011 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.	<u>\$ 2,298,011</u>
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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 \$ 720,211 difference are as follows:

Debt Issued or Incurred:

Bond/Lease payable	\$ (42,678)
Principal repayments	<u>762,889</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets governmental activities.	<u>\$ 720,211</u>

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 \$52,178 difference are as follows:

Compensated absences	\$ 83,208
Accrued interest	(35,114)
Amortization of deferred bond issue costs	<u>4,084</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 52,178</u>

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 \$330,914 difference are as follows:

Change in net assets of the internal service funds	\$ 503,409
Plus: Loss from charges to business-type activities	<u>(172,495)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 330,914</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2007, the Capital Projects Fund reported a deficit in the fund net assets of \$1,686,298 after recognizing a \$2,000,000 loan from the Sanitation Fund. The capital projects include the construction of the Flow Rider, Ice Rink, and Sinkiuse Square. This loan will be repaid by the general fund.

NOTE 4 - DEPOSITS AND INVESTMENTS

A. 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).

B. 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, 2007, the bank balance was \$ 768,605. 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	390,448	not rated	1
WA State Invest Pool	15,668,745	not rated	29
Total Fair Value	<u>\$ 16,059,193</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.

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 percent 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 \$3.1 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 2007 was \$2.98531 per \$1,000 on an assessed valuation of \$988,571,711 for a total regular levy of \$2,951,193.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

A. Capital Assets

A summary of capital assets for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Depreciated:				
Land	\$ 15,289,330	\$ 3,540	\$ 10,896,843 *	\$ 4,396,028
Infrastructure**	25,849,116	3,883,645	-	29,732,761
CIP	4,045,039	7,197,834	4,762,739	6,480,135
Total capital assets not Depreciated	45,183,486	11,085,019	15,659,582	40,608,924
Capital Assets Depreciated:				
Buildings	18,292,338	1,166,171	-	19,458,509
Intang-Software	147,051	-	-	147,051
Machinery and equipment	7,638,259	845,699	-	8,483,958
Infrastructure	1,448,608	-	-	1,448,608
Total	27,526,256	2,011,870	-	29,538,126
Less Accumulated Depreciation:				
Buildings	5,978,092	447,828	-	6,425,920
Intang-software	147,051	-	-	147,051
Machinery and Equipment	5,706,299	405,172	61,698	6,049,773
Infrastructure	615,658	36,215	-	651,873
Total Accumulated Depreciation	12,447,100	889,215	61,698	13,274,618
Total Capital Assets Being Depreciated, Net	15,079,156	1,122,655	(61,698)	16,263,508
Governmental Activities Capital Assets, Net	\$ 60,262,642	\$ 12,207,674	\$ 15,597,884	\$ 56,872,432

*The decrease in land is explained in Note 16 under Prior Period Adjustment.

**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	7,631,197	6,694,325	3,339,098	10,986,423
Total capital assets not Depreciated	<u>8,675,830</u>	<u>6,694,325</u>	<u>3,339,098</u>	<u>12,031,057</u>
Capital Assets Depreciated:				
Buildings	23,551,797	364,718	-	23,916,515
Machinery and equipment	1,786,724	65,971	4,209	1,848,486
Infrastructure	46,803,385	2,876,593	-	49,648,130
Total	<u>72,141,907</u>	<u>3,307,282</u>	<u>4,209</u>	<u>75,413,131</u>
Less Accumulated Depreciation:				
Buildings	5,468,253	522,283	-	5,990,536
Machinery and Equipment	515,021	56,526	4,209	567,338
Infrastructure	15,813,728	972,201	-	16,776,891
Total Accumulated Depreciation	<u>21,797,002</u>	<u>1,551,011</u>	<u>4,209</u>	<u>23,334,766</u>
Total Capital Assets being Depreciated, Net	<u>50,344,905</u>	<u>1,756,271</u>	<u>0</u>	<u>52,078,365</u>
Business-type Activities Capital Assets, Net	<u>\$ 59,020,735</u>	<u>\$ 8,450,596</u>	<u>\$ 3,339,098</u>	<u>\$ 64,109,422</u>

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

Governmental Activities	Depreciation
General Government	\$ 38,396
Public Safety	24,324
Transportation	38,950
Culture and Recreation	308,886
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	478,659
Total Depreciation - Governmental Activities	<u>\$ 889,215</u>

Business-Type Activities	Depreciation
Water/Sewer	\$ 1,536,295
Ambulance	12,046
Airport	2,204
Total Depreciation - Business-Type Activities	<u>\$ 1,550,545</u>

B. Collections Not Capitalized

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

1. The collection is held for public exhibition, education or research in furtherance of public service rather than financial gain;
2. The collection is protected, kept unencumbered, cared for, and preserved; 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.

C. Construction Commitments

The city has active construction projects as of December 31, 2007. The projects include an operations complex, ice rink and aquatic center expansion, for the most part these projects are close to completion going into 2008. Also, there are water and sewer projects to improve the city's infrastructure. At year-end the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Operations & Maintenance Complex	\$ 7,376,550	\$ 35,101
Ice Skating Rink	1,168,875	172,274
Aquatic Center Expansion	3,237,843	368,780
Sand Dunes Lab Addition	258,941	28,661
2007 Well Drilling Project	298,961	489,465
Eastlake Booster Pump Station	434,487	247,176
Paxson Water Main Project	0	143,225
Total	<u>\$ 12,775,657</u>	<u>\$ 1,484,681</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*.

A. 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.

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 additional COLA amount (indexed to the Seattle Consumer Price Index), 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, or at age 55 with 20 years of service, with an allowance of 2 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. Plan 2 retirements 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. There is no cap on years of service credit; and a cost-of-living allowance is granted, (indexed to the Seattle Consumer Price Index), capped at 3 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, 2007, 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. Retirements 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 1,188 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	70,201
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	25,610
Active Plan Members Vested	105,215
Active Plan Members Non-vested	49,812
Total	<u>250,838</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. 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, 2007, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	6.13%**	6.13%**	6.13%***
Employee	6.00%****	4.15%****	*****

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

** The employer rate for state elected officials is 9.12% for Plan 1 and 6.13% 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 4.15% for Plan 2.

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

Both, city and 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
2007	\$ 27,045	\$ 234,951	\$ 26,939
2006	\$ 13,523	\$ 118,170	\$ 25,226
2005	\$ 8,198	\$ 64,872	\$ 14,105

B. 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. 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. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan2.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established 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 the remainder through state legislative appropriations. LEOFF 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 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. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer price Index).

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 retirements prior to age 53 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 (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 383 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

Retirees and Beneficiaries Receiving Benefits	8,951
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	602
Active Plan Members Vested	12,711
Active Plan Members Nonvested	3,603
Total	<u>25,867</u>

Funding Policy

Starting on July 1, 2000, 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. 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, 2007, were:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.35%**
Employee	0.00%	8.64%
State	N/A	3.45%

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

** The employer rate for ports and universities is 8.80%.

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
2007	\$ 152	\$ 179,935
2006	\$ 170	\$ 144,481
2005	\$ 340	\$ 106,479

C. 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.

D. 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, 2007 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.

E. 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 121 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 \$3 million per occurrence self insured layer, and \$12 million per occurrence in the re-insured excess layer with no annual aggregate except \$10 million per member for public officials errors and omissions. The excess layer is insured by the purchase of reinsurance and insurance. Total limits are \$15 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.

During the year the City received insurance settlements, but did not exceed the coverage of the past three fiscal years.

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, 2007 were as follows:

Unemployment Compensation	\$424,084
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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 refunding bonds were entered into in the current year to refund intergovernmental debt.

A. 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	8/1/2009	\$ 1,539,725	4.0 - 4.8%	\$ 554,118
1998 LTGO Bond	Governmental - Internal Service	01/06/1998	8/1/2009	155,275	4.0 - 4.8%	55,881
2002 LTGO Bond	Governmental Activities - Refunding	09/10/2002	8/1/2012	2,315,705	1.5 - 3.95%	1,243,801
2002 LTGO Bond	Governmental - Internal Service	09/10/2002	8/1/2012	1,119,295	1.5 - 3.95%	601,199
2003 LTGO Bond	Governmental - Internal Service	12/30/2003	9/1/2023	2,725,000	1.2 - 4.6%	2,320,000
2006 LTGO Bond	Governmental Activities	06/05/2006	8/1/2026	5,083,333	3.65-4.25%	4,941,666
2006 LTGO Bond	Operations Complex	06/05/2006	8/1/2026	1,016,667	3.65-4.25%	988,334
Total				\$ 13,955,000		\$ 10,705,000

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

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 526,467	\$ 272,904	\$ 268,532	\$ 158,153
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	306,169	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>\$ 6,739,586</u>	<u>\$ 2,517,898</u>	<u>\$ 3,965,414</u>	<u>\$ 1,468,394</u>

B. 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%	\$ 7,000,000
Total			<u>\$ 7,015,000</u>		<u>\$ 7,000,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2008	\$ 20,000	\$ 326,450	\$ 346,450
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
2013-2017	1,680,000	1,415,613	3,095,613
2018-2022	2,440,000	949,750	3,389,750
2023-2024	2,280,000	172,500	2,452,500
Total	<u>\$ 7,000,000</u>	<u>\$ 4,152,464</u>	<u>\$ 11,152,464</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 rebatable 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, 2007 the City has no arbitrage rebate liability.

C. 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%	\$ 227,554
PWTF Sewer Rehabilitation	3.00%	71,535
PWTF Well #14	3.00%	103,610
PWTF Reservoir #8	2.00%	610,534
PWTF WWTP-Design	.50%	451,925
PWTF WWTP-Construction	.50%	7,941,176
WA St. Revolve (A)	5.00%	188,630
Total		<u>\$ 9,594,965</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>
2008	\$ 831,097	\$ 70,240	\$ 901,338
2009	834,776	60,131	894,407
2010	798,039	49,836	847,875
2011	658,731	42,415	701,146
2012-2016	3,134,450	141,459	3,275,909
2017-2021	2,808,461	55,362	2,863,823
2022	529,412	2,647	532,059
Total	<u>\$ 9,594,965</u>	<u>\$ 422,091</u>	<u>\$ 10,017,056</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, 2007, the city had \$444,689 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$893,778 in sinking funds and reserves as required by bond indentures.

NOTE 10 -LEASES

A. 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 \$42,000, payable in equal monthly payments of \$3,500, for the year ended December 31, 2007. The future minimum lease payments for this lease are as follows:

Year	Amount
2008	\$ 51,600
2009	51,600
2010	51,600
Total	<u>\$ 154,800</u>

B. Capital Leases

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

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

The assets acquired through capital leases are as follows:

Net Capital Lease Asset	Governmental Activities	Business-Type Activities
Other Improvements	\$ 9,985	\$ -
Machinery & Equipment	1,671,437	43,068
Less Accumulated Depreciation	464,908	6,070
Total	<u>\$ 1,222,024</u>	<u>\$ 36,998</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2007 were as follows:

Year	Governmental Activities	Business-Type Activities
	\$	
2008	308,842	\$ 8,651
2009	298,759	7,892
2010	220,014	6,842
2011	130,402	6,746
Total Minimum Lease Payments	958,017	30,131
Less: Interest	59,075	2,086
Present Value of Minimum Lease Payments	<u>\$ 898,942</u>	<u>\$ 28,045</u>

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2007, 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	\$ 10,423,333	\$ -	\$ 706,667	\$ 9,716,666	\$ 759,167
Less deferred amount:					
For issuance premiums (discounts)	(70,318)	-	2,236	(65,982)	-
Total bonds/leases payable	10,353,015	-	708,902	9,650,684	759,167
Capital leases	728,642	519,249	353,947	893,943	275,069
Compensated absences	1,337,828	746,760	649,570	1,435,733	8,987
Governmental activity long term liabilities	<u>\$ 12,419,485</u>	<u>\$ 1,266,009</u>	<u>\$ 1,712,420</u>	<u>\$ 11,980,360</u>	<u>\$ 1,043,223</u>
Business-type activities					
Bonds payable:					
General Obligation Bonds	\$ 1,016,667	\$ -	\$ 28,333	\$ 988,334	\$ 35,833
Revenue bonds	7,015,000	-	15,000	7,000,000	20,000
Less deferred amounts:					
For issuance premiums (discounts)	409,038	468	23,669	385,836	-
Total bonds/leases payable	8,440,705	468	67,003	8,374,170	55,833
Capital leases	15,543	30,752	18,249	28,045	7,737
Government loans	10,422,560	-	827,595	9,594,965	831,097
Compensated absences	366,352	220,030	208,047	378,335	37,834
Business-Type activity long term liabilities	<u>\$ 19,245,160</u>	<u>\$ 251,249</u>	<u>\$ 1,120,894</u>	<u>\$ 18,375,516</u>	<u>\$ 932,501</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 \$2,977,081 of general obligation bonds, \$22,728 bond discount, \$852,374 capital leases, and \$89,872 compensated absences of internal service funds are included in the above governmental activities amounts for a total of 3,896,598. 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, 2007 the following 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 city's amount of recovery.
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.
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

A. 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, 2007 is not expected.

Interfund balances at December 31, 2007 were as follows:

		DUE FROM			
		Capital Projects	Building Maintenance	Equipment Rental	Sidewalk Paver Construction
DUE TO	Capital Projects	\$ -	\$ 200,000	\$ -	\$ -
	Sanitation	2,000,000	-	552,297	196,000
	Total	\$ 2,000,000	\$ 200,000	\$ 552,297	\$ 196,000
		Total			
		\$ 2,000,000	\$ 200,000	\$ 552,297	\$ 196,000
		\$ 2,948,297			

B. 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	WATER SEWER		
TO GENERAL	\$ -	\$ -	\$ 242,943	\$ 186,297		\$ 429,240
SPECIAL REVENUE	2,015,234	-	-	-		2,015,234
DEBT SERVICE	340,200	450,200	-	-		790,400
CAPITAL PROJECTS	1,612,000	-	-	-		1,612,000
AMBULANCE	73,500	-	-	-		73,500
EQUIPMENT	-	-	-	56,141		56,141
FIREMEN'S PENSION	125,000	-	-	-		125,000
	<u>\$ 4,165,934</u>	<u>\$ 450,200</u>	<u>\$ 242,943</u>	<u>\$ 242,439</u>		<u>\$ 5,101,515</u>

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	\$ 5,062,052	\$ 1,561,130	\$ 6,623,182
Restricted assets	844,853	1,139,580	1,984,434
Capital assets	28,185,214	35,768,242	63,953,455
Other assets	62,016	62,016	124,032
TOTAL ASSETS	34,154,135	38,530,968	72,685,103
Liabilities:			
Current liabilities	337,906	244,691	582,597
Current Liabilities payable from restricted assets	347,931	737,505	1,085,436
Noncurrent liabilities	6,185,983	11,148,366	17,334,350
TOTAL LIABILITIES	6,871,820	12,130,562	19,002,382
Net Assets:			
Invested in capital assets, net of related debt	19,975,658	26,479,361	46,455,019
Restricted	426,146	426,146	852,291
Unrestricted	6,880,511	(505,100)	6,375,411
TOTAL NET ASSETS	\$ 27,282,315	\$ 26,400,406	\$ 53,682,721

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Total operating Revenues	\$ 4,488,687	\$ 3,223,030	\$ 7,711,716
Depreciation, Amortization, Depletion	(644,229)	(892,066)	(1,536,295)
Total Operating Expense	(4,162,257)	(1,974,381)	(6,136,638)
Operating income	(317,799)	356,583	38,783
Nonoperating revenue (expenses):			
Interest income	199,085	11,976	211,061
Insurance Recoveries	5,675,995	-	5,675,995
Intergovernmental payments	148,181	141,893	290,074
Interest expense	(239,556)	(241,700)	(481,256)
Capital Contributions	1,820,870	1,107,769	2,928,640
Transfers in (out)	(242,439)	-	(242,439)
Change in net assets	7,044,338	1,376,521	8,420,859
Beginning net assets	20,237,977	25,023,885	45,261,862
Ending net assets	\$ 27,282,315	\$ 26,400,406	\$ 53,682,721

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:			
Operating activities	\$ 1,170,185	\$ 900,206	\$ 2,070,391
Noncapital financing activities	2,767,027	1,929,230	4,696,257
Capital & related financing activities	(2,526,829)	(2,313,858)	(4,840,687)
Investing activities	108,726	78,666	187,391
Net increase (decrease)	1,519,109	594,244	2,113,353
Beginning cash & cash equivalents	3,957,966	1,101,953	5,059,919
Ending cash & cash equivalents	\$ 5,477,075	\$ 1,696,197	\$ 7,173,272

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 20 individuals that meet the eligibility requirements.

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

A. 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 43 for plans with fewer than one hundred employees.

B. 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.

C. Funding Status and Funding Policy

The plan has 22 members, there are 2 active members and 20 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 these benefits.

For 2007, the city paid medical insurance premiums of \$130,081 for pre-age 65, and \$73,694 for post-age 65. Other medical payments paid by the city are for all eligible medical services not paid for by the insurance. Amounts paid from 2005 through 2007 by the city are as follows:

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 ongoing 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
Annual required contribution	\$ 223,827	\$ 234,659
Interest on net OPEB obligation	6,737	6,999
Adjustment to annual required contribution		
Annual OPEB cost (expense)	<u>230,564</u>	<u>241,658</u>
Contributions made	<u>107,658</u>	<u>105,838</u>
Increase in net OPEB obligation	<u>122,906</u>	<u>135,819</u>
Net OPEB obligation-Beginning of year	<u>122,487</u>	<u>127,262</u>
Net OPEB obligation-End of year	<u>\$ 245,393</u>	<u>\$ 263,081</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2007 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*	\$ 225,569	\$ 103,082	46%	\$ 122,487
12/31/2007	223,827	107,658	48%	116,169

Fireman 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*	\$ 236,798	\$ 109,536	46%	\$ 127,262
12/31/2007	241,658	105,838	44%	135,819

*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.

Funding Status and Funding Progress. As of December, 2007, the actuarial accrued liability for benefits was \$6,486,346, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$ 114,202.

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.

Both active employees have reached the 50 year minimum retirement age. The historical age of retirement for regular retirees is 55 years of age. Employees who retired on disability were excluded from this calculation. The two active employees are retiring in 2008 at 57 and 58 above the 55 which is the average retirement age for the group.

Life expectancies are based on mortality tables at the National Center for Health Statistics website (www.cdc.gov). The 2003 United States life tables for Males were used. 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 have 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 5.2%.

Inflation rate- The expected long-term inflation assumption of 4.1 percent was based on projected changes in the Consumer Price Index for Urban Wage earners and Clerical Workers (CPI-W) in the 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

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 5.2 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, 2007 was twenty-eight years.

NOTE 16- OTHER DISCLOSURES

Prior Period Adjustments

As of December 31, 2007 there is a prior period adjustment in the General Government Capital Assets of \$10,896,843. This adjustment was to correct the value of parks land. In 1987 in an effort to record missing or incomplete assets the value of parks lands were overstated and this adjustment is to more accurately reflect the current value of this land.

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2007

**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%

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	3,321,939	5%	54,994	6041%

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	2007-2006		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. The four classifications of streets that the City has are primary, secondary, tertiary collectors and

PCR score	2007-2006		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%

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 2003 to 2007. 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

	Amounts in Thousands				
	2007	2006	2005	2004	2003
Budgeted	1,295	975	1,376	438	291
Expended	655	291	1,096	194	400

on by excessive bids over estimates or shortages of sufficient contractor bids; and through direction from Council. No amounts were available prior to 2003 and GASB #34 as the City budgeted and capitalized the cost of reconstruction of streets.

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 whole condition or design has impacted its ability to adequately carry intended traffic loads. A functionally obsolete bridge is one in which the deck geometry, load carrying capacity, clearance, or approach roadway alignment has reduced its ability to adequately meet the traffic needs below accepted design standards.

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

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

It is the policy of the City to maintain bridges in such a manner that the sufficiency rating is 20 or higher. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement or rehabilitation of the bridge. As of December 31, 2006 the City's lone bridge was given a 'good' evaluation.

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, 2007

**COMBINING 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.

*The **Tourism** Fund was created to account for the 2% of funds received from the Hotel Motel tax under RCW67.28. The funds 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 funds as necessary for the planning accommodation, establishment, and maintenance of nonmotorized 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 **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.

*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, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,134,470	\$ 355,895	\$ 368,902	\$ 2,859,267
Receivables (net of allowance for uncollectibles):				
Customer accounts	19,714	-	-	19,714
Unbilled services	8,654	-	-	8,654
Due from other funds	-	-	200,000	200,000
Due from other governments	43,281	-	-	43,281
Assessments:				
Deferred	-	100,577	-	100,577
Other receivables	36,048	-	-	36,048
Total assets	<u>2,242,167</u>	<u>456,471</u>	<u>568,902</u>	<u>3,267,541</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	23,917	-	-	23,917
Salaries & benefits payable	621	-	-	621
Interfund loans	196,000	-	-	196,000
Revenues collected in advance	2,422	-	-	2,422
Deferred revenue	36,048	100,577	-	136,625
Total liabilities	<u>259,008</u>	<u>100,577</u>	<u>-</u>	<u>359,585</u>
Fund balances:				
Reserve for debt service	-	355,895	-	355,895
Unreserved fund balance	1,983,159	-	568,902	2,552,061
Total fund balances	<u>1,983,159</u>	<u>355,895</u>	<u>568,902</u>	<u>2,907,956</u>
Total liabilities and fund balances	<u>\$ 2,242,167</u>	<u>\$ 456,471</u>	<u>\$ 568,902</u>	<u>\$ 3,267,541</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

ASSETS	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 503,960	\$ 227,670	\$ 230,848	\$ 789,864	\$ 291,445	\$ 90,684	\$ 2,134,470
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	19,714	-	-	19,714
Unbilled receivables	-	-	-	8,654	-	-	8,654
Due from other governments	-	30,840	11,095	1,346	-	-	43,281
Other receivables	-	-	-	36,048	-	-	36,048
Total assets	503,960	258,510	241,942	855,626	291,445	90,684	2,242,167

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	824	21,783	-	1,310	-	-	23,917
Salaries & benefits payable	621	-	-	-	-	-	621
Revenues collected in advance	-	2,422	-	-	-	-	2,422
Interfund loans payable	-	-	-	196,000	-	-	196,000
Deferred revenue	-	-	-	36,048	-	-	36,048
Total liabilities	1,445	24,205	-	233,358	-	-	259,008
Fund balances:							
Unreserved fund balance	502,515	234,305	241,942	622,268	291,445	90,684	1,983,159
Total fund balances	502,515	234,305	241,942	622,268	291,445	90,684	1,983,159
Total liabilities and fund balances	\$ 503,960	\$ 258,510	\$ 241,942	\$ 855,626	\$ 291,445	\$ 90,684	\$ 2,242,167

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007

	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	\$ 89,075	\$ 74,331	\$ 39,896	\$ 150,374	\$ 2,218	\$ 355,895
Receivables (net of allowance for uncollectibles)	-	-	-	-	100,577	100,577
Assessments	-	-	-	-	-	-
Total assets	<u>89,075</u>	<u>74,331</u>	<u>39,896</u>	<u>150,374</u>	<u>102,795</u>	<u>456,471</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund Loans	-	-	-	-	-	-
Deferred revenue	-	-	-	-	100,577	100,577
Total liabilities	-	-	-	-	<u>100,577</u>	<u>100,577</u>
Fund balances						
Reserved for debt service	89,075	74,331	39,896	150,374	2,218	355,895
Total liabilities and fund balances	<u>\$ 89,075</u>	<u>\$ 74,331</u>	<u>\$ 39,896</u>	<u>\$ 150,374</u>	<u>\$ 102,795</u>	<u>\$ 456,471</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Capital Projects funds
December 31, 2007

	<u>Capital</u>	<u>Park Improvement</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 343,446	\$ 25,456	\$ 368,902
Due from other funds	200,000	-	200,000
Total assets	<u>543,446</u>	<u>25,456</u>	<u>568,902</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Designated for capital purposes	536,116	13,456	549,572
Unreserved fund balances	7,330	12,000	19,330
Total fund balances	<u>543,446</u>	<u>25,456</u>	<u>568,902</u>
Total liabilities and fund equity	<u>\$ 543,446</u>	<u>\$ 25,456</u>	<u>\$ 568,902</u>

CITY OF MOSES LAKE

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

Nonmajor Governmental Funds

For the Year Ended December 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,226,157	\$ -	\$ -	\$ 1,226,157
Intergovernmental revenues	348,601	-	-	348,601
Charges for services	219,761	-	-	219,761
Interest earnings	5,207	39,129	-	44,335
Contributions/donations	56,408	-	-	56,408
Assessments	9,385	291,773	-	301,158
Miscellaneous	4,462	-	11,835	16,297
Total revenues	<u>1,869,981</u>	<u>330,902</u>	<u>11,835</u>	<u>2,212,718</u>
EXPENDITURES				
Current:				
Public safety	249,778	-	-	249,778
Public works	12,154	-	-	12,154
Economic environment	113,245	-	-	113,245
Transportation	682,406	-	-	682,406
Culture and recreation	307,809	-	4,505	312,314
Capital	440,363	-	-	440,363
Debt service:				
Principal	-	506,910	-	506,910
Interest and other debt service costs	4,466	326,523	-	330,990
Total expenditures	<u>1,810,222</u>	<u>833,433</u>	<u>4,505</u>	<u>2,648,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>59,759</u>	<u>(502,531)</u>	<u>7,330</u>	<u>(435,442)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	815,234	790,400	12,000	1,617,634
Transfers (out)	(298,000)	(242,943)	-	(540,943)
Total other financing sources	<u>517,234</u>	<u>547,457</u>	<u>12,000</u>	<u>1,076,691</u>
Net change in fund balances	576,992	44,926	19,330	641,249
Fund balances-beginning	1,406,167	310,968	549,572	2,266,707
Fund balances-ending	<u>\$ 1,983,159</u>	<u>\$ 355,895</u>	<u>\$ 568,902</u>	<u>\$ 2,907,956</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, 2007

	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
REVENUES							
Taxes	\$ 400,548	\$ -	\$ 18,018	\$ 825,609	\$ -	\$ -	\$ 1,226,157
Intergovernmental revenues	-	329,237	-	1,346	-	-	348,601
Charges for services	-	5,283	-	-	214,478	-	219,761
Interest earnings	-	749	-	-	-	4,457	5,207
Contributions/donations	-	49,408	7,000	-	-	-	56,408
Assessments	-	-	-	9,385	-	-	9,385
Miscellaneous	-	3,034	-	1,428	-	-	4,462
Total revenues	400,548	387,711	25,018	837,769	214,478	4,457	1,869,981
EXPENDITURES							
Current							
Public safety	-	249,778	-	-	-	-	249,778
Public works	-	12,154	-	-	-	-	12,154
Economic environment	84,971	28,274	-	-	-	-	113,245
Transportation	-	-	4,946	677,459	-	-	682,406
Culture and recreation	216,442	91,367	-	-	-	-	307,809
Capital	-	21,856	22,947	388,384	7,176	-	440,363
Debt service:							
Interest and other debt service costs	-	-	-	4,466	-	-	4,466
Total expenditures	301,413	403,430	27,894	1,070,309	7,176	-	1,810,222
Excess (deficiency) of revenues over (under) expenditures	99,135	(15,719)	(2,876)	(232,540)	207,302	4,457	59,759
OTHER FINANCING SOURCES (USES)							
Transfers in	-	15,234	-	800,000	-	-	815,234
Transfers (out)	(180,000)	-	-	(118,000)	-	-	(298,000)
Total other financing sources (uses)	(180,000)	15,234	-	682,000	-	-	517,234
Net change in fund balances	(80,865)	(485)	(2,876)	449,460	207,302	4,457	576,992
Fund balances-beginning	583,380	234,791	244,818	172,808	84,143	86,227	1,406,167
Fund balances-ending	502,515	234,305	241,942	622,268	291,445	90,684	1,983,159

CITY OF MOSES LAKE

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

Nonmajor Debt Service Funds

For the Year Ended December 31, 2007

	Equipment Leases	2006 GO Bond Redemption	1998 LTGO Refunding	2002 LTGO Refunding	Central Drive LID	Total Nonmajor Debt Service Funds
REVENUES						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 291,773	\$ 291,773
Interest earnings	-	-	-	-	39,129	39,129
Total revenues	-	-	-	-	330,902	330,902
EXPENDITURES						
Debt service:						
Principal	24,684	141,667	118,091	222,468	-	506,910
Interest & debt issue costs	1,784	238,559	31,337	52,990	1,852	326,523
Total expenditures	26,468	380,226	149,428	275,459	1,852	833,433
Excess (deficiency) of revenues over (under) expenditures	(26,468)	(380,226)	(149,428)	(275,459)	329,050	(502,531)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	380,600	134,500	275,300	-	790,400
Transfers (out)	-	-	-	-	(242,943)	(242,943)
Total other financing sources (uses)	-	380,600	134,500	275,300	(242,943)	547,457
Net change in fund balances	(26,468)	374	(14,928)	(159)	86,107	44,926
Fund balances-beginning	115,542	150,000	89,260	40,055	(83,889)	310,968
Fund balances-ending	\$ 89,075	\$ 150,374	\$ 74,331	\$ 39,896	\$ 2,218	\$ 355,895

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, 2007**

	<u>Capital</u>	<u>Park Improvement</u>	<u>Totals</u>
REVENUES			
Miscellaneous	\$ 11,835	\$ -	\$ 11,835
EXPENDITURES			
Culture and recreation	4,505	-	4,505
Excess of revenues over expenditures	7,330	-	7,330
OTHER FINANCING SOURCES			
Transfers in	-	12,000	12,000
Net change in fund balances	7,330	12,000	19,330
Fund balances - beginning	536,116	13,456	549,572
Fund balances - ending	<u>\$ 543,446</u>	<u>\$ 25,456</u>	<u>\$ 568,902</u>

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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 300,000	\$ 300,000	\$ 400,548	\$ 100,548
EXPENDITURES				
Economic environment	-	85,000	84,971	29
Culture and recreation	186,200	255,600	216,442	39,158
Total expenditures	186,200	340,600	301,413	39,187
Excess (deficiency) of revenues over (under) expenditures	113,800	(40,600)	99,135	139,735
OTHER FINANCING USES				
Transfers (out)	(228,400)	(180,000)	(180,000)	-
Net change in fund balance	(114,600)	(220,600)	(80,865)	139,735
Fund balance - beginning	561,600	584,000	583,380	(620)
Fund balance - ending	\$ 447,000	\$ 363,400	\$ 502,515	\$ 139,115

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, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 51,000	\$ 286,600	\$ 329,237	\$ 42,637
Charges for services	5,500	6,300	5,283	(1,017)
Donations and contributions	23,000	44,800	49,408	4,608
Interest and other earnings	6,200	6,200	3,783	(2,417)
Total revenues	85,700	343,900	387,711	43,811
EXPENDITURES				
Public safety	58,800	284,200	249,778	34,422
Public works	-	-	12,154	(12,154)
Economic environment	-	-	28,274	(28,274)
Culture and recreation	48,500	96,700	91,367	5,333
Capital	11,900	23,200	21,856	1,344
Total expenditures	119,200	404,100	403,430	670
Deficiency of revenues under expenditures	(33,500)	(60,200)	(15,719)	44,481
OTHER FINANCING SOURCES				
Transfers in	-	21,500	15,234	(6,266)
Net change in fund balance	(33,500)	(38,700)	(485)	38,215
Fund balance - beginning	186,200	238,100	234,791	(3,309)
Fund balance - ending	\$ 152,700	\$ 199,400	\$ 234,305	\$ 34,905

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, 2007**

	<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				
Intergovernmental revenues	\$ 101,600	\$ 101,600	\$ 18,018	\$ (83,582)
Donations and contributions	-	-	7,000	7,000
Total revenues	101,600	101,600	25,018	(76,582)
EXPENDITURES				
Transportation	1,500	1,500	4,946	(3,446)
Capital	150,000	150,000	22,947	127,053
Total expenditures	151,500	151,500	27,894	123,606
Deficiency of revenues under expenditures	(49,900)	(49,900)	(2,876)	47,024
Fund balance - beginning	223,000	244,800	244,818	18
Fund balance - ending	\$ 173,100	\$ 194,900	\$ 241,942	\$ 47,042

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, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 631,000	\$ 631,000	\$ 825,609	\$ 194,609
Intergovernmental revenues	100,000	100,000	1,346	(98,654)
Special assessments	-	-	9,385	9,385
Interest and other earnings	-	-	1,428	1,428
Total revenues	731,000	731,000	837,769	106,769
EXPENDITURES				
Transportation	820,000	1,295,000	677,459	617,541
Capital	375,000	375,000	388,384	(13,384)
Interest and other debt service costs	-	5,000	4,466	534
Total expenditures	1,195,000	1,675,000	1,070,309	604,691
Deficiency of revenues under expenditures	(464,000)	(944,000)	(232,540)	711,460
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	800,000	800,000	-
Transfers (out)	(118,000)	(118,000)	(118,000)	-
Total other financing sources (uses)	482,000	682,000	682,000	-
Net change in fund balance	18,000	(262,000)	449,460	711,460
Fund balance - beginning	23,700	370,800	172,808	(197,992)
Fund balance - ending	\$ 41,700	\$ 108,800	\$ 622,268	\$ 513,468

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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 20,000	\$ 20,000	\$ 214,478	\$ 194,478
EXPENDITURES				
Capital	90,000	90,000	7,176	82,824
Excess (deficiency) of revenues over (under) expenditures	(70,000)	(70,000)	207,302	277,302
Fund balance - beginning	100,000	84,100	84,143	43
Fund balance - ending	<u>\$ 30,000</u>	<u>\$ 14,100</u>	<u>\$ 291,445</u>	<u>\$ 277,345</u>

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, 2007**

	<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	\$ 2,600	\$ 2,600	\$ 4,457	\$ 1,857
Excess of revenues over expenditures	2,600	2,600	4,457	1,857
OTHER FINANCING USES				
Transfers (out)	(85,000)	(85,000)	-	85,000
Net change in fund balance	(82,400)	(82,400)	4,457	86,857
Fund balance - beginning	82,400	86,300	86,227	(73)
Fund balance - ending	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ 90,684</u>	<u>\$ 86,784</u>

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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 27,800	\$ 27,800	\$ 24,684	\$ 3,116
Interest & debt issue costs	3,400	3,400	1,784	1,616
Total expenditures	<u>31,200</u>	<u>31,200</u>	<u>26,468</u>	<u>4,732</u>
 Deficiency of revenues under expenditures	 (31,200)	 (31,200)	 (26,468)	 4,732
 Fund balances-beginning	 111,400	 115,500	 115,542	 42
Fund balances-ending	<u>\$ 80,200</u>	<u>\$ 84,300</u>	<u>\$ 89,075</u>	<u>\$ 4,775</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, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Debt service:				
Principal	\$ 118,200	\$ 118,200	\$ 118,091	\$ 109
Interest & debt issue costs	31,300	31,300	31,337	(37)
Total expenditures	<u>149,500</u>	<u>149,500</u>	<u>149,428</u>	<u>72</u>
Deficiency of revenues under expenditures	<u>(149,500)</u>	<u>(149,500)</u>	<u>(149,428)</u>	<u>72</u>
OTHER FINANCING SOURCES				
Transfers in	<u>134,500</u>	<u>134,500</u>	<u>134,500</u>	<u>-</u>
Net change in fund balance	<u>(15,000)</u>	<u>(15,000)</u>	<u>(14,928)</u>	<u>72</u>
Fund balances-beginning	88,700	89,300	89,260	(40)
Fund balances-ending	<u>\$ 73,700</u>	<u>\$ 74,300</u>	<u>\$ 74,331</u>	<u>\$ 31</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, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Debt service:				
Principal	\$ 222,500	\$ 222,500	\$ 222,468	\$ 32
Interest & debt issue costs	52,800	53,800	52,990	810
Total expenditures	275,300	276,300	275,459	841
Deficiency of revenues under expenditures	(275,300)	(276,300)	(275,459)	841
OTHER FINANCING SOURCES				
Transfers in	275,300	275,300	275,300	-
Net change in fund balance	-	(1,000)	(159)	841
Fund balances-beginning	38,400	40,100	40,055	(45)
Fund balances-ending	\$ 38,400	\$ 39,100	\$ 39,896	\$ 796

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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 141,700	\$ 141,700	\$ 141,667	\$ 33
Interest & debt issue costs	238,900	238,900	238,559	341
Total expenditures	380,600	380,600	380,226	374
 Deficiency of revenues under expenditures	 (380,600)	 (380,600)	 (380,226)	 374
OTHER FINANCING SOURCES				
Transfers in	380,600	380,600	380,600	-
 Net change in fund balance	 -	 -	 374	 374
 Fund balances-beginning	 150,000	 150,000	 150,000	 -
Fund balances-ending	\$ 150,000	\$ 150,000	\$ 150,374	\$ 374

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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 109,000	\$ 291,700	\$ 291,773	\$ 73
Interest and other earnings	42,200	39,200	39,129	(71)
Total revenues	<u>151,200</u>	<u>330,900</u>	<u>330,902</u>	<u>2</u>
EXPENDITURES				
Debt service:				
Interest & debt issue costs	<u>1,900</u>	<u>1,900</u>	<u>1,852</u>	<u>48</u>
Excess of revenues over expenditures	<u>149,300</u>	<u>329,000</u>	<u>329,050</u>	<u>50</u>
OTHER FINANCING USES				
Transfers (out)	<u>-</u>	<u>(245,000)</u>	<u>(242,943)</u>	<u>2,057</u>
Net change in fund balance	149,300	84,000	86,107	2,107
Fund balances-beginning	-	39,000	(83,889)	(122,889)
Fund balances-ending	<u>\$ 149,300</u>	<u>\$ 123,000</u>	<u>\$ 2,218</u>	<u>\$ (120,782)</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and other earnings	\$ 6,500	\$ 6,500	\$ 11,835	\$ 5,335
EXPENDITURES				
Culture and recreation	-	6,000	4,505	1,495
Excess of revenues over expenditures	6,500	500	7,330	6,830
Fund balance - beginning	332,000	236,100	536,116	300,016
Fund balance - ending	<u>\$ 338,500</u>	<u>\$ 236,600</u>	<u>\$ 543,446</u>	<u>\$ 306,846</u>

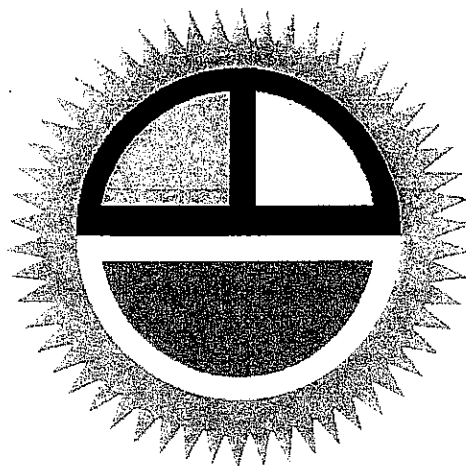
CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Park and Recreation Improvement Nonmajor Capital Projects Fund****For the Year Ended December 31, 2007**

	<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	\$ 117,000	\$ 110,500	\$ -	\$ 110,500
Deficiency of revenues under expenditures	(117,000)	(110,500)	-	110,500
OTHER FINANCING SOURCES				
Transfers in	97,000	97,000	12,000	(85,000)
Net change in fund balance	(20,000)	(13,500)	12,000	25,500
Fund balance - beginning	20,000	13,500	13,456	(44)
Fund balance - ending	\$ -	\$ -	\$ 25,456	\$ 25,456

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****Capital Projects 2006****From inception and for the Year Ended December 31, 2007**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
EXPENDITURES				
Capital outlay	\$ 3,710,642	\$ 4,577,311	\$ 8,287,953	\$ 9,996,500
Deficiency of revenues under expenditures	<u>(3,710,642)</u>	<u>(4,577,311)</u>	<u>(8,287,953)</u>	<u>(9,996,500)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,600,000	1,600,000	1,600,000
Transfers (out)	-	-	-	(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>5,001,655</u>	<u>1,600,000</u>	<u>6,601,655</u>	<u>6,705,000</u>
Net change in fund balances	\$ <u>1,291,013</u>	(2,977,311)	\$ <u>(1,686,298)</u>	\$ <u>(3,291,500)</u>
Fund balances-beginning		1,291,013		
Fund balances-ending		<u>\$ (1,686,298)</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.

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 for 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. The fund may be used to acquire service, repair, maintain, operate, and replace real property, including land and funds deemed appropriate.

CITY OF MOSES LAKE
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 430,063	\$ 152,739	\$ 481,751	\$ 811,673	\$ 230,041	\$ 2,106,268
Intergovernmental receivable	-	-	-	12,043	-	12,043
Prepaid expenses	-	-	12,739	34,572	19,676	66,987
Total current assets	<u>430,063</u>	<u>152,739</u>	<u>494,490</u>	<u>858,288</u>	<u>249,717</u>	<u>2,185,298</u>
Noncurrent assets:						
Capital assets:						
Land and land rights	-	-	-	-	608,951	608,951
Buildings and improvements	-	-	-	141,500	4,580,634	4,722,134
Less accumulated depreciation	-	-	-	(141,500)	(1,327,925)	(1,469,425)
Machinery and equipment	-	-	374,415	7,219,900	53,910	7,648,226
Less accumulated depreciation	-	-	(242,020)	(5,312,361)	(36,997)	(5,591,377)
Construction in progress	-	-	-	(39)	203,839	203,799
Intangibles - software	-	-	147,051	-	-	147,051
Less accumulated amortization	-	-	(147,051)	-	-	(147,051)
Total capital assets (net of accumulated depreciation)	-	-	132,395	1,907,500	4,082,413	6,122,308
Other noncurrent assets:						
Deferred charges	-	-	-	-	24,889	24,889
Total noncurrent assets	-	-	132,395	1,907,500	4,107,302	6,147,197
Total assets	<u>430,063</u>	<u>152,739</u>	<u>626,885</u>	<u>2,765,788</u>	<u>4,357,019</u>	<u>8,332,495</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	20,555	7,673	46,515	34,770	109,512
Salaries payable	-	-	2,646	4,025	6,940	13,611
Capital leases payable	-	-	14,127	246,671	2,342	263,140
Interfund loans payable	-	-	-	552,297	200,000	752,297
G.O. bonds payable	-	-	-	-	232,699	232,699
Compensated absences	-	-	1,999	5,906	1,082	8,987
Interest payable	-	-	-	-	41,615	41,615
Total current liabilities	-	20,555	26,444	855,414	519,448	1,421,861
Noncurrent liabilities:						
General obligation bonds payable (net of unamortized discounts)	-	-	-	-	2,721,653	2,721,653
Compensated Absences	-	-	17,988	53,157	9,739	80,885
Capital leases payable	-	-	25,428	561,192	2,613	589,234
Total long-term liabilities	-	-	43,417	614,349	2,734,006	3,391,772
Total liabilities	-	20,555	69,861	1,469,764	3,253,453	4,813,633
NET ASSETS						
Invested in capital assets, net of related debt	-	-	97,433	1,099,786	1,128,060	2,325,279
Unrestricted	430,063	132,185	459,591	196,239	(24,495)	1,193,583
Total net assets	<u>\$ 430,063</u>	<u>\$ 132,185</u>	<u>\$ 557,024</u>	<u>\$ 1,296,025</u>	<u>\$ 1,103,566</u>	<u>\$ 3,518,862</u>

CITY OF MOSES LAKE

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

Internal Service Funds

For the Year Ended December 31, 2007

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
OPERATING REVENUES						
Charges for services	\$ 25,191	\$ 310,300	\$ 398,200	\$ 1,168,900	\$ 1,516,490	\$ 3,419,081
Total operating revenues	25,191	310,300	398,200	1,168,900	1,516,490	3,419,081
OPERATING EXPENSES						
Salaries and benefits	-	-	129,327	214,374	175,409	519,111
Supplies and contractual services	-	-	293,391	505,347	154,743	953,481
Utilities	-	-	-	175	239,979	240,155
Repairs and maintenance	-	-	41,522	141,261	182,995	365,778
Depreciation and amortization	-	-	33,193	322,498	122,968	478,659
Insurance claims and expenses	11,420	408,889	-	-	-	420,308
Total operating expenses	11,420	408,889	497,433	1,183,656	876,094	2,977,492
Operating income (loss)	13,771	(98,589)	(99,233)	(14,756)	640,396	441,589
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	-	-	15,576	14,386	-	29,962
Insurance recoveries	-	55,259	-	-	-	55,259
Operating grants	-	-	-	12,043	44,151	56,193
Gain (loss) on disposal of fixed assets	-	-	-	4,622	-	4,622
Miscellaneous revenues	-	-	80	1,107	24	1,211
Interest expense and fiscal charges	-	-	(1,693)	(64,257)	(138,042)	(203,992)
Total nonoperating revenues (expenses)	-	55,259	13,963	(32,100)	(93,867)	(56,744)
Income (loss) before contributions and transfers	13,771	(43,329)	(85,271)	(46,856)	546,529	384,845
Capital contributions	-	-	-	-	62,423	62,423
Transfers in	-	-	-	56,141	-	56,141
Change in net assets	13,771	(43,329)	(85,271)	9,286	608,952	503,409
Total net assets - beginning	416,292	175,514	642,294	1,286,739	494,613	3,015,453
Total net assets - ending	\$ 430,063	\$ 132,185	\$ 557,024	\$ 1,296,025	\$ 1,103,566	\$ 3,518,862

CITY OF MOSES LAKE
**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007**

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	\$ 25,191	\$ 310,300	\$ 398,200	\$ 1,168,900	\$ 1,516,490	\$ 3,419,081
Payments to suppliers	(17,399)	(388,334)	(333,489)	(625,632)	(566,301)	(1,931,155)
Payments to employees	-	-	(125,075)	(205,888)	(167,596)	(498,558)
Net cash provided (used) by operating activities	7,792	(78,034)	(60,364)	337,380	782,594	989,369
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Insurance recoveries	-	55,259	-	-	-	55,259
Grants and donations	-	-	-	8,499	44,151	52,649
Miscellaneous nonoperating revenue	-	-	80	1,107	24	1,211
Net cash provided (used) by noncapital financing activities	-	55,259	80	9,606	44,175	109,120
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital lease payments	-	-	(799)	150,518	(2,412)	147,307
Interfund loans receipts (repayments)	-	-	-	(47,703)	(100,000)	(147,703)
G.O. bond principal paid	-	-	-	-	(226,586)	(226,586)
Interest expense	-	-	(1,693)	(64,257)	(136,259)	(202,209)
Purchase of capital assets	-	-	(111,818)	(630,626)	(157,423)	(899,867)
Proceeds from sale of capital assets	-	-	-	6,736	2,146	8,882
Net cash provided (used) by capital and related financing activities	-	-	(114,311)	(585,331)	(620,535)	(1,320,177)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	-	-	15,576	3,304	-	18,880
Net cash provided by investing activities	-	-	15,576	3,304	-	18,880
Net increase (decrease) in cash and cash equivalents	7,792	(22,774)	(159,018)	(235,041)	206,234	(202,808)
Cash and cash equivalents - January 1	422,271	175,514	640,770	1,046,714	23,807	2,309,077
Cash and cash equivalents - December 31	\$ 430,063	\$ 152,739	\$ 481,751	\$ 811,673	\$ 230,041	\$ 2,106,268

CITY OF MOSES LAKE

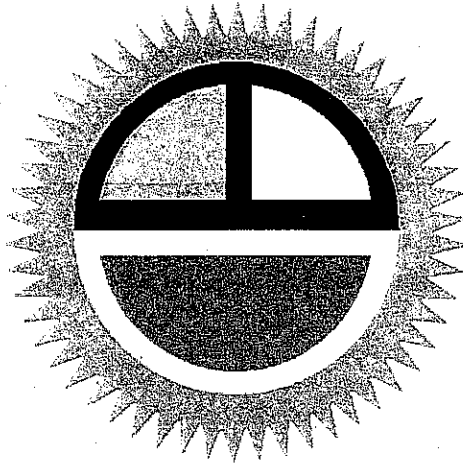
Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2007

Page 2 of 2

	<u>Unemployment Compensation</u>	<u>Self Insurance</u>	<u>Central Services</u>	<u>Equipment Rental</u>	<u>Building Maintenance</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 13,771	\$ (98,589)	\$ (99,233)	\$ (14,756)	\$ 640,396	\$ 441,589
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	-	33,193	322,498	122,968	478,659
Decrease (increase) in prepaid expenses	-	-	(1,277)	(5,049)	(5,588)	(11,914)
(Decrease) increase in accounts payable	(5,979)	20,555	2,701	26,201	17,004	60,482
(Decrease) increase in wages payable	-	-	4,253	8,487	7,813	20,553
Total adjustments	(5,979)	20,555	38,870	352,137	142,197	547,780
Net cash provided (used) by operating activities	<u>\$ 7,792</u>	<u>\$ (78,034)</u>	<u>\$ (60,364)</u>	<u>\$ 337,380</u>	<u>\$ 782,594</u>	<u>\$ 989,369</u>



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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 41.18 and provides for the payment of benefits for firemen. The Firemen's Pension Board consisting of the Mayor, Treasurer, City Clerk, City Manager, Fire Chief, and two paid firemen approve all disability for members of the paid Fire Department. State statute requires that any city with paid Fire Department must budget for the Firemen's Pension Fund, unless an actuarial survey of the fund reveals that the one mill is not necessary. 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.

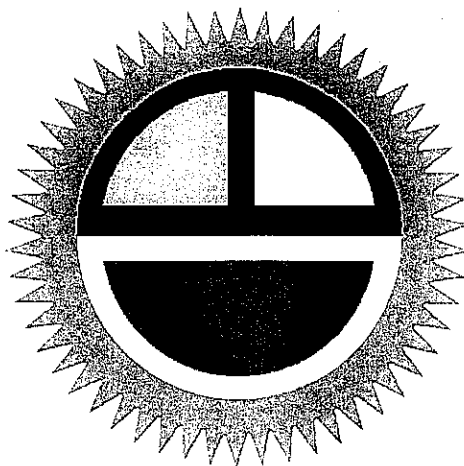
Treasurer's Suspense Fund - This fund was established to facilitate the investing of city monies. All interest earned is credited to the General Fund except as required by state or federal regulations or by bond covenant.

CITY OF MOSES LAKE
Combining Statement of Net Assets
Fiduciary Funds
December 31, 2007

	<u>Trust</u>	<u>Agency Funds</u>		
	<u>Firemen's Pension</u>	<u>Deposits</u>	<u>State</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 240,266	\$ 592,308	\$ 101,091	\$ 933,664
Escrow accounts	-	698,946	-	698,946
Total assets	<u>240,266</u>	<u>1,291,253</u>	<u>101,091</u>	<u>1,632,610</u>
LIABILITIES				
Accounts payable	322	-	-	322
Custodial accounts payable	-	1,291,253	101,091	1,392,345
Total liabilities	<u>322</u>	<u>1,291,253</u>	<u>101,091</u>	<u>1,392,667</u>
NET ASSETS				
Held in trust for pension benefits and other purposes	<u>\$ 239,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,944</u>

CITY OF MOSES LAKE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007

	<u>Balance 01/01/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2007</u>
DEPOSIT FUND				
Assets				
Cash	\$ 479,000	\$ 2,353,849	\$ 2,240,541	\$ 592,308
Escrow accounts	447,574	698,946	447,574	698,946
Total assets	<u>926,574</u>	<u>3,052,795</u>	<u>2,688,115</u>	<u>1,291,253</u>
Liabilities				
Deposits	479,000	5,016,930	4,903,622	592,308
Retainage payable	447,574	698,946	447,574	698,946
Total liabilities	<u>\$ 926,574</u>	<u>\$ 5,715,876</u>	<u>\$ 5,351,196</u>	<u>\$ 1,291,253</u>
 STATE DEPOSIT FUND				
Assets				
Cash	\$ 104,724	\$ 1,694,471	\$ 1,698,104	\$ 101,091
Total assets	<u>104,724</u>	<u>1,694,471</u>	<u>1,698,104</u>	<u>101,091</u>
Liabilities				
Due to state	104,724	4,470,635	4,474,268	101,091
Total liabilities	<u>\$ 104,724</u>	<u>\$ 4,470,635</u>	<u>\$ 4,474,268</u>	<u>\$ 101,091</u>
 TOTALS- ALL AGENCY FUNDS				
Assets				
Cash	\$ 583,723	\$ 4,048,320	\$ 3,938,645	\$ 693,399
Escrow accounts	447,574	698,946	447,574	698,946
Total assets	<u>1,031,297</u>	<u>4,747,266</u>	<u>4,386,218</u>	<u>1,392,345</u>
Liabilities				
Deposits	479,000	5,016,930	4,903,622	592,308
Due to other governments	104,724	4,470,635	4,474,268	101,091
Retainage payable	447,574	698,946	447,574	698,946
Total liabilities	<u>\$ 1,031,297</u>	<u>\$ 10,186,511</u>	<u>\$ 9,825,464</u>	<u>\$ 1,392,345</u>



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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2007

STATISTICAL SECTION

(Unaudited)

Contents	Page
Financial Trends	120
These schedules contain trend information to assist the reader understand how the City's financial performance and well being have changed over time.	
Revenue Capacity	127
These schedules contain information to assist the reader assess the City's most significant local revenue source of property taxes.	
Debt Capacity	131
These schedules present information to assist the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	136
These schedules offer demographic and economic indicators to assist the reader understand the environment within which the government's financial activities take place.	
Operating Information	138
These schedules contain service and infrastructure data to assist the reader understand how the information in the City's financial report relates to the services the city provides and activities it performs.	

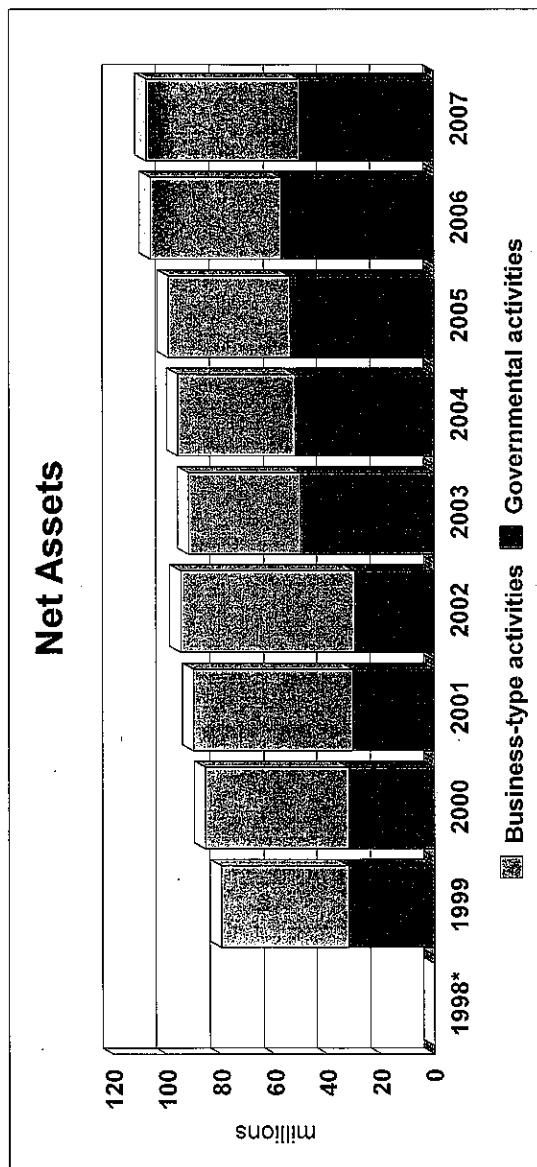
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

Table B-1

Net Assets by Component
Last Ten Fiscal Years
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	1998*	1999	2000	2001	2002	2003	2004	2005	2006	2007
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
Restricted	-	3,594	2,690	(35)	155	690	-	-	-	-
Unrestricted	-	2,578	2,888	2,567	1,838	5,586	6,402	6,732	8,297	4,174
Total governmental activities net assets	-	32,053	32,046	30,493	29,927	50,379	52,373	54,164	57,547	50,548
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
Restricted	-	(614)	5,501	6,109	6,026	406	3,884	7,610	916	852
Unrestricted	-	16,156	14,796	17,754	19,767	18,405	13,017	5,927	6,949	9,707
Total business-type activities net assets	-	48,051	53,695	59,771	64,886	41,621	43,613	45,256	48,508	57,170
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
Restricted	-	2,980	8,192	6,074	6,182	1,096	3,884	7,610	916	852
Unrestricted	-	18,734	17,684	20,321	21,605	23,992	19,419	12,659	15,247	13,881
Total primary government net assets	\$ -	\$ 80,104	\$ 85,740	\$ 90,263	\$ 94,813	\$ 92,000	\$ 95,986	\$ 99,420	\$ 106,055	\$ 107,717

* not available due to cash reporting in 1998

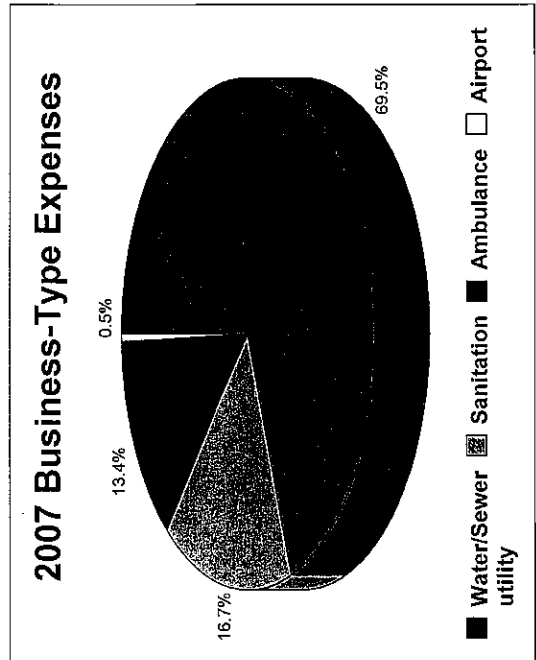
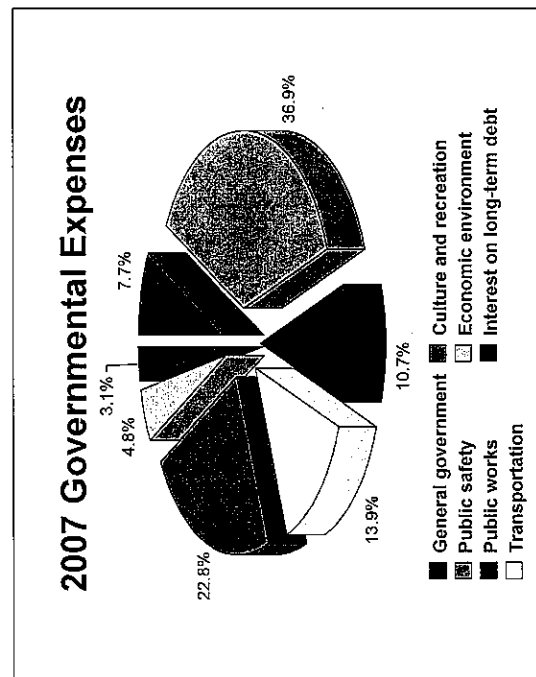


CITY OF MOSES LAKE
Changes in Expenses by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-2
page 1 of 3

Expenses	1998**	1999	2000	2001	2002	2003	2004	2005	2006	2007
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
Public safety	-	4,091,046	4,047,631	4,960,822	4,978,334	4,737,801	4,675,466	4,990,847	5,577,325	6,337,508
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
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
Culture and recreation	-	2,287,030	2,559,852	2,755,150	2,827,286	2,980,947	2,873,910	3,286,631	3,441,019	3,919,872
Economic environment	-	381,320	367,984	409,457	540,609	525,166	564,976	624,841	770,961	829,664
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
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
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
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
Ambulance	-	-	-	467,076	1,294,961	1,467,503	1,447,594	1,542,328	1,485,987	1,565,864
Airport	-	14,465	34,940	28,967	62,255	25,585	27,338	30,582	29,377	54,474
Total business-type activities expenses	-	5,326,566	5,280,279	5,867,706	7,109,140	7,849,331	8,966,735	10,894,512	12,739,521	11,669,000
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

*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
**Information for 1998 is unavailable due to cash reporting for that year.



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

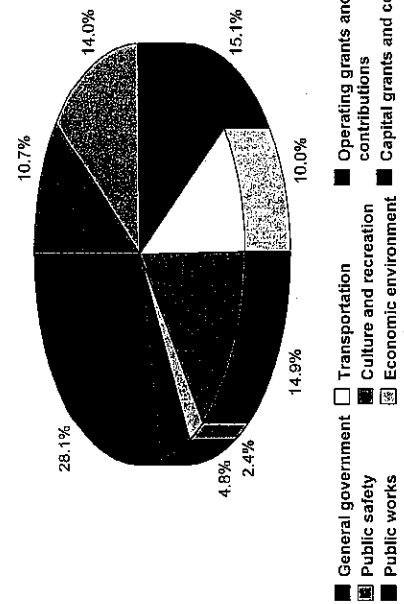
Table B-2
page 2 of 3

	1998**	1999	2000	2001	2002	2003	2004	2005	2006	2007
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	-	-	-	-	-	785,235	\$803,532	\$1,147,343	\$898,920	\$909,143
Public safety	-	-	-	-	-	778,033	710,577	829,947	1,057,734	1,187,791
Public works	-	-	-	-	-	755,437	1,129,514	1,226,163	1,324,799	1,277,159
Transportation	-	-	-	-	-	1,036,385	1,502,840	900,669	872,818	844,321
Culture and recreation	-	-	-	-	-	897,563	862,557	970,644	1,007,845	1,265,278
Economic environment	-	-	-	-	-	98,451	117,065	150,533	231,363	200,244
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	289,764	181,558	184,575	248,467	403,746
Capital grants and contributions	-	-	-	-	-	327,541	30,650	667,726	2,447,667	2,379,995
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
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
Sanitation	-	1,759,239	1,765,027	1,921,684	1,670,490	1,617,299	1,611,170	1,822,011	1,711,746	1,892,624
Ambulance	-	-	-	360,955	1,425,089	1,203,105	1,454,300	1,359,572	1,460,040	1,653,862
Airport	-	41,000	16,677	15,802	17,641	18,085	19,082	27,245	56,389	24,054
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	36,869	26,170	31,934	807,985	633,275	1,050,780	2,732,764	3,130,898
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
Total Primary Government program revenues	-	19,668,481	\$21,530,275	\$21,920,151	\$21,714,933	\$14,761,015	\$16,021,640	\$16,847,740	\$23,805,563	\$28,720,015

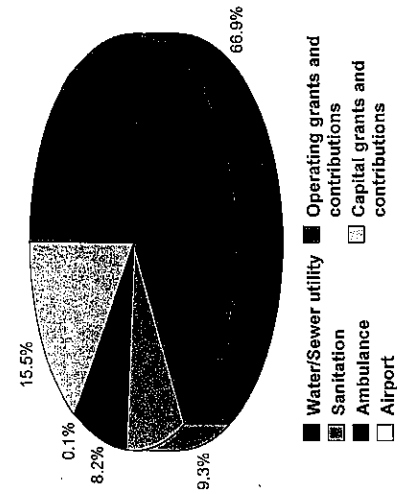
*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003. Revenues before 2003 were not reported by activity therefore the detailed breakdown of revenue is unavailable.

**Information for 1998 is unavailable due to cash reporting for that year.

2007 Governmental Revenues



2007 Business-Type Revenues



CITY OF MOSES LAKE
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-2
page 3 of 3

	1998**	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net Expense/(Revenue)										
Governmental activities	-	(\$307,521)	\$581,448	\$989,111	\$697,520	\$8,357,716	\$7,250,187	\$8,452,901	\$4,061,609	\$4,061,609
Business-type activities	-	(2,083,353)	(1,999,131)	(1,988,653)	(1,832,873)	(1,963,275)	(1,716,612)	124,372	3,194,300	3,194,300
Total primary government net expense	-	(2,390,874)	(1,417,683)	(999,542)	(935,353)	6,394,441	5,533,575	8,577,273	7,255,910	7,255,910
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
Retail sales and use taxes	-	-	-	-	-	3,301,462	3,412,323	3,798,433	4,286,527	5,710,727
Business Taxes	-	-	-	-	-	2,777,803	2,827,959	2,961,145	3,149,254	3,117,827
Other	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	240,474	206,705	402,843	727,869	708,676
Miscellaneous	-	-	-	-	-	-	-	-	-	1,211
Loss on sale of capital asset	-	-	-	-	-	(36,994)	-	-	-	-
Transfers, internal activities	-	-	-	-	-	(1,383)	8,084	-	-	-
Total governmental activities	-	286,971	526,653	474,499	1,430,498	8,593,096	8,995,993	10,244,370	11,037,122	112,797
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
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)	(172,480)	1,383	(8,084)	(510,328)	(93,332)	(112,797)
Total business-type activities	-	(158,846)	(170,673)	(137,534)	171,235	150,571	183,212	1,812,839	275,653	98,264
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
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
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
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

*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
**Information for 1998 is unavailable due to cash reporting for that year.

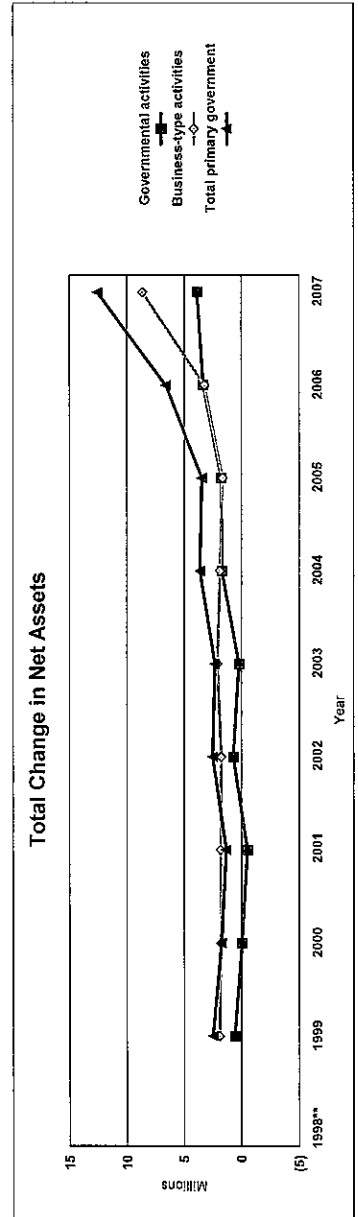


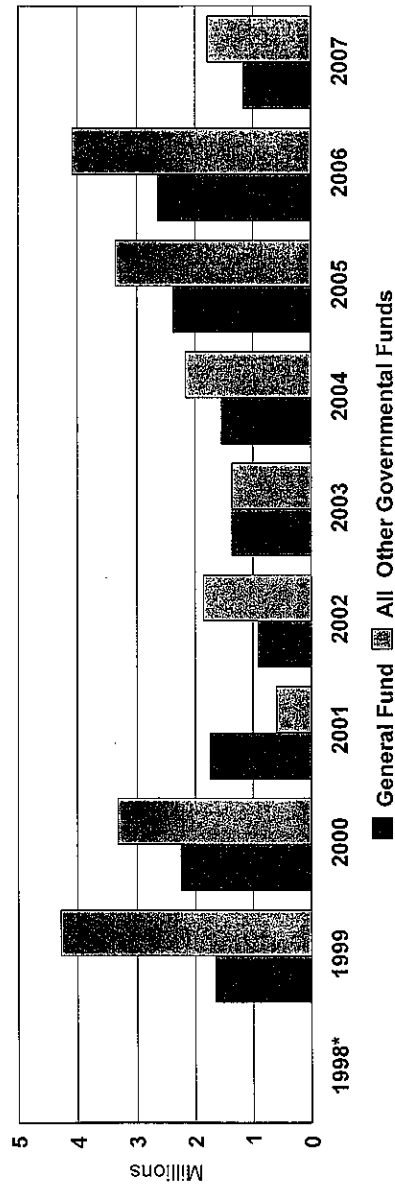
Table B-3

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

	Fiscal Year									
	1998*	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ -	111,756	\$ 112,180	\$ 103,497	\$ 92,262	\$ 93,180	\$ 96,866	\$ 86,441	\$ 100,420	\$ 100,735
Unreserved	-	1,538,969	2,140,546	1,840,407	823,575	1,272,084	1,445,517	2,294,907	2,551,883	1,059,952
Total General Fund	-	1,650,725	2,252,726	1,743,904	915,837	1,365,244	1,542,183	2,381,248	2,652,303	1,160,686
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
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
Capital projects funds	-	-	-	-	-	-	-	-	-	(1,117,396)
Total all other governmental funds	\$ -	4,284,498	\$ 3,326,013	\$ 595,308	\$ 1,857,591	\$ 1,362,017	\$ 2,169,230	\$ 3,362,757	\$ 4,085,540	\$ 1,785,457

* not available due to cash reporting in 1998

Fund Balances Governmental Funds

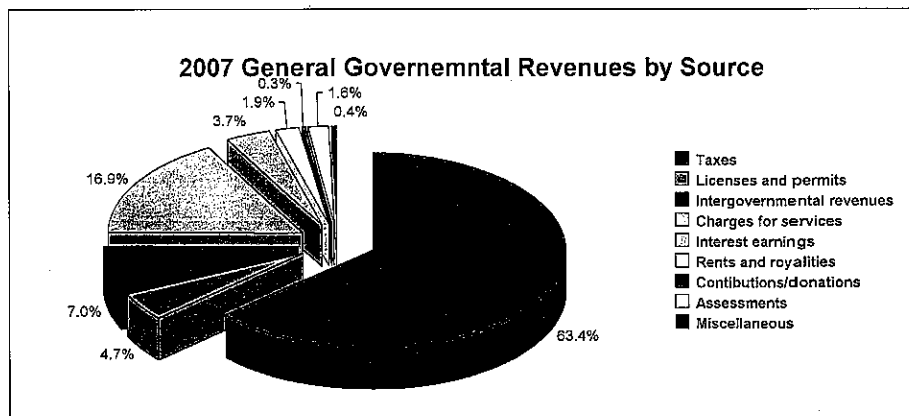


CITY OF MOSES LAKE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Amounts expressed in thousands)

Table B-4

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenue										
Taxes	\$ 6,925	\$ 7,431	\$ 8,087	\$ 8,630	\$ 8,718	\$ 8,391	\$ 8,881	\$ 9,309	\$ 10,216	\$ 11,774
Licenses and permits	366	266	355	434	344	483	518	630	996	879
Intergovernmental revenues	899	1,575	2,628	1,555	909	895	961	996	975	1,296
Charges for services	2,779	1,653	1,738	1,989	2,218	2,252	2,639	2,846	3,048	3,140
Fines and forfeits	26	21	10	11	12	8	7	6	7	153
Interest earnings	-	-	-	-	-	236	215	428	728	689
Rents and royalties	-	-	-	-	-	261	265	272	278	352
Contributions/donations	-	-	-	-	-	331	336	52	112	57
Assessments	1,034	243	120	312	153	125	162	142	142	301
Miscellaneous	967	1,070	1,312	1,132	620	73	25	53	26	76
Total Revenues	12,996	12,259	14,251	14,064	12,973	13,055	14,009	14,732	16,529	18,717
Expenditures										
General government	1,661	1,047	1,083	1,123	1,273	1,186	1,175	1,194	1,223	1,279
Public safety	3,575	4,091	4,048	4,661	4,978	4,583	4,696	4,835	5,394	6,267
Public works	1,116	1,209	1,236	1,258	1,306	1,288	1,314	1,441	1,673	1,856
Transportation	901	2,022	3,178	2,612	1,595	1,968	1,563	2,428	2,390	2,399
Economic environment	321	380	366	407	538	505	558	609	758	865
Culture and recreation	2,200	2,267	2,560	2,755	2,827	2,612	2,587	2,910	3,184	3,668
Capital outlay	282	590	762	2,052	603	324	572	369	4,348	5,082
Debt service										
Principal	533	561	1,523	1,005	399	523	504	457	444	763
Interest	-	354	388	350	315	215	173	149	164	361
Total Expenditures	10,589	12,541	15,143	16,221	13,836	13,204	13,142	14,391	19,579	22,539
Excess of revenues over (under) expenditures	2,407	(282)	(893)	(2,158)	(863)	(149)	867	341	(3,049)	(3,822)
Other financing sources (uses)										
Transfers in	-	2,575	2,847	3,966	1,860	227	2,259	2,757	2,775	4,847
Transfers out	-	(2,293)	(2,425)	(3,635)	(1,738)	(2,334)	(2,132)	(2,458)	(2,806)	(4,859)
Sales of capital assets	-	-	-	-	-	4	0	393	17	-
Miscellaneous nonoperating	(1,589)	-	56	23	299	(0)	-	(1)	-	-
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	-	-	-	-	-	-	-	-	-	-
Discount on GO bonds issued	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,589)	262	559	474	1,430	(2,061)	138	695	5,022	30
Net change in fund balances	\$ 808	\$ (20)	\$ (334)	\$ (1,683)	\$ 567	\$ (2,210)	\$ 1,005	\$ 1,036	\$ 1,972	\$ (3,792)
Debt service as a percentage of noncapital expenditures	5.17%	7.66%	13.29%	9.56%	5.39%	5.73%	5.38%	4.32%	4.00%	6.44%

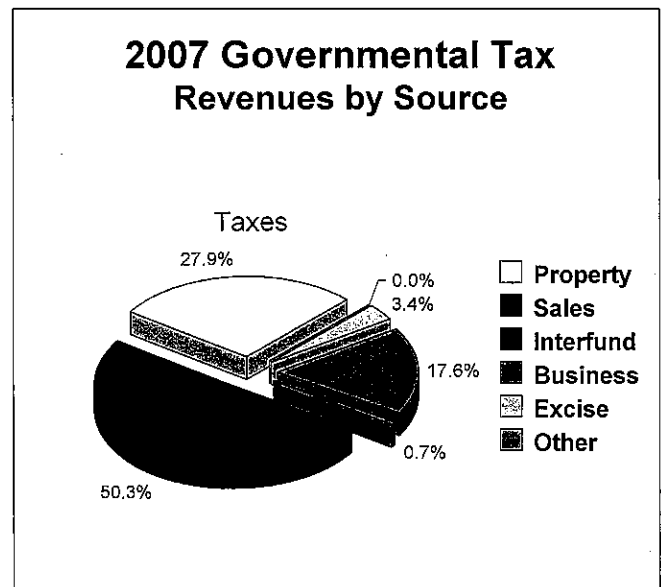
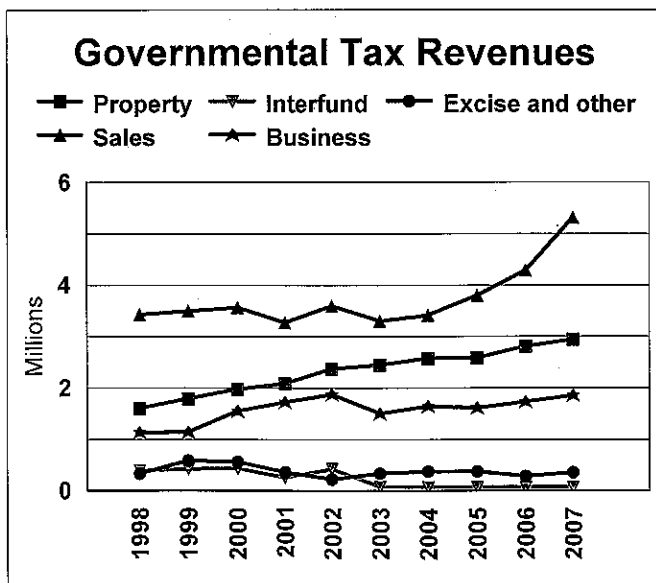
*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003



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
1998	\$ 1,610,963	\$ 3,424,774	\$ 394,731	\$ 1,134,786	\$ 330,133	\$ -	\$ 6,895,387
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

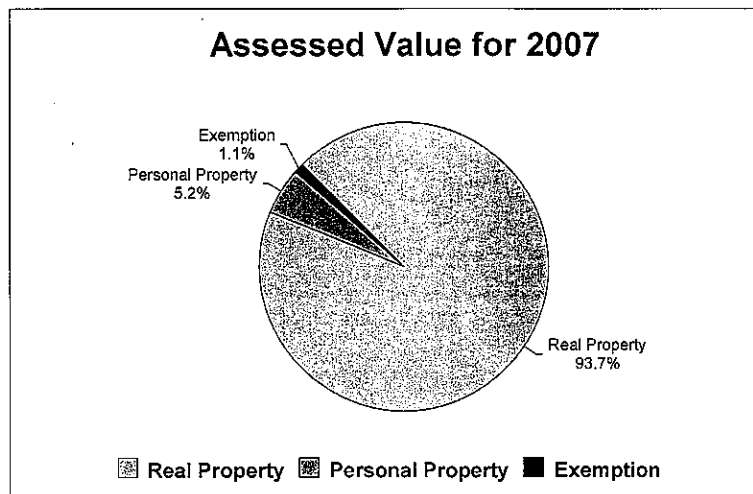


CITY OF MOSES LAKE
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years*

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				
1998	\$ -	\$ -	\$ -	\$ -	\$ 567,280,030	\$ 2.9454	\$ -	-
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%

*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



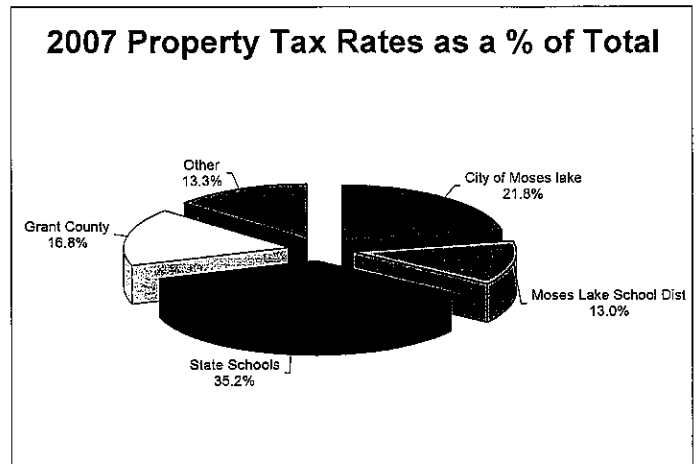
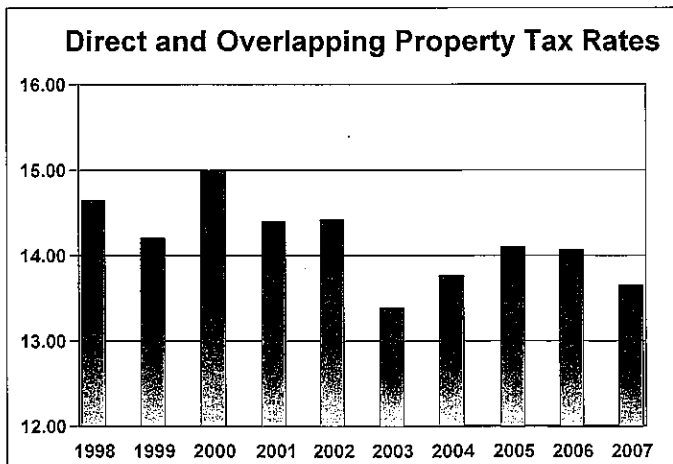
CITY OF MOSES LAKE
Property Tax Rates
Direct and Overlapping Governments
Per \$1,000 of assessed value
Last Ten Fiscal Years

Table C-2

Fiscal Year	Direct tax rate		Overlapping Rates							
	Moses Lake		Grant County		School District			State School	Special Districts	Total
	Operating Millage	Total City Millage	Operating Millage	Total County Millage	Operting Millage	Debt Service Millage	Total school Millage			
1998	2.945	2.945	1.791	1.791	2.597	1.728	4.325	3.685	1.958	14.651
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

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 above for the year listed above.



CITY OF MOSES LAKE
Principal Property Taxpayers
For the Year Ended December 31, 2007

Table C-3

Name	Type of business	Assessed Valuation	Rank	Percent of total Assessed Value*
EKA Chemicals	Chemical Manu	\$ 28,661,160	1	2.9%
Weyerhaeuser Company	Corrugated board	12,946,075	2	1.3%
D&L Foundry, Inc.	Manhole Manu	10,833,885	3	1.1%
Wal-Mart real estate buinesss trust	Grocery/retail	9,782,630	4	1.0%
Sun Healthcare Group	retirement	7,276,690	5	0.7%
Learner Tr, Kathryn J	Trust	6,858,720	6	0.7%
Grewal Hotels Inc.	Hotel	6,686,035	7	0.7%
First American Commercial	Prop Invest/mgmt	6,356,560	8	0.6%
Crittenden, Odell D. & Sandra J	Prop Invest/mgmt	5,146,650	9	0.5%
Moses Lake Travel Plaza LLC	Prop Invest/mgmt	5,016,025	10	0.5%
Totals		\$ 99,564,430		10.1%

*Estimated total value of real and personal property.

\$ 988,571,711

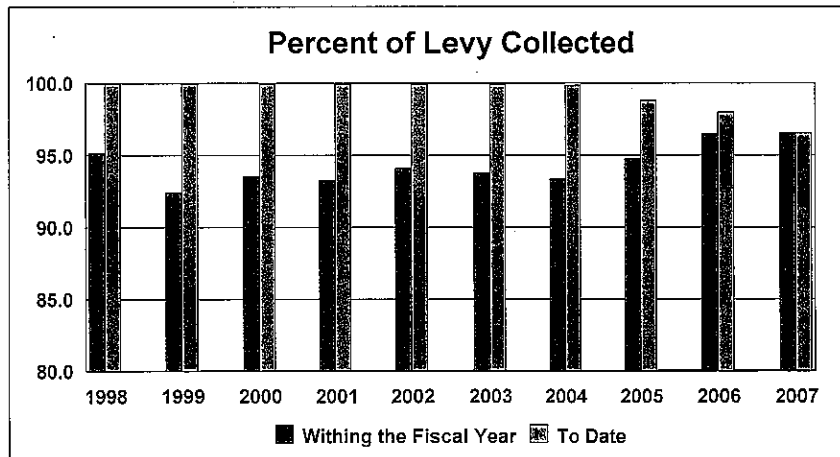
Historical data for 1998 is not readily available from the County

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	
1998	\$ 567,280,030	\$ 1,671,775	\$ 1,455,592	95.2 %	\$	\$ 1,671,658	99.99 %	\$ 117
1999	619,198,037	1,852,391	1,591,105	92.4	140,296	1,852,227	99.99	164
2000	638,080,940	1,977,773	1,711,931	93.5	127,513	1,977,367	99.98	406
2001	675,119,443	2,075,447	1,849,854	93.3	139,543	2,075,168	99.99	280
2002	800,941,356	2,402,339	1,935,625	94.1	140,888	2,401,733	99.97	606
2003	846,090,551	2,495,442	2,260,845	93.8	153,525	2,494,451	99.96	992
2004	867,122,847	2,558,494	2,340,925	93.4	166,067	2,554,734	99.85	3,761
2005	876,602,246	2,655,271	2,388,667	94.8	107,007	2,623,000	98.78	32,271
2006	905,052,449	2,776,828	2,515,994	96.5	42,137	2,721,339	98.00	55,489
2007	988,571,711	2,951,194	2,679,202	96.6	-	2,849,684	96.56	107,243



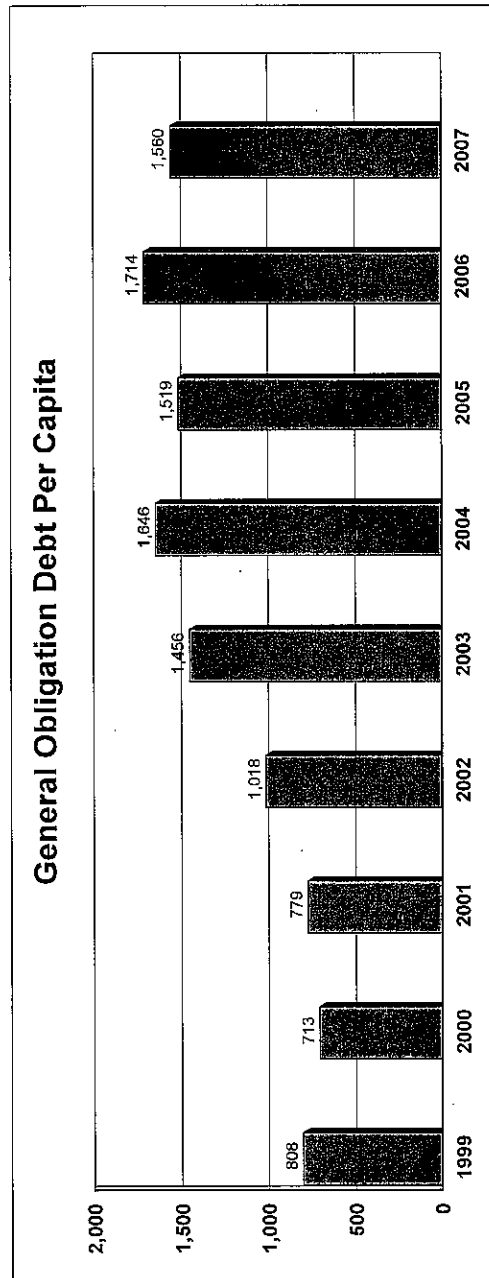
City of Moses Lake
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years*

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	Governmental loans	Capital Leases				
1999	\$ 1,660,930	\$ 1,047,624	\$ 1,308,369	\$ 570,000	\$ 2,587,112	\$ 79,440	\$	\$ 11,753,475	4.16%	\$ 808
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	7,000,000	10,422,560	15,543		28,846,058	7.58%	1,714
2007	9,716,666	-	893,943	6,980,000	9,594,965	28,045		27,213,620	N/A	1,560

*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 E-1) for personal income and population data.

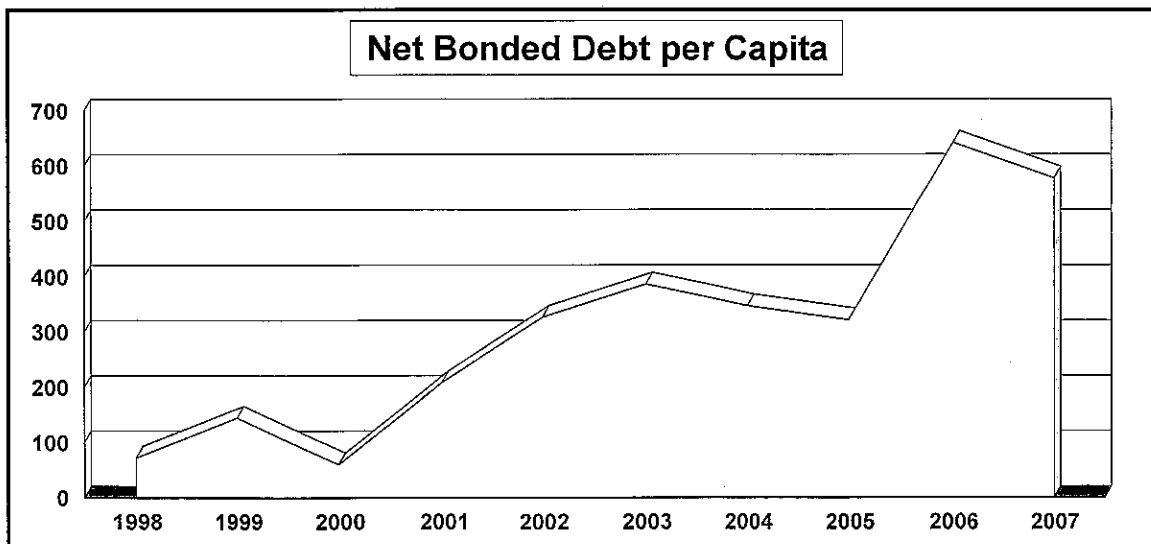


CITY OF MOSES LAKE
 Ratios of Net General Bonded Debt
 To Assessed Value and Net Bonded Debt per Capita
 Last Ten Fiscal Years

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
1998	13,710	\$ 567,280,030	\$ 3,932,316	\$ 2,931,025	\$ 1,001,291	0.18%	\$ 73
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

* Grant County Assessor: includes only taxable property



CITY OF MOSES LAKE
Direct and Overlapping Governmental Activities Debt
As of December 31, 2007

Table D-3

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 52,796,375	44.14%	\$ 23,303,716
Subtotal, overlapping debt			<u>23,303,716</u>
Moses Lake direct debt			<u>10,705,000</u>
Total direct and overlapping debt			<u><u>\$ 34,008,716</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the ML school district and Samaritan Hospital.

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*

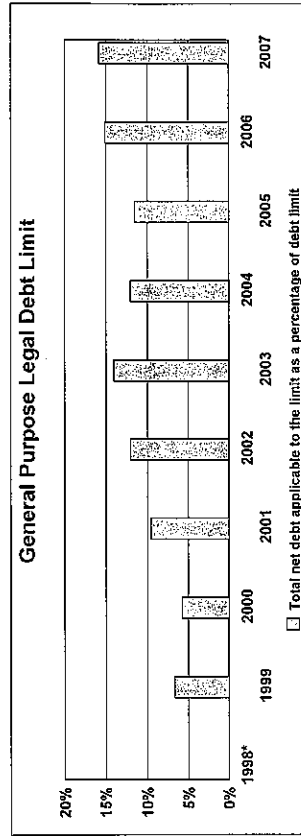
Table D-4

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	\$ 1,080,369,113
Debt limit	81,027,683
Debt applicable to limit:	
General obligation bonds	13,474,845
Less: amount set aside for repayment	(615,528)
of general obligation debt	12,859,317
Total net debt applicable to limit	\$ 68,168,366
Legal debt margin	

	1998*	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 0	\$ 46,971,821	\$ 49,720,610	\$ 60,070,602	\$ 63,456,791	\$ 65,034,214	\$ 65,745,168	\$ 65,745,168	\$ 74,142,878	\$ 81,027,683
Total net debt applicable to limit	0	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
Legal debt margin	\$ 0	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	0.00%	6.73%	5.77%	9.62%	12.06%	14.08%	12.09%	11.56%	15.14%	15.87%

*1998 information not available due to cash reporting.



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

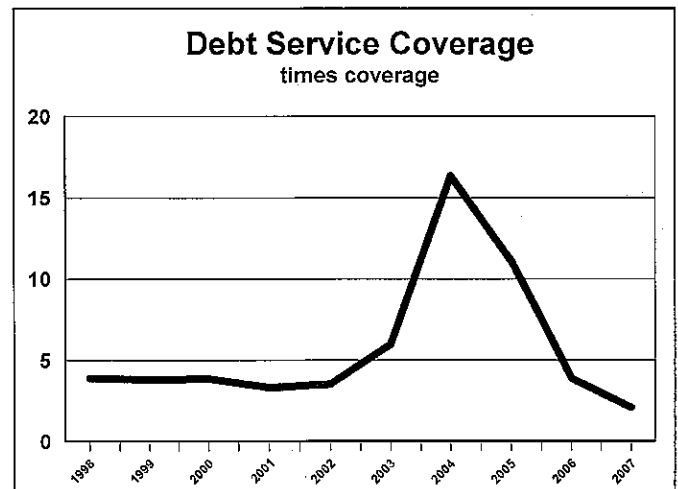
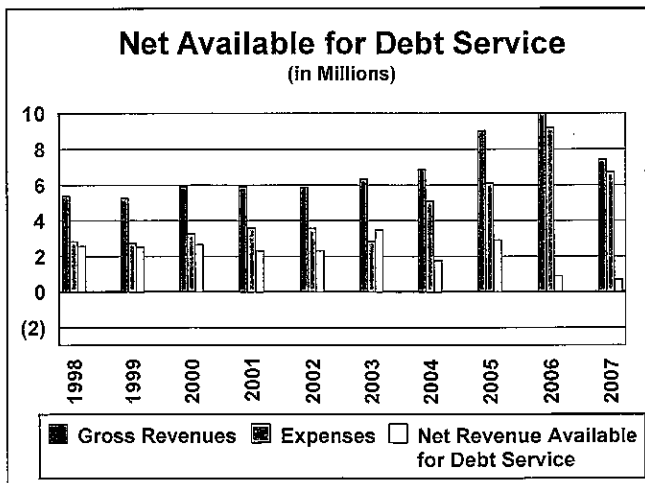
Table D-5

Year	Utility Revenues*	Operating Expenses**	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
1998	\$ 5,395,551	\$ 2,829,897	\$ 2,565,654	\$ 450,000	\$ 208,924	\$ 658,924	3.89
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

* 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
1998	13,883	\$ 279,923	\$ 20,163	31	6,474	9.0
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

Data Sources:

Population - State of Washington, Office of Financial Management; www.ofm.wa.gov/pop/cociseries/default.asp

Per Capita Income - County figures given due to unavailability of City percentages. This information is found on the Regional Economics Accounts website at www.bea.gov/bea/regional/reis/

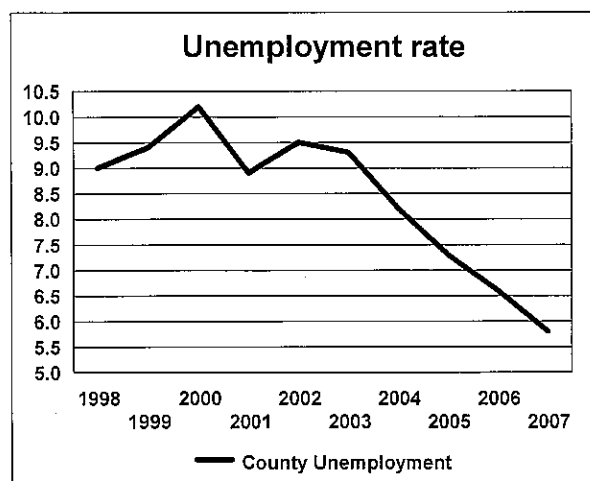
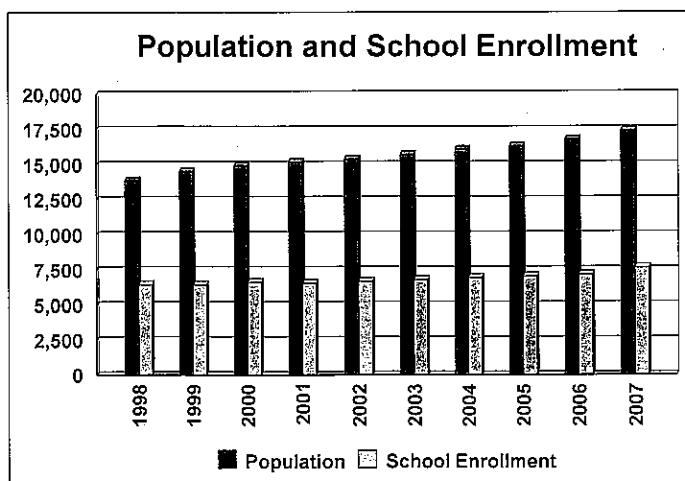
Median Age - Office of Financial Management; www.ofm.wa.gov

School Enrollment - Office of Superintendent of Public Instruction; www.k12.wa.us

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.

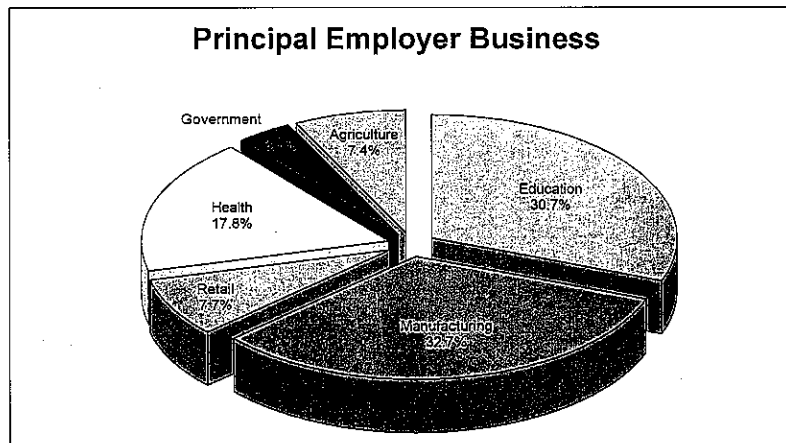


CITY OF MOSES LAKE
Principal Employers
Current Year and Nine Years Ago

Table E-2

Employer	Business type	2007		1998	
		Employees	Rank	Employees	Rank
Moses Lake School District	Education	1,000	1	869	1
Genie Industries, Inc.	Manufacturing	780	2	-	-
Samaritan Hospital	Health	435	3	431	2
Big Bend Community College	Education	375	4	153	8
Wal- Mart	Retail	345	5	238	6
J.R. Simplot Co./Nestle Brand	Agriculture	330	6	428	3
REC Silicon/Advanced Silicon Materials	Manufacturing	280	7	322	4
Inflation Systems, Inc. /Takata	Manufacturing	261	8	320	5
Moses Lake Clinic	Health	195	9	130	10
City of Moses Lake	Government	167	10	133	9
Moses Lake Community Health	Health	165	10	-	-
D & L Foundry	Manufacturing	140	-	165	8
K-Mart	Retail	-	-	126	-
Basic American Foods	Agriculture	-	-	194	5
Totals		4,473		3,315	

Source: Grant County Economic Development Council



CITY OF MOSES LAKE

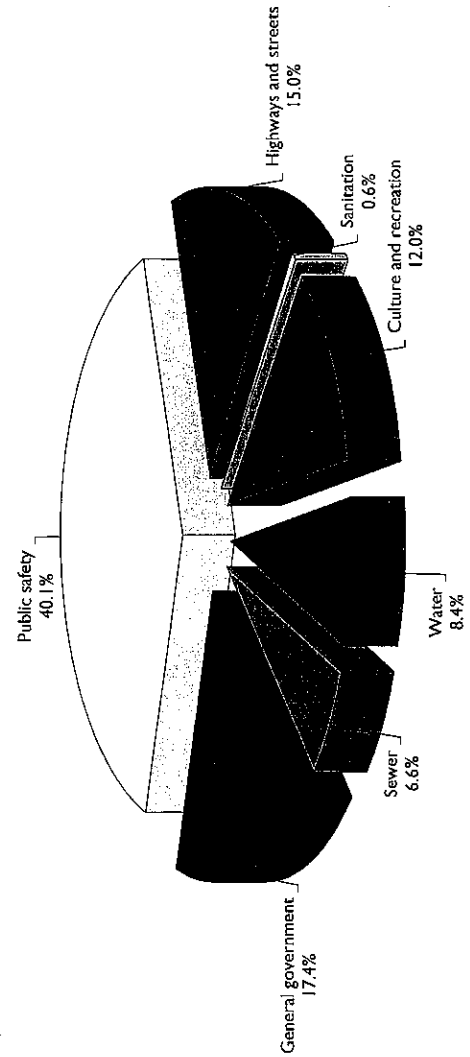
Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years

Table F-1

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function:										
General government	26	28	30	30	28	28	28	28	28	29
Public safety										
Police	34	34	34	34	34	34	34	34	34	36
Fire	15	15	15	32	33	33	29	28	28	31
Highways and streets										
Engineering	16	17	17	17	17	17	16	16	16	19
Maintenance	6	6	6	6	6	6	6	6	6	6
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	17	18	19	19	18	18	17	17	17	20
Water	14	14	14	14	14	14	15	15	15	14
Sewer	7	7	9	9	9	10	11	11	11	11
Total	136	140	145	162	160	161	156	155	155	167

Source: City of Moses Lake Annual Budget.

2007 City Employees by Function



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

Table F-2

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Building permits issued	617	579	464	456	431	457	476	568	616	532
Police										
DUI	-	-	-	308	212	73	113	139	132	120
Parking violations	-	-	-	237	55	129	362	100	201	452
Traffic violations	-	-	-	4284	7,327	2,818	2,109	2,817	2,835	2,743
Fire										
Number of calls answered	-	-	838	1,606	3,646	3,525	3,569	2,869	3,010	3,397
Inspections	-	-	-	-	-	-	1,287	1,623	1,800	2,300
Culture and recreation										
Aquatic Center	-	-	-	91,156	84,090	87,716	125,000	130,000	130,000+	100,000+
Museum	-	-	-	6,101	11,214	9,811	12,011	12,200	9,378	9,827
Water										
new connections	-	-	-	-	-	-	-	-	317	284
water mains breaks	-	-	-	-	-	-	-	-	10	11
Average daily consumption (millions of gallons)	2.73	2.8	2.99	2.77	2.7	2.77	2.85	2.87	7.7	8.5
Wastewater										
Average daily sewage treatment (mgpd)	1,989	2	2,006	2,004	2,009	1,953	1,893	1,92	2	2,059
Sand Dunes	0.414	0.426	0.38	0.369	0.374	0.346	0.336	0.329	0.324	0.331
Larsen										

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

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

Table F-3

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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)	93	90	90	90	90	94	95	96	99	102
Streetlights	1,805	1,811	1,814	1,814	1,817	1,817	1,817	1,817	1,817	1,817
Traffic signals	17	24	32	35	35	35	35	35	35	35
Culture and Recreation										
Parks acreage	-	140	140	140	140	140	151	151	156	156
Parks	16	18	18	18	18	15	15	16	18	18
Swimming pools	1	1	1	1	1	1	1	1	1	1
Business-Type Function										
Water										
Water mains (miles)	135.8	135.8	13.5	135.8	137.5	139.8	142.1	143.1	147.6	152.2
Wells	13	13	13	13	15	17	17	18	18	18
Water Storage	11	11	11	11	12	12	12	12	12	12
Sewer										
Sanitary sewers (miles)	110.3	110.3	110.3	110.3	111.1	112.2	113.2	114.2	128.6	143.0
Storm sewere (miles)	9.6	9.6	9.6	9.6	10.0	10.0	10.1	10.2	10.7	11.2
Treatment plants	2	2	2	2	2	2	2	2	2	2