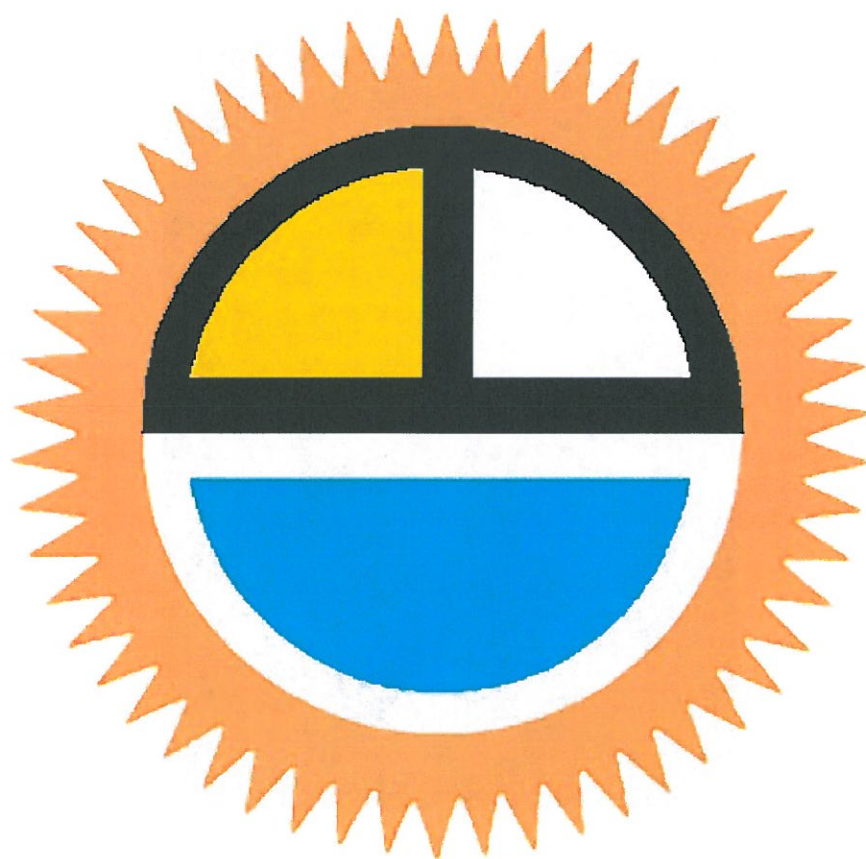

Comprehensive Annual Financial Report

For the year Ended December 31, 2016



City of Moses Lake, Washington
401 South Balsam Street
Moses Lake, WA 98837

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CITY OF MOSES LAKE,
WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Prepared by The Finance Department

Robert Taylor, CGFM
Finance Director

Linda Beisel
Accounting Division Manager

Tanyaa Haines
Accountant

Sandra Estudillo
Accountant

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City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2016



INTRODUCTORY SECTION

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CITY OF MOSES LAKE
Finance Department

June 28, 2017

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, 2016 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 to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A is presented in the financial section of the report. The letter of transmittal and the MD&A are written to complement one another and should be read in conjunction with one another.

PROFILE OF THE CITY

The City of Moses Lake was incorporated on September 19, 1938. The City is located along Interstate 90 approximately 176 miles east of Seattle and 105 miles west of Spokane. The City of Moses Lake serves over 22,000 citizens and encompasses 21 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 180 full time employees and an operating budget of \$65.9 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, storm water, and a municipal airport. It also operates a museum and arts center and maintains the local library.

The City is quite proud of being a family oriented community with a total of 38 parks and facilities, of which 7 parks are partially or entirely undeveloped at this time. One of the City's major accomplishments is the Surf n' Slide Water Park which boasts as one of the Northwest's premier facilities. Featuring a zero depth beach, two 200-ft water slides, 1 & 3 meter diving boards, handicapped accessibility, sand volleyball courts, picnic shelter and children wet sand playground area. The facility had been awarded the Georgie Award. This award is presented for most outstanding tourism product or service to enhance travel and tourism in the state of Washington. The city enhanced the facility by adding a lazy river and flow rider.

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

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability of 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 requires 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.

RELEVANT FINANCIAL POLICIES

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Moses Lake. Therefore, the establishment and maintenance of wise fiscal policies and procedures enable City officials to protect public interests and ensure public trust. These programs have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs. These programs include the operating of enterprise fund budgets, revenues and expenditures, cash management and investment, accounting, financial reporting and auditing, reserve and fund balance, debt management and capital improvements.

The City has operated for many years on the basis of having cash in hand before making major

expenditures. This has allowed the City to maintain adequate fund balances and, at the same time, to provide excellent services to the citizens of Moses Lake.

MAJOR INITIATIVES

Much of the focus for the past four years has been responding to the impacts of the decrease in property tax revenues. The City remains confident that the decrease is temporary. Management initiated procedures so that there has been minimal impact on services. In 2015 an assessment of the largest property tax owner had been remanded from Thurston County Superior Court back to the Board of Tax Appeal (BTA). In January 2016 the BTA reassessed the value of the property owner to be less than the County original amount but much larger than that disputed by the property owner. Although the case has again been appealed the new amount due the City has been properly accrued and reflected in the financial statements. Until the final appeal has been heard, the City remains confident that there will be a favorable conclusion and continues with prudent budgetary practices to mitigate the effect of the appeal and the effect on its operations.

With the City having reached a desirable population threshold and having cheap power businesses continue to find the area more desirable. The city has attracted a firm producing natural antioxidants and anti-inflammatory compounds, a rising company to the airline industry and continues to draw interest from other industries and chain stores. With the City having over 300 days of sunshine a year and plenty of aquatic and recreational activities at its disposal the area has become a weekend destination for families for those people living hours away in larger cities.

The City created a Fund Balance and Contingency Reserve policy to “cushion” against potential shock of unanticipated circumstances or events creating revenue shortfalls or unanticipated expenditures. The policy established a minimum level of at least 10 percent of the total General Fund budgeted revenue, which the fund balance is to be maintained. The maximum allowable was 37.5 cents per thousand dollars of assessed value. Due to the unanticipated property tax short fall the fund was fully utilized in 2012 and no contribution was made in since due to a continuing decline in our tax base. However, the city council is in the process of reestablishing the reserve and is reviewing and working towards establishing a fund balance policy to have a minimum reserve for all funds.

No additional bonding is anticipated for the City and the current debt is continually being reduced. All existing bond debt will be paid off in 2026 with a substantial reduction in debt payments in 2021 with the pay off of GO Bonds for the Civic Center building in 2020.

The City is actively reviewing the city's fee structure in an effort to offset loss of property tax revenue and to reduce the heavy reliance on property taxes. New revenue sources are being evaluated, enhancements and increases of existing fees, rates and revenue sources that have been static for many years are being reexamined, and federal and state grants are being pursued in an attempt to become more proactive to change outside the control of the City. Many new rates were implemented by City Council for the current year and will continue to be reviewed and analyzed in preparation of instituting

them in future budgets.

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 2016 of 22,250 but serves a population close to twice that size. The City is a service center for the surrounding agricultural community which is a top producer of potatoes and mint. Additionally, growers produce wheat, onions, apples, corn, and barley. Since the 1970's the area's economy has been diversified with a mix of manufacturing and 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.

Moses Lake did not see a rapid acceleration in the valuation of real estate that most of the country had in prior years, nor the resulting slump in the housing industry that contributed to the economic down turn. However we did not avoid the domino affect that was created, stagnant construction and the drop in retail sales that followed. With a relatively stable economy and with slow steady growth the local economic development activity continues to increase with the inclusion of new manufacturing job opportunities.

Business and industry will continue to locate in and around the City due to relatively inexpensive land and construction costs and one of the least expensive electrical rates in the nation. The City participates in an aggressive economic development program in cooperation with the Grant County Economic Development Council, Grant County, and the Moses Lake Area Chamber of Commerce with the intention of retaining and recruiting business and industry to the City. A manufacturer of carbon fiber products for BMW automobiles continues to plan for expansion. The initial plan had owners investing \$100 million in the first phase of development and subsequently adding a second line of operation. Favorable infrastructure conditions, existing utilities, a skilled labor force and ease of working with the local government were also contributing factors in selecting Moses Lake as their location.

Recently an existing manufacturing firm has increased it's size and production over the past year, Another business is in the process of expanding a facility by 100,000 square feet, while two new credit unions completed construction and three new multi family complexes, with over 150 units each, has begun construction. A major grocery chain with locations in 8 states completed construction and is operating within the city limits and another Hotel chain has submitted plans for a new building. These are all vital signs that the local economy is rebounding and retail sales and the collection of sales tax have improved and will continue to do so.

Long-term Financial Planning

Improvements are needed to meet the growing population in order to maintain the level of

service that is expected by the citizens. The City has a five year plan which includes but is not limited to upgrades to existing lift stations, multiple sewer lining projects, rehabilitating wells, extending the Sand Dunes sewer forcemain, arterial preservation, and resurfacing and chipping sealing of arterial and collector streets.

Due to the reduction in property tax over the past three years the City Manager and department Directors have been diligent in maintaining a consistent strategy of restraining costs within existing revenues. With existing industries expanding and new industry locating to the area the prospect of increased revenue is promising. With financial policy building up reserves for future contingencies and a final payment of \$1.7 million to the County made in 2015 the City will be in position for a healthier fiscal future. In 2017 the city created a Transportation Benefit District to address the needs of preserving the streets at an adequate level and is preparing to place on the ballot a referendum to increase sales tax to address the revenues concerns offsetting the costs that otherwise would be paid for from general fund receipts.

Acknowledgments

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the Finance Department. I would like to recognize and give a special note of thanks to Linda Beisel, Accounting Division Manager and Accountants Tanyaa Haines and Sandra Estudillo, who served as the main CAFR preparers. I express my appreciation to the other City departments that help in providing detailed information that is included in this report. Credit is also given to the City Council, and the City Manager for their interest in planning and conducting the financial operations of the City.

Respectfully submitted

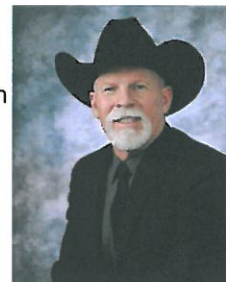
A handwritten signature in blue ink, appearing to read "W Robert Taylor".

W Robert Taylor, CGFM
Finance Director

CITY OF MOSES LAKE ELECTED OFFICIALS
with term expiration date



MAYOR
Todd Voth
12/31/17



COUNCIL



Karen Liebrecht
Deputy Mayor
12/31/17



David Curnel
12/31/17



Bill Eckret
12/31/17



Ryann Leonard
12/31/19



Don Myers
12/31/19



Mike Norman
12/31/19

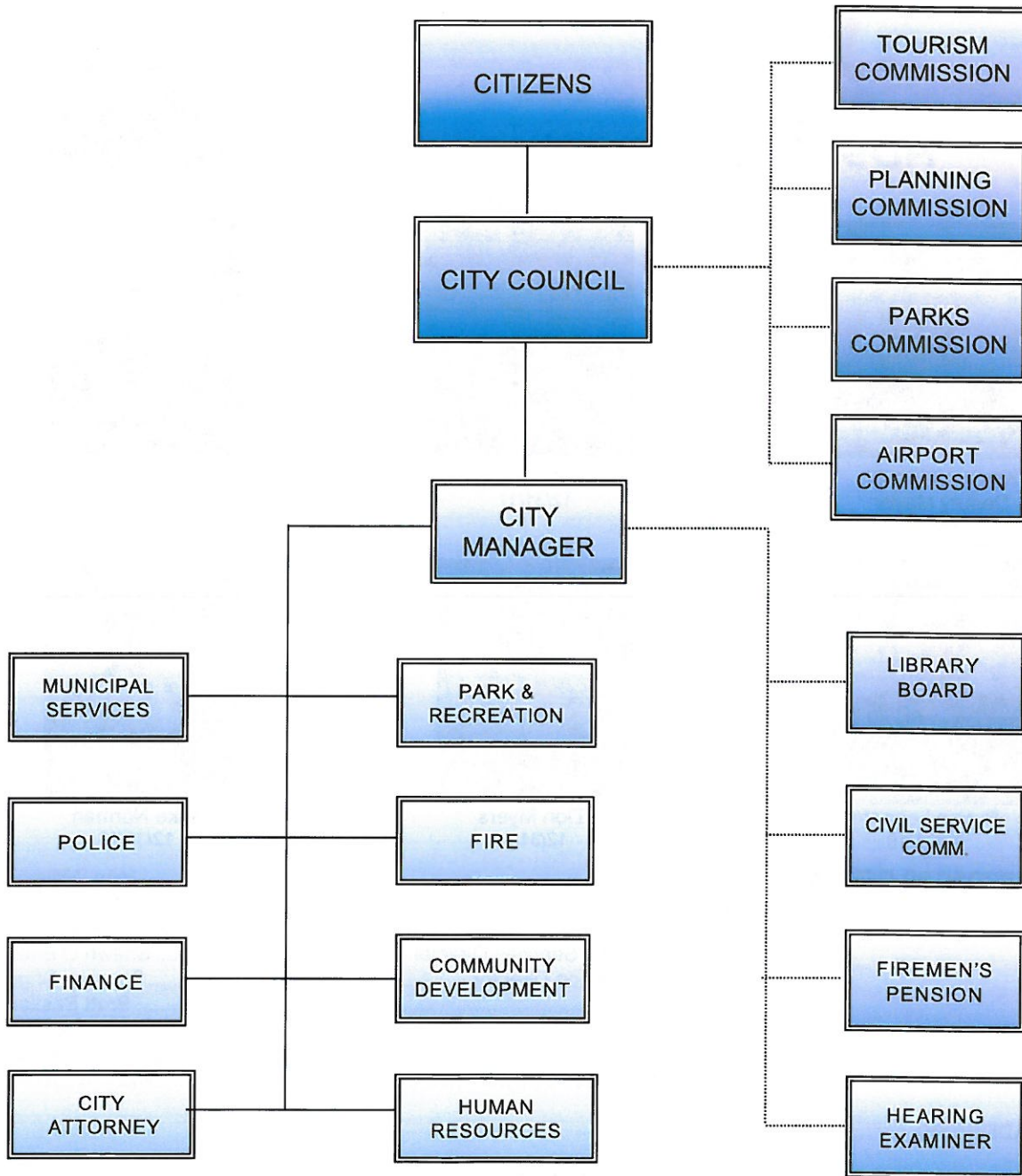
APPOINTED OFFICIALS:	City Manager.....	John Williams
	Finance Director.....	Robert Taylor
	City Attorney	Katherine Kenison
	Acting Municipal Services Director	Shawn O'Brien
	Parks & Recreation Director	Spencer Grigg
	Fire Chief	Brett Bastian
	Police Chief.....	Kevin Fuhr
	Community Development Director/Deputy City Manager.....	Gilbert Alvarado
	Human Resources Director	Richard Bisnett

ADDRESS: P.O. Box 1579
401 S. Balsam
Moses Lake, WA 98837

WEBSITE: www.cityofml.com

City of Moses Lake

Organizational Chart



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



City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2016



FINANCIAL SECTION



**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 27, 2017

City Council
City of Moses Lake
Moses Lake, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moses Lake, Grant County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Street funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 27, infrastructure modified approach information on pages 84 through 86, pension plan information on pages 87 through 90 and on 92 and information on postemployment benefits other than pensions on page 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted 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 financial statements and supplementary information on pages 96 through 121 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

MANAGEMENT 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, 2016. 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 \$152,515 (net position). Of this amount, \$12,211 (unrestricted net positions) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$7,408.
- As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of \$5,811, an increase of \$1,457 from the prior year.
- At the end of the current fiscal year, unassigned fund balance available to spend at the City's discretion for the general fund was \$2,879.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Moses Lake's basic financial statements. The City of Moses Lake's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The **statement of net position** presents information on all of the City of Moses Lake's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net positions 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, economic development, and culture and recreation. The business-type activities of the City of Moses Lake include a water and sewer utility, sanitation, storm water, ambulance and airport.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Moses Lake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Moses Lake can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Moses Lake maintains ten governmental funds. The City's only major governmental fund as determined by GASB criteria is the general fund. For reporting purposes the city has elected to present the street fund as a major fund. The general fund and street fund are presented separately in the governmental funds balance sheet, and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, sanitation, storm water, ambulance and airport as all are considered to be major funds of the City of Moses Lake. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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 Position

As noted earlier, net position 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 \$152,514 at December 31, 2016.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 6,233	\$ 4,305	\$ 20,571	\$ 18,531	\$ 26,804	\$ 22,836
Capital assets	71,208	71,045	85,025	84,235	156,233	155,280
Total assets	77,441	75,350	105,596	102,766	183,037	178,116
Deferred outflows pension	1,317	637	451	254	1,768	891
Deferred loss on refunding	177	194	35	39	212	233
Total deferred outflows of resources	1,494	831	486	293	1,980	1,124
Long-term liabilities	9,790	10,205	10,954	12,443	20,744	22,648
Other liabilities	6,674	5,104	4,918	4,853	11,592	9,957
Total liabilities	16,464	15,309	15,872	17,296	32,336	32,605
Deferred inflows pension	124	1,136	42	392	166	1,528
Total deferred inflows of resources	124	1,136	42	392	166	1,528
Net position:						
Net investment in capital assets	63,239	62,233	74,491	72,276	137,730	134,509
Restricted	1,247	780	1,327	1,417	2,574	2,197
Unrestricted	(2,140)	(3,279)	14,350	11,680	12,210	8,401
Total net position	\$ 62,346	\$ 59,734	\$ 90,168	\$ 85,373	\$ 152,514	\$ 145,107

The largest portion of the City of Moses Lake's net position (90%) 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 position (2%) represents resources that are subject to

external restrictions on how they may be used. The remaining balance of unrestricted net positions (8%) 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's financial position for the year was better than anticipated due to an unexpected court decision with a major property owner over their assessment. Although the decision has been appealed, future years are looking positive with business growth increasing slightly and local economy expected to continue improving.

Statement of Changes in Net Position

The changes in net position table indicates the increases or decreases in net position of the city resulting from its operations. The City's total net position increased by \$6,918 in 2016. The increase after transfers was split among an increase in governmental \$2,121 and an increase in business-type activities \$4,797.

The following is a summarized version of the City's changes in net position. The table shows the revenues, expenses, and related changes in net position in table form for the governmental activities autonomous from the business-type activities for 2016.

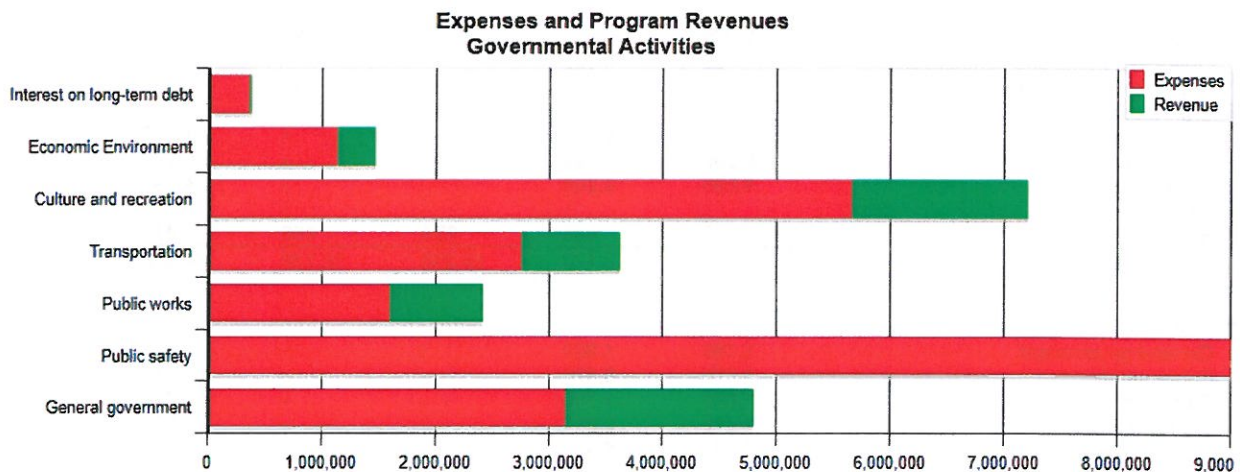
City of Moses Lake Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenue						
Charges for service	\$ 6,292	\$ 6,077	\$ 17,521	\$ 17,317	\$ 23,813	\$ 23,394
Operating grants and contributions	65	127	-	-	65	127
Capital grants and contributions	680	680	1,563	663	2,243	1,343
General Revenue						
Property taxes	7,595	4,464	-	-	7,595	4,464
Sales taxes	6,535	6,128	-	-	6,535	6,128
Business taxes	4,099	4,206	-	-	4,099	4,206
Other taxes	-	-	-	-	-	-
Other	268	488	224	156	492	644
Total revenues	25,534	22,170	19,308	18,136	44,842	40,306
Expenses:						
General government	3,165	1,920	-	-	3,165	1,920
Public safety	9,079	8,476	-	-	9,079	8,476
Public works	1,616	1,705	-	-	1,616	1,705
Transportation	2,773	2,011	-	-	2,773	2,011
Culture & recreation	5,680	5,403	-	-	5,680	5,403
Economic environment	1,146	1,107	-	-	1,146	1,107
Interest on long-term debt	380	434	-	-	380	434
Water/server utility	-	-	7,284	8,027	7,284	8,027
Sanitation	-	-	3,606	3,544	3,606	3,544
Ambulance	-	-	2,338	2,395	2,338	2,395
Airport	-	-	51	52	51	52
Storm water	-	-	808	569	808	569
Total expenses	23,839	21,056	14,087	14,587	37,926	35,643
Increase in net position before transfers	1,695	1,114	5,221	3,549	6,916	4,663
Transfers	426	426	(426)	(426)	-	-
Change in net position	2,121	1,540	4,795	3,123	6,916	4,663
Net position 01/01	59,735	60,893	85,372	85,047	145,107	145,940
Prior Period Adjustments	171	(465)	-	(339)	171	(804)
Change in Accounting Principles	319	(2,234)	-	(2,460)	319	(4,694)
Net position 12/31	\$ 62,346	\$ 59,734	\$ 90,167	\$ 85,371	\$ 152,513	\$ 145,105

*The City had a change in accounting principal due to the implementation of GASB 73, please see note 1F for details.

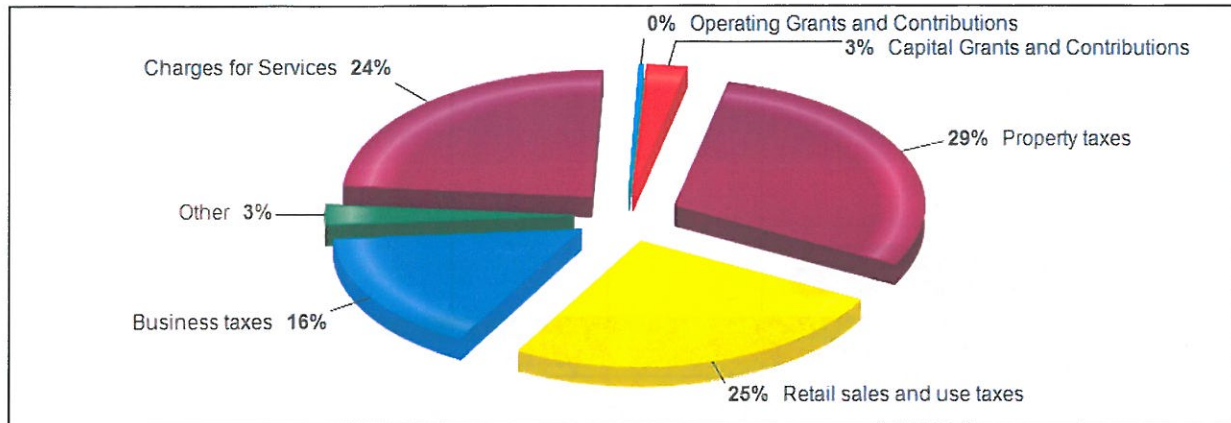
**The City had prior period adjustments for the Street Fund, please see note 17 for details.

Governmental activities. Governmental activities increased the City of Moses Lake's net position by \$2,121. As shown in the Statement of Activities, \$7,037 of the total cost was paid for by either those directly benefitting from the programs or by governments and organizations that subsidized certain programs through grants and contributions. Key elements of this increase are as follows:

- The increase (\$3,131) in property taxes was due largely to a court ruling against the largest property taxpayer for back taxes owed (\$1,025) and the elimination of a revenue sharing agreement (\$1,700) paid to the county..
- The increase in sales taxes (\$407) was attributable to the growth in retail sales and the local economy with the addition of new retail businesses.
- An increase in transportation (\$762) expenses came from multiple street projects to preserve the roadways which were put on hold in prior years to help build fund balances.
- The increase in public safety expense (\$603) is attributable largely to the settlement of contract negotiations for police and fire and retroactive pay to 2015 (\$269), increase in vehicle expense for the addition of two police vehicles, fire pump truck and capital equipment (\$216), and increase in professional fees (\$45) for increased call volume.

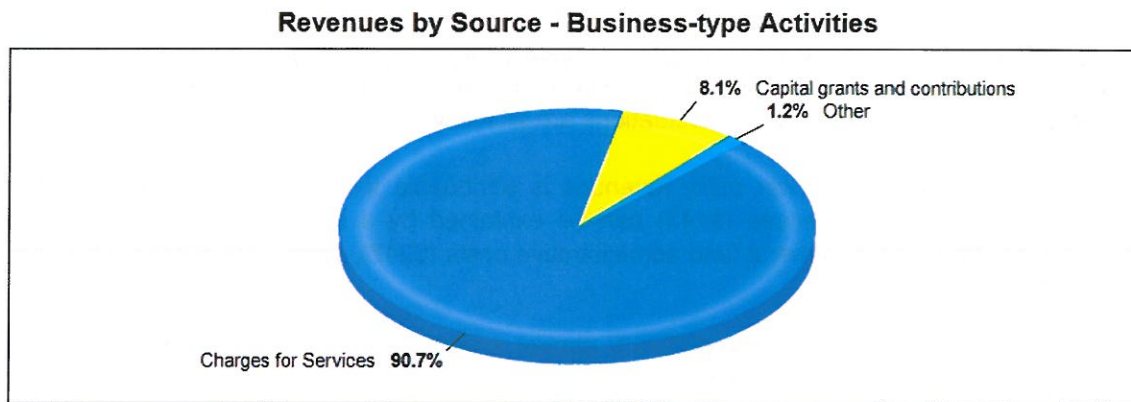
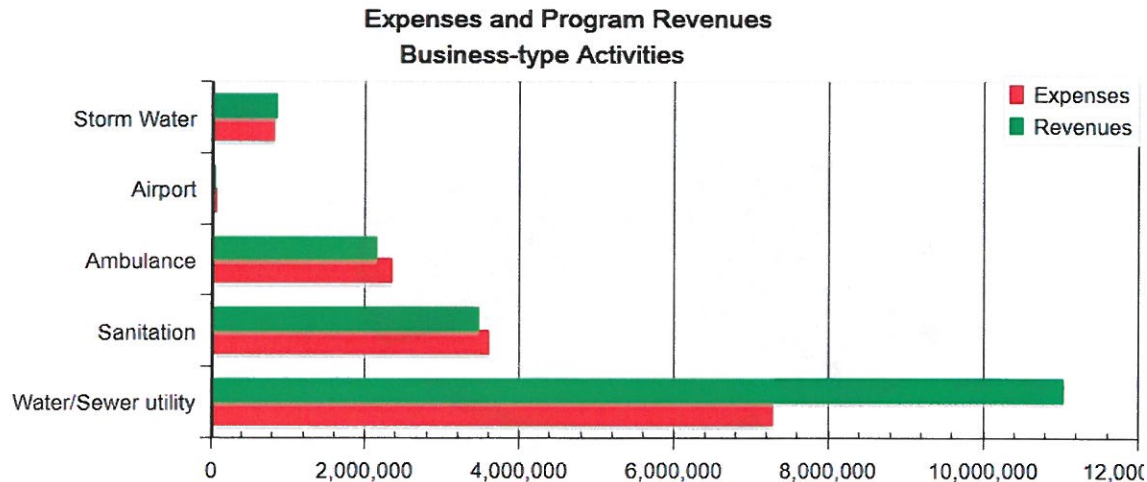


Revenues by Source - Governmental Activities



Business-type activities. Total net positions of business-type activities increased by \$4,795 for the year. Other than ambulance when revenues decrease for a activity so did the related expenses and when revenues increased so did expenses. Key elements of the fluctuations are as follows.

- An increase (\$152) in Water/Sewer utility revenues is attributable to an increase in rates by CPI (1.3%). The decrease in expenses (\$743) can be explained by a decrease in Internal Service activities (\$401), allocation of general fund administrative costs (\$247), contracted repairs (\$59), and interest (\$68).
- The storm water expenditures increased (\$239) almost entirely due to the development of seven drywells and a storm water retention basin.
- The increase (\$287) in charges for services for sanitation was mostly from a rise in residential rates. The decrease in expenses (\$62) can be attributed to a reduction in FTE.
- The airport is a non self-supporting fund and has minimal revenue and expenses.
- The ambulance fund had a decrease in revenue (\$487) from a reduction in call volume and also contractual limits related to Medicare and insurance allowances.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City of Moses Lake's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Moses Lake's financing requirements.

As of the end of the current fiscal year, the City of Moses Lake's governmental funds, which includes debt service funds, capital projects funds, and special revenue funds had an ending fund balance of \$5,811, an increase of \$1,457 in comparison with the prior year. It is partly made up of unassigned fund balance (\$2,879), which is available for spending at the government's discretion. The remainder of fund balance is restricted 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 (\$329), for donations and grants held for culture and recreation use (\$557) and a variety of other restricted purposes (\$2,036).

The General Fund is the chief operating fund of the City of Moses Lake. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,879 while the total fund balance was at \$3,454. The street fund is a special revenue fund, who's purpose is for the maintenance of streets and alleys, traffic control, and electrical street lighting, had a total balance of \$515.

The fund balance of the City of Moses Lake's General Fund increased by \$1,046 during the current fiscal year and the Street Fund increased by \$(85). Key factors in the changes are as follows:

- The street fund operating revenue increased (\$282) due mostly to an increase in State entitlements (\$235). There was an increase in expenditures (\$271) over the previous year for seal coating of streets.
- There was an increase in property taxes (\$3,131) , sales taxes (\$407) contributing to the General Fund.
- Increases in expenditures occurred in public safety (\$603), due to increases in salaries and benefits (\$269) and there were also increases in culture and recreation through the parks ice rink programs (\$277) that had been on a one year hiatus.
- There was some sustainable growth in the construction industry and as a result an increase in building fees and permits (\$324). Charges for services decreased (\$665) over the last year.

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

Unrestricted fund balance of the Water and Sewer Utility at the end of the year amounted to \$11,870, and that of the Ambulance Utility amounted to \$445. The total of the two funds accounted for 92% of the total net positions for all enterprise funds. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Moses Lake's business-type activities.

BUDGETARY HIGHLIGHTS

Original compared to final budget

The final revenue budget for the General Fund did not differ from the original budget while expenditures were \$527 higher than original. The street fund final revenue budget was \$225 higher than the original, and the expenditure budget had a slight increase from the original. This was the result of budget amendments approved by City Council during the year. The major budget changes are listed below.

- Changes in general government was the result of an increase in salaries for existing positions and a newly created position (\$94), an increase in legal fees (\$60) due to additional work for an appeal of a planning commission decision and city site plan approval. Public safety increased due to the settlement of wage negotiations (\$242) for both bargaining units of the city back to 2015. Recreation and culture was reduced due to the elimination of parks concessions (\$138) for labor and supplies. Capital changed due to a compressor (\$80) having to be replaced and request for a new

scanner/printer (\$25).

- Revenue for streets was increased entirely due to adjustment of state entitlements (\$225). The additional revenue allowed the fund to add other badly needed street improvements (\$89).

Actual results compared to final budget

General fund revenues were over final amended budget by \$2,077 (11%) and expenditures less by \$650 (3%). Street fund had \$38 more revenue (5%) than budget and expenditures were \$30 (1.6%) under budget. Factors contributing to this outcome were:

- Taxes were higher for the General fund due mostly to property taxes (\$558) and sales tax (\$733). Permits for new construction (\$332) accounted for the increase in licenses and permits. Charges for service of \$243 and intergovernmental revenues of \$151 were higher due to plan review (\$154), charges for parks and engineering services (\$32) for more activities than were projected and a greater amount of state shared revenue (\$143).
- There was a decrease in public works expenditures (\$303), and culture and recreation (\$314). These funds cut back on their spending through reduction in the labor force therefore reducing wages and benefits (\$287 and \$305).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, aquatic facilities, and streets. The total increase in the City of Moses Lake's investment in net capital assets for the current fiscal year was 2.4% (a 1.6% increase for governmental activities and a 3.0% increase for business-type activities).

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

- New rolling stock was purchased (\$959), which included a pump truck (\$505), two mowers (\$199), two police vehicles (\$92) and a bucket truck (\$88).
- Major work was completed on sewer system improvements (\$653), well repair and renovation (\$629) was completed, new lift station (\$425), water system improvements (\$745), lift station improvements (\$641), manhole lining project (\$211) and a replacement of a comfort station (\$138) were finished in 2016.
- Storm drain improvements (\$204) were finalized and drywell projects (\$225) were completed.

City of Moses Lake's Capital Assets
(Net of depreciation)
(Actual Amounts)

	Governmental Activities	Business-type Activities	Total
Land and land improvements	\$ 5,560,986	\$ 1,273,031	\$ 6,834,017
Buildings and other improvements	21,067,725	28,096,871	49,164,596
Machinery and equipment	4,902,298	3,023,204	7,925,502
Infrastructure	39,468,962	52,141,285	91,610,247
Construction in Progress	208,065	490,873	698,938
Total assets	<u>\$ 71,208,036</u>	<u>\$ 85,025,264</u>	<u>\$ 156,233,300</u>

Additional information on 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 its streets, alleys, bike paths, parking lots, bridge, storm drains, catch basins, dry wells and piping. 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, bridge and storm water system 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 its 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 its superior rating. Projected costs to maintain the bridge are included in the budgeted cost of the streets.

The City maintains an inventory of these infrastructure assets. With triennial assessments establishing the condition level of the assets, the City makes annual estimates of the cost to maintain its streets which are also reported in the City's annual Capital Improvement Program. For 2016 the City projected \$1,008 for road maintenance. The actual amount expended was \$831.

Normally there were no significant changes in the condition levels of the streets. With relatively mild weather patterns the condition level of the streets was maintained above the acceptable conditions for the City. However, in 2016 the city experienced a severe cold winter and the streets succumbed to above normal fracturing. In 2017 the city established a Transportation Benefit District to generate revenue and to

address future repair needs.

Long-term debt. At the end of the fiscal year, the City of Moses Lake had total bonded debt outstanding of \$14,995. Of this amount, \$7,280 comprises debt backed by the full faith and credit of the government and \$7,715 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	\$ 6,685,833	\$ 594,167	\$ 7,280,000
Revenue debt	-	7,715,000	7,715,000
Total long-term debt	<u>\$ 6,685,833</u>	<u>\$ 8,309,167</u>	<u>\$ 14,995,000</u>

The City of Moses Lake's total bonded debt decreased by \$1,915 due to payments and no new debt being issued. Currently, the city does not anticipate issuing any new debt in the foreseeable future and there is no bonded debt being retired or maturing until 2020.

The City of Moses Lake maintains favorable rating from Standard & Poor's by carrying Bond insurance. The Revenue Bonds are rated "AA-" and the General Obligation Bonds as of March 2017 were rated "A+", with an upgrade to a stable outlook'.

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 2016 was \$2,143,919,575 and the remaining debt capacity is as follows:

	(Actual amounts)
General	\$ 43,636
Open Space/Park Facilities	53,598
Utilities	53,598
Total	<u>\$ 150,832</u>

Additional information on the City's long-term debt can be found in Note 9 to the Financial Statements.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

While the area has sustained moderate growth through 2007 and remains positive, the rate of growth began to slow in 2008, and slowed further in 2009 through 2014. In 2016 growth in the economy picked up, albeit at a still relatively tempered pace. This renewed economic growth is expected to continue in 2017 with new businesses opening stores and existing ones expanding.

Growth generally translates into greater revenues attributable in part to increased sales taxes, property taxes, permit fees, and the like. The City finds itself in a somewhat unique and fortunate situation. While

the effect of the past national "great recession", as it has been termed, is felt by the City in reduced sales taxes and permitting fees, the real property taxes from industrial growth has covered the loss of those reduced sales tax receipts and even caused an overall increase in general government revenues. As the national economy grows again, the City anticipates sales taxes and permitting fees will rebound which will be extremely advantageous for the City. This growth has become apparent in 2016 where the City has realized a moderate growth in property taxes and permitting fees.

With 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 2016 budget.

In reviewing the building activity in the local economy currently in progress and anticipated for the future, it is anticipated that the local economy should continue to improve in 2017 and perhaps for several years in the future, but at a moderate rate, which supports the assumption that current service levels can be maintained.

Several industrial and retail concerns in and around the City have completed new projects or expansions in 2016. These expansions, additions, and new projects will result in added building activity, a short term influx of construction employment, and in the long term, add jobs to the City's employment base. The expansion and/or new location of industry and retail 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. The added employment has resulted in additional population in and around the City which will affect retail sales and, therefore, the City's retail sales tax receipts.

Property tax increases have been limited by voter approved initiatives. However, gross property tax receipts have increased because of annexations and new construction within the City.

The property owner with the largest real estate tax assessment within the City appealed their 2012 assessment. The County is seeking a \$1.2 billion value and the property owner a \$450 million value or less. Washington State Board of Tax Appeals (BTA) assessed a valuation of \$904 million for the property owner. The property owner appealed the verdict to Superior Court. Superior Court remanded the case back to BTA for clarification. The BTA returned with a new valuation of \$774 million for the 2012 assessment. The decision is reflected in the city's property tax revenue for 2016. The same property owner has disputed their 2013, 2014 and 2015 assessment. All years have been heard by the Board of Equalization and were appealed to the BTA. The County feels strongly that the board will more favorably view the County's determination of assessed value than that of the property owner. The City is not anticipating a decrease in services and will defer construction projects until such time as the dispute is resolved.

During the current fiscal year, the unassigned fund balance increased as the total fund balance for the General Fund. Except for a small allowed property tax increase, no other tax increases were included in preparing the 2016 budget. The City expects and intends to increase the fund balances in future years as management is in the process of establishing a fund balance policy based on a factor of operating expenditures..

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 2016 fiscal year.

The projected outlook for the City of Moses Lake and surrounding area remains positive as more building permits are issued and more 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, 401 S. Balsam, PO Box 1579, Moses Lake, WA 98837.

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2016



BASIC FINANCIAL STATEMENTS

CITY OF MOSES LAKE
Statement of Net Position
December 31, 2016

	Governmental Activities	Primary Government Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,420,450	\$ 9,257,622	\$ 18,678,072
Receivables (net of allowances for uncollectibles)	2,623,037	2,216,189	4,839,226
Internal balances	(7,156,442)	7,156,442	-
Inventories and prepaid items	258,661	424,475	683,136
Restricted assets:			
Cash	-	1,310,849	1,310,849
Interest and other receivables	1,454	-	1,454
Capital assets			
Land and land improvements	5,560,986	1,273,031	6,834,017
Construction in Progress	208,065	490,873	698,938
Net of accumulated depreciation			
Buildings and other improvements	21,067,725	28,096,871	49,164,596
Machinery and equipment	4,902,298	3,023,204	7,925,502
Infrastructure	39,468,962	52,141,285	91,610,247
Net Pension Asset	1,086,302	205,697	1,291,999
Total assets	<u>77,441,498</u>	<u>105,596,538</u>	<u>183,038,036</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	\$ 176,530	\$ 35,306	\$ 211,836
Deferred outflows related to pensions	1,316,528	450,816	1,767,344
Total deferred outflows of resources	<u>1,493,058</u>	<u>486,122</u>	<u>1,979,180</u>
LIABILITIES			
Accounts payable and other current liabilities	544,016	1,093,331	1,637,347
Accrued interest	55,195	131,248	186,443
Unearned revenues	496	-	496
Noncurrent liabilities:			
Due within one year	1,397,827	1,553,634	2,951,461
Due in more than one year	9,790,396	10,953,984	20,744,380
Net pension liability	4,676,705	2,139,885	6,816,590
Total liabilities	<u>16,464,635</u>	<u>15,872,082</u>	<u>32,336,717</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	123,902	41,769	165,671
Total deferred inflows of resources	<u>123,902</u>	<u>41,769</u>	<u>165,671</u>
NET POSITION			
Net investment in capital assets	63,239,074	74,491,199	137,730,273
Restricted For:			
Debt service	184,723	1,327,160	1,511,883
Other purposes	1,062,017	-	1,062,017
Unrestricted	(2,139,795)	14,350,450	12,210,655
Total net position	<u>\$ 62,346,019</u>	<u>\$ 90,168,809</u>	<u>\$ 152,514,828</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, 2016

Function/Programs	Program Revenues					Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services		Operating Grants and Contributions		Primary Government		Total
					Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:								
General government	\$ 3,164,520	\$ 1,634,010	\$ 2,111	\$ -	\$ -	(1,528,399)	\$ -	(1,528,399)
Public safety	9,079,116	1,169,764	35,409	-	-	(7,873,943)	-	(7,873,943)
Public works	1,616,151	794,545	-	-	-	(821,606)	-	(821,606)
Transportation	2,772,694	848,254	-	679,361	-	(1,245,079)	-	(1,245,079)
Culture and recreation	5,680,271	1,526,032	27,184	1,000	-	(4,126,055)	-	(4,126,055)
Economic Environment	1,146,169	319,852	-	-	-	(826,317)	-	(826,317)
Interest on long-term debt	379,763	-	-	-	-	(379,763)	-	(379,763)
Total governmental activities	23,838,684	6,292,457	64,704	680,361	-	(16,801,162)	-	(16,801,162)
Business-type activities:								
Water/Sewer utility	7,283,991	11,036,058	-	1,359,836	-	-	5,111,903	5,111,903
Sanitation	3,605,673	3,471,109	-	-	-	-	(134,564)	(134,564)
Ambulance	2,337,527	2,145,587	-	-	-	-	(191,940)	(191,940)
Airport	50,676	25,979	-	-	-	-	(24,697)	(24,697)
Storm Water	807,738	841,820	-	203,377	-	-	237,459	237,459
Total business-type activities	14,085,605	17,520,553	-	1,563,213	-	-	4,998,161	4,998,161
Total primary government	\$ 37,924,289	\$ 23,813,010	\$ 64,704	\$ 2,243,574	-	(16,801,162)	4,998,161	(11,803,001)
General Revenues:								
Property taxes						7,594,524	-	7,594,524
Retail sales and use taxes						6,535,040	-	6,535,040
Business taxes						4,099,389	-	4,099,389
Investment earnings						234,809	148,413	383,222
Insurance recoveries						32,770	75,630	108,400
Transfers, internal activities						425,660	(425,660)	-
Total general revenues and transfers						18,922,192	(201,617)	18,720,575
Changes in net position						2,121,030	4,796,544	6,917,574
Net position - beginning						59,735,031	85,372,263	145,107,294
Prior Period Adjustments						171,441	-	171,441
Changes in Accounting Principles						318,517	-	318,517
Net position - ending						\$ 62,346,019	\$ 90,168,807	\$ 152,514,826

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

CITY OF MOSES LAKE
Balance Sheet
Governmental Funds
December 31, 2016

	General	Street	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,024,677	\$ 520,738	\$ 1,877,132	\$ 6,422,547
Receivables (net of allowance for uncollectibles):				
Taxes	1,366,489	-	-	1,366,489
Customer accounts	89,419	-	37,667	127,086
Unbilled services	312,379	-	-	312,379
Other receivables	802,164	6,517	168	808,849
Due from other funds	10,670	-	-	10,670
Due from other governments	4,015	-	4,218	8,233
Prepaid Expenses	103,983	73,703	-	177,686
Total assets	<u>6,713,796</u>	<u>600,958</u>	<u>1,919,185</u>	<u>9,233,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	60,942	68,475	36,014	165,431
Salaries and benefits payable	276,239	9,534	299	286,072
Due to other funds	2,611	1,567	2,196	6,374
Unearned revenue	496	-	-	496
Interfund loans payable	750,000	-	-	750,000
Unearned revenue	51,182	6,517	37,667	95,366
Other short-term liabilities	1,300	-	-	1,300
Total liabilities	<u>1,142,770</u>	<u>86,093</u>	<u>76,176</u>	<u>1,305,039</u>
Deferred inflows of resources				
Deferred property tax	1,366,489	-	-	1,366,489
Deferred traffic citations	750,982	-	-	750,982
Total deferred inflows of resources	<u>2,117,471</u>	<u>-</u>	<u>-</u>	<u>2,117,471</u>
Fund Balances:				
Nonspendable:				
Inventories and noncurrent receivables	244,583	80,220	4,386	329,189
Restricted for:				
Public safety programs	-	-	285,722	285,722
Tourism	-	-	541,893	541,893
Debt service	-	-	184,723	184,723
Culture and recreation	-	-	556,876	556,876
Committed for:				
Committed	330,371	-	-	330,371
Culture and recreation	-	-	-	-
Transportation	-	-	207,328	207,328
Assigned to transportation	-	434,646	-	434,646
Assigned to Culture and recreation	-	-	62,082	62,082
Unassigned	2,878,602	-	-	2,878,602
Total fund balances	<u>3,453,556</u>	<u>514,866</u>	<u>1,843,010</u>	<u>5,811,432</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,713,797</u>	<u>\$ 600,959</u>	<u>\$ 1,919,186</u>	<u>\$ 9,233,942</u>

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

CITY OF MOSES LAKE
Reconciliation of the Governmental Funds Balance Sheet to
The Government-wide Statement of Net Position
December 31, 2016

Total Governmental Fund Balances	\$ 5,811,432
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Amounts reported for governmental activities in the government government-wide statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets)	54,297,177
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Other long-term assets are not available to be collected in current period revenues and therefore are deferred in the funds.	2,212,837
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Internal service funds are used by management to change the costs of certain activities, such as insurance, information services, fleet management, and building maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities on the government-wide statement of net position.

Internal Service funds' net position	9,630,347	
Internal payable-charges under cost to business-type activities- prior years	(1,024,955)	
Internal receivable-charges over cost to business-type activities - current years	<u>(681,843)</u>	
Net adjustment to arrive at net position - governmental activities		7,923,549

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

Bonds payable	(2,970,833)	
Issuance discounts, premiums and deferred amount on refunding	(33,766)	
Accrued interest payable	(46,209)	
Compensated absences	(1,758,546)	
Pension obligations (net)	(2,103,920)	
Other postemployment benefits	<u>(987,158)</u>	
Net adjustment to arrive at net position - governmental activities		(7,900,432)

Interest receivables of governmental activities not reported in the funds.	<u>1,454</u>
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Net position of governmental activities	<u><u>\$ 62,346,017</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Street	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 16,469,217	\$ -	\$ 723,370	\$ 17,192,587
Licenses and Permits	873,332	95,104	-	968,436
Intergovernmental revenues	348,753	688,079	305,968	1,342,800
Charges for services	3,044,094	10,814	323,661	3,378,569
Fines and forfeits	445,816	-	144	445,960
Interest earnings	233,352	-	1,883	235,235
Rents and royalties	98,588	-	-	98,588
Contributions/donations	-	-	90,498	90,498
Assessments	-	-	50,220	50,220
Miscellaneous	13,911	9,824	16,187	39,922
Total revenues	<u>21,527,063</u>	<u>803,821</u>	<u>1,511,931</u>	<u>23,842,815</u>
EXPENDITURES				
Current:				
General Government	2,512,252	-	1,000	2,513,252
Public safety	9,147,643	-	250,550	9,398,193
Public works	1,702,593	-	-	1,702,593
Transportation	-	1,905,200	896,484	2,801,684
Economic environment	1,164,825	-	-	1,164,825
Culture and recreation	5,158,288	-	31,750	5,190,038
Capital outlay	90,255	8,256	17,064	115,575
Debt service:				
Principal	-	-	246,765	246,765
Interest and debt issue costs	31,726	-	120,853	152,579
Total expenditures	<u>19,807,582</u>	<u>1,913,456</u>	<u>1,564,466</u>	<u>23,285,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,719,481</u>	<u>(1,109,635)</u>	<u>(52,535)</u>	<u>557,311</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	548,931	1,173,200	761,098	2,483,229
Transfers (out)	(1,540,740)	(148,400)	(384,229)	(2,073,369)
Total other financing sources (uses)	<u>(991,809)</u>	<u>1,024,800</u>	<u>376,869</u>	<u>409,860</u>
Net change in fund balances	<u>727,672</u>	<u>(84,835)</u>	<u>324,334</u>	<u>967,171</u>
Fund balances-beginning	2,407,368	428,261	1,518,677	4,354,306
Prior Period Adjustments	-	171,441	-	171,441
Change in Accounting Principle	318,517	-	-	318,517
Fund balances-ending	<u>\$ 3,453,557</u>	<u>\$ 514,867</u>	<u>\$ 1,843,011</u>	<u>\$ 5,811,435</u>

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 Government-wide Statement of Activities
For the Year Ended December 31, 2016

Net changes in fund balances - total governmental funds:		\$ 967,171
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period		
Capital outlay	115,575	
Depreciation expense	(695,677)	
Net increase in net position - governmental activities		(580,102)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.		861,755
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.		
Contributed assets	655,090	
Gain(loss) on sale/disposals of assets	-	
Net increase in net position - governmental activities		655,090
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 position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease/Bond proceeds reported as debt	-	
Discount on Bonds paid out	-	
Debt issue costs paid out	-	
Debt principal payments	246,765	
Net increase in net position - governmental activities		246,765
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.		
Pension	(380,111)	
Other post employment benefits	(68,846)	
Accrued debt interest	4,076	
Compensated absences	(103,934)	
Amortization of deferred bond costs	3,377	
Net decrease in net position - governmental activities		(545,438)
Accrued interest revenue in the statement of net activities does not provide current financial resources and is not reported as revenue in governmental funds.		(427)
Internal service funds are used by management to charge the costs of equipment, insurance, data processing, and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
Internal service funds change in net position	1,198,059	
Loss(gain) from charges to business-type activities	(681,843)	
Net increase in net position - governmental activities		516,216
Change in net position in governmental activities		\$ 2,121,030

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, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 15,174,000	\$ 15,174,000	\$ 16,469,217	\$ 1,295,217
Licenses and Permits	500,200	500,200	873,332	373,132
Intergovernmental revenues	197,500	197,500	348,753	151,253
Charges for services	2,801,300	2,801,300	3,044,094	242,794
Fines and forfeits	457,000	457,000	445,816	(11,184)
Interest earnings	180,000	180,000	233,352	53,352
Rents and royalties	140,300	140,300	98,588	(41,712)
Miscellaneous	-	-	13,911	13,911
Total revenues	19,450,300	19,450,300	21,527,063	2,076,763
EXPENDITURES				
Current:				
General Government	2,444,200	2,605,200	2,512,252	92,948
Public safety	8,606,400	9,062,600	9,147,643	(85,043)
Public works	1,976,400	2,006,000	1,702,593	303,407
Economic environment	1,253,600	1,164,200	1,164,825	(625)
Culture and recreation	5,617,900	5,471,900	5,158,288	313,612
Capital outlay	-	115,520	90,255	25,265
Debt service:				
Interest and debt issue costs	31,700	31,700	31,726	(26)
Total expenditures	19,930,200	20,457,120	19,807,582	649,538
Excess (deficiency) of revenues over				
(under) expenditures	(479,900)	(1,006,820)	1,719,481	2,726,301
OTHER FINANCING SOURCES (USES)				
Transfers in	534,700	534,700	548,931	14,231
Transfers (out)	(1,892,500)	(1,981,500)	(1,540,740)	440,760
Total other financing sources (uses)	(1,357,800)	(1,446,800)	(991,809)	454,991
Net change in fund balances	(1,837,700)	(2,453,620)	727,672	3,181,292
Fund balances-beginning	2,754,100	2,754,100	2,407,368	(346,732)
Change in Accounting Principle	-	-	318,517	318,517
Fund balances-ending	\$ 916,400	\$ 300,480	\$ 3,453,557	\$ 3,153,077

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Licenses and Permits	\$ 17,000	\$ 17,000	\$ 95,104	\$ 78,104
Intergovernmental revenues	500,000	725,000	688,079	(36,921)
Charges for services	24,000	24,000	10,814	(13,186)
Miscellaneous	-	-	9,824	9,824
Total revenues	541,000	766,000	803,821	37,821
EXPENDITURES				
Current:				
Transportation	1,846,300	1,935,600	1,905,200	30,400
Capital outlay	-	8,000	8,256	(256)
Total expenditures	1,846,300	1,943,600	1,913,456	30,144
Excess (deficiency) of revenues over (under) expenditures	(1,305,300)	(1,177,600)	(1,109,635)	67,965
OTHER FINANCING SOURCES (USES)				
Transfers in	1,173,200	1,173,200	1,173,200	-
Transfers (out)	(148,400)	(148,400)	(148,400)	-
Total other financing sources (uses)	1,024,800	1,024,800	1,024,800	-
Net change in fund balances	(280,500)	(152,800)	(84,835)	67,965
Fund balances-beginning	298,700	298,700	428,261	129,561
Prior Period Adjustments	-	-	171,441	171,441
Fund balances-ending	\$ 18,200	\$ 145,900	\$ 514,867	\$ 368,967

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

CITY OF MOSES LAKE
Statement of Net Position
Proprietary Funds
December 31, 2016

page 1 of 2

	Business-type Activities-Enterprise Funds					Governmental Activities	
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 8,299,418	\$ 300,654	\$ 261,037	\$ 86,640	\$ 309,873	\$ 9,257,622	\$ 2,997,903
Receivables (net of allowance for uncollectibles)	1,157,940	508,504	426,320	-	123,239	2,216,003	-
Interfund balances receivable	76,329	-	1,912	-	893	79,134	-
Interfund loans receivable	6,337,437	-	-	-	-	6,337,437	-
Intergovernmental receivable	-	-	-	-	-	-	28
Inventory	347,648	47,472	23,868	-	5,487	424,475	80,976
Other receivables	-	186	-	-	-	186	-
Total assets	16,218,772	856,816	713,137	86,640	439,492	18,314,857	3,078,907
Noncurrent assets:							
Restricted assets:							
Revenue bond reserves/debt service:							
Cash and cash equivalents	1,310,849	-	-	-	-	1,310,849	-
Total restricted assets	1,310,849	-	-	-	-	1,310,849	-
Capital assets:							
Land and land rights	836,006	-	-	460	151,438	987,904	608,951
Construction in Progress	478,002	-	-	-	12,871	490,873	169,481
Net of accumulated depreciation:							
Buildings	27,752,857	-	-	29,923	314,091	28,096,871	11,597,544
Infrastructure	45,583,015	-	-	281,430	6,276,839	52,141,284	-
Machinery and equipment	2,909,137	-	97,882	-	16,185	3,023,204	4,534,883
Intangible assets	285,127	-	-	-	-	285,127	-
Total capital assets	77,844,144	-	97,882	311,813	6,771,424	85,025,263	16,910,859
Net pension asset	-	-	205,697	-	-	205,697	-
Total non current assets	79,154,993	-	303,579	311,813	6,771,424	86,541,809	16,910,859
Total assets	95,373,765	856,816	1,016,716	398,453	7,210,916	104,856,666	19,989,766
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount on refunding	35,306	-	-	-	-	35,306	-
Deferred Pension	287,351	-	137,683	-	25,781	450,815	85,937
Total deferred outflows of resources	\$ 322,657	\$ -	\$ 137,683	\$ -	\$ 25,781	\$ 486,121	\$ 85,937

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

CITY OF MOSES LAKE
Statement of Net Position
Proprietary Funds
December 31, 2016

Page 2 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	
LIABILITIES							
Current Liabilities:							
Accounts payable	\$ 669,164	\$ 270,917	\$ 15,871	\$ 554	\$ 4,639	\$ 961,145	\$ 74,123
Salaries and benefits payable	46,904	1,895	28,962	-	5,692	83,453	17,093
Interfund balances payable	3,760	-	2,802	72	963	7,597	75,860
Interfund loans payable	-	592,331	366,998	-	-	959,329	4,628,108
Interest payable	-	-	-	-	-	-	8,987
Capital leases payable	-	-	-	-	-	-	498,045
G.O. bonds payable	25,833	-	-	-	-	-	765,000
Compensated Absences	37,368	364	19,683	-	3,694	61,109	5,615
Accrued interest	131,248	-	-	-	-	131,248	-
Intergovernmental loans payable	561,692	-	-	-	-	561,692	-
Revenue bonds payable	905,000	-	-	-	-	905,000	-
Other short-term liabilities	70	48,663	-	-	-	48,733	-
Total current liabilities	2,381,039	914,170	434,316	626	14,988	3,745,139	6,072,831
Noncurrent liabilities:							
Revenue bonds payable (net discount/premium)	7,017,434	-	-	-	-	7,017,434	-
G.O. bonds payable (net discount/premium)	610,393	-	-	-	-	610,393	3,048,768
Intergovernmental loans payable	2,776,180	-	-	-	-	2,776,180	-
Compensated absences	336,310	3,279	177,147	-	33,242	549,978	50,538
Net pension liability	2,030,740	-	-	-	109,146	2,139,886	363,819
Lease payable	-	-	-	-	-	-	893,424
Total noncurrent liabilities	12,771,057	3,279	177,147	-	142,388	13,093,871	4,356,549
Total liabilities	15,152,096	917,449	611,463	626	157,376	16,839,010	10,429,380
DEFERRED INFLOWS OF RESOURCES							
Pension	36,799	-	-	-	4,970	41,769	15,974
Total deferred inflows of resources	36,799	-	-	-	4,970	41,769	15,974
NET POSITION							
Net investment in capital assets	67,310,080	-	97,882	311,813	6,771,424	74,491,199	11,761,740
Restricted for debt service	1,327,160	-	-	-	-	1,327,160	-
Unrestricted	11,870,288	(60,633)	445,055	86,014	302,928	12,643,652	(2,131,393)
Total net position	\$ 80,507,528	\$ (60,633)	\$ 542,937	\$ 397,827	\$ 7,074,352	\$ 88,462,011	\$ 9,630,347
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							1,706,798
Net position of business-type activities							\$ 90,168,809

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

CITY OF MOSES LAKE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities-Enterprise Funds					Governmental Activities	
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 10,114,866	\$ 3,469,533	\$ 2,106,970	\$ -	\$ 841,820	\$ 16,533,189	\$ 5,489,331
Miscellaneous	635,446	1,576	38,617	25,979	-	701,618	1,111
Total operating revenues	10,750,312	3,471,109	2,145,587	25,979	841,820	17,234,807	5,490,442
OPERATING EXPENSES							
Salaries and benefits	1,998,114	47,040	1,574,237	-	345,886	3,965,277	1,180,483
Supplies and contractual services	2,392,965	3,560,955	802,816	9,793	344,513	7,111,042	1,017,811
Utilities	539,947	-	-	4,588	20,711	565,246	114,278
Repairs and maintenance	71,752	-	1,864	5,547	118,093	197,256	191,171
Insurance claims and expenses	-	-	-	-	-	-	561,842
Depreciation and amortization	2,437,968	-	24,027	31,339	5,704	2,499,038	1,025,840
Total operating expenses	7,440,746	3,607,995	2,402,944	51,267	834,907	14,337,859	4,091,425
Operating income (loss)	3,309,566	(136,886)	(257,357)	(25,288)	6,913	2,896,948	1,399,017
NONOPERATING REVENUES (EXPENSES)							
Interest and other earnings	146,687	1,726	-	-	-	148,413	-
Insurance recoveries	75,630	-	-	-	-	75,630	32,770
Intergovernmental payments	(61,961)	-	-	-	-	(61,961)	-
Interest expense	(360,941)	(4,340)	(2,347)	-	-	(367,628)	(234,635)
Miscellaneous revenues	285,746	-	-	-	-	285,746	-
Miscellaneous expenses	-	-	-	-	-	-	124
Gain (Loss) on disposal of Assets	-	-	-	-	-	-	(15,017)
Total nonoperating revenues (expenses)	85,161	(2,614)	(2,347)	-	-	80,200	(216,758)
Income (loss) before contributions and transfers	3,394,727	(139,500)	(259,704)	(25,288)	6,913	2,977,148	1,182,259
Capital contributions	1,359,836	-	-	-	203,377	1,563,213	-
Transfers in	-	-	74,340	-	-	74,340	15,800
Transfers (out)	(500,000)	-	-	-	-	(500,000)	-
Changes in net position	4,254,563	(139,500)	(185,364)	(25,288)	210,290	4,114,701	1,198,059
Net position - beginning	76,252,965	78,866	728,301	423,115	6,864,062	8,432,289	8,432,289
Net position - ending	\$ 80,507,528	\$ (60,634)	\$ 542,937	\$ 397,827	\$ 7,074,352	\$ 9,630,348	\$ 9,630,348
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						681,843	
Changes in net position of business-type activities						\$ 4,796,544	

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

CITY OF MOSES LAKE
Statement of Cash Flows
Proprietary Funds

page 1 of 2

For the Year Ended December 31, 2016

	Business-type Activities- Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 10,302,984	\$ 3,402,674	\$ 2,359,548	\$ 25,979	\$ 834,616	\$ 16,925,801
Payment to Suppliers	(2,736,413)	(3,524,483)	(814,621)	(20,367)	(489,048)	(7,584,932)
Payments to employees	(2,612,847)	(48,418)	(1,540,176)	-	(318,618)	(4,520,059)
Miscellaneous revenues	829,850	3,303	-	-	-	833,153
Miscellaneous expenses	(300)	-	(1,805)	-	3,322	1,217
Net cash provided by (used for) operating activities	5,783,274	(166,924)	2,946	5,612	30,272	5,655,180
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments from other funds	-	32,881	131,963	72	344	165,260
Payments (to) other funds	(77,730)	-	-	-	-	(77,730)
Advances from other funds	831,221	-	-	-	-	831,221
Transfers from other funds	-	158,336	74,340	-	-	232,676
Transfers (to) other funds	(500,000)	-	-	-	-	(500,000)
Insurance recoveries	75,630	-	-	-	-	75,630
Other intergovernmental payments	(61,961)	-	-	-	-	(61,961)
Net cash provided by (used for) noncapital financing activities	267,160	191,217	206,303	72	344	665,096
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	-	-	-	-
Principal paid on debt	(1,510,868)	-	-	-	-	(1,510,868)
Interest paid on debt	(405,615)	(4,340)	(2,347)	-	-	(412,302)
Capital contributions	722,019	-	-	-	-	722,019
Purchases of capital assets	(2,431,135)	-	(15,211)	-	(1,797)	(2,448,143)
Net cash provided by (used for) capital related financing activities	(3,625,599)	(4,340)	(17,558)	-	(1,797)	(3,649,294)
Net increase (decrease) in cash and cash equivalents	2,424,835	19,953	191,691	5,684	28,819	2,670,982
Cash and cash equivalents, January 1	7,185,433	280,701	69,345	80,956	281,054	7,897,491
Cash and cash equivalents - December 31	9,610,268	300,654	261,036	86,640	309,873	10,568,473

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, 2016

	Business-type Activities- Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operating income (loss)	\$ 3,309,565	\$ (136,885)			6,914	\$ 2,896,948
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation	2,437,968	-	24,027	31,339	5,704	2,499,038
Loss on refunding	35,306	-	-	-	-	35,306
Allowance for uncollectible accounts	-	-	(41,838)	-	-	(41,838)
Decrease (increase) in accounts receivable	(83,520)	-	255,799	-	(7,204)	98,216
Decrease (increase) in inventory	(21,828)	(66,859)	(5,448)	-	-	(22,415)
Decrease (increase) in prepaid expenses	-	4,861	-	-	-	3,405
Decrease (increase) in pension liability	(629,482)	-	11,390	-	2,031	(616,061)
(Decrease) increase in accounts payable	300,494	31,611	(4,492)	(439)	(5,815)	321,359
(Decrease) increase in salaries payable	9,069	612	8,949	-	1,800	20,430
(Decrease) increase in advances	-	-	(1,805)	-	-	(1,805)
(Decrease) increase in compensated absences	5,680	(1,990)	13,721	-	23,437	40,848
(Decrease) increase in miscellaneous revenues	420,022	1,726	-	-	-	421,748
Total adjustments	2,473,709	(30,039)	260,303	30,900	23,358	2,758,231
	\$ 5,783,274	\$ (166,924)	\$ 2,946	\$ 5,611	\$ 30,272	\$ 5,655,179
Net cash provided by (used for) operating activities						
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ 637,817	-	-	-	203,377	\$ 841,194
Addition to capital leases	\$ -	-	-	-	-	-
						\$ 1,090,000

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

CITY OF MOSES LAKE
Statement of Net Position
Fiduciary Funds
December 31, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,120,276
Total assets	<u>1,120,276</u>
LIABILITIES	
Custodial accounts payable	<u>1,120,276</u>
Total liabilities	<u>\$ 1,120,276</u>

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



CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2016

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CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 noncharter code city with a Council/Manager form of government. The reporting entity comprises the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; (2) the City is legally entitled to, or can otherwise access, the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) 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 position and the statement of activities) report information on all of the nonfiduciary 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 of 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 are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other 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 or elected to be accounted for in another fund.

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

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

The **Water/Sewer Fund** accounts for the activities of the City's water and sewer utility. Revenues are received from water and sewer services provided to the general public. Expenses are comprised of maintenance and extensions of drainage, water and sewer service facilities, operating a water supply system, maintaining sewer treatment plants and operating a water drainage system. This fund also reflects the operation of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

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

The **Ambulance Fund** accounts for the activities of emergency services and transportation of patients. Revenues are generated by a utility fee for City residences and user charges for non residences.

The **Airport Fund** accounts for the operation and maintenance of a municipal airport located within the City limits. The fund is supported with rental charges.

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

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

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

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

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

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

Agency Funds are custodial in nature, representing assets held by the City in an agency capacity for the State of Washington, Grant County and others. These funds report only assets and liabilities and have no measurement focus as the purpose of this type of fund is to simply receive and disburse funds belonging to another organization.

As a general rule the effect of the Interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is administrative overhead charges where the amounts are reasonably equivalent in value to the interfund services provided. Interfund charges for governmental services, including utilities and certain internal services, have not been eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

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

D. Budgetary Information

Scope of Budget

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

Annual appropriated budgets are adopted for the general and certain special revenue funds on the modified accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

Other budgets are adopted at the level of the fund, except in the general (current expense) fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level.

Appropriations for general and special revenue funds lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned). Proprietary and fiduciary funds are budgeted for management purposes only. National Council on Governmental Accounting Statement No. 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary or fiduciary fund types.

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

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment 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 after holding public hearing(s).

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

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

E. Assets, Liabilities and Equities

Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2016, the treasurer was holding \$19,245,096 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.

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

Receivables

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

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefitted. As of December 31, 2016, there were no special assessment receivables delinquent.

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. Unbilled service receivables are recorded at year end.

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. 14, Interfund Balances and Transfers*.

Loans between funds, as reported in the fund financial statements, are included as a liability in applicable governmental funds so that the indicated fund balance represents amounts available for appropriation and expendable available financial resources.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditures 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 First in First Out method which approximates the market value.

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 acquisition 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 \$747,391.

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

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

Infrastructure capital assets, valued at \$50,000 or greater, 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 the bridge network. The City has elected to use the modified approach as defined in GASB Statement No. 34 for infrastructure reporting for storm water structures, the bridge, paved streets, bike paths, and alleys. Depreciation expenses are not 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.

Deferred Outflows and Inflows of Resources

Deferred inflows of resources: A deferred inflow of resources is an acquisition of net position by the government, which is applicable to a future reporting period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property taxes (General Fund)	\$1,366,489
Traffic Citations (General Fund)	750,982
Total governmental deferred inflow of resources	<u>\$2,117,471</u>

At December 31, 2016, the city has reported deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflow on pensions Governmental	\$ 1,316,528
Deferred outflow on pensions Business-Type	450,816
Total deferred outflow on pensions	<u>\$ 1,767,344</u>

Deferred inflow on pensions Governmental	\$ 123,902
Deferred inflow on pensions Business-Type	41,769
Total deferred outflow on pensions	<u>\$ 165,671</u>

Deferred outflow loss on refunding Governmental	\$ 176,530
Deferred outflow loss on refunding Business-Type	35,306
Total deferred outflow on pensions	<u>\$ 211,836</u>

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Vacation and sick pay is accrued when incurred 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 a payoff of exempt employees, and is payable upon voluntary termination with a minimum of 2 weeks notice or a reduction in work force in accordance with the following schedule:

Years of Service	Percent Payable Sick Leave
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.

Pensions

Pensions For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Long-term Debt See Note 9 *Long-term Debt*

Unearned Revenues

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenues reported in the governmental funds consists of \$ 37,667 in street reimbursements receivable and \$ 57,699 in general invoiced and court receivables.

Fund Balance Classification

Fund balance for governmental funds is reported in the following classifications depicting the relative strength of the constraints which control how specific amounts can be spent

- *Non-spendable* includes fund balances cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.
- *Restricted* includes fund balances are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* includes fund balances are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the City Council, and does not lapse at year-end. Fund balance commitments are established, modified or rescinded by City Council action through passage of an ordinance.
- *Assigned* includes fund balances are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the City Manager or the Finance Director.
- *Unassigned* includes fund balance is the residual amount of the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, then assigned fund balance, and lastly unassigned fund balance.

Minimum Fund Balance

The City has a formal policy on General Fund Balance as follows: "It will be the policy of the City to establish and maintain a General Fund Balance of at least ten percent (10%) of the total General Fund's budgeted revenue, excluding the beginning fund balance and identified one-time revenues. Any and all expenditures from the General Fund Balance Reserve account shall require a majority vote of the entire City Council."

F. Adoption of New GASB Pronouncements

The City implemented the following GASB Pronouncements that were applicable, for the fiscal year ended December 31, 2016.

- Statement No. 73
Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Effective Date: The requirements of this statement that address accounting and financial reporting by employers and governmental non employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

(Issued 06/15)

As a result of implementation of Statement No. 73, the effect of the change in accounting principle was an increase in the 2015 ending fund balance of the General Fund and ending Net Position of Governmental Funds of \$318,517.

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

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

The governmental funds balance sheet includes; reconciliation between fund balance, total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

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

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

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgetary Compliance Information

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

July- A request is sent by the Finance Director to all Department Directors to prepare detailed estimates of revenues and expenditures for the next fiscal year (calendar year). (RCW35A.33.030 requires this by the second Monday in September.)

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

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

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

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

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

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

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

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

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

Final hearing on the proposed budget. (RCW 35.33.071 & 35A.33.070, on or before first Monday of December.)

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The City of Moses Lake's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

As required by state law, all investments of the City of Moses Lake's funds (except as noted below) are obligations of the U. S. Government, U. S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool (LGIP), Grant County Investment Pool (GCIP), bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Regulatory oversight is performed by the CFO, the Treasurer, or the Treasury Accountant. As prescribed by RCW 43.09.050, the state auditor will "audit the accounts" and "inspect the books" of the State Treasurer to determine the compliance of investment activities with state statutes. Also in accordance with RCW 43.250.080, the State Treasurer will submit an annual summary of LGIP activity to the Governor, the State Auditor, and the Joint Legislative Audit and Review Committee. Investments of pension trust funds are not subject to the preceding limitations. All temporary investments are stated at cost. Other property and investments are shown on the statement of net position at historical cost. (Other property consists of real estate held for future use).

At December 31, 2016, the bank balance was \$1,295,128. Of the bank balance \$250,000 was covered by Federal Depository Insurance that are insured, registered or held by the City or its 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.

GASB Statement No.79 Certain External Investment Pools and Pool Participants, allows the City to report its investment with the WA State Investment Pool (LGIP) at amortized cost. The City of Moses Lake is also reporting its investment in Grant County Investment Pool (GCIP) at amortized cost rather than fair value because the difference between amortized cost and fair value is insignificant. There are no limitations or restrictions on either pool.

As of December 31, 2016 the City had the following investments:

Investment Type	Amortized Value	Rating	Weighted Average Maturity (days)
Grant County Invest Pool	\$ 11,646,660	not rated	18
WA State Invest Pool	7,598,436	not rated	12
Total Fair Value	<u>\$ 19,245,096</u>		
Portfolio Weighted Average Maturity			15.21

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

Credit Risk: Safety of principle is the foremost objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Washington State Investment Pool, is like 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 but the State of Washington's Legislature has regulatory oversight. The City's general obligation bonds were rated "A+" affirming a stable outlook by Standards and Poor's rating services in 2017. The same rating agency has rated the City's Revenue Bonds "AA-" affirming a stable outlook in 2015.

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

Concentration of credit risk: Concentration risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states, with the exception of US Treasury securities and authorized pools, no more than 50% of the portfolio can be invested in a single security type or institution.

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

NOTE 5 - PROPERTY TAXES

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

Property Tax Calendar

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

Outstanding property tax is recorded as a receivable and deferred inflow of resources with a 60 day accrual. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible.

The City may levy up to \$3.6 per \$1,000 of assessed valuation for general governmental services.

The City's regular levy for 2016 was \$3.17074 per \$1,000 on an assessed valuation of \$2,143,919,575 for a total regular levy of \$6,797,813.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets

A summary of Governmental capital assets for the year ended December 31, 2016 were as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 5,560,986	\$ -	\$ -	\$ 5,560,986
Infrastructure*	38,145,311	655,090	-	38,800,402
CIP	9,190	1,167,420	968,545	208,065
Total Capital Assets not Depreciated	43,715,487	1,822,511	968,545	44,569,453
Capital Assets Depreciated:				
Buildings	34,672,337	-	-	34,672,337
Intangible	147,051	-	-	147,051
Machinery and Equipment	13,233,302	1,045,536	80,236	14,198,603
Infrastructure	1,681,182	-	-	1,681,182
Total	49,733,872	1,045,536	80,236	50,699,173
Less Accumulated Depreciation:				
Buildings	12,660,342	944,270	-	13,604,612
Intangible	147,051	-	-	147,051
Machinery and Equipment	8,627,594	733,928	65,217	9,296,305
Infrastructure	969,303	43,319	-	1,012,622
Total Accumulated Depreciation	22,404,290	1,721,517	65,217	24,060,590
Total Capital Assets Depreciated, Net	27,329,582	(675,981)	15,018	26,638,583
Governmental Activities Capital Assets, Net	\$ 71,045,069	\$ 1,146,530	\$ 983,563	\$ 71,208,036
		Less associated debt		(7,968,964)
		Capital assets net of debt		\$63,239,072

* 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. Depreciation includes amortization of intangible assets.

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

Governmental Activities	Depreciation
General Government	\$ 38,935
Public Safety	22,542
Transportation	46,486
Public Works	5,661
Culture and Recreation	582,052
Capital Assets Held by the Government's Internal Service	
Funds, charged to the various functions based on usage	1,025,840
Total Depreciation - Governmental Activities	<u>\$ 1,721,516</u>

A summary of Business-type capital assets for the year ended December 31, 2016 were as follows:

Business-type Activities	Beginning Balance	Increase	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 987,904	\$ -	\$ -	\$ 987,904
Infrastructure	5,848,336	428,503	-	6,276,839
CIP	1,095,976	3,274,041	3,879,144	490,873
Intangible	285,127			285,127
Total Capital Assets not Depreciated	<u>8,217,343</u>	<u>3,702,544</u>	<u>3,879,144</u>	<u>8,040,743</u>
Capital Assets Depreciated:				
Buildings	40,619,155	138,246	40,000-	40,717,401
Machinery and Equipment	3,715,878	700,467	-	4,416,344
Infrastructure	71,825,372	2,627,140	-	74,452,512
Total	<u>116,160,404</u>	<u>3,465,853</u>	<u>40,000</u>	<u>119,586,257</u>
Less Accumulated Depreciation:				
Buildings	11,827,523	833,007	40,000	12,620,530
Machinery and Equipment	1,218,460	174,680	-	1,393,140
Infrastructure	27,096,715	1,491,351	-	28,588,066
Total Accumulated Depreciation	<u>40,142,698</u>	<u>2,499,038</u>	<u>40,000</u>	<u>42,601,736</u>
Total Capital Assets Depreciated, Net	<u>76,017,706</u>	<u>966,815</u>	<u>-</u>	<u>76,984,521</u>
Business-type Activities Capital Assets, Net	<u>\$ 84,235,049</u>	<u>\$ 4,669,359</u>	<u>\$ 3,879,144</u>	<u>\$ 85,025,264</u>
		Less associated debt		(10,534,065)
		Capital assets net of debt		<u>\$74,491,199</u>

Depreciation expense charged to Business Type Activities were as follows:

<u>Business-Type Activities</u>	<u>Depreciation</u>
Water/Sewer	\$ 2,437,968
Storm water	5,704
Ambulance	24,027
Airport	31,339
Total Depreciation - Business-Type Activities	<u>\$ 2,499,038</u>

Collections Not Capitalized

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

1. The collection is held for public exhibition, education or research in furtherance of public service, rather than financial gain.
2. The collection is protected, kept unencumbered, cared for, and preserved.
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 to be used to acquire other items for the collection.

Construction Commitments

The City has active construction projects as of December 31, 2016. Active projects are: Sand Dunes WWTF Headworks, Winona Lift Station - 2016, Larson Water Meter Project - 2016, and Stormwater Repair - 2016. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Total Contract Amount Awarded</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sand Dunes WWTF Headworks	\$ 26,355	\$ 13,183	\$ 13,172
Winona Lift Station	14,995	10,931	4,064
Sand Dunes WWTF Headworks	52,630	37,651	14,980
Winona Lift Station - 2016	224,037	0	224,037
Larson Water Meter Project - 2016	247,842	213,193	34,649
Stormwater Repair - 2016	106,508	75,916	30,592
Totals	<u>\$ 672,367</u>	<u>\$ 350,874</u>	<u>\$ 321,493</u>

NOTE 7 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2016:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$(6,816,589)
Pension assets	\$ 1,291,999
Deferred outflows of resources	\$ 1,767,344
Deferred inflows of resources	\$ (165,671)
Pension expense/expenditures	\$ 982,550

State Sponsored Pension Plans

Substantially all of the City's 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 state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	6.00%
Administrative Fee	0.18%	
Total	11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The City's actual contributions to the plan were \$333,872 for the year ended December 31, 2016.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%

* For employees participating in JBM, the contribution rate was 15.30%

The City's actual contributions to the plan were \$423,024 for the year ended December 31, 2016.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. 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. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.05%	8.41%
Administrative Fee	.18%	
Total	5.23%	8.41%
Ports and Universities	8.41%	8.41%
Administrative Fee	0.18%	
Total	8.59%	8.41%

The City's actual contributions to the plan were \$259,097 for the year ended December 31, 2016.

The Legislature, by means of a special funding arrangement, appropriates 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 recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$ 637,053.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the non duty disability benefits for LEOFF Plan 2 active members is calculated.
- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session..

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 3,832,838	\$ 3,178,406	\$ 2,615,227
PERS 2/3	\$ 6,698,550	\$ 3,638,184	\$(1,893,885)
LEOFF 1	\$ (187,012)	\$ (314,814)	\$ (424,056)
LEOFF 2	\$ 2,740,296	\$ (977,185)	\$(3,779,086)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a total pension liability of \$(6,816,589) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$3,178,406
PERS 2/3	\$3,638,184
LEOFF 1	\$ (314,814)
LEOFF 2	\$ (977,185)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ (314,814)	\$ (977,185)
State's proportionate share of the net pension liability/(asset) associated with the employer	\$ (2,129,395)	\$ (637,053)
TOTAL	\$ (2,444,209)	\$ (1,614,238)

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	.058%	.059%	.001%
PERS 2/3	.072%	.072%	.000%
LEOFF 1	.031%	.030%	-.001%
LEOFF 2	.175%	.168%	-.007%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 6, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2016, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 184,461
PERS 2/3	\$ 490,710
LEOFF 1	\$ (31,291)
LEOFF 2	\$ 338,670
TOTAL	\$ 982,550

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$80,027	\$
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$142,662	\$
TOTAL	\$222,689	\$

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$193,731	\$(120,102)
Net difference between projected and actual investment earnings on pension plan investments	\$445,209	\$
Changes of assumptions	\$37,604	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$(45,569)
Contributions subsequent to the measurement date	\$182,824	\$
TOTAL	\$859,367	\$(165,671)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$32,000	\$
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$	\$
TOTAL	\$32,000	\$

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$133,901	\$
Net difference between projected and actual investment earnings on pension plan investments	\$351,142	\$
Changes of assumptions	\$3,684	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$55,681	\$
Contributions subsequent to the measurement date	\$108,880	\$
TOTAL	\$653,288	\$

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$327,631	\$(120,102)
Net difference between projected and actual investment earnings on pension plan investments	\$908,378	\$
Changes of assumptions	\$41,288	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$55,681	\$(45,569)
Contributions subsequent to the measurement date	\$434,366	\$
TOTAL	\$1,767,344	\$(165,671)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows :

Year ended December 31:	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2017	\$ (19,704)	\$ (16,083)	\$ (6,613)	\$ 6,633
2018	\$ (19,704)	\$ (16,083)	\$ (6,613)	\$ 6,633
2019	\$ 73,496	\$ 332,271	\$ 27,715	\$301,547
2020	\$ 45,940	\$ 210,767	\$ 17,512	\$211,164
2021	\$	\$	\$	\$ 18,432
Thereafter				\$

Local Governments Firemens' Pension Plan

The City of Moses Lake is also the administrator of a pension retirement plan called Firemen's Pension Plan which is a closed, single-employer, defined benefit pension plan that was established in conformance with RCW Chapter 41.16 and 41.18. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefit provisions are established by the State Legislature. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established.

The City's obligation under the Firemen's Pension Plan consists of paying the difference between pension benefits provided by LEOFF and those provided by the Firemens' Pension Plan for covered firefighters who retire after March 1, 1970. The Plan is shown as a trust fund in the financial reports of the City.

Membership of the Firemen's Pension Plan December 31, 2016

Retirees currently receiving full retirement benefits through LEOFF.....	6
Retirees receiving benefits through both LEOFF and FPP.....	2
Beneficiaries receiving benefits through FPP.....	1
Active plan members'.....	0

Contributions

Current contributions to the plan are comprised of interest on investments and the state tax on fire insurance. Pension payments increase by Cost of Living Allowances (COLAs) from the Washington State Retirement system. Medical insurance premiums and service costs were paid from the general fund fire department in 2015, therefore 2015 forward, 100% of pension fund assets are available for pension payments. COLAs are capped at three percent and will remain below projected increases in Medical Insurance Premiums. Assets, medical service costs, and premiums from the Firemen's Pension Plan are as follows:

Schedule of Funding Progress for Firemens' Pension Plan

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
12/31/2015	\$318,517	\$146,871	(\$171,646)	217%	\$-	N/A
12/31/2016	\$330,371	\$153,324	(\$177,047)	215%	\$-	N/A

2015 first year of actuarial valuation of pension plan without OPEB

Schedule of Employer Contributions for the Firemens' Pension Plan

Fiscal Year Ending	Actual Employer Contribution	Fire Insurance Premiums	Total Employer Contributions	Annual Required Contributions (ARC)	Percentage of ARC Contributed
12/31/2015	\$-	\$29,272	\$29,272	(\$10,105)	290%
12/31/2016	\$-	\$28,586	\$28,586	(\$8,534)	335%

2015 first year of actuarial valuation of pension plan without OPEB

Annual Pension Cost and Net Pension Obligation for the Firemens' Pension Plan

	Fiscal Year Ending 12/31/2016
Annual required contribution (ARC)	
1. Amortization of UAAL-beginning of year	\$ -10,078
2. Interest to end of year	-142
3. ARC at end of year	-10,221
4. Interest on NPO	-555
5. Adjustment to ARC	2,242
6. Annual pension cost	-8,534
7. Employer Contributions	28,586
8. Change in NPO	-37,120
9. NPO at beginning of year	-39,377
10. NPO at end of year	\$ -76,497

Net Pension Obligation Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Annual Pension Costs Contributed	Contribution as a Percent of APC	Net Pension Obligation (NPO)
12/31/2014	N/A	\$28,955	N/A	N/A
12/31/2015	(\$10,105)	\$29,272	290%	(\$39,377)
12/31/2016	(\$8,534)	\$28,586	335%	(\$76,497)

2015 first year of actuarial valuation of pension plan without OPEB

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 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 168 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, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel issues and land use issues, insurance brokerage, actuarial, 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.

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, 2016 were as follows:

Unemployment Compensation \$84,460

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. The amount of unemployment claims paid for the last three years are:

2014	2015	2016
\$27,484	\$58,455	\$26,993

NOTE 9 - LONG-TERM DEBT

A. Long Term Debt

The City of Moses Lake issues general obligation and revenue bonds to finance the purchase of land or upgrades and the acquisition or construction of reservoirs, water and sewer lines and upgrade of wastewater treatment plants. Bonded indebtedness has also been entered into currently and in prior years to advance refund several general obligation and revenue bonds and are being repaid from the applicable resources. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. The revenue bonds are being repaid by proprietary fund revenues.

General obligation bonds currently outstanding are as follows:

Name of Issuance	Purpose	Issuance Date	Maturity Date	Original Debt	Interest Rate	Amount Outstanding
2010 LTGO Bond	Civic Center	09/07/2010	12/01/2020	5,925,000	2.00-3.25%	2,545,000
2012 LTGO Bond	Govt'l - Internal Service Refunding	12/12/2012	09/01/2023	1,650,000	.75-3.00%	1,170,000
2015 LTGO Bond	Govt'l Activities Refunding	07/14/2015	08/01/2026	2,970,833	3.00-4.00%	2,970,833
2015 LTGO Bond	Operation Complex Refunding	07/14/2015	08/01/2026	594,167	3.00-4.00%	594,167
Total				<u>\$ 11,140,000</u>		<u>\$ 7,280,000</u>

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

Year	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2017	\$ 894,167	\$ 214,396	\$ 25,833	\$ 21,192	\$ 1,155,588
2018	1,060,000	190,646	55,000	20,417	1,326,063
2019	1,092,500	160,446	57,500	18,767	1,329,213
2020	1,125,833	127,671	59,167	17,042	1,329,713
2021	475,000	92,233	60,000	15,267	642,500
2022-2025	1,671,666	209,217	263,334	38,633	2,182,850
2026	366,667	14,667	73,333	2,933	457,600
Total	\$ 6,685,833	\$ 1,009,276	\$ 594,167	\$ 134,251	\$ 8,423,527

Revenue bonds currently outstanding are as follows:

Bond	Issuance Date	Maturity Date	Original Debt	Interest Rate	Balance
Revenue Bonds 2004	10/13/2004	9/1/2024	\$ 7,015,000	5.00%	\$ 5,135,000
Revenue Bonds 2011	8/23/2011	8/23/2021	4,905,000	2.50-3.25%	2,580,000
Total			<u>\$ 11,920,000</u>		<u>\$ 7,715,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2017	\$ 905,000	\$ 330,625	\$ 1,235,625
2018	935,000	298,850	1,233,850
2019	975,000	263,350	1,238,350
2020	1,015,000	226,188	1,241,188
2021	1,060,000	184,713	1,244,713
2022-2025	2,825,000	313,750	3,138,750
Total	<u>\$ 7,715,000</u>	<u>\$ 1,617,476</u>	<u>\$ 9,332,476</u>

Per Internal Revenue Service Code Section 148, rebate arbitrage are earnings on investments purchased from gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebate arbitrage must be paid to the federal government. The City of Moses Lake carefully monitors investments to restrict earnings to a yield less than the bond issue, and therefore limit any arbitrage liability. As of December 31, 2016 the City has no arbitrage rebate liability.

Government Loans

Government loans have been received to provide for construction of proprietary fund capital.

Government loans outstanding at year-end are as follows:

Loan	Interest Rate	Amount
PWTF WWTP-Design	0.50%	\$ 161,402
PWTF WWTP-Construction	0.50%	3,176,470
Total		<u>\$ 3,337,872</u>

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

Year	Principal	Interest	Total
2017	\$ 561,692	\$ 16,689	\$ 578,381
2018	561,692	13,881	575,573
2019	561,692	11,072	572,764
2020	561,692	8,264	569,956
2021	561,692	5,456	567,148
2022	529,412	2,647	532,059
Total	<u>\$ 3,337,872</u>	<u>\$ 58,009</u>	<u>\$ 3,395,881</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, 2016, the City has \$185,237 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$1,310,849 in sinking funds and reserves as required by bond indentures.

B. Conduit Debt

The City of Moses Lake entered into a SIP Loan from Grant County for the amount of \$60,000 starting December 3, 2013, payable over five years. The City borrowed this amount for the express purpose of providing capital financing to a private corporation for utility infrastructure additions and the City has no obligation for the debt besides collecting the money from the company and paying it back to the County.

NOTE 10 - LEASES

Capital Leases

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

These lease agreements qualify as capital leases for accounting purposes, and 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:

	Governmental Activities	Business- Type Activities
Net Capital Lease Asset		
Machinery & Equipment	\$ 2,119,029	\$ -
Less Accumulated Depreciation	260,984	-
Total	<u>\$ 2,380,013</u>	<u>\$ -</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2016 are as follows:

Year	Governmental Activities	Business-Type Activities
2017	\$ 530,116	\$ -
2018	416,043	-
2019	299,484	-
2020	217,234	-
Total minimum lease payments	1,462,877	-
Less: Interest	71,408	-
Present value of minimum lease payments	<u>\$ 1,391,469</u>	<u>\$ -</u>

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/2016	Additions	Reductions	Ending Balance 12/31/2016	Due Within One Year	Internal Service Funds
Governmental activities						
Bonds payable:						
General obligation bonds	\$ 7,677,490	\$ -	\$ 991,657	\$ 6,685,833	\$ 920,000	\$ 3,715,000
Less deferred amount						
Issuance premiums(discounts)	351,582	-	42,518	309,064	-	98,768
Total bonds	8,029,072	-	1,034,175	6,994,897	920,000	3,813,768
Capital leases	985,524	1,075,407	669,462	1,391,468	498,046	1,391,468
Claims and judgments	-	-	-	-	-	-
Compensated absences	1,716,256	104,027	5,583	1,814,700	5,615	56,154
Pension	3,249,988	4,676,705	3,249,989	4,676,704	-	363,818
OPEB	918,312	68,930	84	987,158	-	-
Governmental liabilities	<u>\$ 14,899,153</u>	<u>\$ 5,925,069</u>	<u>\$ 4,959,293</u>	<u>\$ 15,864,927</u>	<u>\$ 1,423,661</u>	<u>\$ 5,625,208</u>
Business-type activities						
Bonds payable:						
General obligation bonds	\$ 642,510	\$ -	\$ 48,343	\$ 594,167	\$ 25,833	
Revenue bonds	8,590,000	-	875,000	7,715,000	875,000	
Less deferred amounts						
Issuance premiums(discounts)	282,562	-	33,069	249,493	-	
Total bonds	9,515,072	-	956,412	8,558,660	900,833	
Capital leases	-	-	-	-	-	
Government loans	3,899,564	-	561,692	3,337,872	561,692	
Compensated absences	570,236	42,838	1,990	611,084	61,109	
Pension	2,418,182	2,326,614	2,604,910	2,139,886	-	
Business-type liabilities	<u>\$ 16,403,054</u>	<u>\$ 2,369,452</u>	<u>\$ 4,125,004</u>	<u>\$ 14,647,502</u>	<u>\$ 1,523,634</u>	

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year end \$5,625,208 of internal service funds debt and compensated absences are included in the above amounts. Also, for the governmental activities except internal service funds, 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, 2016, significant suits were:

Pending Litigation:

1. Trunkel-Smart v. City of Moses Lake: Suit for personal injury damages filed in Grant County Superior Court for injuries sustained at the City's aquatic center. This matter was referred to the city's insurance carrier for defense and the city's exposure is limited to its \$25,000 deductible. The case was dismissed on March 24, 2016 pursuant to a settlement wherein the City agreed to pay \$65,000.00.
2. Donna Anderson and A Stronger Moses Lake v. City of Moses Lake and WinCo Foods, LLC: This is an appeal of City staff's binding site plan approval and SEPA threshold determination for the WinCo Foods project. The administrative appeal to the Planning Commission was held on January 6-7, 2016, and plaintiff appealed to Grant County Superior Court. The Superior Court dismissed the case in the City's favor on April 13, 2016.
3. Daniel Trujillo v. City of Moses Lake: Suit for personal injury damages filed in Grant County Superior Court for injuries sustained on private property over which the City has a utility easement. This case was filed on May 3, 2016 and has been referred to the city's insurance carrier for defense and the city's exposure is limited to its \$25,000 deductible. The city intends to vigorously defend this case.

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

NOTE 13 - RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$1,062,017 of restricted for other purposes component of net position, of which \$541,893 is restricted by enabling legislation.

NOTE 14 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Loans between funds are classified as interfund loans receivable or payable on the statement of net position. The loans were for Operations Complex construction, Civic Center Construction, and operating expenses. Interfund balances at December 31, 2016 were as follows:

DUE TO	DUE FROM				TOTALS
	GENERAL FUND	BUILDING MAINTENANCE	SANITATION FUND	AMBULANCE FUND	
WATER/SEWER	750,000	4,628,108	592,331	366,998	6,337,437
TOTALS	\$ 750,000	\$ 4,628,108	\$ 592,331	\$ 366,998	\$ 6,337,437

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:

TRANSFER TO	TRANSFER FROM					Totals
	GENERAL	STREETS	TOURISM	DEBT SERVICE	WATER SEWER	
GENERAL	\$ -	\$ -	\$ 34,700	\$ 14,231	\$ 500,000	\$ 548,931
STREET/STREET CONSTRUCTION	1,398,200	-	-	-	-	1,398,200
DEBT SERVICE	52,400	148,400	175,500	159,798	-	536,098
AMBULANCE	74,340	-	-	-	-	74,340
CENTRAL SERVICE	15,800	-	-	-	-	15,800
Totals	\$ 1,540,740	\$ 148,400	\$ 210,200	\$ 174,029	\$ 500,000	\$ 2,573,369

NOTE 15 - 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 POSITION			
Assets:			
Current asset	\$ 15,119,282	\$ 1,099,490	\$ 16,218,772
Restricted assets	648,728	662,121	1,310,849
Capital assets	35,050,126	42,794,019	77,844,144
TOTAL ASSETS	50,818,135	44,555,630	95,373,765
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 232,383	 90,274	 322,658
Liabilities:			
Current liabilities	535,087	180,981	716,068
Current liabilities payable from restricted assets	643,295	1,021,676	1,664,971
Noncurrent liabilities	5,999,176	6,771,880	12,771,056
TOTAL LIABILITIES	7,177,558	7,974,538	15,152,095
 TOTAL DEFERRED INFLOWS OF RESOURCES	 27,499	 9,300	 36,799
Net Position:			
Net investment in capital assets	54,072,167	13,237,913	67,310,080
Restricted	663,580	663,580	1,327,160
Unrestricted	8,805,765	3,064,523	11,870,288
TOTAL NET POSITION	\$ 63,541,512	\$ 16,966,016	\$ 80,507,528
 CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating Revenues			
Total operating revenues	\$ 6,119,651	\$ 4,630,661	\$ 10,750,312
Depreciation, amortization, depletion	(1,122,303)	(1,315,665)	(2,437,968)
Total operating expense	(2,850,725)	(2,152,053)	(5,002,778)
Operating income	2,146,623	1,162,943	3,309,566
Nonoperating revenue (expenses):			
Interest income	146,687	-	146,687
Miscellaneous revenues/expense	323,504	37,873	361,377
Intergovernmental payments	-	(61,961)	(61,961)
Interest expense	(174,228)	(186,713)	(360,941)
Disposal of assets	-	-	-
Total Non-Oper Rev.(Exp.)	295,963	(210,802)	85,161
Income Before Transfers & Contributions	2,442,586	952,141	3,394,727
Capital contributions	766,194	593,642	1,359,836
Transfers in (out)	(500,000)	-	(500,000)
Change in net position	2,708,780	1,545,783	4,254,563
Beginning net position	42,036,723	34,216,242	76,252,965
Prior period adjustments	-	-	-
Ending net position	\$ 44,745,503	\$ 35,762,025	\$ 80,507,528
 CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	\$ 4,369,900	\$ 1,413,374	\$ 5,783,274
Noncapital financing activities	211,703	55,457	267,160
Capital & related financing activities	(1,947,998)	(1,677,601)	(3,625,599)
Net increase (decrease)	2,633,605	(208,770)	2,424,835
Beginning cash & cash equivalents	7,266,870	(81,438)	7,185,432
Ending cash & cash equivalents	\$ 9,900,475	\$ (290,208)	\$ 9,610,267

NOTE 16 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

In addition to the pension benefits described in Note No. 7, the City provides post-retirement medical care benefits for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977.

Membership

Currently the City has 16 individuals that meet the eligibility requirements. This is considered a closed group with no new eligible members.

Plan Description

The "plan" is required by State of Washington Revised Code (RCW) chapter 41.26. Employers, such as municipalities, counties, and fire districts, are required to pay the costs of necessary medical services for any active or retired members of the Law Enforcement Officers' and Firefighters' 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 department budget and law enforcement officers are paid out of the police department budget. The medical services cover active and retired members only. Spouses are not eligible. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report.

Funding Status and Funding Policy

As of December 2016 there are no active members, and currently 16 retired members. Health insurance premiums are paid monthly. Other medical services are paid bi-monthly 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. Fire fighter and police benefits are paid out of the general fund.

For 2016, the City paid medical insurance premiums of \$68,194 for pre-age 65, and \$81,543 for post-age 65. Other medical payments paid by the City are for all eligible medical services not paid for by the insurance.

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an 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	Total
Annual required contribution	\$ 103,322	\$ 161,254	\$ 264,576
Interest on net OPEB obligation	6,038	6,905	12,943
Adjustment to annual required contribution	-24,384	-27,887	-52,271
Annual OPEB cost (expense)	84,976	140,273	225,249
Contributions made	59,080	97,238	156,318
Change in net OPEB obligation	25,895	43,035	68,931
Net OPEB obligation-Beginning of year	428,350	489,878	918,227
Net OPEB obligation-End of year	<u>\$ 454,245</u>	<u>\$ 532,913</u>	<u>\$ 987,158</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 2016 and the two preceding fiscal years were as follows:

Police				
Fiscal Year Ended	Annual Required Contribution	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$36,021	\$62,548	174%	\$412,770
12/31/2015	\$86,149	\$70,569	82%	\$428,350
12/31/2016	\$84,976	\$59,080	70%	\$454,245

Fire				
Fiscal Year Ended	Annual Required Contribution	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$29,399	\$113,737	387%	\$465,378
12/31/2015	\$139,013	\$114,513	82%	\$489,878
12/31/2016	\$140,273	\$97,238	69%	\$532,913

Funding Status and Funding Progress

As of December 2016, the actuarial accrued liability for benefits was \$4,583,151 total of both departments.

Schedule of Funding Progress for the Leoff 1 Retiree Healthplan

Police						
Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)- Unit Credit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	-	\$901,415	901,415	0%	-	-
12/31/2015	-	\$1,726,773	1,726,773	0%	-	-
12/31/2016	-	\$1,789,802	1,789,802	0%	-	-
Fire						
Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)- Unit Credit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$303,658	\$1,157,068	\$853,410	26%	-	0%
12/31/2015	-	\$2,658,332	\$2,658,332	0%	-	0%
12/31/2016	-	\$2,793,349	\$2,793,349	0%	-	0%

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 health care 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

The City used the alternative measurement method permitted under GASB Statement No. 45. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

There are no active employees in this plan. The historical age of retirement for regular retirees is 55 years of age, the City's average was 51 years of age. Employees who retired on disability were excluded from this calculation.

Life expectancies are based on mortality tables at the Office of the State Actuary for Washington (osa.leg.wa.gov). Life expectancies that included partial years were rounded to the nearest whole year. The calculation of post employment health insurance coverage for each year in the worksheet is based on the assumption that all participants will live until their expected ages as displayed in the mortality tables.

The expected rate of increase in health care 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 Projections 2014-2024 Tables, Table 16: National Health Expenditure Amounts, and Annual Percent Change by Type of Sponsor: Calendar Years 2009-2025 published by the Health Care Financing Administration (www.cms.hhs.gov).

The assumed long term earnings rate on current and expected investments that are expected to be used in financing the payment of benefits is 1.41%. The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 2.01 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, 2016 is nineteen years.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

An error was made in 2015 recording of Street fund fuel tax revenues that resulted in an understatement of revenues by \$171,441.

NOTE 18 – HEALTH & WELFARE

The City of Moses Lake is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2016, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2016, the AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating

employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 19 – JOINT VENTURES

In 1995, the City of Moses Lake entered an Interlocal Cooperative Agreement under the authority of RCW Chapter 39.34 in order to provide for the joint exercise of powers, privileges and authorities to operate a consolidated 911 emergency dispatch facility named Multi Agency Communications Center (MACC). MACC serves as the Public Safety Answering Point for all of the law enforcement agencies in Grant County. The City paid a rate of \$50,825.68 per month in 2016. Other participants of the 1995 Agreement include: the City of Electric City, the City of Ephrata, the City of Grand Coulee, the City of Quincy, the City of Royal City, the City of Soap Lake, the City of Warden, Emergency Telephone Tax District, Ephrata Telephone Tax District, Grant County, Grant County Emergency Services, Grant County Coroner, Grant County Fire District #3, Grant County Fire District #4, Grant County Fire District #5/15, Grant County Fire District #6, Grant County Fire District #7, Grant County Fire District #8, Grant County Fire District #10, Grant County Fire District #11, Grant County Fire District #12, Grant County Fire District #13, Grant County Fire District #14, Grant County Mental Health, Grant County Public Hospital District #2 dba Quincy Valley Hospital, Grant County Sheriff's Office, Port of Moses Lake, the Town of Coulee City, and the Town of Mattawa. Grant County will account for MACC as an Agency fund and financial reports can be obtained for MACC at the Grant County Auditor's Office, 37 C ST NW Ephrata, Washington, 98823.

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2016



**REQUIRED SUPPLEMENTARY
INFORMATION**

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CITY OF MOSES LAKE
Required Supplementary Information

Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach

Streets

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

	2016		2015 - 2013		2012 - 2010	
Condition rating	Feet	%	Feet	%	Feet	%
VERY POOR	19,892	2.65 %	14,989	2.02 %	16,247	2.31 %
POOR	8,312	1.11 %	8,818	1.19 %	3,980	0.57 %
FAIR	29,231	3.90 %	18,746	2.53 %	31,465	4.48 %
GOOD	181,759	24.23 %	153,206	20.69 %	109,243	15.54 %
VERY GOOD	510,792	68.12 %	544,763	73.55 %	542,054	77.11 %
TOTAL	749,986	100.01 %	740,522	99.98 %	702,989	100.01 %

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

	2016		2015 - 2013		2012 - 2010	
PCR score	Feet	%	Feet	%	Feet	%
PCR 0 to 39	28,204	3.76 %	23,807	3.21 %	20,227	2.88 %
PCR 40 to 100	721,782	96.24 %	716,715	96.79 %	682,762	97.12 %
Total	749,986	100.00 %	740,522	100.00 %	702,989	100.00 %

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

Below is information on budgeted and actual expenditures incurred to maintain and preserve the street system at or above the minimum acceptable condition level from 2008 to 2016

	Amounts in Thousands								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Budgeted	1,008	210	160	700	158	1,210	550	700	1,400
Expended	894	183	186	700	265	775	859	778	836

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

Bridge

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

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

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

	<u>Sufficiency Rating</u>
2015	73%
2011	70%
2006	69%

It is the policy of the City to maintain its bridge 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 September 30, 2015 the City's lone bridge was given a 'good' evaluation. With annual surface inspections and maintenance, as well as minimal water flow under the bridge it is anticipated that the bridge will continue to have favorable evaluation well into the future. With little change in the last two ratings the results of the City's efforts to maintain the bridge in

above standard condition are evident.

Because the City's bridge is relatively small (149 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.

Storm Water

The City established a storm water fund in 2010, and in 2011 the City transferred assets worth \$4,197,819 previously held by the Street Department to the fund. The storm water system includes manholes, catch basins, underground injection control structures (i.e. drywells), infiltration basins, outfall structures and pipe. The City finished locating and documenting all storm water infrastructure in 2016, allowing all inspections to be entered into a comprehensive reporting system. The documentation was completed with the addition of the 29 miles of storm pipe. Condition assessments will be completed every three years with one-third of the system structures inspected annually. The City's storm pipe will be inspected over 8-10 years with those sections that are found to collect more sediment to be inspected on a more regular basis.

The rating system is a numerical index from zero to 100 (0-100) that represents the storm water's functional condition based on the quality, severity, and type of problem, such as sedimentation, structure cracks, etc. At this time there is no rating system for manholes. The City is developing a system that would closely mimic the existing rating system but currently manholes being inspected are given either a pass or fail grade. The measurement scale and basis for condition measurement is as follows:

Rating

70-100	Good Condition-serves the intended function and scores well in all areas
41-69	Fair condition-serves the intended function, but scores less well and has other issues.
0-40	Poor condition- may or may not fulfill its design function, has other serious issues, and requires maintenance or rebuild.

It is the policy of the City Engineering Department to maintain 70% of the storm water structures and pipe at a condition of 41 or higher. All manholes and 2 miles (8%) of pipe were inspected in 2016. All pipe inspected was found to be in fair to good condition. All catch basins have been inspected in the last three years as has 95% of the approximately 3,350 total structures. Of the inspected structures, excluding pipe, eight percent were in poor to fair condition with the remaining 92% in fair to good condition.

Budget amounts are the anticipated amount needed to maintain and preserve the storm water system up to the required condition level. The last four years are as follows.

	Amounts in Thousands				
	2016	2015	2014	2013	2012
Budgeted	\$ 673	\$ 516	\$ 546	\$ 507	\$ 543
Expended	\$ 590	\$ 475	\$ 523	\$ 466	\$ 462

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 1
As of June 30, 2016
Last 10 Fiscal Years*

		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employer's proportion of the net pension liability (asset)	%	0.058920%	0.059183%							
Employer's proportionate share of the net pension liability	\$	3,082,064	3,178,406							
State's proportionate share of the net pension liability (asset) associated with the employer	\$	0	0							
TOTAL	\$	3,082,064	3,178,406							
Employer's covered employee payroll	\$	6,781,379	6,806,380							
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	45.4%	46.7%							
Plan fiduciary net position as a percentage of the total pension liability	%	59.10%	57.03%							

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 2/3
As of June 30, 2016
Last 10 Fiscal Years*

		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employer's proportion of the net pension liability (asset)	%	0.072378%	0.072259%							
Employer's proportionate share of the net pension liability	\$	2,586,107	3,638,184							
State's proportionate share of the net pension liability (asset) associated with the employer	\$	0	0							
TOTAL	\$	2,586,107	3,638,184							
Employer's covered employee payroll	\$	6,633,123	5,806,141							
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	39.0%	62.7%							
Plan fiduciary net position as a percentage of the total pension liability	%	89.20%	85.82%							

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
LEOFF Plan 1
As of June 30, 2016
Last 10 Fiscal Years*

		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employer's proportion of the net pension liability asset	%	0.031497%	0.030556%							
Employer's proportionate share of the net pension asset	\$	379,608	314,814							
State's proportionate share of the net pension asset associated with the employer	\$	2,567,659	2,129,395							
TOTAL	\$	2,947,267	2,444,209							
Employer's covered employee payroll	\$	0	0							
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	0.0%	0.0%							
Plan fiduciary net position as a percentage of the total pension liability	%	127.36%	123.74%							

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
LEOFF Plan 2
As of June 30, 2016
Last 10 Fiscal Years*

		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employer's proportion of the net pension asset	%	0.175245%	0.168008%							
Employer's proportionate share of the net pension asset	\$	1,801,168	977,185							
State's proportionate share of the net pension asset associated with the employer	\$	1,190,934	637,053							
TOTAL	\$	2,992,102	1,614,238							
Employer's covered employee payroll	\$	5,195,821	5089726.53							
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	34.7%	19.2%							
Plan fiduciary net position as a percentage of the total pension liability	%	111.67%	106.04%							

City of Moses Lake
Schedule of Employer Contributions
PERS Plan 1
As of December 31, 2016
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily or contractually required contributions	\$ 15,102	332,976							
Contributions in relation to the statutorily or contractually required contributions	\$ (15,102)	(332,976)							
Contribution deficiency (excess)	\$ 0	0							
Covered employer payroll	\$ 148,256	6,862,609							
Contributions as a percentage of covered employee payroll	% 10.19%	4.85%							

City of Moses Lake
Schedule of Employer Contributions
PERS Plan 2/3
As of December 31, 2016
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily or contractually required contributions	\$ 671,782	421,911							
Contributions in relation to the statutorily or contractually required contributions	\$ (671,782)	(421,911)							
Contribution deficiency (excess)	\$ 0	0							
Covered employer payroll	\$ 6,633,123	6,772,246							
Contributions as a percentage of covered employee payroll	% 10.13%	6.23%							

City of Moses Lake
Schedule of Employer Contributions
LEOFF Plan 1
As of December 31, 2016
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily or contractually required contributions	\$ 0	0							
Contributions in relation to the statutorily or contractually required contributions	\$ 0	0							
Contribution deficiency (excess)	\$ 0	0							
Covered employer payroll	\$ 0	0							
Contributions as a percentage of covered employee payroll	% 0.00%	0.00%							

City of Moses Lake
Schedule of Employer Contributions
LEOFF Plan 2
As of December 31, 2016
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorily or contractually required contributions	\$ 272,168	258,688							
Contributions in relation to the statutorily or contractually required contributions	\$ (272,168)	(258,688)							
Contribution deficiency (excess)	\$ 0	0							
Covered employer payroll	\$ 5,195,821	5,122,544							
Contributions as a percentage of covered employee payroll	% 5.24%	5.05%							

Firemans' Pension Plan

Net Pension Obligation Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Annual Pension Costs Contributed	Contribution as a Percent of APC	Net Pension Obligation (NPO)
12/31/2014	N/A	\$28,955	N/A	N/A
12/31/2015	(\$10,105)	\$29,272	290%	(\$39,377)
12/31/2016	(\$8,534)	\$28,586	335%	(\$76,497)

2015 first year of actuarial valuation of pension plan without OPEB.

CITY OF MOSES LAKE
Required Supplementary Information

Schedule of Funding Progress
LEOFF 1 Retiree Plan

Police Fund

Actuarial Valuation Date	Value of Assets (a)	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)
12/31/2011		\$ 3,049,063	\$ 3,049,063	- %	0	0 %
12/31/2012		\$ 2,913,881	\$ 2,913,881	- %	0	0 %
12/31/2013		\$ 1,841,164	\$ 1,841,164	- %	0	0 %
12/31/2014		\$ 901,415	\$ 901,415	- %	0	0 %
12/31/2015	-	\$ 1,726,773	\$ 1,726,773	- %	0	0 %
12/31/2016	-	\$ 1,789,802	\$ 1,789,802	- %	0	0 %

Fireman Fund

Actuarial Valuation Date	Value of Assets (a)	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)
12/31/2011	\$ 471,756	\$ 4,527,547	\$ 4,055,791	10 %	0	- %
12/31/2012	\$ 383,571	\$ 4,214,304	\$ 3,830,733	9 %	0	- %
12/31/2013	\$ 331,003	\$ 2,762,954	\$ 2,431,951	12 %	0	- %
12/31/2014	\$ 303,658	\$ 1,157,068	\$ 853,410	26 %	0	- %
12/31/2015	\$ -	\$ 2,658,332	\$ 2,658,332	- %	0	- %
12/31/2016	\$ -	\$ 2,793,349	\$ 2,793,349	- %	0	- %

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2016



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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



DEBT SERVICE FUNDS

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

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

***2006 LGTO** 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.*

***2015 LTGO Refunding Bonds** were issued by authority of Ordinance 2768 for refunding of 2006 LTGO.*

CAPITAL PROJECTS FUNDS

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

*The **Park Mitigation Capital Project** fund was created for the purpose of accounting for capital purchases of both future and existing parks from funds received from developers.*

*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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,263,652	\$ 185,237	\$ 428,243	\$ 1,877,132
Receivables (net of allowance for uncollectibles):				
Customer accounts	-	-	-	-
Due from other governments	4,218	-	-	4,218
Assessments:				
Other receivables	168	-	-	168
Notes/contracts receivable	37,667	-	-	37,667
Total assets	<u>1,305,705</u>	<u>185,237</u>	<u>428,243</u>	<u>1,919,185</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	35,500	514	-	36,014
Salaries and benefits payable	299	-	-	299
Due to other funds	2,196	-	-	2,196
Unearned revenue	37,667	-	-	37,667
Total liabilities	<u>75,662</u>	<u>514</u>	<u>-</u>	<u>76,176</u>
Deferred inflows of resources				
Fund balances:				
Inventories and noncurrent receivables	4,386	-	-	4,386
Restricted for:				
Public safety programs	285,722	-	-	285,722
Tourism	541,893	-	-	541,893
Debt service	-	184,723	-	184,723
Culture and recreation	190,715	-	366,161	556,876
Committed for:				
Culture and recreation	-	-	-	-
Transportation	207,328	-	-	207,328
Assigned to transportation	-	-	-	-
Assigned to Culture and recreation	-	-	62,082	62,082
Unassigned	-	-	-	-
Total fund balance	<u>1,230,044</u>	<u>184,723</u>	<u>428,243</u>	<u>1,843,010</u>
Total liabilities and fund balances	<u>\$ 1,305,706</u>	<u>\$ 185,237</u>	<u>\$ 428,243</u>	<u>\$ 1,919,186</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 541,893	\$ 403,401	\$ 94,157	\$ 224,201	\$ 1,263,652
Due from other governments	-	4,218	-	-	4,218
Other receivables	-	-	-	168	168
Notes/contracts receivable	-	-	-	37,667	37,667
Total assets	<u>541,893</u>	<u>407,619</u>	<u>94,157</u>	<u>262,036</u>	<u>1,305,705</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	20,822	-	14,678	35,500
Salaries and benefits payable	-	299	-	-	299
Due to other funds	-	-	-	2,196	2,196
Unearned revenue	-	-	-	37,667	37,667
Total liabilities	<u>-</u>	<u>21,121</u>	<u>-</u>	<u>54,541</u>	<u>75,662</u>
Fund balances:					
Inventories and noncurrent receivables	-	4,218	-	168	4,386
Restricted for:					
Public safety programs	-	285,722	-	-	285,722
Tourism	541,893	-	-	-	541,893
Debt service	-	-	-	-	-
Culture and recreation	-	96,558	94,157	-	190,715
Committed for:					
Transportation	-	-	-	207,328	207,328
Assigned to transportation	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>541,893</u>	<u>386,498</u>	<u>94,157</u>	<u>207,496</u>	<u>1,230,044</u>
Total liabilities and fund balances	<u>\$ 541,893</u>	<u>\$ 407,619</u>	<u>\$ 94,157</u>	<u>\$ 262,037</u>	<u>\$ 1,305,706</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016

	Equipment Leases	2015 LTGO Refunding	2006 GO Bond Redemption	Total Nonmajor Debt Service Funds
ASSETS				
Cash and cash equivalents	\$ 482	\$ 184,755	\$ -	\$ 185,237
Total assets	<u>482</u>	<u>184,755</u>	<u>-</u>	<u>185,237</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	492	22	514
Total liabilities	<u>-</u>	<u>492</u>	<u>22</u>	<u>514</u>
Fund balances:				
Restricted for:				
Debt service	482	184,263	(22)	184,723
Total liabilities and fund balances	<u>\$ 482</u>	<u>\$ 184,755</u>	<u>\$ -</u>	<u>\$ 185,237</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	Park Mitigation	Park Improvement	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 322,474	\$ 105,769	\$ 428,243
Total assets	<u>322,474</u>	<u>105,769</u>	<u>428,243</u>
Fund balances:			
Restricted for:			
Culture and recreation	322,474	43,687	366,161
Assigned to Culture and recreation	-	62,082	62,082
Total fund balances	<u>\$ 322,474</u>	<u>\$ 105,769</u>	<u>\$ 428,243</u>

CITY OF MOSES LAKE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 723,370	\$ -	\$ -	\$ 723,370
Intergovernmental revenues	305,968	-	-	305,968
Charges for services	1,187	-	322,474	323,661
Fines and forfeits	144	-	-	144
Interest earnings	1,883	-	-	1,883
Contributions/donations	90,498	-	-	90,498
Assessments	50,220	-	-	50,220
Miscellaneous	16,187	-	-	16,187
Total revenues	<u>1,189,457</u>	<u>-</u>	<u>322,474</u>	<u>1,511,931</u>
EXPENDITURES				
Current:				
General Government	1,000	-	-	1,000
Public safety	250,550	-	-	250,550
Transportation	896,484	-	-	896,484
Culture and recreation	31,750	-	-	31,750
Capital outlay	17,064	-	-	17,064
Debt service:				
Principal	-	246,765	-	246,765
Interest and debt issue costs	-	120,853	-	120,853
Total expenditures	<u>1,196,848</u>	<u>367,618</u>	<u>-</u>	<u>1,564,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,391)</u>	<u>(367,618)</u>	<u>322,474</u>	<u>(52,535)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	536,098	-	761,098
Transfers (out)	<u>(210,200)</u>	<u>(174,029)</u>	<u>-</u>	<u>(384,229)</u>
Total other financing sources	<u>14,800</u>	<u>362,069</u>	<u>-</u>	<u>376,869</u>
Net change in fund balance	7,409	(5,549)	322,474	324,334
Fund balances-beginning	<u>1,222,635</u>	<u>190,273</u>	<u>105,769</u>	<u>1,518,677</u>
Fund balances-ending	<u>\$ 1,230,044</u>	<u>\$ 184,724</u>	<u>\$ 428,243</u>	<u>\$ 1,843,011</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, 2016

	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ 552,051	\$ -	\$ -	\$ 171,319	\$ 723,370
Intergovernmental revenues	-	281,058	2,317	22,593	305,968
Charges for services	-	1,187	-	-	1,187
Fines and forfeits	-	-	-	144	144
Interest earnings	-	-	-	1,883	1,883
Contributions/donations	-	88,820	-	1,678	90,498
Assessments	-	-	-	50,220	50,220
Miscellaneous	-	16,187	-	-	16,187
Total revenues	552,051	387,252	2,317	247,837	1,189,457
EXPENDITURES					
Current:					
General Government	-	1,000	-	-	1,000
Public safety	-	250,550	-	-	250,550
Transportation	-	-	-	896,484	896,484
Culture and recreation	710	31,040	-	-	31,750
Capital outlay	-	17,064	-	-	17,064
Total expenditures	710	299,654	-	896,484	1,196,848
Excess (deficiency) of revenues over (under) expenditures	551,341	87,598	2,317	(648,647)	(7,391)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	225,000	225,000
Transfers (out)	(210,200)	-	-	-	(210,200)
Total other financing sources (uses)	(210,200)	-	-	225,000	14,800
Net change in fund balance	341,141	87,598	2,317	(423,647)	7,409
Fund balances-beginning	200,752	298,901	91,840	631,142	1,222,635
Fund balances-ending	\$ 541,893	\$ 386,499	\$ 94,157	\$ 207,495	\$ 1,230,044

CITY OF MOSES LAKE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016

	<u>Equipment Leases</u>	<u>2015 LTGO Refunding</u>	<u>2006 GO Bond Redemption</u>	<u>Total Nonmajor Debt Service Funds</u>
EXPENDITURES				
Debt service:				
Principal	\$ 5,099	\$ -	\$ 241,667	\$ 246,766
Interest and debt issue costs	99	111,454	9,300	120,853
Total expenditures	<u>5,198</u>	<u>111,454</u>	<u>250,967</u>	<u>367,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,198)</u>	<u>(111,454)</u>	<u>(250,967)</u>	<u>(367,619)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,300	270,298	260,500	536,098
Transfers (out)	<u>(14,231)</u>	<u>-</u>	<u>(159,798)</u>	<u>(174,029)</u>
Total other financing sources (uses)	<u>(8,931)</u>	<u>270,298</u>	<u>100,702</u>	<u>362,069</u>
Net change in fund balance	(14,129)	158,844	(150,265)	(5,550)
Fund balances-beginning	14,611	25,418	150,244	190,273
Fund balances-ending	<u>\$ 482</u>	<u>\$ 184,262</u>	<u>\$ (21)</u>	<u>\$ 184,723</u>

CITY OF MOSES LAKE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	Park Mitigation	Park Improvement	Total Nonmajor Capital Projects Funds
Charges for services	\$ 322,474	\$ -	\$ 322,474
Total revenues	<u>322,474</u>	<u>-</u>	<u>322,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>322,474</u>	<u>-</u>	<u>322,474</u>
Net change in fund balance	322,474	-	322,474
Fund balances - beginning	-	105,769	105,769
Fund balances - ending	<u>\$ 322,474</u>	<u>\$ 105,769</u>	<u>\$ 428,243</u>

CITY OF MOSES LAKE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Tourism Special Revenue Fund
For the Year Ended December 31, 2016

	<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				
Taxes	\$ 450,000	\$ 450,000	\$ 552,051	\$ 102,051
Total revenues	450,000	450,000	552,051	102,051
EXPENDITURES				
Culture and recreation	-	1,000	710	290
Total expenditures	-	1,000	710	290
Excess (deficiency) of revenues over (under) expenditures	450,000	449,000	551,341	102,341
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(210,200)	(210,200)	(210,200)	-
Total other financing sources (uses)	(210,200)	(210,200)	(210,200)	-
Net change in fund balance	239,800	238,800	341,141	102,341
Fund balances-beginning	4,800	194,400	200,752	6,352
Fund balances-ending	<u>\$ 244,600</u>	<u>\$ 433,200</u>	<u>\$ 541,893</u>	<u>\$ 108,693</u>

CITY OF MOSES LAKE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Grants and Donations Special Revenue Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	155,000	155,000	281,058	126,058
Charges for services	100	100	1,187	1,087
Contributions/donations	36,200	36,200	88,820	52,620
Miscellaneous	2,500	2,500	16,187	13,687
Total revenues	193,800	193,800	387,252	193,452
EXPENDITURES				
General Government	500	500	1,000	(500)
Public safety	275,200	277,100	250,550	26,550
Culture and recreation	26,200	26,200	31,040	(4,840)
Capital outlay	-	-	17,064	(17,064)
Total expenditures	301,900	303,800	299,654	4,146
Excess (deficiency) of revenues over (under) expenditures	(108,100)	(110,000)	87,598	197,598
OTHER FINANCING SOURCES (USES)				
Transfers in	1,900	1,900	-	(1,900)
Total other financing sources (uses)	1,900	1,900	-	(1,900)
Net change in fund balance	(106,200)	(108,100)	87,598	195,698
Fund balances-beginning	65,300	270,800	298,900	28,100
Fund balances-ending	<u>\$ (40,900)</u>	<u>\$ 162,700</u>	<u>\$ 386,498</u>	<u>\$ 223,798</u>

CITY OF MOSES LAKE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Paths and Trails Special Revenue Fund
For the Year Ended December 31, 2016

	<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	2,000	2,000	2,317	317
Total revenues	2,000	2,000	2,317	317
EXPENDITURES				
Transportation	33,000	33,000	-	33,000
Capital outlay	-	-	-	-
Total expenditures	33,000	33,000	-	33,000
Excess (deficiency) of revenues over (under) expenditures	(31,000)	(31,000)	2,317	33,317
Net change in fund balance	(31,000)	(31,000)	2,317	33,317
Fund balances-beginning	62,000	60,800	91,840	31,040
Fund balances-ending	<u>\$ 31,000</u>	<u>\$ 29,800</u>	<u>\$ 94,157</u>	<u>\$ 64,357</u>

CITY OF MOSES LAKE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Street Repair and Reconstruction Special Revenue Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	100,000	100,000	171,319	71,319
Intergovernmental revenues	-	-	22,593	22,593
Fines and forfeits	-	-	144	144
Assessments	58,800	58,800	50,220	(8,580)
Contributions/donations	-	-	1,678	1,678
Interest earnings	-	-	1,883	1,883
Total revenues	158,800	158,800	247,837	89,037
EXPENDITURES				
Transportation	-	1,008,000	896,484	111,516
Capital outlay	-	-	-	-
Total expenditures	-	1,008,000	896,484	111,516
Excess (deficiency) of revenues over (under) expenditures	158,800	(849,200)	(648,647)	200,553
Transfers in	-	225,000	225,000	-
Total other financing sources (uses)	-	225,000	225,000	-
Net change in fund balance	158,800	(624,200)	(423,647)	200,553
Fund balances-beginning	107,500	545,600	631,141	85,541
Fund balances-ending	\$ 266,300	\$ (78,600)	\$ 207,494	\$ 286,094

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final Budget</u>
EXPENDITURES				
Debt service:				
Principal	\$ 5,200	\$ 5,200	\$ 5,099	\$ 101
Interest and debt issue costs	100	100	99	1
Total expenditures	<u>5,300</u>	<u>5,300</u>	<u>5,198</u>	<u>102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,300)</u>	<u>(5,300)</u>	<u>(5,198)</u>	<u>102</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,300	5,300	5,300	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>(14,231)</u>	<u>(14,231)</u>
Total other financing sources (uses)	<u>5,300</u>	<u>5,300</u>	<u>(8,931)</u>	<u>(14,231)</u>
Net change in fund balance	-	-	(14,129)	(14,129)
Fund balances-beginning	10,000	14,300	14,611	311
Fund balances-ending	<u>\$ 10,000</u>	<u>\$ 14,300</u>	<u>\$ 482</u>	<u>\$ (13,818)</u>

CITY OF MOSES LAKE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
2006 General Obligation Bond Redemption Debt Service Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final Budget</u>
EXPENDITURES				
Debt service:				
Principal	\$ 242,000	\$ 242,000	\$ 241,667	\$ 333
Interest and debt issue costs	10,300	10,300	9,300	1,000
Total expenditures	<u>252,300</u>	<u>252,300</u>	<u>250,967</u>	<u>1,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(252,300)</u>	<u>(252,300)</u>	<u>(250,967)</u>	<u>1,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	260,500	260,500	260,500	-
Transfers (out)	-	-	(159,798)	(159,798)
Total other financing sources (uses)	<u>260,500</u>	<u>260,500</u>	<u>100,702</u>	<u>(159,798)</u>
Net change in fund balance	8,200	8,200	(150,265)	(158,465)
Fund balances-beginning	149,000	149,000	150,244	1,244
Fund balances-ending	<u>\$ 157,200</u>	<u>\$ 157,200</u>	<u>\$ (21)</u>	<u>\$ (157,221)</u>

CITY OF MOSES LAKE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
2015 General Obligation Bond Refunding Debt Service Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Debt service:				
Interest and debt issue costs	\$ 110,500	\$ 110,500	\$ 111,454	\$ (954)
Total expenditures	<u>110,500</u>	<u>110,500</u>	<u>111,454</u>	<u>(954)</u>
Deficiency of revenues under expenditures	<u>(110,500)</u>	<u>(110,500)</u>	<u>(111,454)</u>	<u>(954)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,500	110,500	270,298	159,798
Total other financing sources (uses)	<u>110,500</u>	<u>110,500</u>	<u>270,298</u>	<u>159,798</u>
Net change in fund balance	-	-	158,844	158,844
Fund balances-beginning	-	3,900	25,418	21,518
Fund balances-ending	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ 184,262</u>	<u>\$ 180,362</u>

CITY OF MOSES LAKE
Changes in Fund Balance
Budget and Actual
Park Mitigation Nonmajor Capital Projects Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Charges for services	-	-	322,474	322,474
Total revenues	-	-	322,474	322,474
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Net change in fund balance	-	-	322,474	322,474
Fund balances-beginning	100	100	-	100
Fund balances-ending	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 322,474</u>	<u>\$ 322,374</u>

CITY OF MOSES LAKE
Changes in Fund Balance
Budget and Actual
Park and Recreation Improvement Nonmajor Capital Project Fund
For the Year Ended December 31, 2016

	<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				
Total revenues	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
EXPENDITURES				
Total expenditures	-	-	-	-
	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balances-beginning	88,000	105,700	105,769	69
Fund balances-ending	<u>\$ 88,000</u>	<u>\$ 105,700</u>	<u>\$ 105,769</u>	<u>\$ 69</u>



INTERNAL SERVICE FUNDS

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

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

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

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

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

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



CITY OF MOSES LAKE
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 84,460	\$ 757,179	\$ 290,701	\$ 777,577	\$ 1,087,986	\$ 2,997,903
Due from other funds	-	-	-	-	28	28
Inventory	-	-	1,791	48,664	30,521	80,976
Total current assets	84,460	757,179	292,492	826,241	1,118,535	3,078,907
Noncurrent assets:						
Capital assets net of depreciation						
Land and land rights	-	-	-	-	608,951	608,951
Buildings	-	-	-	-	11,597,544	11,597,544
Machinery and equipment	-	-	165,570	3,545,910	823,403	4,534,883
Construction in Progress	-	-	-	161,426	8,055	169,481
Total capital assets	-	-	165,570	3,707,336	13,037,953	16,910,859
Total assets	84,460	757,179	458,062	4,533,577	14,156,488	19,989,766
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding	-	-	-	-	-	-
Deferred Pension	-	-	8,694	25,781	61,682	85,937
Total deferred outflows of resources	-	-	8,694	25,781	61,682	85,937
LIABILITIES						
Current liabilities						
Accounts payable	-	-	7,820	52,119	14,184	74,123
Salaries and benefits payable	-	-	2,620	4,814	9,659	17,093
Due to other funds	-	75,630	-	-	230	75,860
Interfund loans payable	-	-	-	-	4,628,108	4,628,108
Interest payable	-	-	-	-	8,987	8,987
Capital leases payable	-	-	14,475	482,321	1,249	498,045
G.O. bonds payable	-	-	-	-	765,000	765,000
Compensated Absences	-	-	1,064	2,715	1,836	5,615
Total current liabilities	-	75,630	25,979	541,969	5,429,253	6,072,831
Noncurrent liabilities:						
G.O. bonds payable (net discount/premium)	-	-	-	-	3,048,768	3,048,768
Compensated absences	-	-	9,578	24,438	16,522	50,538
Lease payable	-	-	39,125	853,031	1,268	893,424
Net pension liability	-	-	36,382	109,146	218,291	363,819
Total noncurrent liabilities	-	-	85,085	986,615	3,284,849	4,356,549
Total liabilities	-	75,630	111,064	1,528,584	8,714,102	10,429,380
DEFERRED INFLOWS OF RESOURCES						
Pension	-	-	1,094	4,970	9,840	15,974
Total deferred inflows of resources	-	-	1,094	4,970	9,840	15,974
NET POSITION						
Net investment in capital assets	-	-	165,570	2,371,985	9,224,185	11,761,740
Unrestricted	84,460	681,549	188,957	653,818	(3,740,177)	(2,131,393)
Total net position	\$ 84,460	\$ 681,549	\$ 354,527	\$ 3,025,803	\$ 5,484,008	\$ 9,630,347

CITY OF MOSES LAKE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
OPERATING REVENUES						
Charges for services	\$ -	\$ 505,000	\$ 421,867	\$ 1,867,294	\$ 2,695,170	\$ 5,489,331
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,111	\$ 1,111
Total operating revenues	-	505,000	421,867	1,867,294	2,696,281	5,490,442
OPERATING EXPENSES						
Salaries and benefits	-	-	195,974	338,334	646,175	1,180,483
Supplies and contractual services	-	-	269,793	549,678	198,340	1,017,811
Utilities	-	-	-	-	114,278	114,278
Repairs and maintenance	-	-	30,657	98,867	61,647	191,171
Insurance claims and expenses	28,493	533,349	-	-	-	561,842
Depreciation and amortization	-	-	47,887	602,105	375,848	1,025,840
Total operating expenses	28,493	533,349	544,311	1,588,984	1,396,288	4,091,425
Operating income (loss)	(28,493)	(28,349)	(122,444)	278,310	1,299,993	1,399,017
NONOPERATING REVENUES (EXPENSES)						
Insurance recoveries	-	16,386	-	2,421	13,963	32,770
Interest expense	-	-	(2,852)	(18,827)	(212,956)	(234,635)
Miscellaneous revenues	-	-	-	124	-	124
Gain (loss) on disposal of fixed assets	-	-	-	(15,017)	-	(15,017)
Total nonoperating revenues (expenses)	-	16,386	(2,852)	(31,299)	(198,993)	(216,758)
Income (loss) before contributions and transfers	(28,493)	(11,963)	(125,296)	247,011	1,101,000	1,182,259
Transfers in	-	-	15,800	-	-	15,800
Change in net position	(28,493)	(11,963)	(109,496)	247,011	1,101,000	1,198,059
Net position - beginning	112,953	693,513	464,022	2,778,792	4,383,009	8,432,289
Prior Period Adjustments	-	-	-	-	-	-
Change in Accounting Principle	-	-	-	-	-	-
Net position - ending	\$ 84,460	\$ 681,550	\$ 354,526	\$ 3,025,803	\$ 5,484,009	\$ 9,630,348

CITY OF MOSES LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

Page 1 of 2

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ -	\$ 505,000	\$ 421,867	\$ 1,867,294	\$ 2,696,282	\$ 5,490,443
Payments to suppliers	(28,493)	(533,349)	(286,042)	(614,524)	(376,806)	(1,839,214)
Payments to employees	-	-	(166,198)	(340,369)	(641,854)	(1,148,421)
Miscellaneous revenues	-	-	-	124	-	124
Net cash provided (used) by operating activities	(28,493)	(28,349)	(30,373)	912,525	1,677,622	2,502,932
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments from (to) other funds	-	-	-	-	230	230
Payments to other funds	-	75,630	-	-	(28)	75,602
Transfers from (to) other funds	-	-	15,800	-	-	15,800
Insurance recoveries	-	16,386	-	2,421	13,963	32,770
Net cash provided (used) by noncapital financing activities	-	92,016	15,800	2,421	14,165	124,402
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	66,407	765,639	-	832,046
Principal paid on debt	-	-	(12,807)	(407,019)	(1,644,557)	(2,064,383)
Interest paid on debt	-	-	(2,852)	(18,827)	(214,343)	(236,022)
Purchase of capital assets	-	-	-	(1,120,781)	(8,055)	(1,128,836)
Net cash provided (used) by capital and related financing activities	-	-	50,748	(780,988)	(1,866,955)	(2,597,195)
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash provided by investing activities	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(28,493)	63,667	36,175	133,958	(175,168)	30,139
Cash and cash equivalents - January 1	112,953	693,513	254,527	643,617	1,263,155	2,967,765
Prior period adjustment	-	-	-	-	-	-
Cash and cash equivalents - December 31	84,460	757,180	290,702	777,575	1,087,987	2,997,904

CITY OF MOSES LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

Page 2 of 2

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (28,493)	\$ (28,349)	\$ (122,443)	\$ 278,310	\$ 1,299,994	\$ 1,399,019
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	-	-	47,887	602,105	375,848	1,025,840
Decrease (increase) in prepaid expenses	-	-	13,028	360	907	14,295
(Decrease) increase in accounts payable	-	-	1,380	33,662	(3,449)	31,593
(Decrease) increase in salaries payable	-	-	830	538	1,240	2,608
(Decrease) increase in compensated absences payable	-	-	93	(4,603)	(980)	(5,490)
(Decrease) increase in pension liabilities	-	-	28,853	2,031	4,061	34,945
(Decrease) increase in miscellaneous revenues	-	-	-	124	-	124
Total adjustments	-	-	92,071	634,217	377,627	1,103,915
Net cash provided (used) by operating activities	\$ (28,493)	\$ (28,349)	\$ (30,372)	\$ 912,527	\$ 1,677,621	\$ 2,502,934
Noncash investing, capital and financing activities:						
Additions to capital lease	\$ -	\$ -	\$ -	1,090,000	\$ -	1,090,000

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.

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.



CITY OF MOSES LAKE
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2016

	<u>Agency Funds</u>		
	<u>Deposit</u>	<u>State Deposit</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 778,034	\$ 342,241	\$ 1,120,275
Total assets	<u>778,034</u>	<u>342,241</u>	<u>1,120,275</u>
LIABILITIES			
Custodial accounts payable	778,034	342,242	1,120,276
Total liabilities	<u>\$ 778,034</u>	<u>\$ 342,242</u>	<u>\$ 1,120,276</u>

CITY OF MOSES LAKE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance January 01, 2016	Additions	Deductions	Balance December 31, 2016
DEPOSIT FUND				
Assets				
Cash	\$ 772,381	\$ 4,246,446	\$ 4,240,793	\$ 778,034
Total assets	<u>772,381</u>	<u>4,246,446</u>	<u>4,240,793</u>	<u>778,034</u>
Liabilities				
Deposits	712,692	4,854,535	4,813,960	753,267
Retainage payable	59,689	89,730	124,652	24,767
Total liabilities	<u>\$ 772,381</u>	<u>\$ 4,944,265</u>	<u>\$ 4,938,612</u>	<u>\$ 778,034</u>
STATE DEPOSIT FUND				
Assets				
Cash	\$ 297,189	\$ 3,149,278	\$ 3,104,226	\$ 342,241
Total assets	<u>297,189</u>	<u>3,149,278</u>	<u>3,104,226</u>	<u>342,241</u>
Liabilities				
Due to state	297,189	3,956,021	3,910,968	342,242
Total liabilities	<u>\$ 297,189</u>	<u>\$ 3,956,021</u>	<u>\$ 3,910,968</u>	<u>\$ 342,242</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash	\$ 1,069,570	\$ 7,395,724	\$ 7,345,019	\$ 1,120,275
Total assets	<u>1,069,570</u>	<u>7,395,724</u>	<u>7,345,019</u>	<u>1,120,275</u>
Liabilities				
Deposits	712,692	4,854,535	4,813,960	753,267
Due to other governments	297,189	3,956,021	3,910,968	342,242
Retainage payable	59,689	89,730	124,652	24,767
Total liabilities	<u>\$ 1,069,570</u>	<u>\$ 8,900,286</u>	<u>\$ 8,849,580</u>	<u>\$ 1,120,276</u>

**CITY OF MOSES LAKE, WASHINGTON
STATISTICAL SECTION
(Unaudited)**

This part of the City of Moses Lake's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, notes and required supplemental information says about the City's financial well being.

Contents

Financial Trends	123
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These schedules contain trend information to assist the reader in understanding how the City's financial performance and well being have changed over time.

Revenue Capacity.....	131
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These schedules contain information to assist the reader in assessing the City's most significant local revenue source or property taxes.

Debt Capacity.....	135
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These schedules present information to assist the reader in assessing the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information.....	141
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These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the government's financial activities take place.

Operating Information.....	143
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These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the city provides and activities it performs.

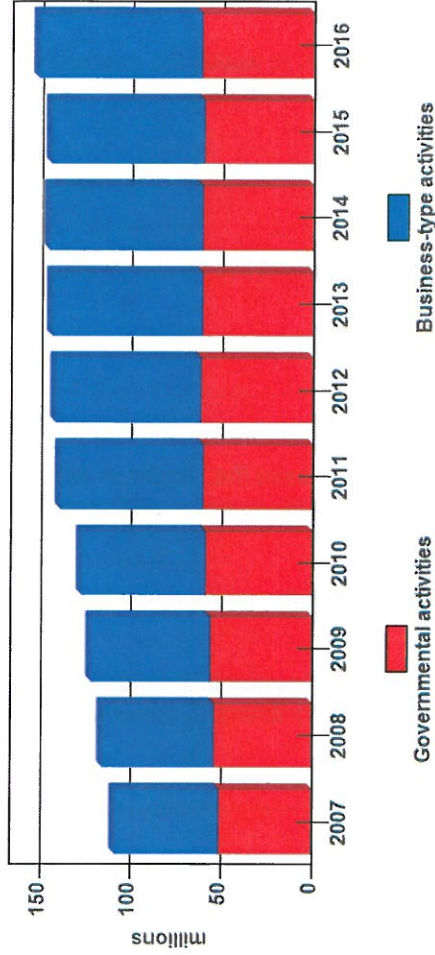
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

CITY OF MOSES LAKE
Net Position by Component
Last Ten Fiscal Year
(modified accrual basis of accounting)

Table B-1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Restricted	\$ 46,377,483	\$ 50,487,091	\$ 54,488,295	\$ 58,530,828	\$ 62,586,880	\$ 66,648,695	\$ 70,715,187	\$ 74,781,724	\$ 78,848,265	\$ 82,914,806
Unrestricted	3,367,726	3,715,411	4,063,098	4,410,783	4,758,468	5,106,153	5,453,838	5,801,523	6,149,208	6,496,893
Total governmental activities net position	\$ 50,477,031	\$ 54,487,091	\$ 58,530,828	\$ 62,586,880	\$ 66,648,695	\$ 70,715,187	\$ 74,781,724	\$ 78,848,265	\$ 82,914,806	\$ 87,981,699
Business-type activities										
Restricted	\$ 46,015,518	\$ 49,901,208	\$ 53,886,503	\$ 57,871,280	\$ 61,856,057	\$ 65,840,832	\$ 69,825,607	\$ 73,810,382	\$ 77,795,157	\$ 81,779,932
Unrestricted	880,219	1,062,140	1,244,061	1,425,982	1,607,903	1,789,824	1,971,745	2,153,666	2,335,587	2,517,508
Total business-type activities net position	\$ 47,195,737	\$ 50,963,348	\$ 55,130,564	\$ 59,297,262	\$ 63,463,960	\$ 67,630,656	\$ 71,797,352	\$ 75,964,048	\$ 80,130,744	\$ 84,297,440
Primary government										
Net investment in capital assets	\$ 92,244,070	\$ 100,412,244	\$ 108,582,489	\$ 116,714,718	\$ 124,846,945	\$ 132,979,172	\$ 141,111,399	\$ 149,243,626	\$ 157,375,853	\$ 165,508,080
Deferred outflows	13,881,139	13,881,139	13,881,139	13,881,139	13,881,139	13,881,139	13,881,139	13,881,139	13,881,139	13,881,139
Deferred inflows	10,712,228	11,438,853	12,262,732	13,086,411	13,910,090	14,733,769	15,557,448	16,381,127	17,204,806	18,028,485
Total primary government net position	\$ 95,412,981	\$ 102,854,520	\$ 110,290,896	\$ 117,509,468	\$ 124,818,074	\$ 132,027,141	\$ 139,539,976	\$ 146,805,692	\$ 154,061,798	\$ 161,317,103

Net Position



CITY OF MOSES LAKE

Changes in Expenses by Function

Last Ten Fiscal Years

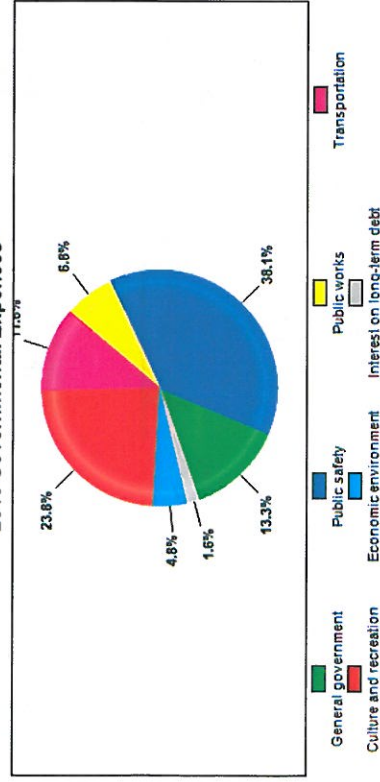
(modified accrual basis of accounting)

Table B-2
Page 1 of 3

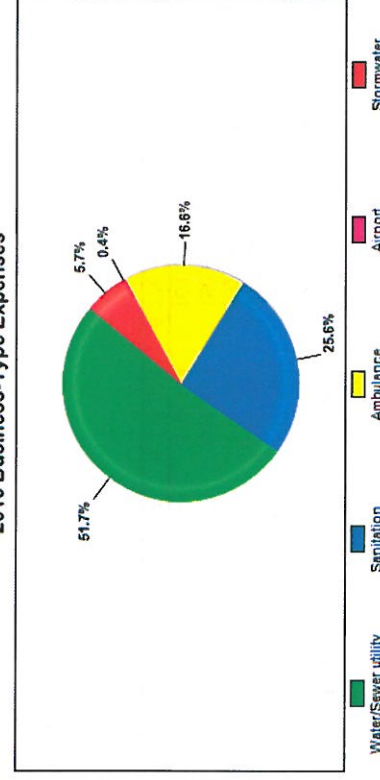
Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 1,322,682	\$ 1,558,972	\$ 1,495,042	\$ 1,490,050	\$ 5,177,801	\$ 2,025,131	\$ 2,248,966	\$ 1,810,976	\$ 1,919,942	\$ 3,164,520
Public safety	6,337,508	7,040,112	8,082,864	8,250,244	8,208,749	8,523,429	8,187,757	8,272,137	8,476,035	9,079,116
Public works	1,838,666	1,850,759	1,894,915	1,786,822	1,849,411	1,935,245	1,838,465	1,841,532	1,705,047	1,616,151
Transportation	2,379,341	2,618,394	2,717,746	2,657,304	2,757,678	1,981,454	2,565,422	1,838,589	2,011,189	2,772,694
Culture and recreation	3,919,872	4,663,157	4,911,237	5,155,333	5,970,761	5,777,849	5,756,198	5,696,832	5,402,719	5,680,271
Economic environment	829,664	796,501	768,252	743,863	761,298	803,867	1,043,025	1,064,457	1,106,617	1,146,169
Interest on long-term debt	533,602	588,542	533,057	591,488	671,148	675,736	534,349	466,372	433,784	379,763
Total governmental activities	17,161,335	19,116,437	20,403,113	20,675,104	25,396,846	21,722,711	22,174,182	20,990,895	21,055,333	23,838,684
Business-type activities:										
Water/Sewer utility	8,121,813	7,039,880	7,128,833	7,192,446	7,599,119	7,401,282	7,788,179	8,876,959	8,026,945	7,283,991
Sanitation	1,946,850	2,166,047	2,025,330	2,952,147	2,962,499	3,025,020	3,138,126	3,263,670	3,544,496	3,605,673
Ambulance	1,565,864	1,959,865	2,124,517	2,305,638	2,409,424	2,509,558	2,490,405	2,593,169	2,394,802	2,337,527
Airport	54,474	159,494	100,250	35,141	28,960	30,063	34,120	28,465	51,733	50,676
Stormwater	-	-	-	336,113	477,990	525,931	536,941	626,936	569,393	807,738
Total business-type activities	11,689,001	11,325,286	11,378,930	12,821,485	13,477,992	13,491,854	13,987,771	15,389,199	14,587,369	14,085,605
Total primary government expenses	\$ 28,850,336	\$ 30,441,723	\$ 31,782,043	\$ 33,496,589	\$ 38,874,838	\$ 35,214,565	\$ 36,161,953	\$ 36,380,094	\$ 35,642,702	\$ 37,924,289

Stormwater business-type activities began in 2010.

2016 Governmental Expenses



2016 Business-Type Expenses



CITY OF MOSES LAKE

Changes in Revenues by Function Last Ten Fiscal Years

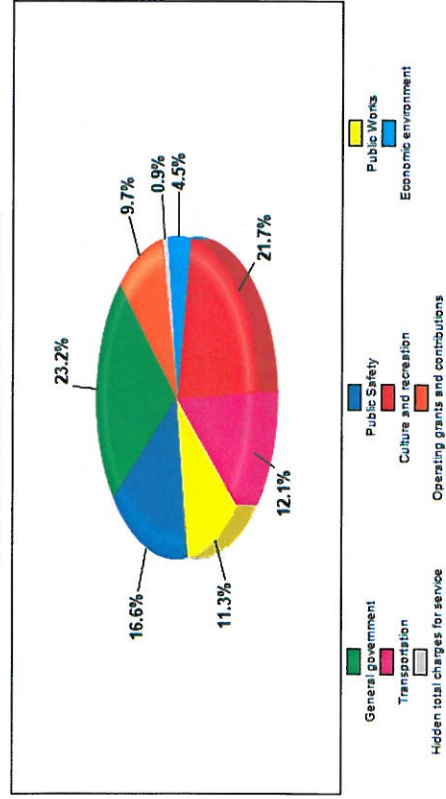
Table B-2
Table 2 of 3

(modified accrual basis of accounting)

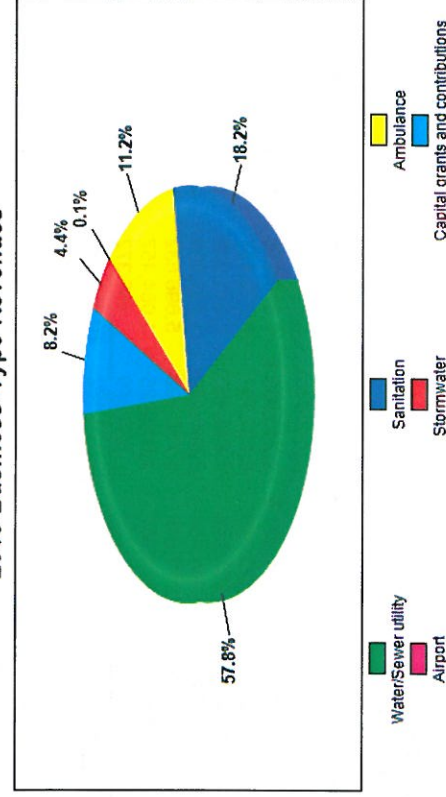
Program Revenues	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Charges for service										
General government	\$ 909,143	\$ 1,061,752	\$ 959,474	\$ 883,157	\$ 987,186	\$ 1,121,967	\$ 725,822	\$ 875,769	\$ 1,345,013	\$ 1,634,010
Public Safety	1,187,791	1,490,381	1,592,864	1,955,918	1,335,433	1,556,924	1,595,284	1,792,009	1,741,676	1,169,764
Public Works	1,277,159	1,270,698	1,358,999	1,344,876	1,509,856	675,827	878,259	892,800	890,904	794,545
Transportation	844,321	1,006,085	501,464	671,262	904,680	675,203	737,332	837,828	545,861	848,254
Culture and recreation	1,265,278	1,551,558	1,677,145	1,409,773	1,457,901	1,423,732	1,332,460	1,313,698	1,275,793	1,526,032
Economic environment	200,244	274,564	141,282	139,878	123,220	1,217,754	113,687	252,263	278,124	319,852
Operating grants and contributions	403,746	170,019	236,741	208,603	292,896	449,067	361,653	150,649	127,382	64,704
Capital grants and contributions	2,379,995	1,883,980	2,701,529	1,149,290	1,451,525	-	579,474	161,390	680,345	680,361
Total governmental activities	8,467,677	8,709,037	9,169,498	7,762,757	8,062,697	6,024,474	6,323,971	6,276,406	6,885,098	7,037,522
Business-type activities:										
Charges for Services:										
Water/Sewer utility	13,550,900	8,510,652	8,904,299	9,354,264	13,493,211	9,894,017	9,705,574	10,334,324	10,692,572	11,036,058
Sanitation	1,892,624	2,083,539	1,946,888	2,073,684	2,420,533	2,401,838	2,393,090	2,747,517	3,182,534	3,471,109
Ambulance	1,653,862	1,988,586	1,691,073	1,902,757	2,476,305	2,390,364	2,284,340	2,528,431	2,632,671	2,145,587
Airport	24,054	34,720	31,044	33,403	36,191	32,932	30,501	287,798	(3,708)	25,979
Stormwater	3,130,898	2,428,223	3,462,261	790,028	5,100,566	739,803	758,053	777,967	812,510	841,820
Capital grants and contributions	-	-	-	605,873	762,632	739,803	758,053	777,967	812,510	841,820
Total Business-type activities	20,252,338	15,045,720	16,035,565	14,760,009	24,289,438	16,013,777	16,764,744	17,692,069	17,979,995	19,083,766
Total Business-type program revenues	\$ 28,720,015	\$ 23,754,757	\$ 25,205,063	\$ 22,522,766	\$ 32,352,135	\$ 22,038,251	\$ 23,088,715	\$ 23,968,475	\$ 24,865,093	\$ 26,121,288

Stormwater business-type activities began in 2010.

2016 Governmental Revenues



2016 Business-Type Revenues



CITY OF MOSES LAKE

Changes in Net Position

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table B-2
Page 3 of 3

Net (Expense)/Revenue	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities	\$ (8,693,658)	\$ (10,407,400)	\$ (11,233,615)	\$ (12,912,347)	\$ (17,334,149)	\$ (15,698,237)	\$ (15,850,211)	\$ (14,714,489)	\$ (14,170,235)	\$ (16,801,162)
Business-type activities	8,563,337	3,720,434	4,656,635	1,938,524	10,811,446	2,521,923	2,776,973	2,302,870	3,392,626	4,998,161
Total primary government net expense	(130,321)	(6,686,966)	(6,576,980)	(10,973,823)	(6,522,703)	(13,176,314)	(13,073,238)	(12,411,619)	(10,777,609)	(11,803,001)

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes:

Property taxes	2,940,325	3,270,650	4,321,219	7,052,123	8,490,927	7,089,271	4,060,416	4,214,011	4,463,541	7,594,524
Retail sales and use taxes	5,710,727	6,225,961	5,633,499	5,288,180	5,539,605	5,368,342	5,891,891	6,194,709	6,128,076	6,535,040
Business taxes	3,117,827	3,570,860	3,490,995	3,489,277	3,591,144	3,820,464	4,032,173	3,813,397	4,205,782	4,099,389
Interest and investment earnings	708,676	206,425	270,648	186,950	288,222	239,762	226,262	240,015	297,594	234,809
Miscellaneous	1,211	3,275	437	1,054	-	1,158	1,025	3,312	130,773	32,770
Transfers, internal activities	112,797	232,565	(134,074)	(73,500)	(252,800)	1,647,200	247,200	293,164	425,660	425,660
Total governmental activities	12,591,563	13,509,736	13,582,724	15,944,084	17,657,098	18,166,197	14,458,967	14,758,608	15,651,426	18,922,192

Business-type activities:

Interest and investment earnings	211,061	330,141	24,032	24,032	26,888	33,173	196,703	173,727	155,982	148,413
Insurance recoveries	-	-	-	-	-	-	-	39,063	39,063	75,630
Transfers, internal activities	(112,797)	(232,565)	134,074	73,500	252,800	(1,647,200)	(247,200)	(293,164)	(425,660)	(425,660)
Total business-type activities	98,264	97,576	158,106	97,532	279,688	(1,614,027)	(50,497)	(80,374)	(230,615)	(201,617)
Total Primary Government	12,689,827	13,607,312	13,740,830	16,041,616	17,936,786	16,552,170	14,408,470	14,678,234	15,420,811	18,720,575

Change in Net Position

Governmental Activities	3,897,905	3,102,336	2,349,109	3,031,737	322,949	2,467,960	(1,391,244)	44,119	1,481,191	2,121,030
Business-Type Activities	8,661,601	3,818,010	4,814,741	2,036,056	11,091,134	907,896	2,726,476	2,222,496	3,162,011	4,796,544
Total Primary Government	\$ 12,559,506	\$ 6,920,346	\$ 7,163,850	\$ 5,067,793	\$ 11,414,083	\$ 3,375,856	\$ 1,335,232	\$ 2,266,615	\$ 4,643,202	\$ 6,917,574

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

Total Change in Net Position

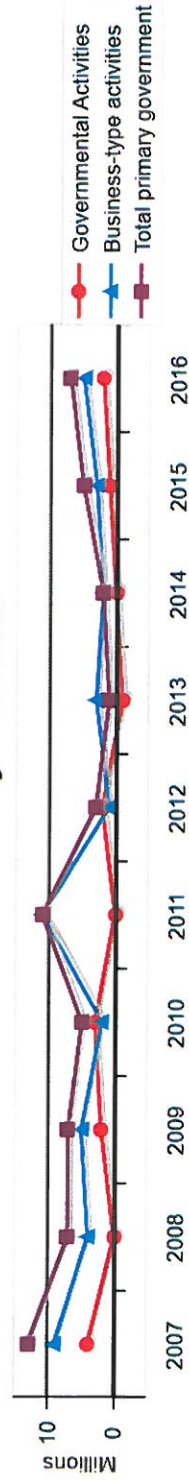


Table B-3

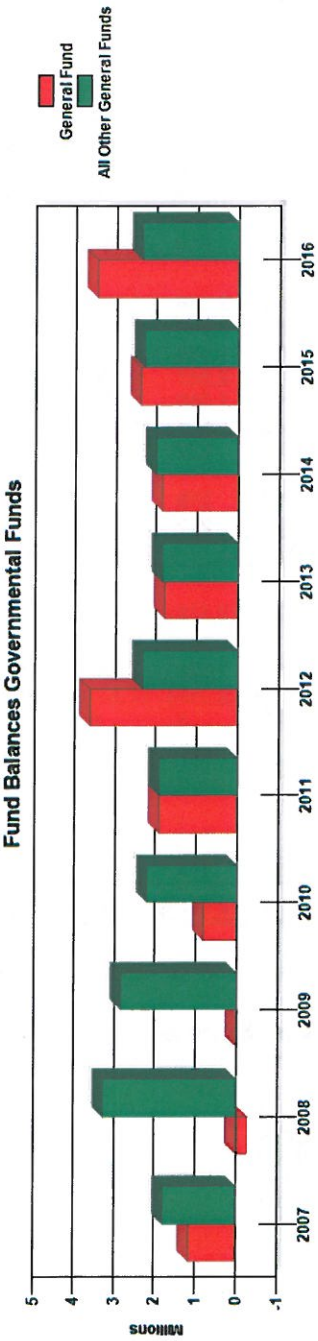
CITY OF MOSES LAKE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 100,735	\$ 123,432	\$ 117,498	\$ 151,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,059,952	(418,240)	(139,835)	649,689	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,227,411	1,384,505	1,545,650	1,738,030	1,828,476	244,583
Restricted	-	-	-	-	-	6,238	-	1,720	-	-
Committed	-	-	-	-	-	-	-	-	-	330,371
Assigned	-	-	-	-	581,000	-	-	-	-	-
Unassigned	-	-	-	-	119,434	2,243,656	248,118	125,692	578,892	2,878,602
Total general fund	\$ 1,160,687	\$ (294,808)	\$ (22,337)	\$ 801,076	\$ 1,927,845	\$ 3,634,399	\$ 1,793,768	\$ 1,865,442	\$ 2,407,368	\$ 3,453,556
All other governmental funds										
Reserved	388,671	411,096	376,696	375,718	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,514,182	2,594,316	2,199,125	1,557,431	-	-	-	-	-	-
Capital projects fund 2006	(1,117,396)	262,588	267,293	267,293	-	-	-	-	-	-
Nonspendable	-	-	-	-	95,735	121,103	311,804	84,191	80,471	84,606
Restricted for:										
Public safety programs	-	-	-	-	-	9,061	32,606	59,909	194,270	285,722
Tourism	-	-	-	-	268,044	228,899	120,790	32,817	200,752	541,893
Debt service	-	-	-	-	294,317	175,955	165,826	164,276	190,273	184,723
Culture and recreation	-	-	-	-	-	85,346	128,452	179,140	194,946	556,876
Committed for:										
Municipal facilities	-	-	-	-	257,449	-	-	-	-	-
Culture and recreation	-	-	-	-	470,104	302,363	534,220	105,769	105,769	-
Transportation	-	-	-	-	534,238	501,380	268,971	701,426	622,445	207,328
Assigned to transportation	-	-	-	-	-	446,658	148,293	347,661	358,011	434,646
Assigned to culture and recreation	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	446,658	148,293	347,661	358,011	62,082
Total all other governmental funds	\$ 1,785,457	\$ 3,268,000	\$ 2,843,114	\$ 2,200,442	\$ 1,919,887	\$ 2,317,423	\$ 1,859,255	\$ 2,022,850	\$ 2,304,948	\$ 2,357,876

** GASB 54 fund balance reporting implemented in 2011

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

Table B-3

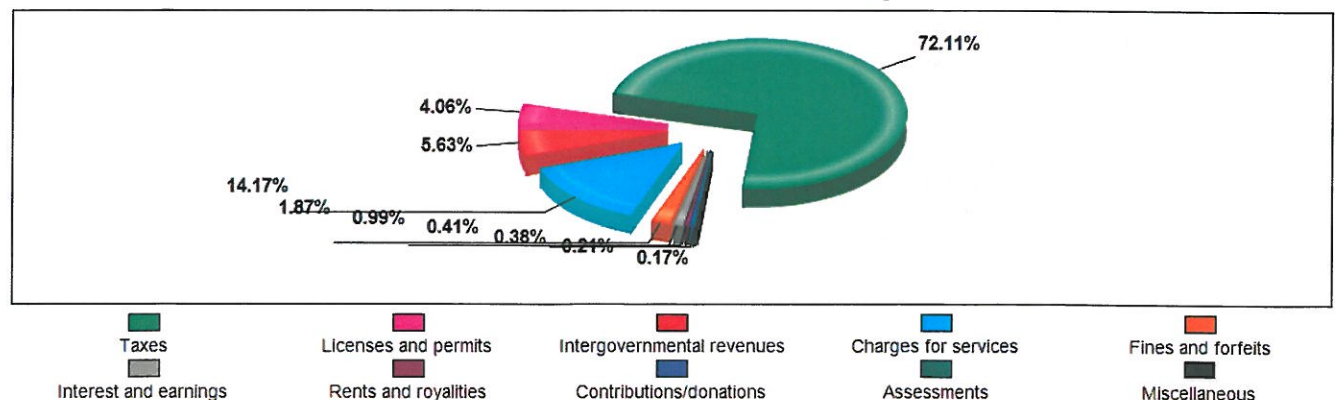


CITY OF MOSES LAKE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Amounts expressed in thousands)

Table B-4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 11,774	\$ 13,020	\$ 13,378	\$ 15,759	\$ 17,526	\$ 16,322	\$ 14,036	\$ 14,249	\$ 14,828	\$ 17,193
Licenses and permits	879	1,159	617	532	471	599	616	724	597	968
Intergovernmental revenues	1,296	1,587	2,369	1,713	1,301	1,463	1,236	1,249	1,309	1,343
Charges for services	3,140	3,447	3,490	3,632	3,925	2,969	3,061	3,314	3,722	3,379
Fines and forfeits	153	267	664	571	393	444	495	458	505	446
Interest and earnings	689	199	269	182	268	222	209	218	228	235
Rents and royalties	352	417	430	160	157	164	168	131	116	99
Contributions/donations	57	71	64	79	67	73	100	61	103	91
Assessments	301	77	32	26	93	17	93	30	22	50
Miscellaneous	76	106	71	18	6	81	32	21	17	40
Total revenues	18,717	20,350	21,384	22,672	24,207	22,354	20,046	20,455	21,447	23,843
Expenditures										
General government	1,279	1,378	1,481	1,510	2,080	1,950	2,056	1,871	2,090	2,513
Public safety	6,267	6,778	7,267	8,114	8,457	8,655	8,408	8,200	8,758	9,398
Public works	1,856	1,869	1,886	1,858	1,936	1,991	1,888	1,833	1,752	1,703
Transportation	2,399	2,549	2,707	2,722	2,811	2,016	2,587	1,778	1,997	2,802
Economic environment	865	798	777	776	788	819	1,050	1,058	1,116	1,165
Culture and recreation	3,668	3,943	4,408	4,881	5,605	5,440	5,567	4,960	4,701	5,190
Capital outlay	5,082	2,294	1,916	1,209	605	634	222	526	262	116
Debt Service										
Principal	763	538	564	587	561	579	228	231	239	247
Interest	361	384	342	296	265	236	215	180	176	153
Total expenditures	22,540	20,531	21,348	21,953	23,108	22,320	22,221	20,637	21,091	23,287
Excess (deficiency) of revenue over (under) expenditures	(3,823)	(181)	36	719	1,099	34	(2,175)	(182)	356	556
Other financing sources (uses)										
Transfers in	4,847	5,519	3,590	3,699	3,002	4,992	2,529	2,220	2,438	2,483
Transfers out	(4,859)	(5,411)	(3,797)	(4,246)	(3,329)	(3,418)	(2,355)	(2,001)	(2,013)	(2,073)
Sales of capital assets	-	101	-	-	74	22	1	8	8	-
Miscellaneous nonoperating	-	-	-	-	-	-	-	-	-	-
Proceeds of long term debt	43	-	18	6	-	27	-	-	-	-
Proceeds from interfund debt	-	-	-	-	-	-	-	-	-	-
Proceeds of G.O. bonds	-	-	-	-	-	-	-	-	3,083	-
Discount on G.O. bonds issued	-	-	-	-	-	-	-	-	(3,058)	-
Total other financing sources (uses)	31	209	(189)	(541)	(253)	1,623	175	227	459	410
Net change in fund balances	\$ (3,792)\$	28 \$	(153)\$	178 \$	846 \$	1,657 \$	(2,000)\$	45 \$	814 \$	966
Debt service as a percentage of noncapital expenditures	6.44 %	5.05 %	4.66 %	4.25 %	3.67 %	3.76 %	2.01 %	2.04 %	1.99 %	- %

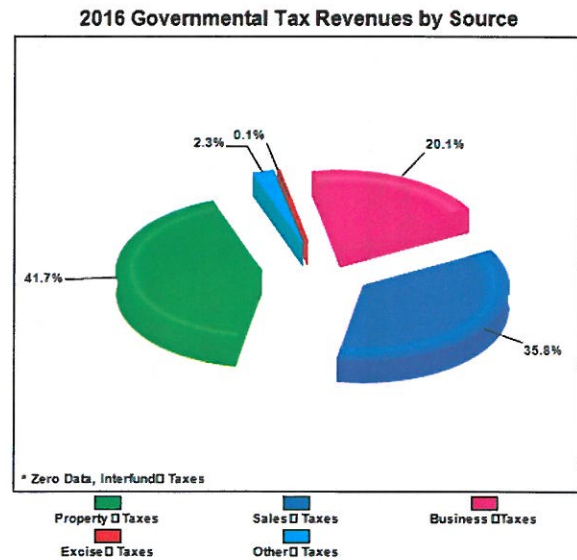
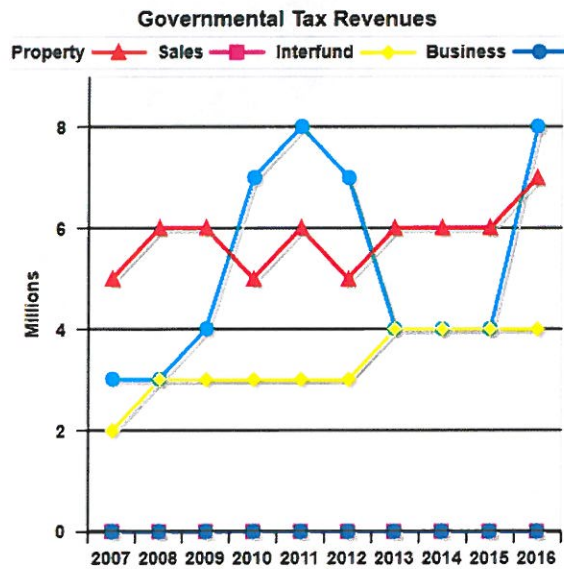
2016 General Governmental Revenues by Source



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
2007	\$ 2,945,713	\$ 5,310,180	\$ 74,500	\$ 1,859,952	\$ 355,445	\$ 2,321	10,548,111
2008	3,270,650	6,225,961	74,500	3,111,033	384,450	877	13,067,471
2009	4,321,219	5,633,499	74,500	3,005,386	410,639	470	13,445,713
2010	7,052,123	5,288,180	74,500	3,088,414	326,363	-	15,829,580
2011	8,490,927	5,539,605	74,500	3,192,837	323,114	693	17,621,676
2012	7,089,271	5,368,342	74,500	3,400,684	345,080	200	16,278,077
2013	4,060,416	5,891,891	-	3,954,407	16,800	60,966	13,984,480
2014	4,214,011	6,194,709	-	3,730,170	21,834	61,393	14,222,117
2015	4,463,541	6,128,076	-	3,701,160	18,315	486,307	14,797,399
2016	7,594,524	6,535,040	-	3,655,375	22,403	421,611	18,228,953

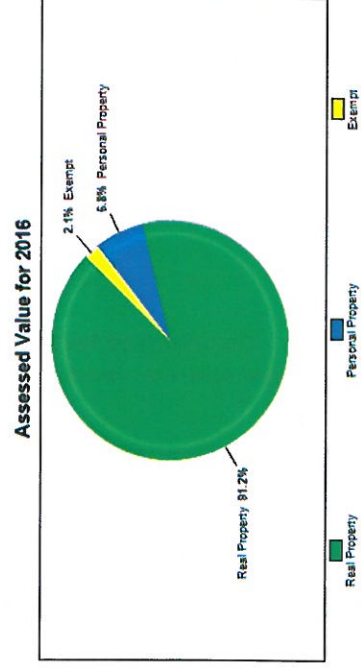


CITY OF MOSES LAKE
Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years*
Table C-1

Fiscal Year	Real Property	Personal Property	Less Tax Exempt		Total Taxable Assessed Value	Direct Tax Rate per \$1000 of Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Real Property	Personal Property				
2007	\$ 947,112,953	\$ 52,402,073	\$ 10,781,700	\$ 161,615	\$ 988,571,711	2.9732	2,995,671,852	33
2008	1,035,482,663	57,047,725	11,738,025	423,250	1,080,369,113	2.9596	2,160,738,226	50
2009	1,713,811,503	89,251,847	22,878,102	438,050	1,779,747,198	2.9198	2,966,245,330	60
2010	2,726,368,399	106,246,985	22,891,372	433,775	2,809,290,237	3.2308	4,682,150,395	60
2011	3,079,587,473	153,387,501	47,492,820	418,232	3,185,063,922	3.2097	5,308,439,870	60
2012	2,644,349,824	140,628,264	49,499,380	254,919	2,735,223,789	3.1740	4,558,706,315	60
2013	2,214,134,537	181,810,178	40,313,095	340,250	2,355,291,370	3.1490	2,494,106,105	94
2014	1,761,437,518	210,599,575	34,944,735	338,335	1,936,754,023	3.1500	2,064,583,451	94
2015	2,042,351,011	145,568,419	43,750,675	249,180	2,143,919,575	3.1477	2,623,020,657	82
2016	1,966,909,674	146,033,166	44,468,420	293,030	2,068,181,390	3.1707	2,436,301,849	85

Source is Grant County
Missing data was not available from Grant County
There are no components to the direct rate.



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

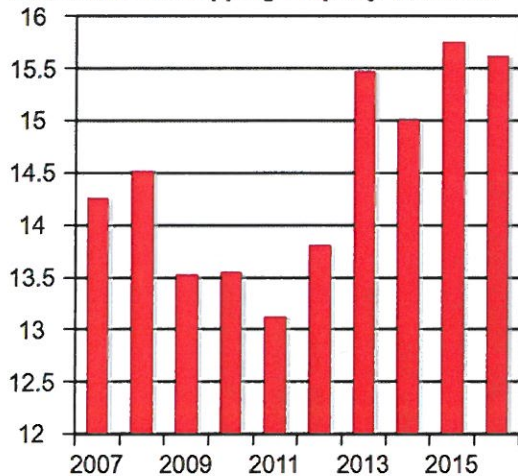
Table C-2

Fiscal Year	City Tax Rate	Overlapping Rates						
	Moses Lake	Grant County	School District			Other		Total
		Operating Rate	Operating Rate	Debt Service	Total School Rate	State School	Special Districts	
2007	2.973	1.770	3.502	1.305	4.807	2.290	2.416	14.256
2008	2.960	1.719	3.215	1.672	4.887	2.207	2.740	14.513
2009	2.920	1.604	2.677	1.671	4.348	1.989	2.663	13.524
2010	3.231	1.617	2.296	1.267	3.563	2.186	2.942	13.539
2011	3.210	1.800	2.202	1.187	3.389	2.361	2.361	13.121
2012	3.174	1.800	2.537	1.342	3.879	2.418	2.529	13.800
2013	3.149	1.800	4.259	0.710	4.969	2.855	2.696	15.469
2014	3.150	1.800	4.157	0.678	4.835	2.524	2.694	15.003
2015	3.148	1.800	4.775	0.749	5.524	2.501	2.776	15.749
2016	3.171	1.750	4.419	0.704	5.123	2.420	3.151	15.615

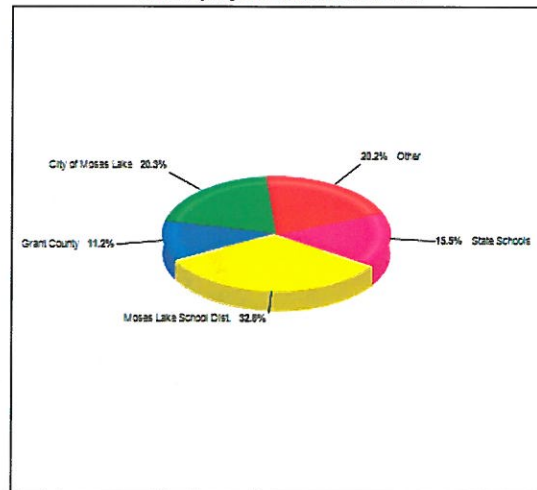
Overlapping rates are those of local and county governments that apply to property owners within the city of Moses Lake. Not all overlapping rates apply to all Moses Lake property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property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

Special District rates change in 2014 and retroactively to include Moses Lake Irrigation District. Taxes are levied in the year prior to the year listed above.

Direct and Overlapping Property Tax Rates



2016 Property Tax Rates as a % of Total



CITY OF MOSES LAKE

Principle Property Taxpayers
Current Year and Nine Years Ago

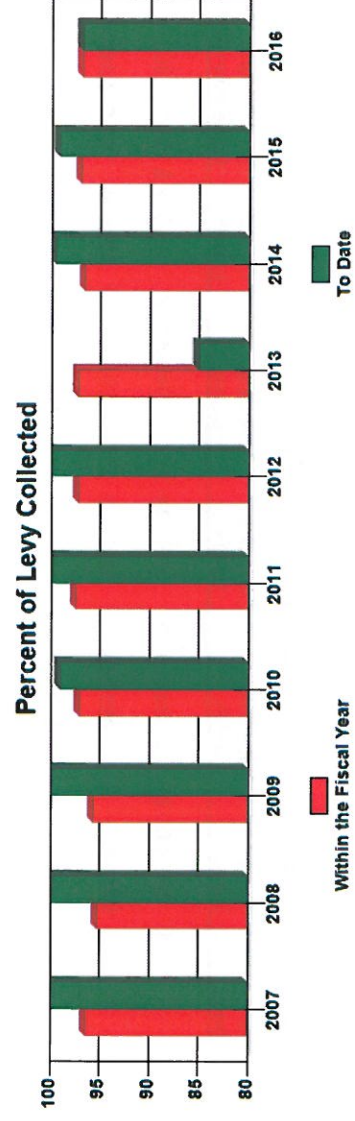
Table C-3

		2016				2007			
Tax Payer		Type of Business	Assessed Valuation	Rank	Percent of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
REC Solar Grade Silicon, LLC	Manufacturing	228,174,365	1	11.0 %	-	-	-	- %	
SGL Automotive Carbon Fibers, LLC	Manufacturing	61,895,210	2	3.0 %	-	-	-	- %	
Moses Lake Industries	Manufacturing	40,000,000	3	1.9 %	-	-	-	- %	
Xyleco Realty WA, LLC	Prop Invest/Mngt	34,266,740	4	1.7 %	-	-	-	- %	
Akzo Nobel Pulp and Performance Chemicals Inc. (EKA Chemicals)	Chemicals	25,896,545	5	1.3 %	28,661,160	1	2.7 %	2.7 %	
Air Liquide Electronics US LP	Manufacturing	25,001,355	6	1.2 %	-	-	-	- %	
National Frozen Foods Corp	Food Processing	14,886,260	7	0.7 %	-	-	-	- %	
Vintage Apartments LLC	Apartments	13,008,330	8	0.6 %	-	-	-	- %	
Wal-Mart Real Estate Business Trust	Grocery/Retail	12,437,315	9	0.6 %	9,782,630	4	0.9 %	0.9 %	
Maier's Enterprises LLC	Prop Invest/Mgmt	11,647,135	10	0.6 %	-	-	-	- %	
Weston Square Apartment LLC	Apartments	-	-	- %	-	-	-	- %	
Weyerhaeuser Company	Corrugated board	-	-	- %	12,946,075	2	1.2 %	1.2 %	
	Manhold	-	-	-	-	-	-	-	
D&L Foundry, Inc.	Manufacturing	-	-	- %	10,833,885	3	1.0 %	1.0 %	
Sun Healthcare Group	Retirement	-	-	- %	7,276,690	5	0.7 %	0.7 %	
Learner Tr, Kathryn J	Mail property	-	-	- %	6,858,720	6	0.6 %	0.6 %	
Grewal Hotels Inc.	Hotel	-	-	- %	6,686,035	7	0.6 %	0.6 %	
First American Commercial	Prop Invest/Mngt	-	-	- %	6,356,560	8	0.6 %	0.6 %	
Crittenden, Odell D. & Sandra J.	Prop Invest/Mngt	-	-	- %	5,146,650	9	0.5 %	0.5 %	
Moses Lake Travel Plaza LLC	Prop Invest/Mngt	-	-	- %	5,016,025	10	0.5 %	0.5 %	
Total		\$467,213,255		22.6 %	\$99,564,430		9.3 %	9.3 %	

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 & Canceled within the					Collection in			Total Collections to Date		Current Outstanding
			Fiscal Year of Levy		Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount		
			Amount										
2007	\$ 988,571,711	\$ 2,951,194	\$ 2,843,950	96.4	\$	107,012	\$	2,950,962	100	\$	232		
2008	1,080,369,113	3,197,428	3,043,399	95.2		154,008		3,197,407	100		21		
2009	1,779,747,198	5,196,411	4,965,645	95.6		210,801		5,176,446	100		19,965		
2010	2,809,290,237	9,164,319	8,896,759	97.1		215,729		9,112,488	99		51,831		
2011	3,185,018,910	10,224,175	9,968,782	97.5		257,641		10,226,423	100		(2,248)		
2012	2,735,223,789	8,681,629	8,439,354	97.2		241,775		8,681,129	100		500		
2013	2,163,776,315	6,813,394	6,620,613	97.2		(829,476)		5,791,137	85		1,022,257		
2014	2,355,291,370	7,418,904	7,162,447	96.5		221,938		7,384,385	100		34,519		
2015	1,948,580,248	6,096,353	5,906,159	96.9		140,313		6,046,472	99		49,881		
2016	2,143,919,575	6,797,813	6,578,417	96.8		-		6,578,417	97		219,396		



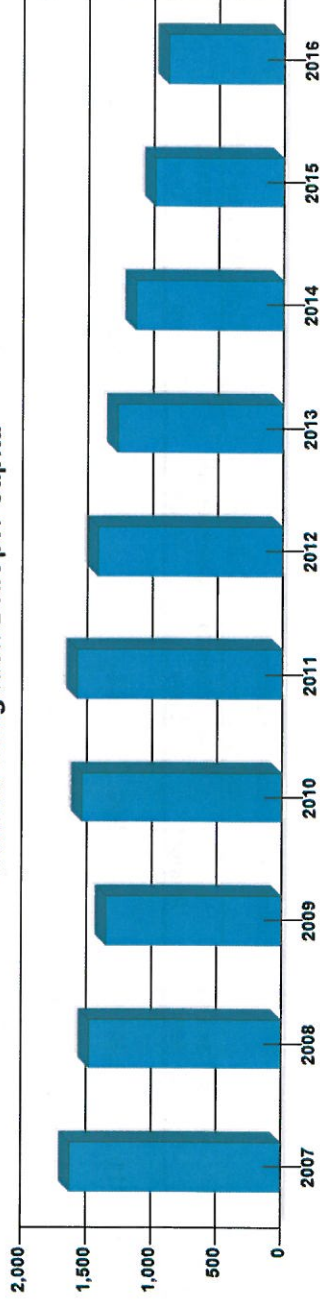
CITY OF MOSES LAKE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*

Table D-1

Fiscal Year	Governmental Activities				Business-Type Activities				Percentage of Personal Income**	Per Capita**
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water/Sewer Bonds	General Obligation bonds	Governmental Loans	Capital Leases	Total Primary Government		
2007	\$ 9,716,666	\$ -	\$ 893,943	\$ 7,000,000	\$ 988,334	\$ 9,594,965	\$ 28,045	\$ 28,221,953	6.54	\$ 1,618
2008	8,957,500	-	1,279,821	6,980,000	952,500	8,763,868	129,598	27,063,287	5.02	1,478
2009	8,170,000	-	1,427,952	6,950,000	915,000	7,929,092	126,522	25,518,566	4.64	1,348
2010	13,273,333	-	1,541,613	6,875,000	876,667	7,131,053	183,786	29,881,452	5.21	1,536
2011	11,943,333	-	1,502,394	11,636,257	836,667	6,472,322	110,011	32,500,984	5.08	1,575
2012	10,605,000	-	1,600,602	10,850,000	795,000	5,813,591	40,891	29,705,084	4.57	1,418
2013	9,673,333	-	1,366,364	10,115,000	751,667	5,175,582	-	27,081,946	3.94	1,274
2014	8,733,333	-	1,222,755	9,365,000	706,667	4,537,573	-	24,565,328	3.52	1,137
2015	8,271,667	-	985,525	8,590,000	48,333	3,899,564	-	21,795,089	3.05	987
2016	6,685,833	-	1,391,469	7,715,000	594,167	3,337,872	-	19,724,341	2.33	886

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

General Obligation Debt per Capita

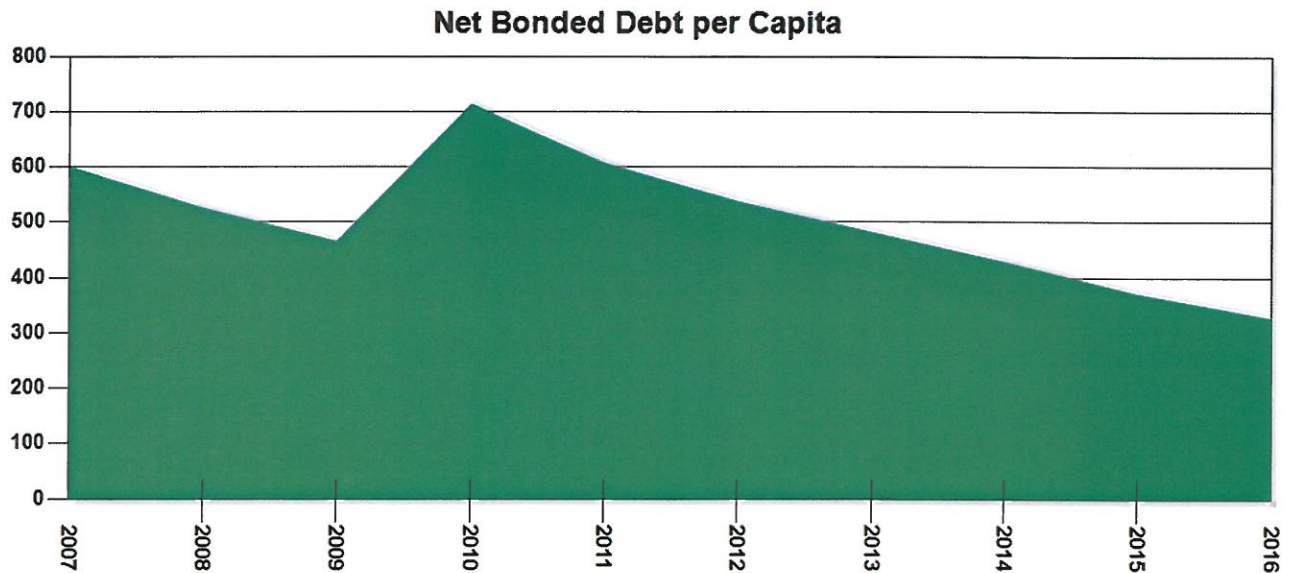


CITY OF MOSES LAKE
Ratios of General Bonded Debt Outstanding
To Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

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
2007	17,440	\$ 988,571,711	\$ 10,705,000	\$ 265,088	\$ 10,439,912	1.06%	\$ 599
2008	18,310	1,080,369,113	9,910,000	265,418	9,644,582	0.89%	527
2009	18,930	1,779,747,198	9,085,000	264,683	8,820,317	0.50%	466
2010	19,460	2,809,290,237	14,150,000	265,540	13,884,460	0.49%	713
2011	20,640	3,185,063,922	12,780,000	265,707	12,514,293	0.39%	606
2012	20,950	2,735,223,789	11,400,000	152,397	11,247,603	0.41%	537
2013	21,250	2,395,944,715	10,425,000	152,697	10,272,303	0.43%	483
2014	21,600	1,936,754,023	9,440,000	150,990	9,289,010	0.48%	430
2015	22,080	2,143,919,575	8,320,000	151,234	8,168,766	0.38%	370
2016	22,250	2,068,181,390	7,280,000	7,341	7,272,659	0.35%	327

*Grant County Assessor: includes only taxable property



CITY OF MOSES LAKE
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

Table D-3

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Direct repaid with property taxes:			
Overlapping Debt			
Moses Lake School Dist. # 161	\$ 24,745,000	52.56%	\$ 13,005,972
Samaritan Hospital Dist. # 1	6,790,110	48.04%	3,261,969
Subtotal overlapping debt	<u>31,535,110</u>		<u>16,267,941</u>
Moses Lake direct debt	<u>8,077,302</u>		<u>8,077,302</u>
Total governmental direct and overlapping debt	<u>\$ 39,612,412</u>		<u>\$ 24,345,243</u>

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

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

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

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

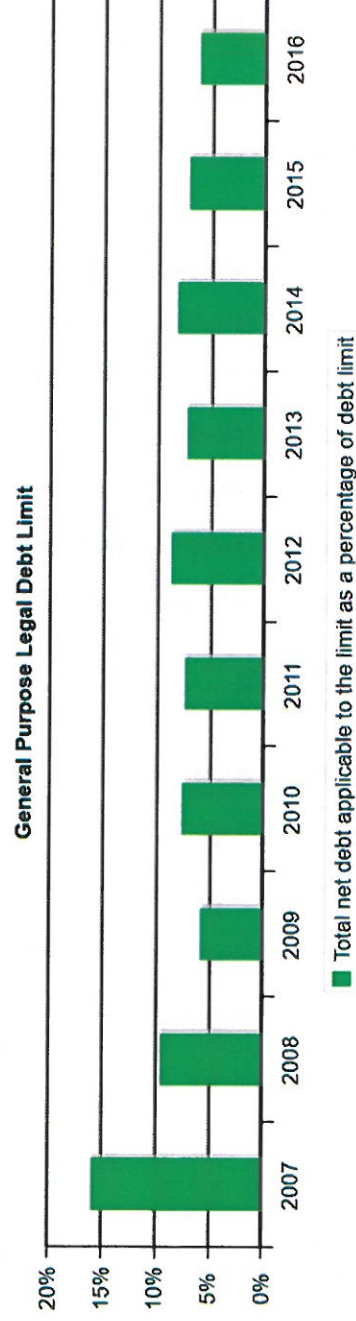
Table D-4

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	\$ 2,143,919,575
Debt limit	160,793,968
Debt applicable to limit:	
General obligation debt	10,982,885
Less: amount set aside for repayment of general obligation debt	(1,021,081)
Total net debt applicable to limit	9,961,804
Legal debt margin	\$ 150,832,164

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit										
Total net debt applicable to limit	\$ 81,027,683	\$133,481,040	\$ 210,696,768	\$ 238,676,416	\$ 205,141,784	\$ 162,283,224	\$ 176,646,853	\$ 145,256,552	\$ 146,143,519	\$ 160,793,968
Legal Debt Margin	12,859,317	12,751,174	12,129,494	17,963,717	15,107,932	13,964,977	12,794,255	11,842,393	10,409,855	9,961,804
Total net debt applicable to the limit as a percentage of debt limit	\$ 68,168,366	\$120,729,866	\$ 198,567,274	\$ 220,712,699	\$ 190,033,852	\$ 148,318,247	\$ 163,852,598	\$ 133,414,159	\$ 135,733,664	\$ 150,832,164

Total net debt applicable to the limit as a percentage of debt limit	15.87 %	9.55 %	5.76 %	7.53 %	7.36 %	8.61 %	7.24 %	8.15 %	7.12 %	6.20 %
----------------------------------------------------------------------	---------	--------	--------	--------	--------	--------	--------	--------	--------	--------



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

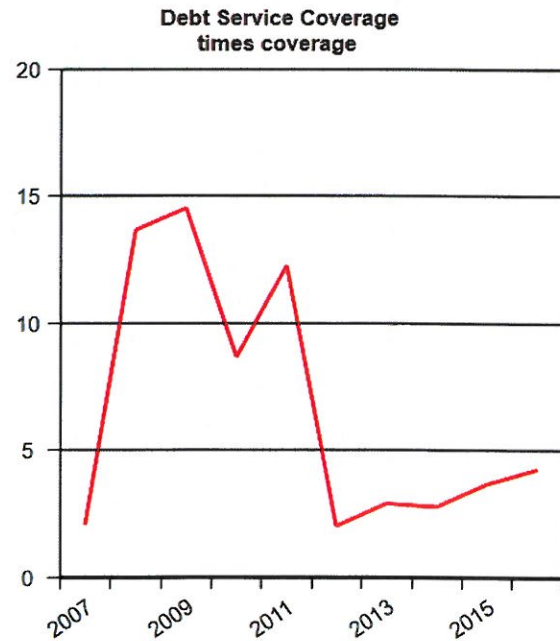
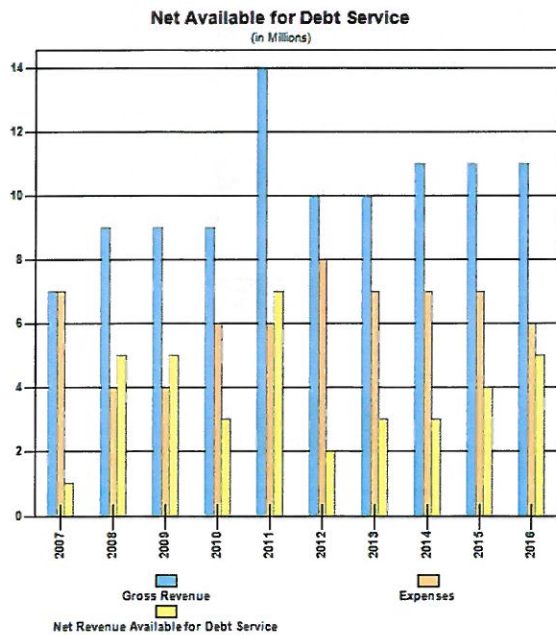
Table D-5

Year	Utility Revenues *	Expenses**	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
				Principle	Interest	Total	
2007	\$ 7,441,521	\$ 6,732,473	\$ 709,048	\$ 15,000	\$ 326,700	\$ 341,700	2.08
2008	8,840,793	4,103,860	4,736,933	20,000	326,266	346,266	13.68
2009	8,928,330	3,760,119	5,168,211	30,000	325,599	355,599	14.53
2010	9,378,295	5,907,582	3,470,713	75,000	324,185	399,185	8.69
2011	13,612,504	6,439,490	7,173,014	225,000	360,031	585,031	12.26
2012	9,985,930	7,694,209	2,291,721	705,000	422,428	1,127,428	2.03
2013	10,043,053	6,711,562	3,331,491	735,000	408,283	1,143,283	2.91
2014	10,534,406	7,330,572	3,203,834	750,000	397,782	1,147,782	2.79
2015	10,840,675	6,609,001	4,231,674	775,000	371,399	1,146,399	3.69
2016	11,258,375	6,154,510	5,103,865	875,000	319,234	1,194,234	4.27

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

**Total expenses excluding depreciation and amortization expenses including transfers out and Other Loan Debt Sr. (Prin only).

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



CITY OF MOSES LAKE
Water and Sewer Rates
 Last Ten Fiscal Years

Table D-6

		2007	2008	2009 *	2010	2011	2012 *	2013	2014	2015	2016
Residential Water Rates:											
A. Residential Within City Limits											
Water	Cubic Feet										
Base	0 - 500	\$20.00	\$20.85	\$20.85	\$21.35	\$21.65	\$21.65	\$22.00	\$22.25	\$22.60	\$23.05
Overage Per 100 Cubic Foot	Over 500	0.70	0.75	0.75	0.80	0.81	0.81	0.82	0.83	0.84	0.86
B. Residential Within City Limits by Meter Size											
Meter Size	Cubic Feet										
3/4 In. or Smaller	500	20.00	20.85	20.85	21.35	21.65	21.65	22.00	22.25	22.60	23.05
1 Inch	1000	23.50	24.60	24.60	25.35	25.70	25.70	26.15	26.40	26.80	27.35
1.5 Inch	2,500	34.00	35.85	35.85	37.35	37.85	37.85	38.50	38.85	39.40	40.25
2 Inch	10,000	86.50	92.10	92.10	97.35	98.60	98.60	100.30	101.10	102.40	104.75
C. Unmetered Residential Within & Outside City Limits											
November Through March - Per Month		20.00	20.85	20.85	21.35	21.65	21.65	22.00	22.25	NA**	NA**
April Through October		40.00	41.70	41.70	42.70	43.30	43.30	44.05	44.50	NA**	NA**
Dwellings With Two Living Units:											
A. Residential Within & Outside City Limits											
	Cubic Feet										
Base	0 - 1,000	40.00	41.70	41.70	42.70	43.30	43.30	44.05	44.50	45.20	46.10
Overage Per 100 Cubic Foot	Over 1,000	0.70	0.75	0.75	0.80	0.81	0.81	0.82	0.83	0.84	0.86
B. Residential Within City Limits by Meter Size											
Meter Size	Cubic Feet										
3/4 In. or Smaller	1,000	40.00	41.70	41.70	42.70	43.30	43.30	44.05	44.50	45.20	46.10
1 Inch	2,000	47.00	49.20	49.20	50.70	51.40	51.40	52.25	52.80	53.60	54.70
1.5 Inch	5,000	68.00	71.70	71.70	74.70	75.70	75.70	77.00	77.70	78.80	80.50
2 Inch	20,000	173.00	184.20	184.20	194.70	197.20	197.20	200.55	202.20	204.80	209.50
Commercial Water Rates:											
A. Commercial and Dwellings With Three or More Living Units											
	Cubic Feet										
Base	0 - 500	33.75	35.15	35.15	35.95	36.45	36.45	37.05	37.70	38.20	38.90
Overage Per 100 Cubic Foot	Over 1,000	0.70	0.75	0.75	0.80	0.81	0.81	0.82	0.83	0.84	0.86
B. Commercial and Dwellings With Three or More Living Units by Meter Size											
Meter Size	Cubic Feet										
3/4 In. or Smaller	500	33.75	35.15	35.15	35.95	36.45	36.45	37.05	37.70	38.20	38.90
1 Inch	1,000	37.25	38.90	38.90	39.95	40.50	40.50	41.20	41.85	42.40	43.20
1.5 Inch	2,500	47.75	50.15	50.15	51.95	52.65	52.65	53.55	54.30	55.00	56.10
2 Inch	10,000	100.25	106.40	106.40	111.95	113.40	113.40	115.35	116.55	118.00	120.60
3 Inch	20,000	170.25	181.40	181.40	191.95	194.40	194.40	197.70	199.55	202.00	206.60
4 Inch	35,000	275.25	293.90	293.90	311.95	315.90	315.90	321.25	324.05	328.00	335.60
6 Inch	50,000	380.25	406.40	406.40	431.95	437.40	437.40	444.85	448.55	454.00	464.60
8 Inch	90,000	660.25	706.40	706.40	751.95	761.40	761.40	774.35	780.55	790.00	808.60
10 Inch	150,000	1,080.25	1,156.40	1,156.40	1,231.95	1,247.40	1,247.40	1,266.60	1,278.55	1,294.00	1,324.60
Residential Sewer Rates:											
Flat Rate		29.25	30.45	30.45	31.15	31.60	31.60	32.15	32.70	33.15	33.75
Duplex Rates		58.80	60.90	60.90	62.30	63.20	63.20	64.25	65.40	66.30	67.50
Commercial Sewer Rates:											
	Cubic Feet										
Base	0 - 1000	30.80	32.10	32.10	32.85	33.20	33.20	33.75	34.30	34.75	35.40
Over Per 100 Cubic Foot	Over 1,000	\$1.15	\$1.20	\$1.20	\$1.25	\$1.27	\$1.27	\$1.30	\$1.32	\$1.34	\$1.37

* Foot Note - there were no rate increases in 2009 and 2012.

**Foot Note - All residential water is metered so ordinances after 2014 site no rates for 'unmetered residential water services.'

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
2007	17,440	2,267,736	27,286	32	7,680	5.8
2008	18,310	2,522,614	29,464	33	7,987	6.9
2009	18,930	2,557,014	29,025	33	7,962	9.4
2010	19,460	2,644,612	29,483	33	8,027	10.5
2011	20,640	2,829,145	30,999	32	8,006	12.0
2012	20,950	2,966,473	32,342	32	8,049	11.1
2013	21,250	3,189,758	34,717	33	8,098	10.6
2014	21,600	3,207,761	34,438	33	8,206	10.4
2015	22,080	3,551,382	38,081	33	8,476	9.7
2016	22,250	**	**	-	8,630	9.6

Data Sources:

Population - State of Washington, Office of Financial Management;
www.ofm.wa.gov/pop/april1/finalpop.pdf

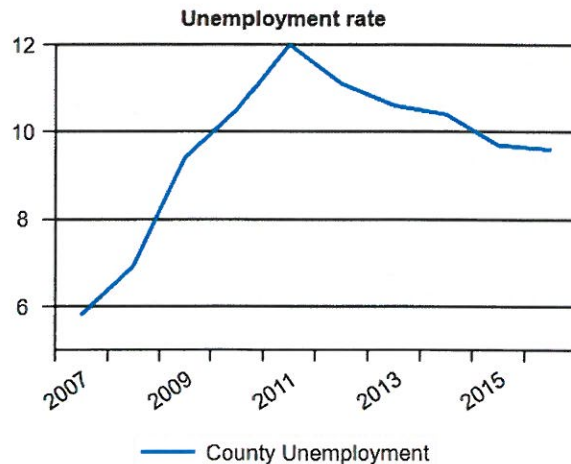
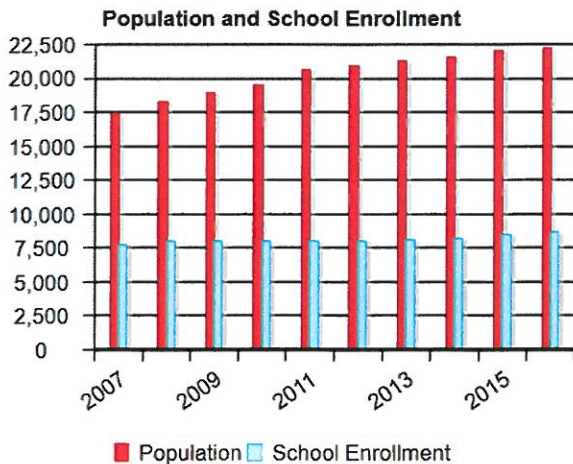
Per capita Income - County Figures (latest year available 2014) given due to unavailability of City percentages. 2014 information is found on the Regional Economics Accounts web site at www.bea.gov/bea/regional/bearfacts. No 2015 data available.

Median Age - Office of Financial Management: www.ofm.wa.gov/databook/pdf/local.pdf

School Enrollment - Office of Superintendent of Public Instruction: reportcard.ospi.k12.wa.us/summary

Percent Unemployment - County figures given due to the unavailability of City percentages. This information is from www.workforceexplorer.com/esd/employmentdata/eeis-tools/labor-area-summaries

**These figures are not currently available



CITY OF MOSES LAKE

Principal Employers

Current Year and Ten Years Ago

Table E-2

Employer	2016					2007				
	Business Type	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment		
Moses Lake School District	Education	1,094	1	11%		1,000	1	12%		
Genie Industries, Inc.	Manufacturing	792	2	8%		780	2	9%		
Takata Corporation	Manufacturing	537	3	5%		261	8	3%		
Samaritan Hospital	Healthcare	532	4	5%		435	3	5%		
J.R. Simplot Co./Nestle Brand	Agriculture	425	5	4%		330	6	4%		
Wal-Mart	General Retail	375	6	4%		345	5	4%		
Big Bend Community College	Education	357	7	4%		375	4	0%		
National Frozen Foods	Agriculture	350	8	3%		-	-	0%		
Moses Lake Industries, Inc.	Manufacturing	330	9	3%		-	-	0%		
REC Silicon/Advanced Silicon Materials	Manufacturing	280	10	3%		280	7	3%		
Confluence Health Moses Lake Clinic	Healthcare	-	-	0%		195	9	2%		
Moses Lake Community Health	Healthcare	-	-	0%		165	10	2%		
City of Moses Lake	Government	-	-	0%		167	10	2%		
Total		5,072	-	50%		4,333	-	46%		

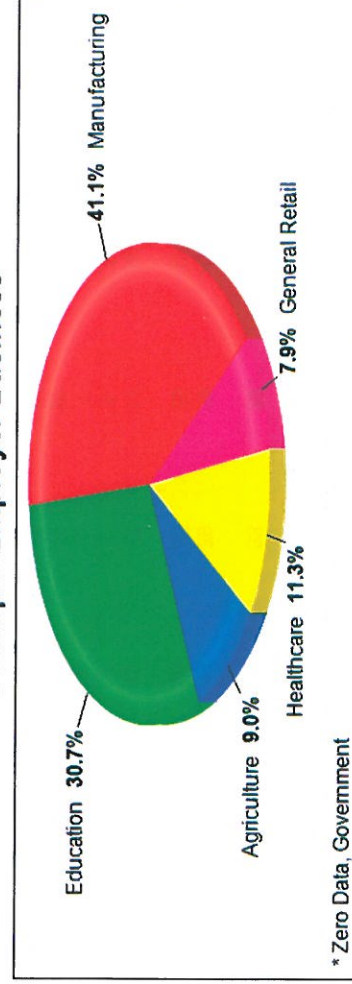
Source: Grant County Economic Development Council 06/2014.

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

Note: In order to figure percentage of total city employment we used County labor force divided by population equal to city labor force (unknown) over city population to give a ratio for the percentage of current year.

Note: The Grant County Economic Development Council has not updated their information since 2014, the only updated data is for the City of Moses Lake.

Principle Employer Business



CITY OF MOSES LAKE

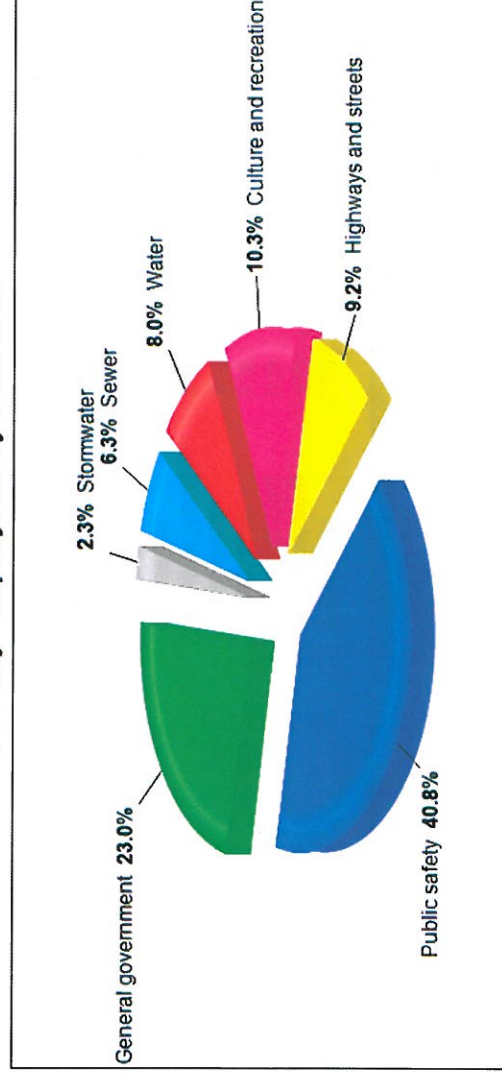
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table F-1

Function:	Full-time Equivalent Employees as of December 31									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	29	38	38	38	38	39	36	36	40	40
Public safety	36	40	40	39	39	43	40	40	40	40
Police	31	36	36	35	35	33	33	32	30	31
Fire	19	19	18	17	17	16	17	17	15	15
Highways and streets	6	6	5	5	5	5	5	5	5	6
Engineering	1	2	2	1	1	1	1	1	1	1
Maintenance	20	21	21	21	21	21	20	18	16	18
Sanitation	14	13	13	13	13	13	16	15	16	14
Culture and recreation	11	12	12	12	12	11	11	11	10	11
Water										
Sewer										
Stormwater										
Total	167	187	185	185	185	186	183	179	177	180

Source: City of Moses lake Annual Budget

2016 City Employees by Function



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

Table F-2

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Building permits issued	532	522	385	385	343	431	410	459	385	570
Police										
DUI	120	82	76	52	83	133	94	80	149	121
Parking violations	452	201	336	304	211	412	80	72	44	51
Traffic violations	2,743	2,937	3,817	3,944	4,225	4,639	2,813	1,952	1,629	2,383
Fire										
Fire responses	434	478	411	471	460	486	442	449	395	243
Hazardous incidents	20	33	26	43	37	31	45	63	46	61
Ambulance responses	3,058	3,397	3,126	3,046	3,326	3,405	3,257	3,528	3,424	3,204
Inspections	2,300	1,324	1,000	1,849	2,403	300	850	542	1,364	702
Culture and recreation										
Surf & slide water park	100,000	130,000	120,000	105,542	109,333	98,979	82,435	93,791	99,497	82,237
Museum	9,827	12,278	13,003	17,905	12,848	10,368	8,853	8,207	10,347	13,931
Water										
New connections	284	218	124	101	75	104	95	103	118	109
Water mains breaks	11	12	12	-	8	12	5	8	8	8
Average daily consumption (millions of gallons)	8.500	8.700	8.700	8.250	8.300	7.500	8.200	8.700	7.833	7.900
Wastewater										
Average daily sewage treatment (mgpd)										
Sand Dunes	2,059	2,098	2,275	2,149	2,265	2,166	2,115	2,064	2,080	2,124
Larson	0.331	0.331	0.325	0.319	0.326	0.326	0.329	0.312	0.321	0.311

Sources: Various city departments

CITY OF MOSES LAKE
Last Ten Fiscal Years
Capital Asset Statistics by Function

Table F-3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	15	15	14	14	14	14	14
Fire stations	2	2	2	2	2	2	2	2	2	2
Highway and streets										
Streets (miles)	102	104	107	110	112	112	113	115	123	123
Traffic signals	35	35	35	35	35	35	35	35	14	14
Culture and Recreation										
Parks acreage	156	170	183	195	213	213	213	213	218	225
Parks	18	18	21	26	29	29	29	29	31	32
Swimming pools	1	1	1	1	1	1	1	1	1	1
Business-type Function										
Water										
Water main (miles)	152.2	155.1	158.9	159.2	159.8	162.1	163.5	163.5	170.0	171.0
Wells	18	18	19	19	19	19	19	19	18	19
Water storage	12	12	12	12	12	10	10	10	9	9
Sewer										
Sanitary sewer (miles)	143.0	146.2	149.5	149.7	150.3	150.6	150.8	153.2	163.0	163.0
Storm Water (miles)	11.2	11.8	12.2	12.5	12.6	12.8	13.0	13.0	13.0	30.0
Treatment plants	2	2	2	2	2	2	2	2	2	2
Airport										
Runway and taxiway (miles)	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Tie-downs	24	24	24	24	24	24	24	24	24	24

Sources: Various city departments

