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# Comprehensive Annual Financial Report

For the year Ended December 31, 2018

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**CITY OF MOSES LAKE,  
WASHINGTON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

Prepared by the Finance Department

**Cindy Jensen**  
Finance Director

**Sandra Estudillo**  
Accountant

**Tanyaa Haines**  
Accountant

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City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2018



**INTRODUCTORY SECTION**

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## CITY OF MOSES LAKE Finance Department

March 2, 2020

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

We are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) of the City of Moses Lake for the fiscal year ended December 31, 2018 as required by state statute RCW 43.09.230. 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 is the population center of Grant County serving an estimated 22,720 citizens. It encompasses 21 square miles of land and 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 192 full time employees and an operating budget of \$66.1 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 operates enterprise funds of sanitation (solid waste disposal), water and wastewater services, ambulance services, storm water, and a non-commercial municipal airport. It also operates a museum and arts center.

The City is quite proud of being a family oriented community with a total of 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 is one of the Northwest's premier facilities. The Water Park features 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. 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, and/or setting aside debt repayment streams before borrowing when conditions warrant. 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 in 2013-2015 had been responding to the impacts of the decrease in property tax revenues. 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. In 2016 the property tax levy was restored to near 2012 levels—we had weathered that revenue downturn.
- With the City having reached a desirable population threshold and having cheap power because of its proximity to hydro-electric dams on the Columbia River, 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, and we exceeded that target in 2017 (and 2018 as well). All funds have positive balances, and City management is in the process of developing a comprehensive set of financial policies for Council review.

No additional bonding is anticipated for the City in 2019, so 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 payoff of GO Bonds for the Civic Center building in

2020. Council is exploring a park facility project that could be bonded, but no final decisions have been made at the time of report publication. Debt service on the new facility is anticipated to be less than the debt service that is rolling off in 2020.

## **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 2018 of 23,660 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 effect 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, Port of Moses Lake and the Moses Lake Area Chamber of Commerce with the intention of retaining and recruiting business and industry to the City. Favorable infrastructure conditions, existing utilities, a skilled labor force and ease of working with the local government are contributing factors in selecting Moses Lake as a place to establish and grow businesses.

Recently an existing manufacturing firm has increased its 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 multifamily complexes, with over 150 units each, has begun construction. Two additional Hotel chains have built new facilities which were opened in early 2019. 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 capital 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.

In addition to the advantage of have inexpensive electricity, it is encouraging to note that the citizens are willing to invest in their community. In 2018 the City created a Transportation Benefit District to address the needs of preserving streets at an adequate level and voters approved a referendum to increase sales tax to address the streets capital program. This new tax brought in over \$1.6 million for street improvements in 2019. Also, Grant County voters approved a 0.3% sales tax dedicated for criminal justice purposes in the fall of 2019. This will go into effect on April 1, 2020. By state law, the County receives 60% of this tax, while the remaining 40% is distributed among its cities on a per capita basis. The estimate of new revenue for the City of Moses Lake is about \$1.2 million, and is proposed to be used for additional personnel and related support in the Police Department.

### **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 Accountants Tanyaa Kilham 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

Cindy Jensen  
Finance Director

**CITY OF MOSES LAKE ELECTED OFFICIALS**  
with term expiration date



**MAYOR**  
Karen  
Liebrecht  
12/31/21



**COUNCIL**



David Curnel  
Deputy Mayor  
12/31/21



Ryann Leonard  
12/31/19



Don Myers  
12/31/19



H. Dean Hankins  
12/31/19



Daryl M. Jackson  
12/31/21



Michael Riggs  
12/31/21

**APPOINTED OFFICIALS:**

Interim City Manager.....	Kevin Fuhr
Finance Director.....	Cindy Jensen
City Attorney .....	Katherine Kenison
Municipal Services Director .....	Fred Snoderly
Parks & Recreation Director .....	Spencer Grigg
Fire Chief .....	Brett Bastian
Interim Police Chief.....	Dave Sands
Community Development Director .....	Kris Robbins
Human Resources Director .....	Carlos Salazar

**ADDRESS:**

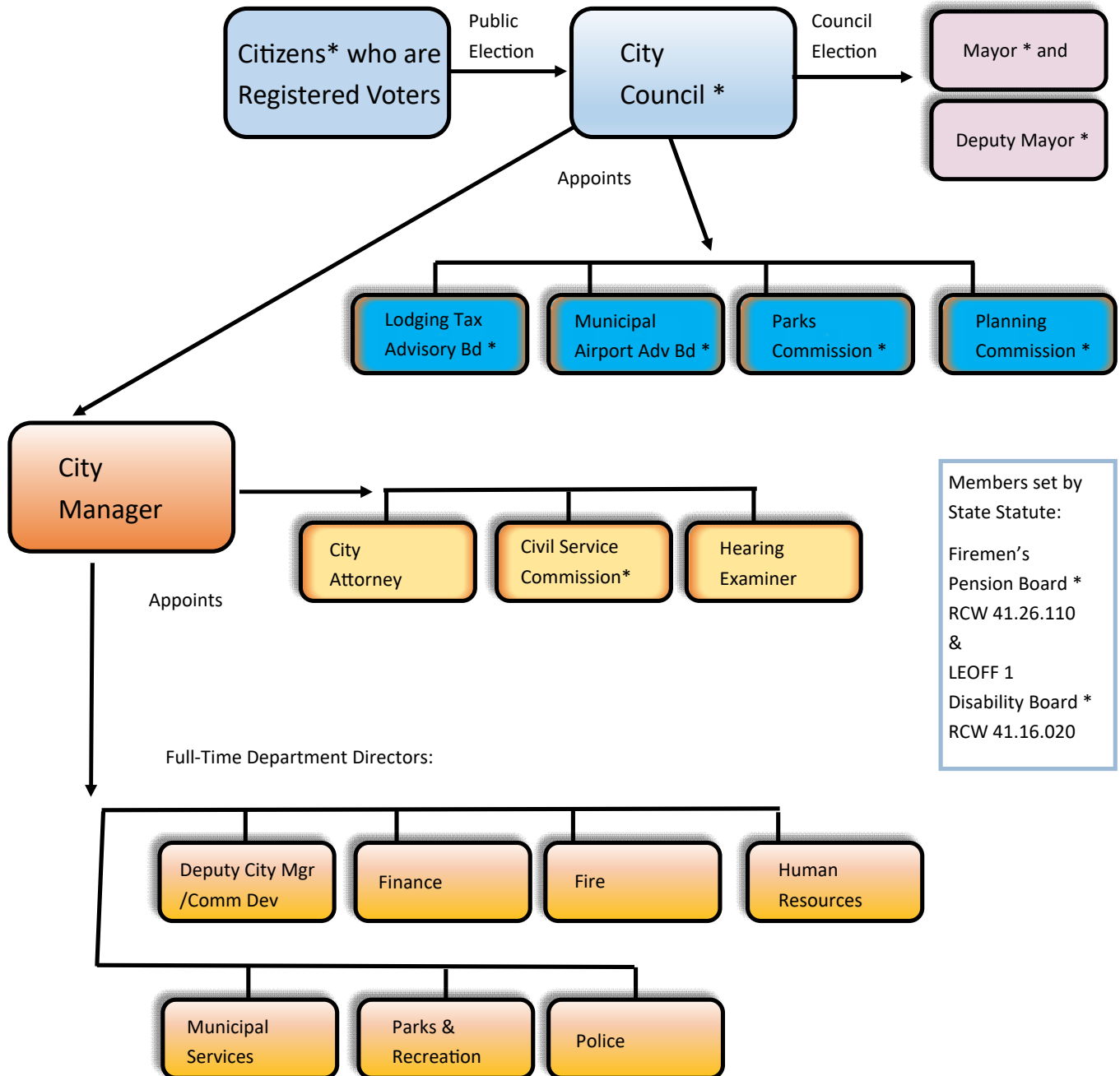
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## Organizational Chart 2018



\* Volunteers—no hourly or salary rate



City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2018



**FINANCIAL SECTION**





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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

March 26, 2020

Mayor and 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, as of and for the year ended December 31, 2018, 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moses Lake, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As discussed in Note 17 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents 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 as a whole. The combining and individual fund statements and schedules are presented for the purposes of additional analysis and are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are 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 March 26, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover. 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 cursive script, reading "Pat McCarthy".

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, 2018. 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 \$165,632 (net position). Of this amount, \$15,573 (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 \$11,647.

As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of \$10,869, an increase of \$1,993 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 \$6,091.

### 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, engineering (i.e. public works), economic development, and culture and recreation. The business-type activities of the City of Moses Lake include a water and sewer utility, sanitation (solid waste), storm water, ambulance and a non-commercial municipal 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. The General Fund is 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 after the required supplementary information 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 (solid waste), 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, risk management, 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 and ambulance which are considered to be major funds of the City of Moses Lake. Like the nonmajor governmental funds, data from the remaining proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements after the required supplementary information in this report. 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 also 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 Supplementary 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, nonmajor proprietary funds, and internal service funds are presented in a separate section immediately following the required supplementary 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 \$165,632 at December 31, 2018.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 14,188	\$ 10,370	\$ 25,940	\$ 22,545	\$ 40,128	\$ 32,915
Capital assets	72,019	70,392	84,636	85,139	156,655	155,531
Total assets	<u>86,207</u>	<u>80,762</u>	<u>110,576</u>	<u>107,684</u>	<u>196,783</u>	<u>188,446</u>
Total deferred outflows of resources	987	937	247	292	1,234	1,229
Long-term liabilities (as restated for GASB 75)	13,432	12,125	7,618	9,357	21,050	21,482
Other liabilities	5,416	5,815	3,166	3,696	8,582	9,511
Total liabilities	<u>18,848</u>	<u>17,940</u>	<u>10,784</u>	<u>13,053</u>	<u>29,632</u>	<u>30,993</u>
Total deferred inflows of resources (as restated)	<u>2,231</u>	<u>1,218</u>	<u>522</u>	<u>378</u>	<u>2,753</u>	<u>1,596</u>
<b>Net position:</b>						
Net investment in capital assets	67,063	63,143	78,064	77,544	145,127	140,687
Restricted	3,620	2,339	1,312	1,284	4,932	3,623
Unrestricted (as restated for GASB 75)	(4,568)	(2,942)	20,141	15,716	15,573	12,774
Total net position	<u>\$ 66,115</u>	<u>\$ 62,540</u>	<u>\$ 99,517</u>	<u>\$ 94,544</u>	<u>\$ 165,632</u>	<u>\$ 157,084</u>

The largest portion of the City of Moses Lake's net position (88%) 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 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net positions (9%) 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 for the government as a whole, as well as for its separate business-type activities. There is a deficit in unrestricted net position in the governmental funds because the City has longterm commitments that are greater than currently available resources, primarily longterm citywide pension benefits and other postemployment benefit liabilities. There was a change in accounting principal in 2018, as GASB 75 was applied to the City's program to fund medical care for a certain group of retired public safety officers. Application of this pronouncement resulted in an increase in OPEB liability of \$6.589 million. Refer to the notes to the financial statements for a more indepth discussion of pension and other longterm liabilities. The City continues to invest in its infrastructure and other capital assets as the local economy improves.

#### **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 \$11,647 in 2018. The increase after transfers was split among an increase in governmental \$6,674 and an increase in business-type activities \$4,973.

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 2018.

City of Moses Lake Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program Revenue						
Charges for service	\$ 6,717	\$ 4,947	\$ 19,738	\$ 18,390	\$ 26,455	\$ 23,337
Operating grants and contributions	490	405	11	-	501	405
Capital grants and contributions	1,233	331	1,545	761	2,778	1,092
General Revenue						
Property taxes	6,910	6,811	-	-	6,910	6,811
Sales taxes	8,548	7,425	-	-	8,548	7,425
Business taxes	5,053	4,905	-	-	5,053	4,905
Other taxes	-	-	-	-	-	-
Other	1,674	380	104	130	1,778	510
Total revenues	30,625	25,204	21,398	19,281	52,023	44,485
<b>Expenses:</b>						
General government	2,502	2,358	-	-	2,502	2,358
Public safety	9,160	9,071	-	-	9,160	9,071
Public works	1,619	1,556	-	-	1,619	1,556
Transportation	3,934	3,152	-	-	3,934	3,152
Culture & recreation	5,744	5,607	-	-	5,744	5,607
Economic environment	1,129	1,148	-	-	1,129	1,148
Interest on long-term debt	289	350	-	-	289	350
Water/server utility	-	-	8,358	7,619	8,358	7,619
Sanitation	-	-	4,445	3,904	4,445	3,904
Ambulance	-	-	2,332	2,158	2,332	2,158
Airport	-	-	60	54	60	54
Storm water	-	-	804	745	804	745
Total expenses	24,377	23,242	15,999	14,480	40,376	37,722
Increase in net position before transfers	6,248	1,962	5,399	4,801	11,647	6,763
Transfers	426	426	(426)	(426)	-	-
Change in net position	6,674	2,388	4,973	4,375	11,647	6,763
Net position 01/01 (as restated)	59,441	63,666	94,544	90,167	153,985	153,833
Direct adj to net position - GASB 75 **	-	(6,589)	-	-	-	(6,589)
Prior period adjustment	-	(24)	-	-	-	(24)
Net position 12/31	\$ 66,115	\$ 59,441	\$ 99,517	\$ 94,544	\$ 165,632	\$ 153,985

\*\*The City had a direct adjustment to net position due to the misstatement of pension calculations in 2017 and implementation of GASB 75 in 2018.

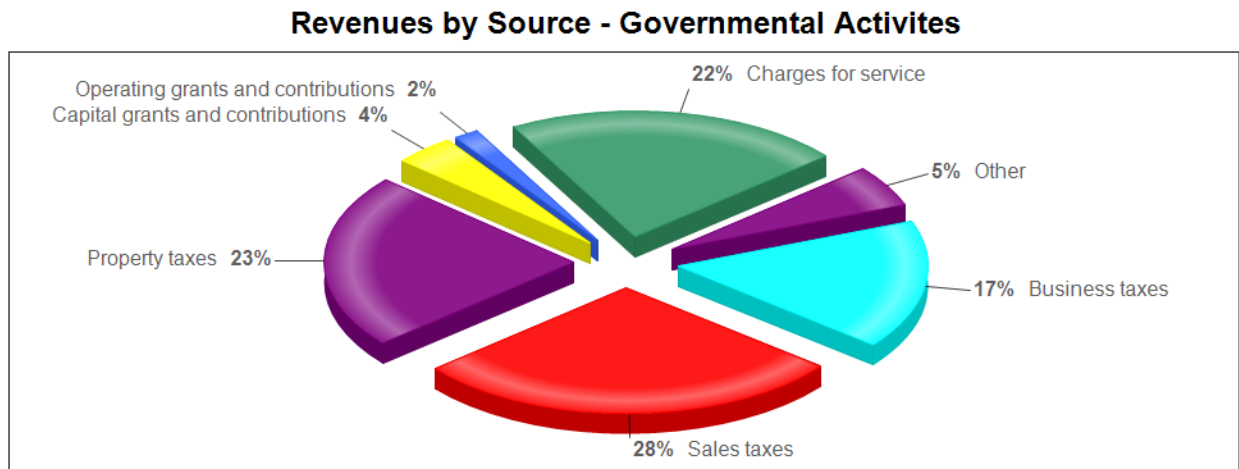
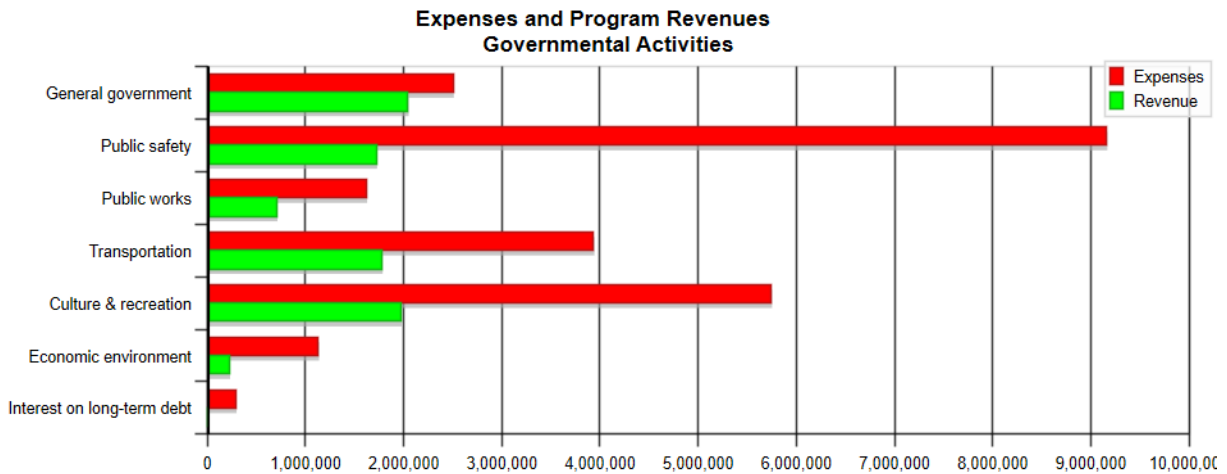
**Governmental activities.** Governmental activities increased the City of Moses Lake's net position by \$6,674. As shown in the Statement of Activities, \$8,440 of the total cost was paid for by either those directly benefitting from the programs or by governments and organizations that subsidized certain programs through grants and contributions. Key elements of this increase are as follows:

- The increase in charges for services of \$1,770 was due largely to rate adjustments made to offset the significant increase in the Washington State minimum wage, coupled with additional reimbursable activity by the Police Department (i.e. adding school resource officers paid by the school district and participation in regional task forces).
- The increase in sales taxes of \$1,123 was attributable primarily to the start of a voted sales tax of

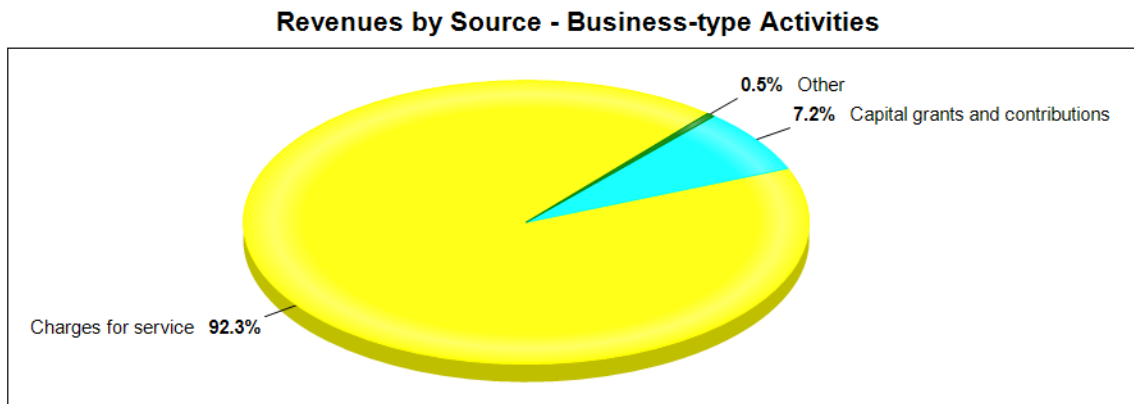
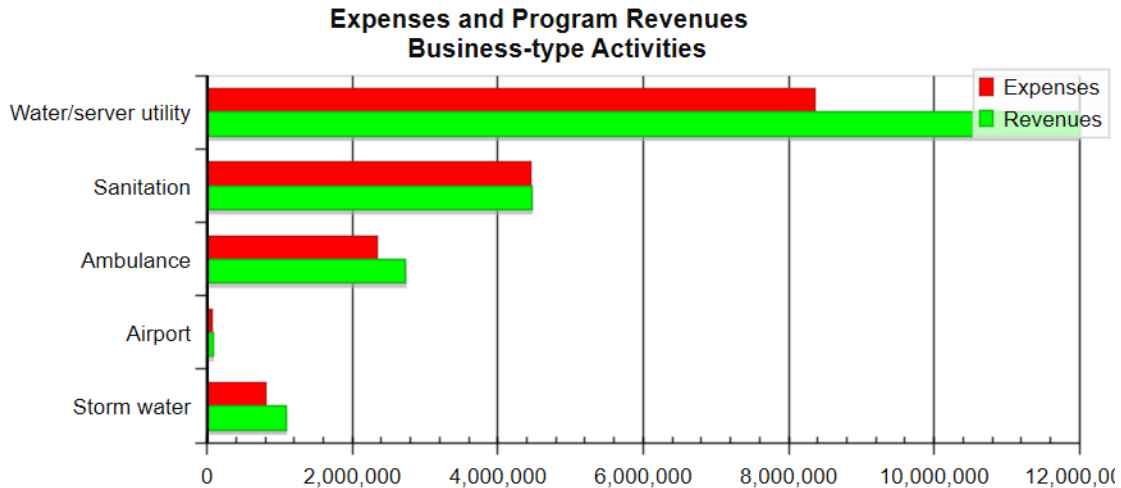


0.2% for transportation improvements which started to be collected April 1, 2018.

Total expenses for governmental activities remained relatively flat as the City maintained its programs.



**Business-type activities.** Total net positions of business-type activities increased by \$4,973 for the year. Of the \$21,398 in business type revenue, 92% was provided by charges for services, with the remainder coming from capital grants and contributions as well as investment earnings. CPI related increases in rates were adequate to cover ongoing program costs, and add to the net position as investments were made in infrastructure.



## 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 \$10,868, an increase of \$1,993 in comparison with the prior year. It is partly made up of unassigned fund balance \$6,091, which is available for spending at the government's discretion. The remainder of fund balance is separated into different categories. Nonspendable fund balance consists of inventories and other prepaid expenses \$184. \$2,544 is restricted for public safety, tourism, and parks capital programs along with debt service. \$1,439 is committed for public safety pensions, museum programs, and transportation improvements; and \$611 is assigned for street operations.

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 \$6,091 while the total fund balance was at \$6,563.

The fund balance of the City of Moses Lake's General Fund increased by \$1,437 during the current fiscal year. Key factors in the changes are as follows:

- The City sold some surplus properties, bringing in \$710.
- The voted sales tax described above went into a special revenue fund, and not General Fund. However, because of this new tax, the City was able to reduce its transfer to the Street Repair and Reconstruction Fund by about \$280.

**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 City operations. 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 \$14,507, which makes up 91% 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.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The final revenue budget for the General Fund increased by \$430 from the original budget while expenditures were \$525 higher than the original. Increases were made up of the carryforward of unspent program budgets from the prior year, corrections of budget oversights, and program enhancements.

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

General fund revenues were over final amended budget by \$1,755 (8%) and expenditures less by \$273 (1%). The General Fund budget is built assuming positive variances in both revenue and expenditures. Revenue is conservatively estimated, while expenditure estimates utilize highest probable costs. Because of growth in virtually all categories, along with the unbudgeted sale of properties, the revenues had a large positive variance. Because the revenue was strong, the operations were encouraged to spend on deferred capital, maintenance and technology within the constraints of the total budget. The net effect

was an increase in General Fund balance of \$1,437.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, aquatic facilities, and streets, including construction in progress on buildings and systems. The total investment for its governmental and business-type activities as of December 31, 2018 amounts to \$156,654 (net of accumulated depreciation).

**Governmental Activities:** Capital assets from governmental activities increased \$1,628 from \$70,391 in 2017 to \$72,019 in 2018. The City's investment in infrastructure, facilities and rolling stock, exceeded current year depreciation for all assets in 2018.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 5,561	\$ 5,561	\$ 988	\$ 988	\$ 6,549	\$ 6,549
Buildings and other improvements	19,463	20,234	26,481	27,288	45,944	47,522
Machinery and equipment	5,134	5,085	4,444	3,296	9,578	8,381
Infrastructure	40,416	39,511	51,708	51,903	92,124	91,414
Intangible	-	-	285	285	285	285
Construction in Progress	1,445	-	729	1,378	2,174	1,378
Total assets	<u>\$ 72,019</u>	<u>\$ 70,391</u>	<u>\$ 84,635</u>	<u>\$ 85,138</u>	<u>\$ 156,654</u>	<u>\$ 155,529</u>

Additional information on the capital assets of the City of Moses Lake can be found in Note 5.

**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 prevent the erosion of the street condition.

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 2018 the City budgeted \$2,980 for major road and sidewalk maintenance projects. The actual amount expended was \$1,993 as a major project was delayed.

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. To ensure continued maintenance, in 2017 the City established a Transportation Benefit District to generate revenue and to address future repair needs. In November, 2017, a ballot measure to convert the revenue from the Council approved car tab fee to a voter approved 0.2% sales tax was passed by the voters, and the new sales tax started to be collected on April 1, 2018. More than \$1,450 is expected to be generated by this new sales tax annually, to be added to the Real Estate Excise Tax and grants to support maintenance of the street infrastructure.

**Long-term debt.** At the end of the fiscal year, the City of Moses Lake had total bonded debt outstanding of \$11,120. Of this amount, \$5,245 comprises debt backed by the full faith and credit of the government and \$5,875 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	
	2018	2017	2018	2017	2018	2017
General obligation debt	\$ 4,731,666	\$ 5,791,666	\$ 513,334	\$ 568,334	\$ 5,245,000	\$ 6,360,000
Revenue debt	-	-	5,875,000	6,810,000	5,875,000	6,810,000
Total long-term debt	<u>\$ 4,731,666</u>	<u>\$ 5,791,666</u>	<u>\$ 6,388,334</u>	<u>\$ 7,378,334</u>	<u>\$11,120,000</u>	<u>\$13,170,000</u>

The City of Moses Lake's total bonded debt decreased by \$2,050 which represents principal payments. No new debt was issued in 2018. The earliest final maturity for existing debt is 2020, and the last maturities are in 2026. Currently, the city does not anticipate issuing any new debt in the foreseeable future, although City Council has recently authorized creating the detailed specifications for a new Parks and Recreation facility to replace an aging Larson Park recreation center, estimated to cost \$11.5 million. The final plan could be funded by available resources in the Parks Capital Fund and hotel/motel taxes, with any balance being bonded. The funds for construction wouldn't be needed until 2020 with the repayment starting in 2021, after a significant existing debt service payment is completed.

The City of Moses Lake maintains favorable rating from S&P Global Ratings Group. The Water & Sewer Revenue Bonds are rated "AA-" and the Limited Tax General Obligation Bonds are rated "A+".

Washington State statutes limit the amount of general obligation debt a governmental entity may issue to 7.5% of its total assessed valuation, subject to a 60% majority vote of qualified electors. Of the 7.5% limit, 2.5% is for general purposes, 2.5% for open space/park facilities and 2.5% for utilities. Non-voted (limited tax) general obligation indebtedness is limited to 1.5% of assessed valuation. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of assessed valuation. The City's assessed valuation for 2018 was \$2,189,215,750 and the remaining debt capacity is as follows:

	(Actual amounts in thousands)
General Purpose-Non-voted (i.e. Councilmanic) net of Outstanding debt	\$ 27,778
General Purpose-Voted	<u>21,892</u>
Total General Purpose-Voted and Non-Voted	49,670
Open Space/Park Facilities	54,730
Utilities	<u>54,730</u>
Total	<u>\$ 159,130</u>

Additional information on the City's long-term debt can be found in Note 8 to the Financial Statements.

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

Because of its location on the major interstate that runs between Seattle and Spokane, a vibrant port district that is home to one of the largest airports in the country, along with recreational opportunities that accompany a lakeside community, Moses Lake has seen steady growth.

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. As the national economy has seen extended growth following the "Great Recession" the City is experiencing growth in property taxes from new construction, sales taxes and permitting fees.

In addition to the natural growth in the economy, the local taxpayers decided to invest in the community twice in the past two years. In November 2017, a 0.2% sales tax for a local transportation benefit district for major street repair and maintenance passed, and went into effect on April 1, 2018. In November 2019, Grant County voters approved a 0.3% sales tax for criminal justice purposes which will start being collected on April 1, 2020. The formula for distribution is 60% to the County, and the remaining 40% distributed to cities within the county on a per capita basis. The aforementioned factors were considered in the preparation of the City's 2019 and 2020 budget.

A change in state law is also helping to shore up our important sales tax stream. The Legislature approved a law that would apply sales tax collection to more internet retailers, to be effective in late 2018. The City is experiencing sales tax growth of over 5% through mid-2019.

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 2019 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 2018. 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. (Even though we got the judgment, we have not received the additional taxes, but they are not counted in the General Fund balance, since they are recorded as a deferred inflow of resources.) This same company has ceased operations in mid-2019 citing tariff issues. The current property tax assessments have been lowered considerably in recent years, so this should not create a significant reduction.

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 2019 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, 2018



**BASIC FINANCIAL STATEMENTS**



**CITY OF MOSES LAKE**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Pooled cash & investments	\$ 13,416,631	\$ 14,243,673	\$ 27,660,304
Receivables (net of allowances for uncollectibles)	3,972,289	2,453,303	6,425,592
Internal balances	(6,849,734)	6,849,734	-
Inventories and prepaid items	243,032	476,063	719,095
Restricted assets:			
Cash	-	1,311,875	1,311,875
Capital assets			
Land and land improvements	5,560,986	1,273,031	6,834,017
Construction in Progress	1,444,995	729,486	2,174,481
Net of accumulated depreciation			
Buildings and other improvements	19,463,477	26,480,650	45,944,127
Machinery and equipment	5,737,868	4,444,428	10,182,296
Infrastructure	39,811,723	51,708,370	91,520,093
Net Pension Asset	3,405,847	605,828	4,011,675
Total assets	86,207,114	110,576,441	196,783,555
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	\$ 141,224	\$ 28,245	\$ 169,469
Deferred outflows related to pensions	846,190	218,772	1,064,962
Total deferred outflows of resources	987,414	247,017	1,234,431
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,048,209	650,877	1,699,086
Accrued interest	48,032	104,155	152,187
Unearned revenues	-	11,398	11,398
Noncurrent liabilities:			
Due within one year	1,465,303	1,641,567	3,106,870
Due in more than one year	6,065,368	7,618,462	13,683,830
Net pension liability	2,854,509	756,815	3,611,324
Total OPEB Liability	7,366,225	-	7,366,225
Total liabilities	18,847,646	10,783,274	29,630,920
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	2,231,287	522,269	2,753,556
Total deferred inflows of resources	2,231,287	522,269	2,753,556
<b>NET POSITION</b>			
Invested in Capital Assets	67,063,404	78,064,287	145,127,691
Restricted For:			
Debt Service	184,705	1,312,269	1,496,974
Pension benefits	343,215	-	343,215
Other purpose	3,092,333	-	3,092,333
Unrestricted Net Positon	(4,568,062)	20,141,359	15,573,297
Total net position	\$ 66,115,595	\$ 99,517,915	\$ 165,633,510

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, 2018**

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 2,502,138	\$ 2,030,384	\$ 12,000	\$ -	\$ (459,754)	\$ -	\$ (459,754)
Public safety	9,159,773	1,605,448	115,525	-	(7,438,800)	-	(7,438,800)
Public works	1,618,887	705,486	-	-	(913,401)	-	(913,401)
Transportation	3,933,763	632,892	242,496	901,855	(2,156,520)	-	(2,156,520)
Culture and recreation	5,743,730	1,520,010	120,010	331,028	(3,772,682)	-	(3,772,682)
Economic Environment	1,129,366	222,551	-	-	(906,815)	-	(906,815)
Interest on long-term debt	288,584	-	-	-	(288,584)	-	(288,584)
Total governmental activities	<u>24,376,241</u>	<u>6,716,771</u>	<u>490,031</u>	<u>1,232,883</u>	<u>(15,936,556)</u>	<u>-</u>	<u>(15,936,556)</u>
Business-type activities:							
Water/Sewer utility	8,357,844	11,608,379	8,110	1,295,109	-	4,553,754	4,553,754
Sanitation	4,445,067	4,467,541	2,547	-	-	25,021	25,021
Ambulance	2,331,665	2,735,028	-	-	-	403,363	403,363
Airport	60,483	27,071	-	57,771	-	24,359	24,359
Storm Water	804,390	899,525	-	191,753	-	286,888	286,888
Total business-type activities	<u>15,999,449</u>	<u>19,737,544</u>	<u>10,657</u>	<u>1,544,633</u>	<u>-</u>	<u>5,293,385</u>	<u>5,293,385</u>
Total primary government	<u>\$ 40,375,690</u>	<u>\$ 26,454,315</u>	<u>\$ 500,688</u>	<u>\$ 2,777,516</u>	<u>(15,936,556)</u>	<u>5,293,385</u>	<u>(10,643,171)</u>
General Revenues:							
Property taxes					6,909,510	-	6,909,510
Retail sales and use taxes					8,547,671	-	8,547,671
Business taxes					5,053,402	-	5,053,402
Investment earnings					477,889	106,227	584,116
Insurance recoveries					13,462	-	13,462
Gain (Loss) on Asset Disposal					1,180,618	-	1,180,618
Miscellaneous					1,800	-	1,800
Transfers, internal activities					425,660	(425,660)	-
Total general revenues and transfers					<u>22,610,012</u>	<u>(319,433)</u>	<u>22,290,579</u>
Changes in net position					6,673,456	4,973,952	11,647,408
Net position - beginning					66,055,726	94,543,963	160,599,689
Prior Period Adjustments					(24,428)	-	(24,428)
Changes in Accounting Principles					(6,589,159)	-	(6,589,159)
Net position - ending					<u>\$ 66,115,595</u>	<u>\$ 99,517,915</u>	<u>\$ 165,633,510</u>

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

**CITY OF MOSES LAKE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Pooled cash & investments	\$ 4,980,632	\$ 4,074,745	\$ 9,055,377
Receivables (net of allowance for uncollectibles):			
Taxes	2,916,739	348,210	3,264,949
Customer accounts	124,284	-	124,284
Unbilled services	56,140	-	56,140
Other receivables	295,388	18,255	313,643
Notes/contracts receivable	-	19,070	19,070
Due from other governments	84,155	75,395	159,550
Prepaid Expenses	67,862	65,618	133,480
Total assets	<u>8,525,200</u>	<u>4,601,293</u>	<u>13,126,493</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	189,242	258,651	447,893
Salaries and benefits payable	242,658	10,153	252,811
Other short-term liabilities	149	-	149
Total liabilities	<u>432,049</u>	<u>268,804</u>	<u>700,853</u>
Deferred inflows of resources:			
Deferred property tax	1,355,629	-	1,355,629
Deferred traffic citations	79,492	-	79,492
Deferred unavailable receivables	95,183	26,738	121,921
Total deferred inflows of resources	<u>1,530,304</u>	<u>26,738</u>	<u>1,557,042</u>
Fund Balances:			
Nonspendable:			
Inventories and noncurrent receivables	114,131	69,395	183,526
Restricted for:			
Public safety programs	-	243,434	243,434
Tourism	-	952,128	952,128
Debt service	-	184,705	184,705
Culture and recreation	-	1,163,813	1,163,813
Committed for:			
Committed	357,908	-	357,908
Culture and recreation	-	21,339	21,339
Transportation	-	1,059,510	1,059,510
Assigned to transportation	-	611,427	611,427
Unassigned	6,090,808	-	6,090,808
Total fund balances	<u>6,562,847</u>	<u>4,305,751</u>	<u>10,868,598</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,525,200</u>	<u>\$ 4,601,293</u>	<u>\$ 13,126,493</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, 2018**

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Total Governmental Fund Balances	\$ 10,868,598
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Amounts reported for governmental activities in the 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)	55,141,078
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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.	1,557,042
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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	14,657,814	
Internal payable-charges under cost to business-type activities- prior years	(2,447,164)	
Internal receivable-charges over cost to business-type activities - current years	<u>(1,570,910)</u>	
Net adjustment to arrive at net position - governmental activities		10,639,740

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	(2,566,667)	
Issuance discounts, premiums and deferred amount on refunding	(27,013)	
Accrued interest payable	(42,511)	
Compensated absences	(1,708,442)	
Pension obligations (net)	(380,006)	
Other postemployment benefits	<u>(7,366,225)</u>	
Net adjustment to arrive at net position - governmental activities		(12,090,864)

Net position of governmental activities	<u><u>\$ 66,115,594</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, 2018**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 17,372,377	\$ 2,842,499	\$ 20,214,876
Licenses and Permits	751,922	53,541	805,463
Intergovernmental revenues	833,076	1,129,754	1,962,830
Charges for services	3,283,878	213,728	3,497,606
Fines and forfeits	807,553	-	807,553
Interest earnings	355,065	64,697	419,762
Rents and royalties	156,500	-	156,500
Contributions/donations	12,000	293,467	305,467
Assessments	-	49,407	49,407
Miscellaneous	18,382	63,907	82,289
Total revenues	<u>23,590,753</u>	<u>4,711,000</u>	<u>28,301,753</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General Government	2,683,496	-	2,683,496
Public safety	10,306,099	119,913	10,426,012
Public works	1,817,778	-	1,817,778
Transportation	-	4,059,450	4,059,450
Economic environment	1,205,921	-	1,205,921
Culture and recreation	5,376,619	295,143	5,671,762
Capital outlay	56,147	1,121,984	1,178,131
<b>Debt service:</b>			
Principal	-	274,999	274,999
Interest and debt issue costs	25,110	102,083	127,193
Total expenditures	<u>21,471,170</u>	<u>5,973,572</u>	<u>27,444,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,119,583</u>	<u>(1,262,572)</u>	<u>857,011</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	500,000	3,482,300	3,982,300
Transfers (out)	(1,892,540)	(1,664,100)	(3,556,640)
Proceeds from sale of capital assets	709,874	-	709,874
Total other financing sources (uses)	<u>(682,666)</u>	<u>1,818,200</u>	<u>1,135,534</u>
Net change in fund balances	1,436,917	555,628	1,992,545
Fund balances-beginning	5,125,930	3,750,123	8,876,053
Fund balances-ending	<u>\$ 6,562,847</u>	<u>\$ 4,305,751</u>	<u>\$ 10,868,298</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, 2018**

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Net changes in fund balances - total governmental funds: \$ 1,992,545

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	1,150,105	
Depreciation expense	<u>(723,884)</u>	
Net increase (decrease) in net position - governmental activities		426,221

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement. 55,844

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

Contributed assets	869,884	
Gain(loss) on sale/disposals of assets	<u>(25,095)</u>	
Net increase (decrease) in net position - governmental activities		844,789

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.

Debt principal payments	<u>274,999</u>	
Net increase in net position - governmental activities		274,999

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	887,258	
Other post employment benefits	288,678	
Accrued debt interest	1,614	
Compensated absences	(90,820)	
Amortization of deferred bond costs	<u>3,377</u>	
Net decrease in net position - governmental activities		1,090,107

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

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	3,559,860	
Loss(gain) from charges to business-type activities	<u>(1,570,910)</u>	
Net increase in net position - governmental activities		1,988,950

Change in net position in governmental activities	<u>\$ 6,673,455</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 - Budget and Actual****General Fund****For the Year Ended December 31, 2018**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 16,370,000	\$ 16,570,000	\$ 17,372,377	\$ 802,377
Licenses and Permits	611,000	611,000	751,922	140,922
Intergovernmental revenues	462,000	462,000	833,076	371,076
Charges for services	3,172,370	3,252,370	3,283,878	31,508
Fines and forfeits	466,000	616,000	807,553	191,553
Interest earnings	180,000	180,000	355,065	175,065
Rents and royalties	143,600	143,600	156,500	12,900
Contributions/donations	-	-	12,000	12,000
Miscellaneous	500	500	18,382	17,882
Total revenues	<u>21,405,470</u>	<u>21,835,470</u>	<u>23,590,753</u>	<u>1,755,283</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,761,088	2,784,488	2,683,496	100,992
Public safety	9,857,666	10,309,366	10,306,099	3,267
Public works	1,828,798	1,828,798	1,817,778	11,020
Economic environment	1,335,635	1,335,635	1,205,921	129,714
Culture and recreation	5,350,972	5,400,472	5,376,619	23,853
Capital outlay	60,000	60,000	56,147	3,853
Debt service:				
Interest and debt issue costs	25,200	25,200	25,110	90
Total expenditures	<u>21,219,359</u>	<u>21,743,959</u>	<u>21,471,170</u>	<u>272,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>186,111</u>	<u>91,511</u>	<u>2,119,583</u>	<u>2,028,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500,000	500,000	500,000	-
Transfers (out)	(1,896,240)	(1,896,240)	(1,892,540)	3,700
Proceeds from sale of capital assets	-	-	709,874	709,874
Total other financing sources (uses)	<u>(1,396,240)</u>	<u>(1,396,240)</u>	<u>(682,666)</u>	<u>713,574</u>
Net change in fund balances	<u>(1,210,129)</u>	<u>(1,304,729)</u>	<u>1,436,917</u>	<u>2,741,646</u>
Fund balances-beginning	<u>322,900</u>	<u>317,400</u>	<u>5,125,930</u>	<u>4,808,530</u>
Fund balances-ending	<u>\$ (887,229)</u>	<u>\$ (987,329)</u>	<u>\$ 6,562,847</u>	<u>\$ 7,550,176</u>

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, 2018**

page 1 of 2

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Non-Major Enterprise Funds	Totals	
<b>ASSETS</b>						
Current assets:						
Pooled cash & investments	\$ 13,170,782	\$ 99,036	\$ 460,016	\$ 513,839	\$ 14,243,673	\$ 4,361,254
Receivables (net of allowance for uncollectibles)	1,262,092	623,895	432,797	134,518	2,453,302	4,652
Due from other governments	-	-	-	-	-	30,000
Interfund loans receivable	3,281,662	-	-	-	3,281,662	-
Inventory	352,443	51,040	65,583	6,997	476,063	109,552
Total current assets	18,066,979	773,971	958,396	655,354	20,454,700	4,505,458
Noncurrent assets						
Restricted assets:						
Revenue bond reserves/debt service:						
Pooled cash & investments	1,311,875	-	-	-	1,311,875	-
Total restricted assets	1,311,875	-	-	-	1,311,875	-
Capital assets:						
Land and land rights	836,006	-	-	151,898	987,904	608,951
Construction in Progress	729,486	-	-	-	729,486	571,720
Net of accumulated depreciation:						
Buildings	26,140,486	-	-	340,164	26,480,650	11,085,198
Infrastructure	44,964,093	-	-	6,744,277	51,708,370	-
Machinery and equipment	4,267,469	-	87,223	89,736	4,444,428	4,612,101
Intangible assets	285,127	-	-	-	285,127	-
Total capital assets	77,222,667	-	87,223	7,326,075	84,635,965	16,877,970
Net pension asset	-	-	605,828	-	605,828	-
Total non current assets	78,534,542	-	693,051	7,326,075	86,553,668	16,877,970
Total assets	96,601,521	773,971	1,651,447	7,981,429	107,008,368	21,383,428
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount on refunding	28,245	-	-	-	28,245	-
Deferred Pension	113,657	-	90,533	14,581	218,771	47,045
Total deferred outflows of resources	\$ 141,902	\$ -	\$ 90,533	\$ 14,581	\$ 247,016	\$ 47,045

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, 2018**

Page 2 of 2

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Non-Major Enterprise Funds	Totals	
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	\$ 163,896	\$ 295,046	\$ 5,638	\$ 3,314	\$ 467,894	\$ 311,403
Salaries and benefits payable	45,961	-	44,412	7,086	97,459	35,951
Interfund loans payable	-	300,000	150,000	-	450,000	2,831,662
Unearned revenue	-	-	-	11,398	11,398	-
Interest payable	-	-	-	-	-	5,520
Capital leases payable	-	-	-	-	-	361,824
G.O. bonds payable	57,489	-	-	-	57,489	805,000
Compensated Absenses	25,244	-	18,352	3,790	47,386	10,978
Accrued interest	104,155	-	-	-	104,155	-
Intergovernmental loans payable	561,692	-	-	-	561,692	-
Revenue bonds payable	975,000	-	-	-	975,000	-
Other short-term liabilities	70	85,452	-	-	85,522	-
Total current liabilities	1,933,507	680,498	218,402	25,588	2,857,995	4,362,338
Noncurrent liabilities:						
Revenue bonds payable (net discount/premium)	5,049,707	-	-	-	5,049,707	-
G.O. bonds payable (net discount/premium)	489,481	-	-	-	489,481	1,415,791
Intergovernmental loans payable	1,652,796	-	-	-	1,652,796	-
Compensated absenses	227,198	-	165,171	34,108	426,477	98,809
Net pension liability	651,081	-	-	105,734	756,815	348,263
Lease payable	-	-	-	-	-	394,922
Total noncurrent liabilities	8,070,263	-	165,171	139,842	8,375,276	2,257,785
Total liabilities	10,003,770	680,498	383,573	165,430	11,233,271	6,620,123
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension	268,951	-	205,992	47,326	522,269	152,536
Total deferred inflows of resources	268,951	-	205,992	47,326	522,269	152,536
<b>NET POSITION</b>						
Net investment in capital assets	70,650,990	-	87,223	7,326,075	78,064,288	11,068,770
Restricted for debt service	1,312,269	-	-	-	1,312,269	-
Restricted for pension benefits	-	-	490,369	-	490,369	-
Unrestricted	14,507,443	93,473	574,823	457,179	15,632,918	3,589,044
Total net position	\$ 86,470,702	\$ 93,473	\$ 1,152,415	\$ 7,783,254	95,499,844	\$ 14,657,814

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

\$ 4,018,071

Net position of business-type activities

\$ 99,517,915

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, 2018**

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Non-Major Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 10,784,392	\$ 4,466,240	\$ 2,423,522	\$ 897,590	\$ 18,571,744	\$ 7,834,447
Miscellaneous	636,801	1,301	15	29,006	667,123	-
Licenses and Permits	22,300	-	-	-	22,300	-
Total operating revenues	11,443,493	4,467,541	2,423,537	926,596	19,261,167	7,834,447
<b>OPERATING EXPENSES</b>						
Salaries and benefits	2,178,311	43,872	1,666,610	353,869	4,242,662	1,351,801
Supplies and contractual services	3,877,984	4,404,641	733,004	491,717	9,507,346	1,254,293
Utilities	581,132	-	-	23,930	605,062	126,780
Repairs and maintenance	352,063	-	-	53,863	405,926	311,804
Insurance claims and expenses	-	-	-	-	-	600,149
Depreciation and amortization	2,372,363	-	27,560	51,787	2,451,710	1,065,861
Total operating expenses	9,361,853	4,448,513	2,427,174	975,166	17,212,706	4,710,688
Operating income (loss)	2,081,640	19,028	(3,637)	(48,570)	2,048,461	3,123,759
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	8,110	2,547	311,595	57,771	380,023	-
Interest and other earnings	106,223	-	-	-	106,223	58,128
Insurance recoveries	-	-	-	-	-	13,462
Intergovernmental payments	(61,961)	-	-	-	(61,961)	-
Interest expense	(289,457)	(3,750)	(2,587)	-	(295,794)	(166,381)
Miscellaneous revenues	164,750	-	-	-	164,750	5,053
Gain (Loss) on disposal of Assets	140	-	-	-	140	495,839
Total nonoperating revenues (expenses)	(72,195)	(1,203)	309,008	57,771	293,381	406,101
Income (loss) before contributions and transfers	2,009,445	17,825	305,371	9,201	2,341,842	3,529,860
Capital contributions	1,295,109	-	-	191,753	1,486,862	30,000
Transfers in	-	-	74,340	-	74,340	-
Transfers (out)	(500,000)	-	-	-	(500,000)	-
Changes in net position	2,804,554	17,825	379,711	200,954	3,403,044	3,559,860
Net position - beginning	83,666,148	75,647	772,704	7,582,300		11,097,954
Net position - ending	\$ 86,470,702	\$ 93,472	\$ 1,152,415	\$ 7,783,254	\$ 95,499,843	\$ 14,657,814

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

1,570,910

Changes in net position of business-type activities

\$ 4,973,954

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

City of Moses Lake, Washington  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018

Page 1 of 2

	Business-type Activities- Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Non-Major Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 10,883,696	\$ 4,469,044	\$ 2,392,248	\$ 933,478	\$ 18,678,466	\$ 7,834,447
Payment to Suppliers	(4,729,585)	(4,423,903)	(785,407)	(568,498)	(10,507,393)	(2,039,948)
Payments to employees	(2,767,417)	(46,777)	(1,689,645)	(381,853)	(4,885,692)	(1,382,071)
Miscellaneous revenues	804,369	1,301	14	1,935	807,619	5,054
Net cash provided by (used for) operating activities	4,191,063	(335)	(82,790)	(14,938)	4,093,000	4,417,482
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Payments (to) other funds	-	-	(108,666)	-	(108,666)	-
Advances from other funds	1,590,782	-	-	-	1,590,782	-
Transfers from other funds	-	-	74,340	-	74,340	-
Transfers (to) other funds	(500,000)	(75,000)	-	-	(575,000)	-
Insurance recoveries	-	-	-	-	-	13,462
Other intergovernmental revenues	8,110	2,547	311,595	57,771	380,023	-
Other intergovernmental payments	(61,961)	-	-	-	(61,961)	-
Net cash provided by (used for) noncapital financing activities	1,036,931	(72,453)	277,269	57,771	1,299,518	13,462
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from capital debt	-	-	-	-	-	30,321
Principal paid on debt	(1,555,249)	-	-	-	(1,555,249)	(2,213,652)
Interest paid on debt	(293,597)	(3,750)	(2,587)	-	(299,934)	(168,200)
Capital contributions	484,738	-	-	-	484,738	-
Purchases of capital assets	(939,193)	-	(24,830)	(45,987)	(1,010,010)	(1,422,011)
Proceeds from sale of capital assets	-	-	-	-	-	495,839
Net cash provided by (used for) capital related financing activities	(2,303,301)	(3,750)	(27,417)	(45,987)	(2,380,455)	(3,277,703)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Income	-	-	-	-	-	58,127
Net cash provided by (used in) investing activities	-	-	-	-	-	58,127
Net increase (decrease) in cash and cash equivalents	2,924,693	(76,538)	167,062	(3,154)	3,012,063	1,211,368
Cash and cash equivalents, January 1	11,557,964	175,574	292,953	516,994	12,543,487	3,149,886
Cash and cash equivalents - December 31	14,482,657	99,036	460,015	513,840	15,555,550	4,361,254

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

City of Moses Lake, Washington  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018

page 2 of 2

	Business-type Activities- Enterprise Funds					Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Non-Major Enterprise Funds	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>						
Operating income (loss)	\$ 2,081,636	\$ 19,027	\$ (3,637)	\$ (48,571)	\$ 2,048,455	\$ 3,123,759
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation	2,372,363	-	27,560	51,787	2,451,710	1,065,861
Loss on refunding	28,245	-	-	-	28,245	-
Allowance for uncollectible accounts	-	-	(67,119)	-	(67,119)	-
Decrease (increase) in accounts receivable	(42,874)	2,804	35,845	(2,581)	(6,806)	-
Decrease (increase) in inventory	794	13,188	(41,463)	-	(27,481)	-
Decrease (increase) in prepaid expenses	-	-	-	-	-	(2,414)
Decrease (increase) in pension liability	(470,189)	-	(37,995)	(21,462)	(529,646)	(78,790)
(Decrease) increase in accounts payable	80,800	(32,449)	(10,940)	1,028	38,439	255,493
(Decrease) increase in salaries payable	700	(942)	10,192	777	10,727	15,656
(Decrease) increase in advances	-	-	-	11,398	11,398	-
(Decrease) increase in compensated absences	(119,617)	(1,963)	4,768	(7,314)	(124,126)	32,863
(Decrease) increase in miscellaneous revenues	259,205	-	-	-	259,205	5,054
Total adjustments	<u>2,109,427</u>	<u>(19,362)</u>	<u>(79,152)</u>	<u>33,633</u>	<u>2,044,546</u>	<u>1,293,723</u>
Net cash provided by (used for) operating activities	<u>4,191,063</u>	<u>(335)</u>	<u>(82,789)</u>	<u>(14,938)</u>	<u>4,093,001</u>	<u>4,417,482</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ 484,738	\$ -	\$ -	\$ -	\$ 484,738	\$ -

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, 2018**

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	<u><b>Agency Funds</b></u>
<b>ASSETS</b>	
Pooled cash & investments	\$ 948,772
Receivables (net of allowance for uncollectibles)	<u>1,176</u>
Total assets	<u><u>949,948</u></u>
<b>LIABILITIES</b>	
Custodial accounts payable	<u>949,948</u>
Total liabilities	<u><u>\$ 949,948</u></u>

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



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**CITY OF MOSES LAKE**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**NOTE 1- Summary of Significant Accounting Policies**

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

A. Reporting Entity

The City of Moses Lake was incorporated on September 19, 1938 and operates under the laws of the State of Washington applicable to a non-charter code city with a Council/Manager form of government. The City of Moses Lake provides a full range of municipal services, which include: police, fire, engineering, parks, street, economic development, and administrative services. Included in the City's Enterprise Fund financial reports are: water and wastewater, Sanitation (or Solid Waste), Ambulance, Airport, and Stormwater. The City has analyzed the rules for component units, and has determined that the primary government consists solely of the legal entity of the City.

B. Basis of Presentation - 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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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 to allocate indirect costs to a specific function or segment if they are non-tax supported. 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.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements.

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. The major individual governmental fund and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City of Moses Lake reports one major governmental fund:



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 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.

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.

Non-major Proprietary Funds account for Airport funds supported by rental charges and Storm Water funds supported through user charges.

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.

Generally, the effect of the Inter-fund 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 inter-fund services provided. Inter-fund 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.

### C. Measurement Focus, Basis of Accounting

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 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 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 proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

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 for management review of operations.

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. The financial statements include budgetary comparisons for the General Fund and all major Special Revenue funds. Budgets for special revenue funds are required to be prepared, but not required to be included in this report. Budgets for proprietary and fiduciary funds, although not legally required, are prepared for operational oversight but are not presented in the financial statements. The Finance Department prepares budgetary comparisons for all funds not presented in this report, which is available at [www.cityofml.com/finance](http://www.cityofml.com/finance).

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).

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, Fund Balance, Net Position

### Pooled Cash and Investments

It is the City's policy to invest all temporary cash surpluses. This amount is classified on the balance sheet as pooled cash and investments in various funds. The interest on these investments is prorated to the various funds that are statutorily required to receive interest and the balance of the interest is credited to the General Fund.

For purposes of the statement of cash flows, the proprietary fund's equity in pooled investments is considered cash since all of the city's investments are internally pooled and participating funds use the pool as if it were a demand deposit account.

### Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Property Taxes Note No. 4). 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.

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

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

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not 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.

### Restricted Assets and Liabilities

These accounts contain resources for construction and debt service, including current and delinquent special assessments receivable, in enterprise funds. The current portion of related liabilities is shown as Payables from Current Restricted Assets. Specific debt service reserve requirements are described in Notes No. 8 & 10, Long-Term Debt.

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

Cash Investments - Debt Service	\$ 1,312,269
Total Restricted Assets	<u><u>\$ 1,312,269</u></u>

### Capital Assets - See Note No. 5, Capital Assets

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.

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

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

In addition to assets, Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Deferred charge on debt refunding result from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pension plans are discussed in detail in Note 6 – Pension Plans.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources, which represents an acquisition of net position by the government, which is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item on the Statement of Net Position that qualifies for reporting in this category. Deferred inflows related to pension plans are discussed in detail in Note 6 – Pension Plans. The governmental funds report unavailable revenues from two sources, taxes receivable and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued 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 union 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:

<u>Years of Service</u>	<u>Percent Payable Sick Leave</u>
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

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 8 Long-term Debt for more information.)

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. See Note 8 *Long-term Debt* for more information.

#### 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 that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.

- Restricted includes fund balances 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 constrained for specific purposes that are internally imposed by the government through formal action (resolution or ordinance) of the highest level of decision making authority, which is the City Council, and may be altered only by a similar formal action of the City Council,
- Assigned includes fund balances intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned includes fund balance is the residual amount of the general fund which has not been classified within the above-mentioned categories.

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."

#### **NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

The City's annual budget process is similar each year. The City's budget procedures are mandated by Washington State Law. The calendar below outlines the general time frame followed to prepare, review and adopt the annual budget.

Prior to November 15, the City Manager submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months and balanced with available resources.

The Council conducts two public hearings on the proposed budget in November/December to obtain taxpayer comments.



The budget is legally enacted by the City Council upon completion of the public hearings by passage of an ordinance. This must be done in December so that the budget is in place on January 1 of the subsequent year.

### **NOTE 3- DEPOSITS AND INVESTMENTS**

#### Deposits

The City of Moses Lake maintains a deposit relationship with a Washington State commercial bank that is classified as a Public Depository. The Public Deposit Protection Commission of the State of Washington (PDPC) covers all deposits not insured by the Federal Depository Insurance Corporation (FDIC). The FDIC insures the first \$250,000. The PDPC is a statutory authority established under RCW 39.58. It constitutes a multiple financial institution collateral pool that insures public deposits. In such a pool, a group of financial institutions holding public funds pledge collateral to a common pool. The PDPC provides protection by maintaining strict standards as to the amount of public deposits financial institutions can accept, and by monitoring the financial condition of all public depositories and optimizing collateralization requirements. At December 31, 2018, the bank balance was \$979,162

#### Investments

Investments are subject to the following risks.

*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. Because the pools indicate they will return book value, there is minimal interest rate risk.

*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.

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 that in event of a failure of the counterparty to an investment transaction the City would not be able to recover the value of the investment or collateral securities. The City has no custodial risk based on GASB 40 guidelines.

### Investment in Local Government Investment Pool (LGIP)

The City of Moses Lake is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

### Investments in Grant Count Investment Pool (GCIP)

The City of Moses Lake is a participant in the Grant County Investment Pool, an external investment pool. The City reports 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. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The county external investment pool does not have a credit rating and had a weighted average maturity of 604 days as of December 31, 2018.

As of December 31, 2018 the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average Maturity (days)</u>
Grant County Investment Pool	\$13,046,591	not rated	1194
WA State Investment Pool	15,993,602	not rated	14
Total Fair Value	<u>\$29,040,193</u>		
Portfolio Weighted Average Maturity			604

### **NOTE 4- 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 due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second installment is due

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

The City may levy up to \$3.6 per \$1,000 of assessed valuation for general governmental services. The City's regular levy for 2018 was \$3.3228 per \$1,000 on an assessed valuation of \$2,082,206,538 for a total regular levy of \$6,918,721.

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

#### NOTE 5- CAPITAL ASSETS

A summary of Governmental capital assets for the year ended December 31, 2018 were as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 5,560,986	\$ -	\$ -	\$ 5,560,986
Infrastructure*	38,941,839	869,884	-	39,811,723
CIP	-	2,295,285	(850,290)	1,444,995
Total Non-Depreciated	<u>44,502,825</u>	<u>3,165,169</u>	<u>850,290</u>	<u>46,817,704</u>
Capital Assets Depreciated:				
Buildings	34,726,101	205,352	40,475	34,890,978
Intangible	147,051	-	-	147,051
Machinery and Equipment	14,785,370	845,593	20,772	15,610,191
Infrastructure	1,590,338	76,176	-	1,666,514
Total Depreciated	<u>51,248,860</u>	<u>1,127,121</u>	<u>61,247</u>	<u>52,314,734</u>
Less Accumulated Depreciation:				
Buildings	14,491,768	951,114	15,381	15,427,501
Intangible	147,051	-	-	147,051
Machinery and Equipment	9,699,994	796,968	20,772	10,476,190
Infrastructure	1,020,982	41,663	-	1,062,645
Total Accumulated Depreciation	<u>25,359,795</u>	<u>1,789,745</u>	<u>36,153</u>	<u>27,113,387</u>
Total Capital Assets Depreciated, Net	<u>25,889,065</u>	<u>(662,624)</u>	<u>(25,094)</u>	<u>25,201,347</u>
Governmental Activities Capital Assets, Net	<u>\$70,391,890</u>	<u>\$ 2,502,545</u>	<u>\$ (875,384)</u>	<u>\$72,019,051</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Less associated debt				<u>(4,955,647)</u>
Capital assets net of debt				<u><u>\$67,063,404</u></u>

\*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	39,978
Transportation	44,831
Public Works	13,634
Culture and Recreation	586,506
Capital Assets Held by the Government's Internal Service Funds, changed to the various functions based on usage	1,065,860
Total Depreciation - Governmental Activities	<u>\$ 1,789,744</u>

A summary of Business-type capital assets for the year ended December 31, 2018 were as follows:

Business-type Activities	Beginning Balance	Increase	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 987,904	\$ -	\$ -	\$ 987,904
Infrastructure	6,287,433	191,753	-	6,479,186
CIP	1,378,479	2,854,221	3,503,214	729,486
Intangible	285,127	-	-	285,127
Total Non-Depreciated	<u>8,938,943</u>	<u>3,045,974</u>	<u>3,503,214</u>	<u>8,481,703</u>
Capital Assets Depreciated:				
Buildings	40,717,401	-	-	40,717,401
Machinery and Equipment	4,840,115	1,298,705	-	6,138,820
Infrastructure	75,722,831	1,107,533	-	76,830,364
Total Depreciated	<u>121,280,347</u>	<u>2,406,238</u>	<u>-</u>	<u>123,686,585</u>
Less Accumulated Depreciation:				
Buildings	13,429,149	808,100	-	14,237,249
Machinery and Equipment	1,543,762	150,131	-	1,693,893
Infrastructure	30,107,702	1,493,478	-	31,601,180
Total Accumulated Depreciation	<u>45,080,613</u>	<u>2,451,709</u>	<u>-</u>	<u>47,532,322</u>
Total Capital Assets Depreciated, Net	<u>76,199,734</u>	<u>(45,471)</u>	<u>-</u>	<u>76,154,263</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 85,138,677</u>	<u>\$ 3,000,503</u>	<u>\$ (3,503,214)</u>	<u>\$ 84,635,966</u>
Less associated debt				(6,571,678)
Less non capital lease obligation				
Capital assets net of debt				<u>\$ 78,064,288</u>

Depreciation expense charged to Business Type Activities were as follows:

<u>Business-Type Activities</u>	<u>Depreciation</u>
Water/Sewer	\$ 2,372,363
Stormwater	18,149
Ambulance	27,560
Airport	33,638
Total Depreciation - Business - Type Activities	<u>\$ 2,451,710</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, 2018. The only active project with a significant outstanding commitment is improvements to Lakeshore Drive Water Main Improvement and Well 31B Development. Water Capital reserves will be used to liquidate the commitment.

<u>Project</u>	<u>Total Contract Amount Awarded</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Lakeshore Dr. water main improvement	\$ 270,000	\$ 7,183	\$ 262,817
Well 31B development	1,000,000	10,619	989,381
Total	<u>\$ 1,270,000</u>	<u>\$ 17,802</u>	<u>\$ 1,252,198</u>

## NOTE 6- 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 2018.

Aggregate Pension Amounts - All Plans	
Pension Liabilities	\$ (3,611,324)
Pension Assets	\$ 4,011,675
Deferred outflows of resources	\$ 1,064,962
Deferred inflows of resources	\$ (2,753,556)
Pension expense/expenditures	\$ (153,045)

### State Sponsored Pension Plans

Substantially all 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

Alternatively, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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 2018 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January - August 2018		
PERS Plan 1	7.49	6.00
PERS Plan1 UAAL	5.03	-
Administrative Fee	0.18	-
Total	<u>12.70</u>	<u>6.00</u>
September - December 2018		
PERS Plan 1	7.52	6.00
Pers Plan 1 UAAL	5.13	-
Administrative Fee	0.18	-
Total	<u>12.83</u>	<u>6.00</u>
<b>* For employees participating in JBM, the contribution rate was 12.26%</b>		

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 2018 were as follows:

#### **PERS Plan 2/3**

Actual Contribution Rates: January-June 2018		
	Employer	Employee*
January - August 2018:		
PERS Plan 2/3	7.49	7.38
PERS Plan 1 UAAL	5.03	-
Administrative Fee	0.18	-
Employee PERS Plan 3	-	Varies
Total	12.70	7.38
September - December 2018:		
PERS Plan 2/3	7.52	7.41
PERS Plan 1 UAAL	5.13	-
Administrative Fee	0.18	-
Employee PERS Plan 3	-	Varies
Total	12.83	7.41

**\* For employees participating in JBM, the contribution rate was 18.45% to 18.53%**

The City's actual PERS plan contributions were \$376,341 to PERS Plan 1 and \$557,483 to PERS Plan 2/3 for the year ended December 31, 2018.

#### 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 2018. 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.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
State and local governments	5.25 %	8.75 %
Administrative fee	0.18 %	- %
Total	5.43 %	8.75 %
Ports and Universities	8.75 %	8.75 %
Administrative fee	0.18 %	- %
Total	8.93 %	8.75 %

The City's actual contributions to the plan were \$309,397 for the year ended December 31, 2018.

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, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$190,649.

#### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.50% salary inflation
- Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.4%

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 changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

#### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

#### 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, 2018, 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 Rate of Return Arithmetic
Fixed Income	20.00 %	1.70 %
Tangible Assets	7.00 %	4.90 %
Real Estate	18.00 %	5.80 %
Global Equity	32.00 %	6.30 %
Private Equity	23.00 %	9.30 %
Total	100.00 %	- %

#### 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 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 2,989,299	\$ 2,432,425	\$ 1,950,061
PERS 2/3	\$ 5,392,312	\$ 1,178,899	\$ (2,275,629)
LEOFF 1	\$ (448,979)	\$ (564,385)	\$ (663,743)
LEOFF 2	\$ (458,425)	\$ (3,447,290)	\$ (5,885,057)

#### 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, 2018, the City reported a net pension asset of \$4,011,675 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 2,432,425
PERS 2/3	\$ 1,178,899
LEOFF 1	\$ (564,385)
LEOFF 2	\$ (3,447,290)

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:

	<u>LEOFF 1 Asset</u>	<u>LEOFF 2 Asset</u>
Employer's proportionate share	\$ (564,385)	\$ (3,447,290)
State's proportionate share of the net pension asset associated with the employer	\$ (3,817,487)	\$ (2,232,055)
Total	<u>\$ (4,381,872)</u>	<u>\$ (5,679,345)</u>

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

	<u>Proportionate Share 6/30/2017</u>	<u>Proportionate Share 6/30/2018</u>	<u>Change in Proportion</u>
PERS 1	0.056 %	0.054 %	0.002 %
PERS 2/3	0.071 %	0.069 %	0.002 %
LEOFF 1	0.031 %	0.031 %	- %
LEOFF 2	0.175 %	0.170 %	0.005 %

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 Non-employer 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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

#### Pension Expense

For the year ended December 31, 2018, the City recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ 131,525
PERS 2/3	\$ (68,814)
LEOFF 1	\$ (94,974)
LEOFF 2	\$ (120,780)
Total	<u>\$ (153,043)</u>

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>PERS 1</u>		
Net different between projected and actual investment earnings on pension plan investments	\$ -	\$ (96,663)
Contributions subsequent to the measurement date	\$ 190,220	\$ -
Total	<u>\$ 190,220</u>	<u>\$ (96,663)</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>PERS 2/3</u>		
Differences between expected and actual experience	\$ 144,502	\$ (206,404)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (723,427)
Changes in assumptions	\$ 13,791	\$ (335,505)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ (116,193)
Contributions subsequent to the measurement date	\$ 280,760	\$ -
Total	<u>\$ 439,053</u>	<u>\$ (1,381,529)</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>LEOFF 1</u>		
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (45,820)
Total	<u>\$ -</u>	<u>\$ (45,820)</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>LEOFF 2</u>		
Differences between expected and actual experience	\$ 184,665	\$ (80,046)
Net different between projected and actual investment earnings on pension plan investment	\$ -	\$ (603,322)
Changes in assumptions	\$ 1,951	\$ (494,748)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 86,679	\$ (51,428)
Contributions subsequent to the measurement date	\$ 162,393	\$ -
Total	<u>\$ 435,688</u>	<u>\$ (1,229,544)</u>

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 329,167	\$ (286,450)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (1,469,232)
Changes of assumptions	\$ 15,742	\$ (830,253)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 86,679	\$ (167,621)
Net difference between projected and actual investment earnings on pension plan investments	\$ 633,373	\$ -
Total	<u>\$ 1,064,961</u>	<u>\$ (2,753,556)</u>

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, 2018. 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
2019	\$ 4,229	\$ (142,395)	\$ 44	\$ (61,054)
2020	\$ (21,131)	\$ (258,145)	\$ (10,337)	\$ (152,401)
2021	\$ (63,409)	\$ (459,529)	\$ (28,153)	\$ (347,172)
2022	\$ (16,353)	\$ (180,699)	\$ (7,374)	\$ (135,356)
2023	\$ -	\$ (77,418)	\$ -	\$ (49,823)
Thereafter	\$ -	\$ (105,049)	\$ -	\$ (210,444)

#### 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 Firemen's Pension Plan for covered firefighters who retire after March 1, 1970.

Membership of the Firemen's Pension Plan	December 31, 2018
Retirees currently receiving full retirement benefits through LEOFF	6
Retirees receiving benefits through both LEOFF and FPP	2
Beneficiaries receiving benefits through FPP	3
Active plan members'	-



## 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 %	\$ -	- %
12/31/2016	330,371	153,324	(177,047)	215 %	-	- %
12/31/2017	343,215	212,009	(131,206)	162 %	-	- %
12/31/2018	\$ 357,908	\$ 192,593	\$ (165,315)	186 %	\$ -	- %

Note: 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)	\$ -
12/31/2016	-	28,586	28,586	(8,534)	-
12/31/2017	-	30,190	30,190	(6,206)	-
12/31/2018	\$ -	\$ 29,791	\$ 29,791	\$ (8,794)	\$ -

Note: 2015 first year of actuarial valuation of pension plan without OPEB

	2018
<b>Annual required contribution (ARC)</b>	
1. Amortization of UAAL-beginning of year	\$ (10,960)
2. Interest to end of year	(238)
3. ARC at end of year	(11,198)
Interest on NPO	(207)
Adjustment to ARC	2,610
Annual pension cost	(8,794)
Employer contributions	29,791
Change in NPO	(38,585)
NPO at beginning of year	(112,893)
NPO at end of year	\$ (151,478)

**Net Pension Obligation Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Annual Pension Costs Contributed	Contribution as a Percent of APC	Net Pension Obligation (NPO)
12/31/2014	\$ -	\$ 28,955	- %	\$ -
12/31/2015	(10,105)	29,272	290 %	(39,377)
12/31/2016	(8,534)	28,586	335 %	(76,497)
12/31/2017	(6,206)	30,190	486 %	(112,893)
12/31/2018	\$ (8,794)	\$ 29,791	339 %	\$ (151,478)

Note: 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 7- RISK MANAGEMENT**

The City of Moses Lake is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (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 160 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 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, reinsurance and other 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. Independent claims managers' process claims. Based on the claims manager's estimates, the City's estimated liability for possible losses at December 31, 2018 were as follows:

Unemployment Compensation	\$ 11,551
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Claims settlements and loss expenses are accrued in the unemployment compensation fund for the estimated settlement value of both reported and unreported claims. This fund is responsible for collecting interfund premiums from insured funds and departments and for paying claim settlements. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures. The amount of unemployment claims paid for the last three years are:

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$26,993	\$26,888	\$36,934

## **NOTE 8- LONG-TERM DEBT**

### **A. LONG-TERM DEBT**

The City of Moses Lake has issued general obligation and revenue bonds to finance the purchase of land or building upgrades and the acquisition or construction of reservoirs, an aquatic center, water and sewer lines and upgrade of wastewater treatment plants. Bonded indebtedness has also been entered into currently and in prior years to advance refund several general obligation and revenue bonds. 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
<b>2010 LTGO Bond</b>	Civic Center	09/07/2010	12/01/2020	\$ 5,925,000	2.00-3.25%	\$ 1,310,000
<b>2012 LTGO Bond</b>	Gov't - Internal Service Refunding	12/12/2012	09/01/2023	1,650,000	.75-3.00%	855,000
<b>2015 LTGO Bond</b>	Gov't Activities Refunding	7/14/15	8/1/2026	2,970,833	3.00-4.00%	2,566,667
<b>2015 LTGO Bond</b>	Operation Complex Refunding	07/14/2015	08/01/2026	594,167	3.00-4.00%	513,333
<b>Total</b>				<u>\$ 11,140,000</u>		<u>\$ 5,245,000</u>

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

Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Total Interest
2019	\$ 1,092,500	\$ 160,446	\$ 57,500	\$ 18,767	\$ 1,150,000	\$ 179,213
2020	1,125,833	127,671	59,167	17,042	1,185,000	144,713
2021	475,000	92,233	60,000	15,267	535,000	107,500
2022	483,333	77,983	61,667	13,467	545,000	91,450
2023	500,833	60,400	64,167	11,000	565,000	71,400
2024-2027	1,054,167	85,500	210,833	17,100	1,265,000	102,600
<b>Total</b>	<u>\$ 4,731,666</u>	<u>\$ 604,233</u>	<u>\$ 513,334</u>	<u>\$ 92,643</u>	<u>\$ 5,245,000</u>	<u>\$ 696,876</u>

Revenue bonds currently outstanding are as follows:

Bond	Issuance Date	Maturity Date	Original Debt	Interest Rate	Balance
Revenue Bonds '04	10/13/2004	9/01/2024	\$ 7,015,000	5.00%	\$ 4,285,000
Revenue Bonds '11	08/23/2011	9/01/2021	4,905,000	2.5-3.25%	1,590,000
<b>Total</b>			<u>\$ 11,920,000</u>		<u>\$ 5,875,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
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	545,000	141,250	686,250
2023	1,110,000	114,000	1,224,000
2024-2025	1,170,000	58,500	1,228,500
Total	<u>\$ 5,875,000</u>	<u>\$ 988,001</u>	<u>\$ 6,863,001</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, 2018 the City has no arbitrage rebate liability.

#### Government Loans

Government loans have been received to provide for construction of proprietary fund capital. The City participates in a program administered by the state's Department of Community Development on behalf of the Public Works Trust Fund (PWTF) Board. The program provides low interest loans for local infrastructure projects. Government loans for improvements at Wastewater Treatment Plant (WWTP) outstanding at year-end are as follows:

Loan	Interest Rate	Amount
PWTF WWTP-Design	.50%	\$ 96,841
PWTF WWTP-Construction	.50%	2,117,647
Total		<u>\$ 2,214,488</u>

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

Year	Principal	Interest	Total
2019	\$ 561,692	\$ 11,072	\$ 572,764
2020	561,692	8,237	569,929
2021	561,692	5,456	567,148
2022	529,412	2,647	532,059
Total	<u>\$ 2,214,488</u>	<u>\$ 27,412</u>	<u>\$ 2,241,900</u>

In proprietary funds, unamortized debt issue costs are recorded as deferred inflow 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, 2018, the City has \$184,488 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$1,312,269 in sinking funds and reserves as required by bond indentures.

## NOTE 9- 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:

Net Capital Lease Asset	Governmental Activities	Business- Type Activities
Machinery & Equipment	\$ 1,814,256	\$ -
Less Accumulated Depreciation	535,492	-
Total	<u>\$ 1,278,764</u>	<u>\$ -</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2018 are as follows:

Year	Governmental Activities	Business-Type Activities
2019	\$ 347,895	\$ -
2020	287,696	-
2021	104,954	-
2022	35,522	-
Total Minimum Lease Payments	<u>776,067</u>	<u>-</u>
Less: Interest	56,046	-
Present Value of Minimum lease Payments	<u>\$ 720,021</u>	<u>\$ -</u>

## NOTE 10- CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/2018	Additions	Reductions	Ending Balance 12/31/18	Due Within One Year	Internal Service Funds
<b>Governmental activities</b>						
Bonds payable:						
General obligation bonds	\$ 5,791,666	\$ -	\$ 1,060,000	\$ 4,731,666	\$ 1,092,500	\$ 2,165,000
Less deferred amount						
Issuance premiums(discounts)	266,546	-	42,518	224,028	-	55,791
Total bonds	6,058,212	-	1,102,518	4,955,694	1,092,500	2,220,791
Capital leases	1,221,820	-	465,074	756,746	361,824	756,746
Claims and judgements	-	-	-	-	-	-
Compensated absences	1,686,854	120,398	-	1,807,252	10,979	98,809
Pension	3,722,470	-	867,961	2,854,509	-	348,263
OPEB	1,065,744	2,673,202	-	3,738,946	-	-
Governmental liabilities	<u>\$ 13,755,100</u>	<u>\$ 2,793,600</u>	<u>\$ 2,435,553</u>	<u>\$ 14,113,147</u>	<u>\$ 1,465,303</u>	<u>\$ 3,424,609</u>
<b>Business-type activities</b>						
Bonds payable:						
General obligation bonds	\$ 568,323	\$ -	\$ 55,000	\$ 513,323	\$ 57,489	
Revenue bonds	6,810,000	-	935,000	5,875,000	975,000	
Less deferred amounts						
Issuance premiums(discounts)	216,424	-	33,069	183,355	-	
Total bonds	7,594,747	-	1,023,069	6,571,678	1,032,489	
Governmental loans	2,776,180	-	561,692	2,214,488	561,692	
Compensated absences	597,988	-	124,124	473,864	47,386	
Pension/OPEB	1,378,039	-	621,224	756,815	-	
Business-type liabilities	<u>\$ 12,346,954</u>	<u>\$ -</u>	<u>\$ 2,330,109</u>	<u>\$ 10,016,845</u>	<u>\$ 1,641,567</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 \$3,424,609 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 11- 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.

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

As of December 31, 2018, there were no significant lawsuits.

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

## NOTE 12- RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$4,932,522 of restricted component of net position, of which \$835,472 is restricted by enabling legislation.

## NOTE 13- 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, 2018 were as follows:

DUE TO	DUE FROM				TOTALS
	GENERAL FUND	BUILDING MAINTENANCE	SANITATION FUND	AMBULANCE FUND	
Water/Sewer	\$ -	\$ 2,831,662	\$ 300,000	\$ 150,000	\$ 3,281,662
Totals	\$ -	\$ 2,831,662	\$ 300,000	\$ 150,000	\$ 3,281,662

### 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	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
Streets	1,705,000	-	-	-	-	1,705,000
Debt Service	113,200	150,900	613,200	-	-	877,300
Ambulance	74,340	-	-	-	-	74,340
Totals	<u>\$ 1,892,540</u>	<u>\$ 150,900</u>	<u>\$ 613,200</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>3,156,640</u>



#### NOTE 14- OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

In addition to the pension benefits described in Note No. 6, 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.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2018:

<u>Aggregate OPEB Amounts - LEOFF 1 Retiree HealthPlan</u>	
OPEB Liability	\$ 7,366,225
OPEB expense/expenditures	\$ (9,666)

##### Membership

Currently the City has 15 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 2018, there are no active members, and currently 15 retired members, all receiving benefits. 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 and there are no assets accumulated in a qualifying trust. Fire fighter and police benefits are paid out of the general fund.

For 2018, the City paid medical insurance premiums of \$52,316 for pre-age 65 and \$129,245 for post-age

65. Other medical payments paid by the City are for all eligible medical services not paid for by the insurance.

#### Total OPEB Liability

The City's total OPEB liability of \$7,366,225 was measured as of December 31, 2018.

#### Schedule of Changes in the Total OPEB Liability

<u>LEOFF 1 Retiree HealthPlan</u>	
<b>Total OPEB Liability at 1/1/2018</b>	<b>\$ 7,654,903</b>
Service cost	-
Interest	-
Changes of benefit terms	-
Differences between expected and actual experience	268,752
Changes of assumptions	(259,086)
Benefit payments	(298,344)
Other changes	-
<b>Total OPEB Liability at 12/31/2018</b>	<b>\$ 7,366,225</b>

The schedule of changes in the Total OPEB Liability (TOL) reconciles the change in the TOL from the prior year's valuation. The reconciliation is also used to calculate the components of the OPEB Expense table. Given the maturity of LEOFF 1 Retiree HealthPlan, all OPEB Expense table components match the TOL reconciliation above. This is because the differences between expected and actual experience, and the assumption changes, are amortized, or spread out, over a one-year period (or rather are recognized immediately). Under GASB 75, the amortization time period equals the average of the expected remaining service lives of all active and inactive members that are provided with OPEB through the OPEB plan. LEOFF 1 Retiree HealthPlan is 100% retired, therefore the amortization period is one year.

LEOFF 1 Retiree HealthPlan does not have deferred outflows or inflows since all costs are recognized immediately. As such, the Deferred Outflows and Inflows of Resources table and the Subsequent Recognition Years table required by GASB 75 would both display zeroes.

#### 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](http://www.cms.hhs.gov)).

Based on the S&P Municipal Bond 20 Year High Great Rate Index, a discount rate of 3.60 percent was used. In addition, the actuarial cost method used to determine the actuarial accrued liability was Entry Age Normal. 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, 2018 is thirteen years.

#### Sensitivity of the Total OPEB Liability

The Total OPEB Liability will only be realized if future economic and demographic experience matches our assumptions. It is equally important to understand what will happen if the economic and demographic experience is different than assumed. Below, we analyze the impact of changing the Healthcare Trend and Discount Rate assumptions by 1 percentage point.

The following presents the total OPEB liability of the City calculated using the current healthcare cost trend rate of 6.4 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.4%) or 1-percentage point higher (7.4%) that the current rate.

	1% Decrease (5.4%)	Current Healthcare Cost Trend Rate (6.4%)	1% Increase (7.4%)
Total OPEB Liability	\$ 8,341,420	\$ 7,366,225	\$ 6,554,078

The following presents the total OPEB liability of the City calculated using the discount rate of 3.6 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.6%) or 1-percentage point higher (4.6%) that the current rate.

	1% Decrease (5.4%)	Current Healthcare Cost Trend Rate (6.4%)	1% Increase (7.4%)
Total OPEB Liability	\$ 6,582,925	\$ 7,366,225	\$ 8,285,026

#### **NOTE 15- 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 RCW, 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, 2018, 257 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: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington 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 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. 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"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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 16- JOINT VENTURES**

In 1995, the City of Moses Lake entered an Inter-local 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 \$53,767 per month in 2018. 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 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.

#### **NOTE 17- CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For the fiscal year ended December 31, 2018, the city implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefit Other than Pensions." This statement replaced GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended. The statement establishes standards for recognizing and measuring liability, deferred outflows of resources, and expenditures. Due to the requirement of this statement, the City has incurred a change in accounting principle, as displayed below:

	Governmental Activity
OPEB balance per GASB 45	\$ 1,065,744
Change in Accounting Principle	6,589,159
OPEB balance per GASB 75	<u><u>\$ 7,654,903</u></u>

In addition, a prior period adjustment was recorded to correct the balances in pension accounts:

	Net Pension Liability	Deferred Outflow Pension	Deferred Inflow Pension
Balance at 12/31/2017 as reported	\$ 5,100,510	\$ 1,038,272	\$ 1,596,478
Prior Period Adjustment	22,971	(79,553)	(78,096)
Balance at 2017 as reported	<u>\$ 5,123,481</u>	<u>\$ 958,719</u>	<u>\$ 1,518,382</u>

City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2018



**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.

Condition rating	2018		2017 - 2015		2014 - 2012	
	Feet	%	Feet	%	Feet	%
VERY POOR	66,178	9.33 %	19,892	2.65 %	14,989	2.02 %
POOR	81,520	11.49 %	8,312	1.11 %	8,818	1.19 %
FAIR	-	- %	29,231	3.90 %	18,746	2.53 %
GOOD	126,805	17.88 %	181,759	24.23 %	153,206	20.69 %
VERY GOOD	434,799	61.31 %	510,792	68.10 %	544,763	73.56 %
TOTAL	709,302	100.01 %	749,986	99.99 %	740,522	99.99 %

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

PCR score	2018		2017 - 2015		2014 - 2012	
	Feet	%	Feet	%	Feet	%
PCR 0 to 39	147,698	20.82 %	28,204	3.76 %	23,807	3.21 %
PCR 40 to 100	561,604	79.18 %	721,782	96.24 %	716,715	96.79 %
Total	709,302	100.00 %	749,986	100.00 %	740,522	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 maintain them at a level consistent with the remainder of the City.

Below is information on budgeted and actual expenditures incurred to maintain and preserve the street system at or above the minimum acceptable condition level from 2010 to 2018

	Amounts in Thousands								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Budgeted	2,980	1,530	1,008	210	160	700	158	1,210	550
Expended	1,352	1,314	894	183	186	700	265	775	859

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 five years are as follows.

	Amounts in Thousands				
	2018	2017	2016	2015	2014
Budgeted	\$ 787	\$ 595	\$ 673	\$ 516	\$ 546
Expended	\$ 749	\$ 625	\$ 590	\$ 475	\$ 523

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS Plan 1**  
**As of June 30, 2018**  
**Last 10 Fiscal Years\***

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.054465 %	0.056081 %	0.059183 %	0.058920 %
Employer's proportionate share of the net pension liability	\$ 2,432,425	\$ 3,011,814	\$ 3,178,406	\$ 3,082,064
State's proportionate share of the net pension liability (asset) associated with the employer	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 2,432,425	\$ 3,011,814	\$ 3,178,406	\$ 3,082,064
Employer's covered employee payroll	\$ 29,442	\$ 59,441	\$ 6,806,380	\$ 6,781,379
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8,261.8 %	5,066.9 %	46.7 %	45.4 %
Plan fiduciary net position as a percentage of the total pension liability	63.22 %	61.24 %	59.10 %	59.10 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS Plan 2/3**  
**As of June 30, 2018**  
**Last 10 Fiscal Years\***

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.069046 %	0.070870 %	0.072259 %	0.072378 %
Employer's proportionate share of the net pension liability	\$ 1,178,899	\$ 2,462,394	\$ 3,638,184	\$ 2,586,107
State's proportionate share of the net pension liability (asset) associated with the employer	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,178,899	\$ 2,462,394	\$ 3,638,184	\$ 2,586,107
Employer's covered employee payroll	\$ 7,194,485	\$ 6,942,538	\$ 5,806,141	\$ 6,633,123
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	16.4 %	35.5 %	62.7 %	39.0 %
Plan fiduciary net position as a percentage of the total pension liability	95.77 %	90.97 %	85.82 %	89.20 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**LEOFF Plan 1**  
**For the Year Ended December 31, 2018**  
**Last 10 Fiscal Years\***

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.031087 %	0.030779 %	0.030556 %	0.031497 %
Employer's proportionate share of the net pension liability	\$ 564,385	\$ 466,985	\$ 314,814	\$ 379,608
State's proportionate share of the net pension liability (asset) associated with the employer	\$ 3,817,487	\$ 3,158,676	\$ 2,129,395	\$ 2,567,659
TOTAL	<u>\$ 4,381,872</u>	<u>\$ 3,625,661</u>	<u>\$ 2,444,209</u>	<u>\$ 2,947,267</u>
Plan fiduciary net position as a percentage of the total pension liability	114.42 %	135.96 %	123.74 %	127.36 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**LEOFF Plan 2**  
**As of June 30, 2018**  
**Last 10 Fiscal Years\***

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.169799 %	0.175273 %	0.168008 %	0.175245 %
Employer's proportionate share of the net pension liability	\$ 3,447,290	\$ 2,432,221	\$ 977,185	\$ 1,801,168
State's proportionate share of the net pension liability (asset) associated with the employer	\$ 2,232,055	\$ 1,577,737	\$ 637,053	\$ 1,190,934
TOTAL	<u>\$ 5,679,345</u>	<u>\$ 4,009,958</u>	<u>\$ 1,614,238</u>	<u>\$ 2,992,102</u>
Employer's covered employee payroll	\$ 5,608,617	\$ 5,493,721	\$ 5,089,727	\$ 5,195,821
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	61.5 %	44.3 %	19.2 %	34.7 %
Plan fiduciary net position as a percentage of the total pension liability	118.50 %	113.36 %	106.04 %	111.67 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Employer Contributions**  
**PERS Plan 1**  
**For the Year Ended December 31, 2018**  
**Last 10 Fiscal Years\***

	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 364,057	\$ 514,045	\$ 332,976	\$ 15,102
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (364,057)</u>	<u>\$ (514,045)</u>	<u>\$ (332,976)</u>	<u>\$ (15,102)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered employer payroll	\$ 29,442	\$ 88,832	\$ 6,862,609	\$ 148,256
Contributions as a percentage of covered employee payroll	1,236.52 %	578.67 %	4.85 %	10.19 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Employer Contributions**  
**PERS Plan 2/3**  
**As of December 31, 2018**  
**Last 10 Fiscal Years\***

	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 532,768	\$ 687,427	\$ 421,911	\$ 671,782
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (532,768)</u>	<u>\$ (687,427)</u>	<u>\$ (421,911)</u>	<u>\$ (671,782)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered employer payroll	\$ 10,935,656	\$ 10,384,172	\$ 6,772,246	\$ 6,633,123
Contributions as a percentage of covered employee payroll	4.87 %	6.62 %	6.23 %	10.13 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Employer Contributions**  
**LEOFF Plan 1**  
**As of December 31, 2018**  
**Last 10 Fiscal Years\***

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

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Employer Contributions**  
**LEOFF Plan 2**  
**As of December 31, 2018**  
**Last 10 Fiscal Years**

	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 294,447	\$ 418,850	\$ 258,688	\$ 272,168
Contributions in relation to the statutorily or contractually required contributions	\$ (294,447)	\$ (418,850)	\$ (258,688)	\$ (272,168)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered employer payroll	\$ 8,619,087	\$ 7,991,703	\$ 5,122,544	\$ 5,195,821
Contributions as a percentage of covered employee payroll	3.42 %	5.24 %	5.05 %	5.24 %

**CITY OF MOSES LAKE, WASHINGTON**  
**Schedule of Changes in the Employers' Net OPEB Liability and Related Ratios\***  
**For the Year Ended December 31, 2018**  
**Last 10 Fiscal Years\***

	2018
Differences between expected and actual experience	\$ 268,752
Changes of assumptions	(259,086)
Benefit payments, including refunds of member contributions	\$ (298,344)
Net change in total OPEB liability	\$ (288,678)
Total OPEB liability - beginning	7,654,903
Total OPEB liability - ending	7,366,225
Covered payroll	-
Net OPEB liability as a percentage of covered payroll	- %

\*Additional years' information will be displayed as it becomes available due to changes in GAAP implementation in 2018.



City of Moses Lake, Washington  
Financial Report  
Year Ended December 31, 2018



**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 and operation of facilities 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** 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 **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. Real Estate Excise Taxes are also accounted for in this fund. 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:

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

## 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, 2018**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Pooled cash & investments	\$ 3,177,175	\$ 184,705	\$ 712,865	\$ 4,074,745
Receivables (net of allowance for uncollectibles):				
Taxes	348,210	-	-	348,210
Customer accounts	-	-	-	-
Due from other governments	75,395	-	-	75,395
Assessments:				
Other receivables	18,255	-	-	18,255
Prepaid Expenses	65,618	-	-	65,618
Notes/contracts receivable	19,070	-	-	19,070
Total assets	<u>3,703,723</u>	<u>184,705</u>	<u>712,865</u>	<u>4,601,293</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	170,298	-	88,353	258,651
Salaries and benefits payable	10,153	-	-	10,153
Total liabilities	<u>180,451</u>	<u>-</u>	<u>88,353</u>	<u>268,804</u>
Deferred inflows of resources				
Deferred unavailable receivables	26,738	-	-	26,738
Fund balances:				
Inventories and noncurrent receivables	69,395	-	-	69,395
Restricted for:				
Public safety programs	243,434	-	-	243,434
Tourism	952,128	-	-	952,128
Debt service	-	184,705	-	184,705
Culture and recreation	560,640	-	603,173	1,163,813
Committed for:				
Culture and recreation	-	-	21,339	21,339
Transportation	1,059,510	-	-	1,059,510
Assigned to transportation	611,427	-	-	611,427
Assigned to Culture and recreation	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>3,496,534</u>	<u>184,705</u>	<u>624,512</u>	<u>4,305,751</u>
Total liabilities and fund balances	<u>\$ 3,703,723</u>	<u>\$ 184,705</u>	<u>\$ 712,865</u>	<u>\$ 4,601,293</u>

**CITY OF MOSES LAKE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2018**

	<b>Tourism</b>	<b>Grants and Donations</b>	<b>Paths and Trails</b>	<b>Street</b>	<b>Street Repair and Reconstruction</b>	<b>Transportation Benefit District</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>							
Pooled cash & investments	\$ 835,472	\$ 750,696	\$ 98,941	\$ 634,300	\$ 616,532	\$ 241,234	\$ 3,177,175
Receivables (net of allowance for uncollectibles):							
Taxes	74,338	-	-	-	-	273,872	348,210
Due from other governments	-	1,931	-	73,464	-	-	75,395
Other receivables	-	10,587	-	7,668	-	-	18,255
Prepaid Expenses	-	-	-	65,618	-	-	65,618
Notes/contracts receivable	-	-	-	-	19,070	-	19,070
Total assets	<u>909,810</u>	<u>763,214</u>	<u>98,941</u>	<u>781,050</u>	<u>635,602</u>	<u>515,106</u>	<u>3,703,723</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	9,578	5,829	-	82,764	72,128	-	170,299
Salaries and benefits payable	-	356	-	9,796	-	-	10,152
Total liabilities	<u>9,578</u>	<u>6,185</u>	<u>-</u>	<u>92,560</u>	<u>72,128</u>	<u>-</u>	<u>180,451</u>
Deferred inflows of resources							
Deferred unavailable receivables	-	-	-	7,668	19,070	-	26,738
Fund balances:							
Nonspendable:							
Inventories and noncurrent receivables	-	-	-	69,395	-	-	69,395
Restricted for:							
Public safety programs	-	243,435	-	-	-	-	243,435
Tourism	900,232	51,896	-	-	-	-	952,128
Debt service	-	-	-	-	-	-	-
Culture and recreation	-	461,698	98,941	-	-	-	560,639
Committed for:							
Transportation	-	-	-	-	544,404	515,106	1,059,510
Assigned to transportation	-	-	-	611,427	-	-	611,427
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>900,232</u>	<u>757,029</u>	<u>98,941</u>	<u>680,822</u>	<u>544,404</u>	<u>515,106</u>	<u>3,496,534</u>
Total liabilities and fund balances	<u>\$ 909,810</u>	<u>\$ 763,214</u>	<u>\$ 98,941</u>	<u>\$ 781,050</u>	<u>\$ 635,602</u>	<u>\$ 515,106</u>	<u>\$ 3,703,723</u>

**CITY OF MOSES LAKE**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2018**

	<b>2015 LTGO Refunding</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>ASSETS</b>		
Pooled cash & investments	\$ 184,705	\$ 184,705
Total assets	<u>184,705</u>	<u>184,705</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Fund balances:		
Restricted for:		
Debt service	184,705	184,705
Total fund balances	<u>184,705</u>	<u>184,705</u>
Total liabilities and fund balances	<u>\$ 184,705</u>	<u>\$ 184,705</u>

**CITY OF MOSES LAKE**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**December 31, 2018**

	<b>Park Mitigation</b>	<b>Park Improvement</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>ASSETS</b>			
Pooled cash & investments	\$ 603,173	\$ 109,692	\$ 712,865
Total assets	<u>603,173</u>	<u>109,692</u>	<u>712,865</u>
<b>LIABILITIES</b>			
Accounts payable	-	88,353	88,353
Total liabilities	<u>-</u>	<u>88,353</u>	<u>88,353</u>
<b>Fund balances:</b>			
Restricted for:			
Culture and recreation	603,173	-	603,173
Committed to:			
Culture and recreation	-	21,339	21,339
Total fund balances	<u>603,173</u>	<u>21,339</u>	<u>624,512</u>
Total liabilities and fund balances	<u>\$ 603,173</u>	<u>\$ 109,692</u>	<u>\$ 712,865</u>

**CITY OF MOSES LAKE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2018**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 2,842,499	\$ -	\$ -	\$ 2,842,499
Licenses and Permits	53,541	-	-	53,541
Intergovernmental revenues	954,822	-	174,932	1,129,754
Charges for services	32,886	-	180,842	213,728
Interest earnings	55,730	-	8,967	64,697
Contributions/donations	163,467	-	130,000	293,467
Assessments	49,407	-	-	49,407
Miscellaneous	63,907	-	-	63,907
Total revenues	<u>4,216,259</u>	<u>-</u>	<u>494,741</u>	<u>4,711,000</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	119,910	-	-	119,910
Transportation	4,059,450	-	-	4,059,450
Culture and recreation	295,143	-	-	295,143
Capital outlay	232,622	-	889,362	1,121,984
Debt service:				
Principal	-	274,999	-	274,999
Interest and debt issue costs	-	102,083	-	102,083
Total expenditures	<u>4,707,125</u>	<u>377,082</u>	<u>889,362</u>	<u>5,973,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(490,866)</u>	<u>(377,082)</u>	<u>(394,621)</u>	<u>(1,262,569)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,605,000	377,300	500,000	3,482,300
Transfers (out)	<u>(1,664,100)</u>	<u>-</u>	<u>-</u>	<u>(1,664,100)</u>
Total other financing sources	<u>940,900</u>	<u>377,300</u>	<u>500,000</u>	<u>1,818,200</u>
Net change in fund balance	450,034	218	105,379	555,631
Fund balances-beginning	3,046,503	184,487	519,133	3,750,123
Prior Period Adjustments	-	-	-	-
Fund balances-ending	<u>\$ 3,496,534</u>	<u>\$ 184,705</u>	<u>\$ 624,512</u>	<u>\$ 4,305,751</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, 2018**

	Tourism	Grants and Donations	Paths and Trails	Street	Street Repair and Reconstruction	Transportation Benefit District	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>							
Taxes	\$ 695,939	\$ -	\$ -	\$ -	\$ 787,616	\$ 1,358,943	\$ 2,842,498
Licenses and Permits	-	-	-	53,541	-	-	53,541
Intergovernmental revenues	-	185,300	2,347	735,204	31,971	-	954,822
Charges for services	-	1,021	-	31,865	-	-	32,886
Interest earnings	17,824	11,711	-	12,811	8,437	4,947	55,730
Contributions/donations	-	163,467	-	-	-	-	163,467
Assessments	-	-	-	-	49,407	-	49,407
Miscellaneous	-	60,883	-	3,022	-	-	63,905
Total revenues	<u>713,763</u>	<u>422,382</u>	<u>2,347</u>	<u>836,443</u>	<u>877,431</u>	<u>1,363,890</u>	<u>4,216,256</u>
<b>EXPENDITURES</b>							
Current:							
Public safety	-	119,910	-	-	-	-	119,910
Transportation	-	-	370	2,215,239	1,843,842	-	4,059,451
Culture and recreation	250,069	45,074	-	-	-	-	295,143
Capital outlay	-	31,709	-	30,753	170,159	-	232,621
Total expenditures	<u>250,069</u>	<u>196,693</u>	<u>370</u>	<u>2,245,992</u>	<u>2,014,001</u>	<u>-</u>	<u>4,707,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>463,694</u>	<u>225,689</u>	<u>1,977</u>	<u>(1,409,549)</u>	<u>(1,136,570)</u>	<u>1,363,890</u>	<u>(490,869)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	1,500,000	1,105,000	-	2,605,000
Transfers (out)	(613,200)	-	-	(150,900)	-	(900,000)	(1,664,100)
Total other financing sources (uses)	<u>(613,200)</u>	<u>-</u>	<u>-</u>	<u>1,349,100</u>	<u>1,105,000</u>	<u>(900,000)</u>	<u>940,900</u>
Net change in fund balance	(149,506)	225,689	1,977	(60,449)	(31,570)	463,890	450,031
Fund balances-beginning	1,049,738	531,340	96,964	741,271	575,974	51,216	3,046,503
Fund balances-ending	<u>\$ 900,232</u>	<u>\$ 757,029</u>	<u>\$ 98,941</u>	<u>\$ 680,822</u>	<u>\$ 544,404</u>	<u>\$ 515,106</u>	<u>\$ 3,496,534</u>

**CITY OF MOSES LAKE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended December 31, 2018**

	<b>2015 LTGO Refunding</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>EXPENDITURES</b>		
<b>Debt service:</b>		
Principal	\$ 275,000	\$ 275,000
Interest and debt issue costs	102,083	102,083
Total expenditures	<u>377,083</u>	<u>377,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(377,083)</u>	<u>(377,083)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	<u>377,301</u>	<u>377,301</u>
Total other financing sources (uses)	<u>377,301</u>	<u>377,301</u>
Net change in fund balance	218	218
Fund balances-beginning	<u>184,487</u>	<u>184,487</u>
Fund balances-ending	<u>\$ 184,705</u>	<u>\$ 184,705</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, 2018**

	<b>Park Mitigation</b>	<b>Park Improvement</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>			
Intergovernmental revenues	\$ -	\$ 174,932	\$ 174,932
Charges for services	180,842	-	180,842
Interest earnings	8,967	-	8,967
Contributions/donations	-	130,000	130,000
Total revenues	<u>189,809</u>	<u>304,932</u>	<u>494,741</u>
<b>EXPENDITURES</b>			
Capital outlay	-	889,362	(889,362)
Total expenditures	<u>-</u>	<u>889,362</u>	<u>(889,362)</u>
Excess (deficiency) of revenues over (under) expenditures	189,809	(584,430)	(394,621)
Transfers in	-	500,000	500,000
Total other financing sources	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balance	189,809	(84,430)	105,379
Fund balances - beginning	413,364	105,769	519,133
Fund balances - ending	<u>\$ 603,173</u>	<u>\$ 21,339</u>	<u>\$ 624,512</u>



## NON-MAJOR PROPRIETARY FUNDS

Enterprise funds are used to account for the City's water and sewer utility, sanitation, storm water, and airport operations. These services are paid primarily by user charges. The City of Moses Lake has the following Non-Major Proprietary funds:

*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.*



**CITY OF MOSES LAKE**  
**Statement of Net Position**  
**NonMajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

Page 1 of 2

	<b>Storm Water</b>	<b>Government Wide</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Pooled cash & investments	\$ 107,156	\$ 406,683	\$ 513,839
Receivables (net of allowance for uncollectibles)	-	134,518	134,518
Inventory	-	6,997	6,997
Total assets	<u>107,156</u>	<u>548,198</u>	<u>655,354</u>
<b>Capital assets</b>			
Land and land rights	460	151,438	151,898
<b>Net of accumulated depreciation</b>			
Buildings	27,273	312,891	340,164
Infrastructure	265,091	6,479,186	6,744,277
Machinery and equipment	-	89,736	89,736
Total capital assets	<u>292,824</u>	<u>7,033,251</u>	<u>7,326,075</u>
Total non current assets	<u>292,824</u>	<u>7,033,251</u>	<u>7,326,075</u>
Total assets	<u>399,980</u>	<u>7,581,449</u>	<u>7,981,429</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension	-	14,581	14,581
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 14,581</u>	<u>\$ 14,581</u>

**CITY OF MOSES LAKE**  
**Statement of Net Position**  
**NonMajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

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	<b>Storm Water</b>	<b>Government Wide</b>	<b>Totals</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 201	\$ 3,113	\$ 3,314
Salaries and benefits payable	-	7,086	7,086
Unearned revenue	11,398	-	11,398
Compensated Absenses	-	3,790	3,790
Total current liabilities	<u>11,599</u>	<u>13,989</u>	<u>25,588</u>
Noncurrent liabilities:			
Compensated absenses	-	34,108	34,108
Net pension liability	-	105,734	105,734
Total noncurrent liabilities	-	<u>139,842</u>	<u>139,842</u>
Total liabilities	<u>11,599</u>	<u>153,831</u>	<u>165,430</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	-	47,326	47,326
Total deferred inflows of resources	-	<u>47,326</u>	<u>47,326</u>
<b>NET POSITION</b>			
Net investment in capital assets	292,824	7,033,251	7,326,075
Unrestricted	<u>95,557</u>	<u>361,622</u>	<u>457,179</u>
Total net position	<u>\$ 388,381</u>	<u>\$ 7,394,873</u>	<u>\$ 7,783,254</u>

**CITY OF MOSES LAKE**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**NonMajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<b>Airport</b>	<b>Storm Water</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 897,590	\$ 897,590
Miscellaneous	27,072	1,934	29,006
Total operating revenues	27,072	899,524	926,596
<b>OPERATING EXPENSES</b>			
Salaries and benefits	15	353,854	353,869
Supplies and contractual services	26,346	465,371	491,717
Utilities	4,553	19,377	23,930
Repairs and maintenance	-	53,863	53,863
Depreciation and amortization	33,638	18,149	51,787
Total operating expenses	64,552	910,614	975,166
Operating income (loss)	(37,480)	(11,090)	(48,570)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental revenues	57,771	-	57,771
Total nonoperating revenues (expenses)	57,771	-	57,771
Income (loss) before contributions and transfers	20,291	(11,090)	9,201
Capital contributions	-	191,753	191,753
Changes in net position	20,291	180,663	200,954
Net position - beginning	368,090	7,214,210	7,582,300
Net position - ending	\$ 388,381	\$ 7,394,873	\$ 7,783,254



**CITY OF MOSES LAKE**  
**Statement of Cash Flows**  
**NonMajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

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	<u>Airport</u>	<u>Storm Water</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 38,469	\$ 895,009	\$ 933,478
Payment to suppliers	(30,882)	(537,616)	(568,498)
Payments to employees	-	(381,853)	(381,853)
Miscellaneous revenues	-	1,935	1,935
Net cash provided by (used for) operating activities	<u>7,587</u>	<u>(22,525)</u>	<u>(14,938)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Other intergovernmental revenues	<u>57,771</u>	<u>-</u>	<u>57,771</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	<u>(45,987)</u>	<u>-</u>	<u>(45,987)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>19,371</u>	<u>(22,525)</u>	<u>(3,154)</u>
Cash and Cash Equivalents, Beginning of Year	87,786	429,208	516,994
Cash and Cash Equivalents, Ending of Year	<u>\$ 107,157</u>	<u>\$ 406,683</u>	<u>\$ 513,840</u>

**CITY OF MOSES LAKE**  
**Statement of Cash Flows**  
**NonMajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

Page 2 of 2

	<u>Airport</u>	<u>Storm Water</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating (loss) income	\$ (37,481)	\$ (11,090)	\$ (48,571)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation	33,638	18,149	51,787
Decrease (increase) in accounts receivable	-	(2,581)	(2,581)
Decrease (increase) in pension liability	-	(21,462)	(21,462)
(Decrease) increase in accounts payable	32	996	1,028
(Decrease) increase in salaries payable	-	777	777
(Decrease) increase in advances	11,398	-	11,398
(Decrease) increase in compensated absences	-	(7,314)	(7,314)
Total adjustments	<u>45,068</u>	<u>(11,435)</u>	<u>33,633</u>
Net cash provided by (used for) operating activities	<u>\$ 7,587</u>	<u>\$ (22,525)</u>	<u>\$ (14,938)</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, 2018**

	<b>Unemployment Compensation</b>	<b>Self Insurance</b>	<b>Central Services</b>	<b>Equipment Rental</b>	<b>Building Maintenance</b>	<b>Totals</b>
<b>ASSETS</b>						
Current Assets:						
Pooled cash & investments	\$ 30,592	\$ 583,410	\$ 280,035	\$ 1,656,647	\$ 1,810,570	\$ 4,361,254
Receivables (net of allowance for uncollectibles)	-	-	-	4,604	48	4,652
Due from other governments	-	-	30,000	-	-	30,000
Inventory	-	-	13,554	71,737	24,261	109,552
Total current assets	<u>30,592</u>	<u>583,410</u>	<u>323,589</u>	<u>1,732,988</u>	<u>1,834,879</u>	<u>4,505,458</u>
Noncurrent assets:						
Capital assets net of depreciation						
Land and land rights	-	-	-	-	608,951	608,951
Buildings	-	-	-	-	11,085,198	11,085,198
Machinery and equipment	-	-	125,618	3,770,156	716,327	4,612,101
Construction in Progress	-	-	-	365,885	205,835	571,720
Total capital assets	<u>-</u>	<u>-</u>	<u>125,618</u>	<u>4,136,041</u>	<u>12,616,311</u>	<u>16,877,970</u>
Total assets	<u>30,592</u>	<u>583,410</u>	<u>449,207</u>	<u>5,869,029</u>	<u>14,451,190</u>	<u>21,383,428</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Pension	-	-	4,526	13,535	28,984	47,045
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>4,526</u>	<u>13,535</u>	<u>28,984</u>	<u>47,045</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	11,550	16,576	10,490	116,123	156,664	311,403
Salaries and benefits payable	-	-	13,961	8,243	13,747	35,951
Interfund loans payable	-	-	-	-	2,831,662	2,831,662
Interest payable	-	-	-	-	5,520	5,520
Capital leases payable	-	-	19,053	342,771	-	361,824
G.O. bonds payable	-	-	-	-	805,000	805,000
Compensated Absences	-	-	5,506	3,010	2,462	10,978
Total current liabilities	<u>11,550</u>	<u>16,576</u>	<u>49,010</u>	<u>470,147</u>	<u>3,815,055</u>	<u>4,362,338</u>
Noncurrent liabilities:						
G.O. bonds payable (net discount/premium)	-	-	-	-	1,415,791	1,415,791
Compensated absences	-	-	49,556	27,094	22,159	98,809
Lease payable	-	-	3,338	391,584	-	394,922
Net pension liability	-	-	34,346	102,926	210,991	348,263
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>87,240</u>	<u>521,604</u>	<u>1,648,941</u>	<u>2,257,785</u>
Total liabilities	<u>11,550</u>	<u>16,576</u>	<u>136,250</u>	<u>991,751</u>	<u>5,463,996</u>	<u>6,620,123</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension	-	-	14,190	44,222	94,124	152,536
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>14,190</u>	<u>44,222</u>	<u>94,124</u>	<u>152,536</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	-	103,227	3,401,685	7,563,858	11,068,770
Unrestricted	19,042	566,834	200,066	1,444,906	1,358,196	3,589,044
Total net position	<u>\$ 19,042</u>	<u>\$ 566,834</u>	<u>\$ 303,293</u>	<u>\$ 4,846,591</u>	<u>\$ 8,922,054</u>	<u>\$ 14,657,814</u>

**CITY OF MOSES LAKE**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018**

	<b>Unemployment Compensation</b>	<b>Self Insurance</b>	<b>Central Services</b>	<b>Equipment Rental</b>	<b>Building Maintenance</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>						
Charges for services	\$ -	\$ 528,600	\$ 620,815	\$ 2,968,095	\$ 3,716,937	\$ 7,834,447
Total operating revenues	-	528,600	620,815	2,968,095	3,716,937	7,834,447
<b>OPERATING EXPENSES</b>						
Salaries and benefits	-	-	231,934	405,369	714,498	1,351,801
Supplies and contractual services	-	-	352,531	674,944	226,818	1,254,293
Utilities	-	-	-	-	126,780	126,780
Repairs and maintenance	-	-	37,744	161,627	112,433	311,804
Insurance claims and expenses	38,434	561,715	-	-	-	600,149
Depreciation and amortization	-	-	46,167	641,456	378,238	1,065,861
Total operating expenses	38,434	561,715	668,376	1,883,396	1,558,767	4,710,688
Operating income (loss)	(38,434)	(33,115)	(47,561)	1,084,699	2,158,170	3,123,759
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and other earnings	625	13,847	3,364	20,310	19,982	58,128
Rents and royalties	-	-	-	-	1,800	1,800
Insurance recoveries	-	-	-	13,462	-	13,462
Interest expense	-	-	(1,818)	(24,512)	(140,051)	(166,381)
Miscellaneous revenues	-	-	-	1,710	1,543	3,253
Gain (loss) on disposal of fixed assets	-	-	-	28,505	467,334	495,839
Total nonoperating revenues (expenses)	625	13,847	1,546	39,475	350,608	406,101
Income (loss) before contributions and transfers	(37,809)	(19,268)	(46,015)	1,124,174	2,508,778	3,529,860
Capital contributions	-	-	30,000	-	-	30,000
Change in net position	(37,809)	(19,268)	(16,015)	1,124,174	2,508,778	3,559,860
Net position - beginning	56,851	586,102	319,308	3,722,417	6,413,276	11,097,954
Net position - ending	\$ 19,042	\$ 566,834	\$ 303,293	\$ 4,846,591	\$ 8,922,054	\$ 14,657,814

**CITY OF MOSES LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018**

Page 1 of 2

	<b>Unemployment Compensation</b>	<b>Self Insurance</b>	<b>Central Services</b>	<b>Equipment Rental</b>	<b>Building Maintenance</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ -	\$ 528,600	\$ 620,815	\$ 2,968,095	\$ 3,716,937	\$ 7,834,447
Payments to suppliers	(26,884)	(548,513)	(384,054)	(755,500)	(324,997)	(2,039,948)
Payments to employees	-	-	(195,015)	(433,269)	(753,787)	(1,382,071)
Miscellaneous revenues	-	-	-	1,710	3,344	5,054
Net cash provided (used) by operating activities	(26,884)	(19,913)	41,746	1,781,036	2,641,497	4,417,482
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Insurance recoveries	-	-	-	13,462	-	13,462
Net cash provided (used) by noncapital financing activities	-	-	-	13,462	-	13,462
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from capital debt	-	-	-	30,321	-	30,321
Principal paid on debt	-	-	(16,734)	(481,997)	(1,714,921)	(2,213,652)
Interest paid on debt	-	-	(1,818)	(24,512)	(141,870)	(168,200)
Purchase of capital assets	-	-	(23,077)	(1,100,545)	(298,389)	(1,422,011)
Proceeds from sale of capital assets	-	-	-	28,505	467,334	495,839
Net cash provided (used) by capital and related financing activities	-	-	(41,629)	(1,548,228)	(1,687,846)	(3,277,703)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income	625	13,848	3,362	20,310	19,982	58,127
Net cash provided by investing activities	625	13,848	3,362	20,310	19,982	58,127
<b>Net increase (decrease) in cash and cash equivalents</b>	(26,259)	(6,065)	3,479	266,580	973,633	1,211,368
Cash and cash equivalents - January 1	56,851	589,475	276,556	1,390,067	836,937	3,149,886
Prior period adjustment	-	-	-	-	-	-
Cash and cash equivalents - December 31	30,592	583,410	280,035	1,656,647	1,810,570	4,361,254

**CITY OF MOSES LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2018**

Page 2 of 2

	<b>Unemployment Compensation</b>	<b>Self Insurance</b>	<b>Central Services</b>	<b>Equipment Rental</b>	<b>Building Maintenance</b>	<b>Totals</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	(38,434)	(33,115)	(47,560)	1,084,699	2,158,169	3,123,759
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	-	-	46,167	641,456	378,238	1,065,861
Decrease (increase) in prepaid expenses	-	-	-	(5,115)	2,701	(2,414)
(Decrease) increase in accounts payable	11,551	13,202	6,222	86,186	138,332	255,493
(Decrease) increase in salaries payable	-	-	11,185	1,651	2,820	15,656
(Decrease) increase in compensated absences payable	-	-	34,445	(3,224)	1,642	32,863
(Decrease) increase in pension liabilities	-	-	(8,711)	(26,328)	(43,751)	(78,790)
(Decrease) increase in miscellaneous revenues	-	-	-	1,710	3,344	5,054
Total adjustments	11,551	13,202	89,308	696,336	483,326	1,293,723
Net cash provided (used) by operating activities	<u>\$ (26,883)</u>	<u>\$ (19,913)</u>	<u>\$ 41,748</u>	<u>\$ 1,781,035</u>	<u>\$ 2,641,495</u>	<u>\$ 4,417,482</u>
<b>Noncash investing, capital and financing activities:</b>						

## 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 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, 2018**

---

	<u>Agency Funds</u>		
	<u>Deposit</u>	<u>State Deposit</u>	<u>Totals</u>
<b>ASSETS</b>			
Pooled cash & investments	\$ 825,300	\$ 123,472	\$ 948,772
Receivables (net of allowance for uncollectibles)	-	1,176	1,176
Total assets	<u>825,300</u>	<u>124,648</u>	<u>949,948</u>
<b>LIABILITIES</b>			
Custodial accounts payable	825,300	124,648	949,948
Total liabilities	<u>\$ 825,300</u>	<u>\$ 124,648</u>	<u>\$ 949,948</u>

**CITY OF MOSES LAKE**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2018**

	<b>Balance December 31, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2018</b>
<b>DEPOSIT FUND</b>				
Assets				
Cash	\$ 792,611	\$ 4,739,705	\$ 4,707,017	\$ 825,299
Total assets	<u>792,611</u>	<u>4,739,705</u>	<u>4,707,017</u>	<u>825,299</u>
Liabilities				
Deposits	738,271	10,201,876	10,174,403	765,744
Retainage payable	54,340	71,998	66,783	59,555
Total liabilities	<u>\$ 792,611</u>	<u>\$ 10,273,874</u>	<u>\$ 10,241,186</u>	<u>\$ 825,299</u>
<b>STATE DEPOSIT FUND</b>				
Assets				
Cash and receivables	\$ 202,762	\$ 3,685,409	\$ 3,763,522	\$ 124,649
Total assets	<u>202,762</u>	<u>3,685,409</u>	<u>3,763,522</u>	<u>124,649</u>
Liabilities				
Due to state	202,762	8,396,190	8,474,303	124,649
Total liabilities	<u>\$ 202,762</u>	<u>\$ 8,396,190</u>	<u>\$ 8,474,303</u>	<u>\$ 124,649</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Cash	\$ 995,373	\$ 8,425,114	\$ 8,470,539	\$ 949,948
Total assets	<u>995,373</u>	<u>8,425,114</u>	<u>8,470,539</u>	<u>949,948</u>
Liabilities				
Deposits	738,271	10,201,876	10,174,403	765,744
Due to other governments	202,762	8,396,190	8,474,303	124,649
Retainage payable	54,340	71,998	66,783	59,555
Total liabilities	<u>\$ 995,373</u>	<u>\$ 18,670,064</u>	<u>\$ 18,715,489</u>	<u>\$ 949,948</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 .....115**

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.....122**

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

**Debt Capacity.....126**

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.....132**

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

**Operating Information.....134**

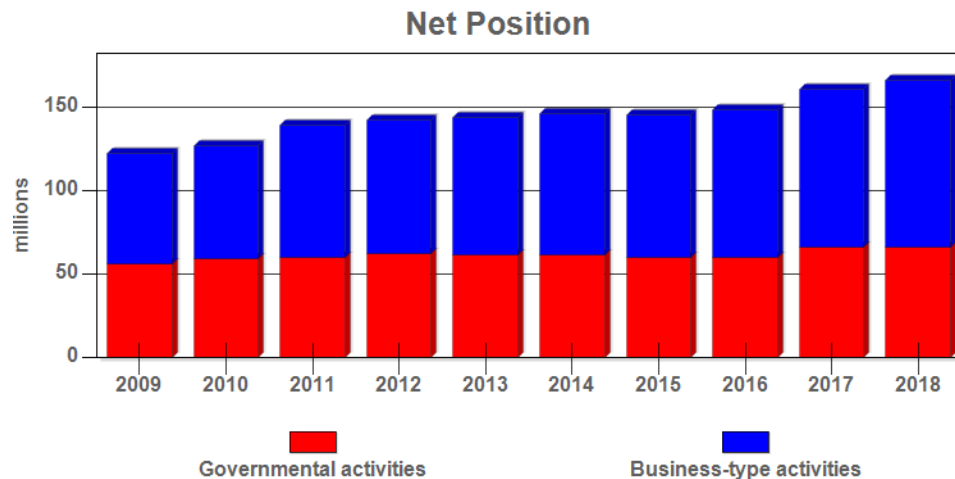
These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the city provides and activities it performs.

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

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

Table B-1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 54,496,935	\$ 53,836,958	\$ 59,285,986	\$ 60,548,550	\$ 61,088,313	\$ 61,620,391	\$ 62,228,340	\$ 63,239,074	\$ 63,142,833	\$ 67,063,404
Restricted	333,407	293,999	-	505,499	447,675	437,862	(1,712,820)	(1,246,322)	2,339,160	3,620,253
Unrestricted	1,168,903	5,319,411	487,334	1,187,230	(685,952)	(1,164,099)	(780,488)	(2,139,795)	573,435	(4,568,062)
Total governmental activities net position	<u>\$ 55,999,245</u>	<u>\$ 59,450,368</u>	<u>\$ 59,773,320</u>	<u>\$ 62,241,279</u>	<u>\$ 60,850,036</u>	<u>\$ 60,894,154</u>	<u>\$ 59,735,032</u>	<u>\$ 59,852,957</u>	<u>\$ 66,055,428</u>	<u>\$ 66,115,595</u>
<b>Business-type activities</b>										
Net investment in capital assets	53,585,563	54,876,380	58,920,713	66,254,242	70,129,187	73,679,324	72,237,022	74,491,199	77,543,930	78,064,287
Restricted	853,538	810,836	5,408,741	3,917,363	4,072,763	4,910,128	(724,602)	(814,042)	1,284,375	1,312,269
Unrestricted	11,624,386	12,412,327	14,861,223	9,926,968	8,623,100	6,458,095	13,859,843	14,350,450	15,715,663	20,141,359
Total business-type activities net position	<u>\$ 66,063,487</u>	<u>\$ 68,099,543</u>	<u>\$ 79,190,677</u>	<u>\$ 80,098,573</u>	<u>\$ 82,825,050</u>	<u>\$ 85,047,547</u>	<u>\$ 85,372,263</u>	<u>\$ 88,027,607</u>	<u>\$ 94,543,968</u>	<u>\$ 99,517,915</u>
<b>Primary government</b>										
Net investment in capital assets	108,082,498	108,713,338	118,206,699	126,802,792	131,217,500	135,299,715	134,465,362	137,730,273	140,686,763	145,127,691
Restricted	1,186,945	1,104,835	5,408,741	4,422,862	4,520,438	5,347,990	(2,437,422)	(2,060,364)	3,623,535	4,932,522
Unrestricted	12,793,289	17,731,738	15,348,557	11,114,198	7,937,148	5,293,996	13,079,355	12,210,655	16,289,098	15,573,297
Total primary government net position	<u>\$ 122,062,732</u>	<u>\$127,549,911</u>	<u>\$138,963,997</u>	<u>\$142,339,852</u>	<u>\$143,675,086</u>	<u>\$145,941,701</u>	<u>\$145,107,295</u>	<u>\$147,880,564</u>	<u>\$160,599,396</u>	<u>\$165,633,510</u>

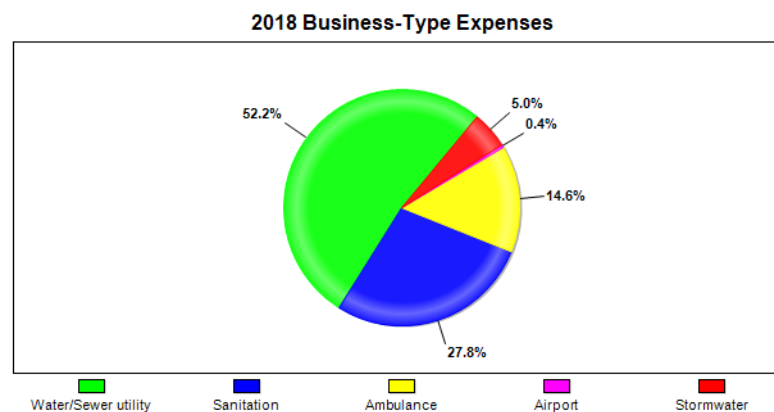
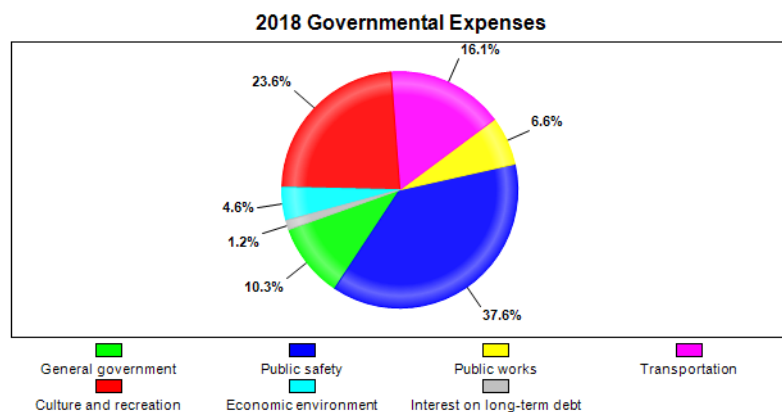


**CITY OF MOSES LAKE**  
**Changes in Expenses by Function**  
**Last Ten Fiscal Years**  
**(full accrual basis of accounting)**

Table B-2  
Page 1 of 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,495,042	\$ 1,490,050	\$ 5,177,801	\$ 2,025,131	\$ 2,248,966	\$ 1,810,976	\$ 1,919,942	\$ 3,164,520	\$ 2,357,673	\$ 2,502,138
Public safety	8,082,864	8,250,244	8,208,749	8,523,429	8,187,757	8,272,137	8,476,035	9,079,116	9,070,874	9,159,773
Public works	1,894,915	1,786,822	1,849,411	1,935,245	1,838,465	1,841,532	1,705,047	1,616,151	1,556,397	1,618,887
Transportation	2,717,746	2,657,304	2,757,678	1,981,454	2,565,422	1,838,589	2,011,189	2,772,694	3,152,406	3,933,763
Culture and recreation	4,911,237	5,155,333	5,970,761	5,777,849	5,756,198	5,696,832	5,402,719	5,680,271	5,606,910	5,743,730
Economic environment	768,252	743,863	761,298	803,867	1,043,025	1,064,457	1,106,617	1,146,169	1,148,057	1,129,366
Interest on long-term debt	533,057	591,488	671,148	675,736	534,349	466,372	433,784	379,763	349,562	288,584
Total governmental activities	20,403,113	20,675,104	25,396,846	21,722,711	22,174,182	20,990,895	21,055,333	23,838,684	23,241,879	24,376,241
Business-type activities:										
Water/Sewer utility	7,128,833	7,192,446	7,599,119	7,401,282	7,788,179	8,876,959	8,026,945	7,283,991	7,618,628	8,357,844
Sanitation	2,025,330	2,952,147	2,962,499	3,025,020	3,138,126	3,263,670	3,544,496	3,605,673	3,904,199	4,445,067
Ambulance	2,124,517	2,305,638	2,409,424	2,509,558	2,490,405	2,593,169	2,394,802	2,337,527	2,157,738	2,331,665
Airport	100,250	35,141	28,960	30,063	34,120	28,465	51,733	50,676	54,275	60,483
Stormwater	-	336,113	477,990	525,931	536,941	626,936	569,393	807,738	745,440	804,390
Total business-type activities expenses	11,378,930	12,821,485	13,477,992	13,491,854	13,987,771	15,389,199	14,587,369	14,085,605	14,480,280	15,999,449
Total primary government expenses	\$ 31,782,043	\$ 33,496,589	\$ 38,874,838	\$ 35,214,565	\$ 36,161,953	\$ 36,380,094	\$ 35,642,702	\$ 37,924,289	\$ 37,722,159	\$ 40,375,690

Stormwater business-type activities began in 2010.



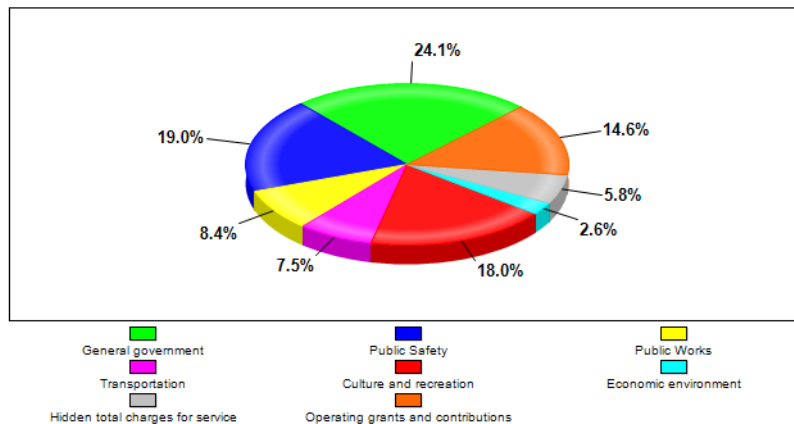
**CITY OF MOSES LAKE**  
Changes in Revenues by Function  
Last Ten Fiscal Years  
(full accrual basis of accounting)

Table B-2  
Page 2 of 3

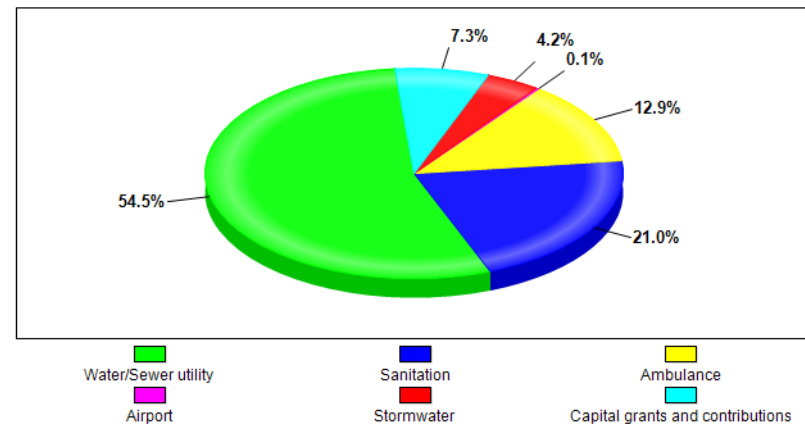
<b>Program Revenues</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
Charges for service										
General government	\$ 959,474	\$ 883,157	\$ 987,186	\$ 1,121,967	\$ 725,822	\$ 875,769	\$ 1,345,013	\$ 1,634,010	\$ 1,740,377	\$ 2,030,384
Public Safety	1,592,864	1,955,918	1,335,433	1,556,924	1,595,284	1,792,009	1,741,676	1,169,764	365,690	1,605,448
Public Works	1,358,999	1,344,876	1,509,856	675,827	878,259	892,800	890,904	794,545	647,723	705,486
Transportation	501,464	671,262	904,680	675,203	737,332	837,828	545,861	848,254	612,678	632,892
Culture and recreation	1,677,145	1,409,773	1,457,901	1,423,732	1,332,460	1,313,698	1,275,793	1,526,032	1,381,724	1,520,010
Economic environment	141,282	139,878	123,220	121,754	113,687	252,263	278,124	319,852	199,155	222,551
Operating grants and contributions	236,741	208,603	292,896	449,067	361,653	150,649	127,382	64,704	404,959	490,031
Capital grants and contributions	2,701,529	1,149,290	1,451,525	-	579,474	161,390	680,345	680,361	330,692	1,232,883
<b>Total governmental activities</b>	<b>9,169,498</b>	<b>7,762,757</b>	<b>8,062,697</b>	<b>6,024,474</b>	<b>6,323,971</b>	<b>6,276,406</b>	<b>6,885,098</b>	<b>7,037,522</b>	<b>5,682,998</b>	<b>8,439,685</b>
<b>Business-type activities:</b>										
Charges for Services:										
Water/Sewer utility	8,904,299	9,354,264	13,493,211	9,894,017	9,705,574	10,334,324	10,692,572	11,036,058	11,062,889	11,608,379
Sanitation	1,946,888	2,073,684	2,420,533	2,401,838	2,393,090	2,747,517	3,182,534	3,471,109	4,044,756	4,467,541
Ambulance	1,691,073	1,902,757	2,476,305	2,390,364	2,284,340	2,528,431	2,632,671	2,145,587	2,371,353	2,735,028
Airport	31,044	33,403	36,191	32,932	30,501	287,798	(3,708)	25,979	26,934	27,071
Stormwater	-	605,873	762,632	739,803	758,053	777,967	812,510	841,820	884,091	899,525
Capital grants and contributions	3,462,261	790,028	5,100,566	554,823	1,593,186	1,016,032	663,416	1,563,213	761,301	1,544,633
Operating grants and contributions	-	-	-	-	-	-	-	-	-	10,657
<b>Total Business-type activities</b>	<b>16,035,565</b>	<b>14,760,009</b>	<b>24,289,438</b>	<b>16,013,777</b>	<b>16,764,744</b>	<b>17,692,069</b>	<b>17,979,995</b>	<b>19,083,766</b>	<b>19,151,324</b>	<b>21,292,834</b>
<b>Total primary government program revenues</b>	<b>\$ 25,205,063</b>	<b>\$ 22,522,766</b>	<b>\$ 32,352,135</b>	<b>\$ 22,038,251</b>	<b>\$ 23,088,715</b>	<b>\$ 23,968,475</b>	<b>\$ 24,865,093</b>	<b>\$ 26,121,288</b>	<b>\$ 24,834,322</b>	<b>\$ 29,732,519</b>

Stormwater business-type activities began in 2010.

**2018 Governmental Revenues**



**2018 Business-Type Revenues**



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

Table B-2  
Page 3 of 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$(11,233,615)	\$(12,912,347)	\$(17,334,149)	\$(15,698,237)	\$(15,850,211)	\$(14,714,489)	\$(14,170,235)	\$(16,801,162)	\$(17,558,881)	\$(15,936,556)
Business-type activities	4,656,635	1,938,524	10,811,446	2,521,923	2,776,973	2,302,870	3,392,626	4,998,161	4,671,044	5,293,385
Total primary government net expense	(6,576,980)	(10,973,823)	(6,522,703)	(13,176,314)	(13,073,238)	(12,411,619)	(10,777,609)	(11,803,001)	(12,887,837)	(10,643,171)

**General Revenues and Other Changes in Net Position**

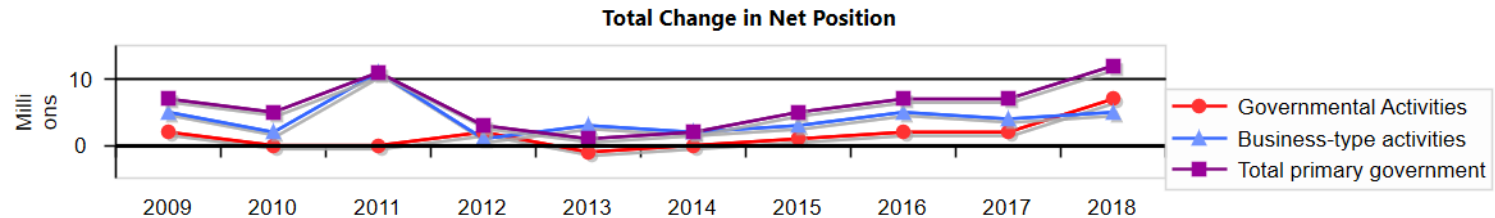
Governmental Activities:

Taxes:

Property taxes	4,321,219	7,052,123	8,490,927	7,089,271	4,060,416	4,214,011	4,463,541	7,594,524	6,811,359	6,909,510
Retail sales and use taxes	5,633,499	5,288,180	5,539,605	5,368,342	5,891,891	6,194,709	6,128,076	6,535,040	7,424,680	8,547,671
Business taxes	3,490,995	3,489,277	3,591,144	3,820,464	4,032,173	3,813,397	4,205,782	4,099,389	4,905,212	5,053,402
Interest and investment earnings	270,648	186,950	288,222	239,762	226,262	240,015	297,594	234,809	265,747	477,889
Miscellaneous	437	1,054	-	1,158	1,025	3,312	130,773	234,809	114,184	15,262
Gain (Loss) on Asset Disposal	-	-	-	-	-	-	-	-	-	1,180,618
Transfers, internal activities	(134,074)	(73,500)	(252,800)	1,647,200	247,200	293,164	425,660	425,660	425,660	425,660
Total governmental activities	13,582,724	15,944,084	17,657,098	18,166,197	14,458,967	14,758,608	15,651,426	19,124,231	19,946,842	22,610,012
Business-type activities:										
Interest and investment earnings	24,032	24,032	26,888	33,173	196,703	173,727	155,982	234,809	129,770	106,227
Insurance recoveries	-	-	-	-	-	39,063	39,063	32,770	-	-
Transfers, Internal activities	134,074	73,500	252,800	(1,647,200)	(247,200)	(293,164)	(425,660)	(425,660)	(425,660)	(425,660)
Total business-type activities	158,106	97,532	279,688	(1,614,027)	(50,497)	(80,374)	(230,615)	(158,081)	(295,890)	(319,433)
Total Primary Government	13,740,830	16,041,616	17,936,786	16,552,170	14,408,470	14,678,234	15,420,811	18,966,150	19,650,952	22,290,579

**Change in Net Position**

Governmental Activities	2,349,109	3,031,737	322,949	2,467,960	(1,391,244)	44,119	1,481,191	2,323,069	2,387,961	6,673,456
Business-Type Activities	4,814,741	2,036,056	11,091,134	907,896	2,726,476	2,222,496	3,162,011	4,840,080	4,375,154	4,973,952
Total Primary Government	\$ 7,163,850	\$ 5,067,793	\$ 11,414,083	\$ 3,375,856	\$ 1,335,232	\$ 2,266,615	\$ 4,643,202	\$ 7,163,149	\$ 6,763,115	\$ 11,647,408

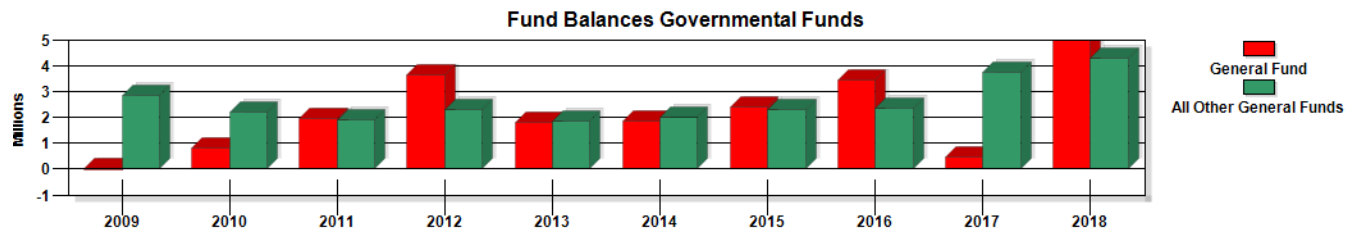


**CITY OF MOSES LAKE**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified basis of accounting)

Table B-3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 117,498	\$ 151,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	(139,835)	649,689	-	-	-	-	-	-	-	-
Nonspendable	** -	-	1,227,411	1,384,505	1,545,650	1,738,030	1,828,476	244,583	150,858	114,131
Restricted	** -	-	-	6,238	-	1,720	-	-	-	-
Committed	** -	-	-	-	-	-	-	330,371	330,371	357,908
Assigned	** -	-	581,000	-	-	-	-	-	-	-
Unassigned	** -	-	119,434	2,243,656	248,118	125,692	578,892	2,878,602	-	6,090,808
Total general fund	\$ (22,337)	\$ 801,076	\$ 1,927,845	\$ 3,634,399	\$ 1,793,768	\$ 1,865,442	\$ 2,407,368	\$ 3,453,556	\$ 481,229	\$ 6,562,847
All other governmental funds										
Reserved	376,696	375,718	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,199,125	1,557,431	-	-	-	-	-	-	-	-
Capital projects fund 2006	267,293	267,293	-	-	-	-	-	-	-	-
Nonspendable	** -	-	95,735	121,103	311,804	84,191	80,471	84,606	60,959	69,395
Restricted for:										
Public safety programs	** -	-	-	9,061	32,606	59,909	194,270	285,722	54,507	243,434
Tourism	** -	-	268,044	228,899	120,790	32,817	200,752	541,893	1,058,662	952,128
Debt service	** -	-	294,317	175,955	165,826	164,276	190,273	184,723	184,488	184,705
Culture and recreation	** -	-	-	85,346	128,452	179,140	194,946	556,876	986,672	1,163,813
Committed for:										
Municipal facilities	** -	-	257,449	-	-	-	-	-	-	-
Culture and recreation	** -	-	470,104	302,363	534,220	105,769	105,769	-	105,769	21,339
Transportation	** -	-	534,238	501,380	268,971	701,426	622,445	207,328	626,891	1,059,510
Assigned to transportation	** -	-	-	446,658	148,293	347,661	358,011	434,646	671,874	611,427
Assigned to culture and recreation	** -	-	-	446,658	148,293	347,661	358,011	62,082	-	-
Unassigned	** -	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,843,114	\$ 2,200,442	\$ 1,919,887	\$ 2,317,423	\$ 1,859,255	\$ 2,022,850	\$ 2,304,948	\$ 2,357,876	\$ 3,749,822	\$ 4,305,751

\*\* GASB 54 fund balance reporting implemented in 2011



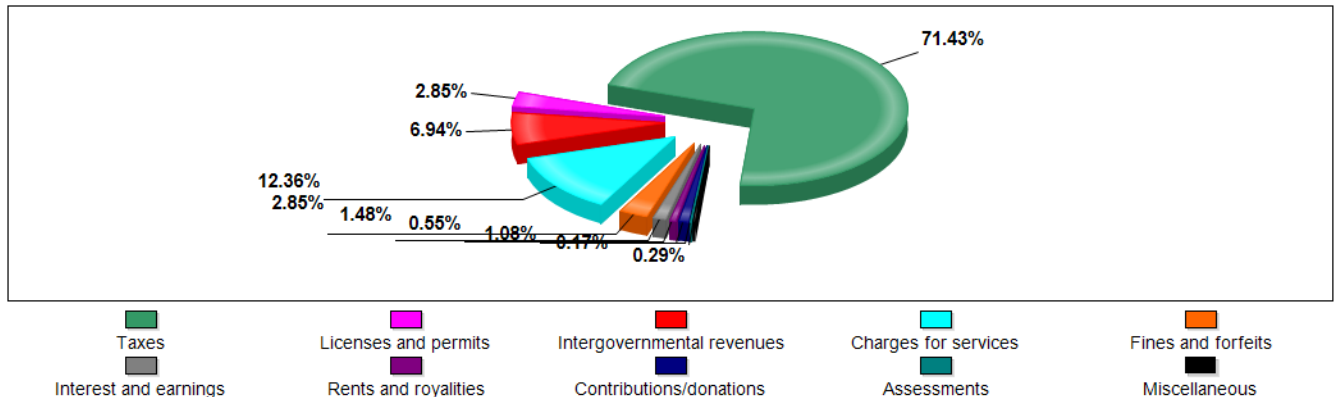


**CITY OF MOSES LAKE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(Amounts expressed in thousands)

Table B-4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 13,378	\$ 15,759	\$ 17,526	\$ 16,322	\$ 14,036	\$ 14,249	\$ 14,828	\$ 17,193	\$ 19,124	\$ 20,215
Licenses and permits	617	532	471	599	616	724	597	968	780	805
Intergovernmental revenues	2,369	1,713	1,301	1,463	1,236	1,249	1,309	1,343	1,681	1,963
Charges for services	3,490	3,632	3,925	2,969	3,061	3,314	3,722	3,379	3,057	3,498
Fines and forfeits	664	571	393	444	495	458	505	446	405	808
Interest and earnings	269	182	268	222	209	218	228	235	233	420
Rents and royalties	430	160	157	164	168	131	116	99	181	157
Contributions/donations	64	79	67	73	100	61	103	91	95	305
Assessments	32	26	93	17	93	30	22	50	19	49
Miscellaneous	71	18	6	81	32	21	17	40	31	82
<b>Total revenues</b>	<b>21,384</b>	<b>22,672</b>	<b>24,207</b>	<b>22,354</b>	<b>20,046</b>	<b>20,455</b>	<b>21,447</b>	<b>23,843</b>	<b>25,605</b>	<b>28,302</b>
<b>Expenditures</b>										
General government	1,481	1,510	2,080	1,950	2,056	1,871	2,090	2,513	2,611	2,683
Public safety	7,267	8,114	8,457	8,655	8,408	8,200	8,758	9,398	9,658	10,426
Public works	1,886	1,858	1,936	1,991	1,888	1,833	1,752	1,703	1,678	1,818
Transportation	2,707	2,722	2,811	2,016	2,587	1,778	1,997	2,802	3,267	4,059
Economic environment	777	776	788	819	1,050	1,058	1,116	1,165	1,185	1,206
Culture and recreation	4,408	4,881	5,605	5,440	5,567	4,960	4,701	5,190	5,366	5,672
Capital outlay	1,916	1,209	605	634	222	526	262	116	282	1,178
Debt Service										
Principal	564	587	561	579	228	231	239	247	129	275
Interest	342	296	265	236	215	180	176	153	134	127
<b>Total expenditures</b>	<b>21,348</b>	<b>21,953</b>	<b>23,108</b>	<b>22,320</b>	<b>22,221</b>	<b>20,637</b>	<b>21,091</b>	<b>23,287</b>	<b>24,310</b>	<b>27,444</b>
Excess (deficiency) of revenue over (under) expenditures	36	719	1,099	34	(2,175)	(182)	356	556	1,295	858
Other financing sources (uses)										
Transfers in	3,590	3,699	3,002	4,992	2,529	2,220	2,438	2,483	2,725	3,982
Transfers out	(3,797)	(4,246)	(3,329)	(3,418)	(2,355)	(2,001)	(2,013)	(2,073)	(2,299)	(3,557)
Sales of capital assets	-	-	74	22	1	8	8	-	22	710
Miscellaneous nonoperating	-	-	-	-	-	-	-	-	-	-
Proceeds of long term debt	18	6	-	27	-	-	-	-	-	-
Proceeds from interfund debt	-	-	-	-	-	-	-	-	-	-
Proceeds of G.O. bonds	-	-	-	-	-	-	3,083	-	-	-
Discount on G.O. bonds issued	-	-	-	-	-	-	(3,058)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(189)</b>	<b>(541)</b>	<b>(253)</b>	<b>1,623</b>	<b>175</b>	<b>227</b>	<b>459</b>	<b>410</b>	<b>448</b>	<b>1,136</b>
<b>Net change in fund balances</b>	<b>\$ (153)\$</b>	<b>\$ 178 \$</b>	<b>\$ 846 \$</b>	<b>\$ 1,657 \$</b>	<b>\$ (2,000)\$</b>	<b>\$ 45 \$</b>	<b>\$ 814 \$</b>	<b>\$ 966 \$</b>	<b>\$ 1,743 \$</b>	<b>\$ 1,993</b>
Debt service as a percentage of noncapital expenditures	4.66 %	4.25 %	3.67 %	3.76 %	2.01 %	2.04 %	1.99 %	1.72 %	1.10 %	- %

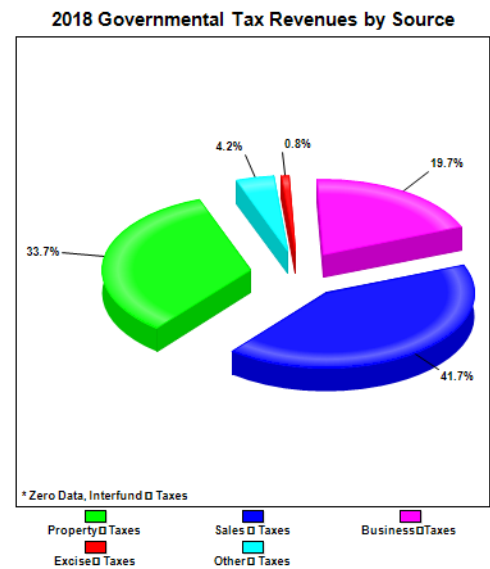
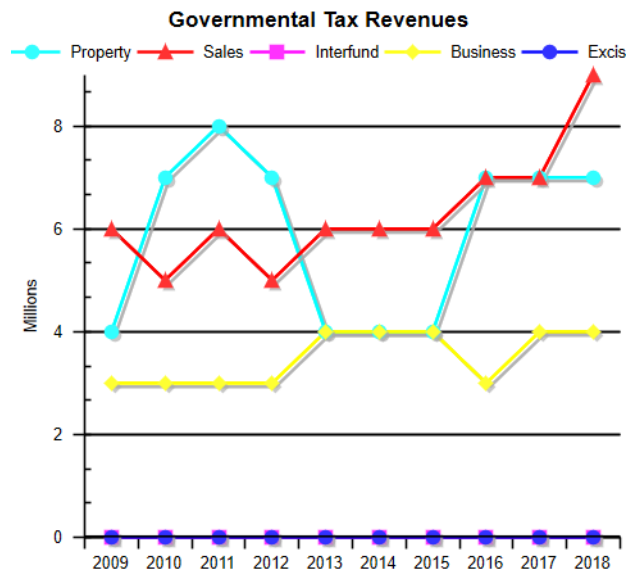
**2018 General Governmental Revenues by Source**



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

Table B-9

Fiscal Year	Property Taxes	Sales Taxes	Interfund Taxes	Business Taxes	Excise Taxes	Other Taxes	Total
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	6,558,158	6,535,040	-	3,484,056	22,403	592,931	17,192,588
2017	6,811,359	7,424,680	-	4,033,831	76,297	795,084	19,141,251
2018	6,909,510	8,547,671	-	4,032,799	165,606	854,997	20,510,583

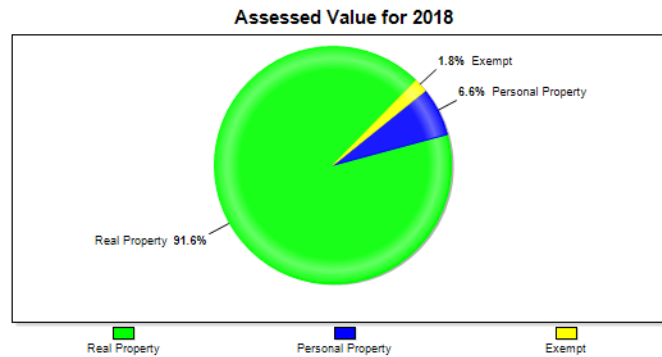


**CITY OF MOSES LAKE**  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years\*

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				
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
2017	1,988,422,759	136,577,029	42,510,870	282,380	2,082,206,538	3.3228	2,572,610,694	81
2018	2,079,096,392	150,408,603	40,100,930	188,315	2,189,215,750	3.3228	2,564,043,965	85

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



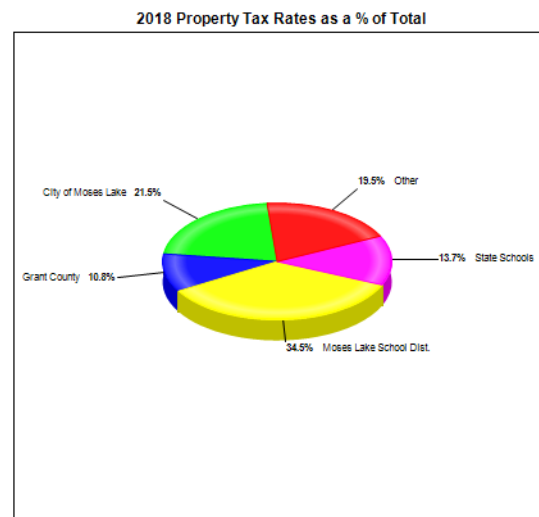
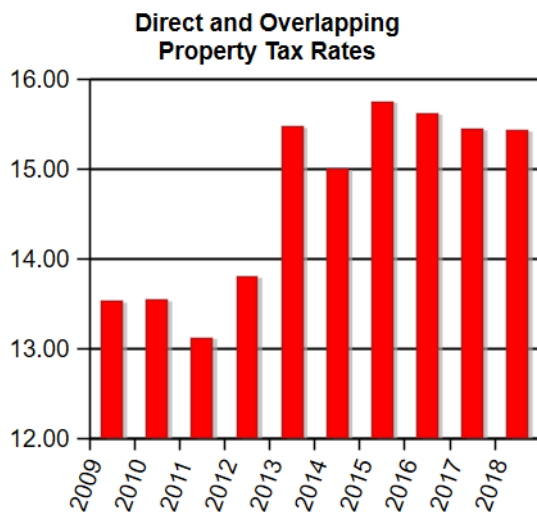
**CITY OF MOSES LAKE**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Per \$1,000 of Assessed Value**  
**Last Ten Fiscal Years**

Table C-2

Fiscal Year	City Tax Rate	Overlapping Rates						Total
	Moses Lake	Grant County	School District			Other		
	Direct Rate	Operating Rate	Operating Rate	Debt Service	Total School Rate	State School	Special Districts	
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
2017	3.286	1.750	4.541	0.563	5.104	2.313	2.987	15.440
2018	3.323	1.664	4.620	0.696	5.316	2.120	3.006	15.429

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.



**CITY OF MOSES LAKE**  
Principle Property Taxpayers  
Current Year and Nine Years Ago

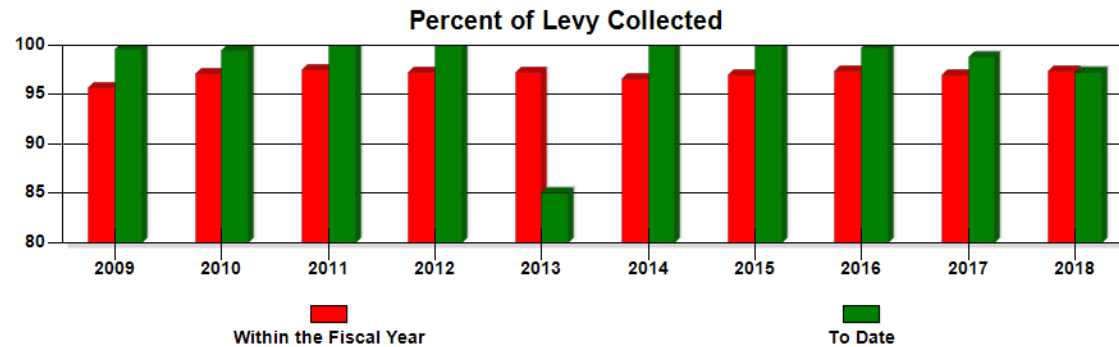
Table C-3

Tax Payer	Type of Business	2018		Percent of Total Assessed Value	2009		Percentage of Total Assessed Valuation
		Assessed Valuation	Rank		Assessed Valuation	Rank	
REC Solar Grade Silicon, LLC	Manufacturing	145,128,600	1	6.6 %	27,568,265	1	1.5 %
SGL Automotive Carbon Fibers, LLC	Manufacturing	71,024,615	2	3.2 %	-	-	- %
Xyleco Realty WA, LLC	Prop Invest/Mngt	56,966,965	3	2.6 %	-	-	- %
Moses Lake Industries Inc.	Chemicals	53,800,000	4	2.5 %	-	-	- %
Akzo Nobel Pulp and Performance Chemicals Inc. (EKA Chemicals)	Chemicals	27,214,085	5	1.2 %	-	-	- %
Air Liquide Electronics US LP	Chemicals	21,078,200	6	1.0 %	-	-	- %
Nelson Road Apartments, LLC	Apartments	15,992,800	7	0.7 %	-	-	- %
IP CBPR Properties LLC	Prop Invest/Mngt	14,766,265	8	0.7 %	-	-	- %
National Frozen Foods Corp	Manufacturing	14,452,650	9	0.7 %	-	-	- %
Moses Lake Travel Plaza LLC	Prop Invest/Mgmt	11,606,845	10	0.5 %	6,704,835	7	0.4 %
Heron Creek Apartments, LLC	Apartments	-	-	- %	5,381,110	8	0.3 %
Weyerhaeuser Company	Corrugated board Manhole	-	-	- %	10,963,790	2	0.6 %
D&L Foundry, Inc.	Manufacturing	-	-	- %	6,948,515	4	0.4 %
Wal-Mart Real Estate Business Trust	Grocery/Retail	-	-	- %	9,782,630	3	0.5 %
Learner Tr, Kathryn J	Mall property	-	-	- %	6,761,820	6	0.4 %
Grewal Hotels Inc.	Hotel	-	-	- %	6,803,000	5	0.4 %
HD Development of Maryland Inc	Hotel Improvement	-	-	- %	4,831,520	9	0.3 %
Qwest Corporation Inc	Telecommunications	-	-	- %	4,780,884	10	0.3 %
Total		<u>432,031,025</u>		<u>19.7 %</u>	<u>90,526,369</u>		<u>5.1 %</u>

**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 Fiscal Year of Levy		Collection in Subsequent Years	Total Collections to Date		Current Outstanding
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2009	\$ 1,779,747,198	\$ 5,196,411	\$ 4,965,645	95.6	\$ 211,211	\$ 5,176,856	100	\$ 19,555
2010	2,809,290,237	9,164,319	8,896,759	97.1	216,183	9,112,942	99	51,377
2011	3,185,018,910	10,224,175	9,968,782	97.5	258,086	10,226,868	100	(2,693)
2012	2,735,223,789	8,681,629	8,439,354	97.2	241,932	8,681,286	100	343
2013	2,163,776,315	6,813,394	6,620,613	97.2	(827,346)	5,793,267	85	1,020,127
2014	2,355,291,370	7,418,904	7,162,447	96.5	256,191	7,418,638	100	266
2015	1,948,580,248	6,096,353	5,906,159	96.9	187,635	6,093,794	100	2,559
2016	2,143,919,575	6,797,813	6,612,598	97.3	160,739	6,773,337	100	24,476
2017	2,068,181,390	6,796,274	6,586,129	96.9	127,168	6,713,297	99	82,977
2018	2,082,206,538	6,903,522	6,714,461	97.3	-	6,714,461	97	189,061

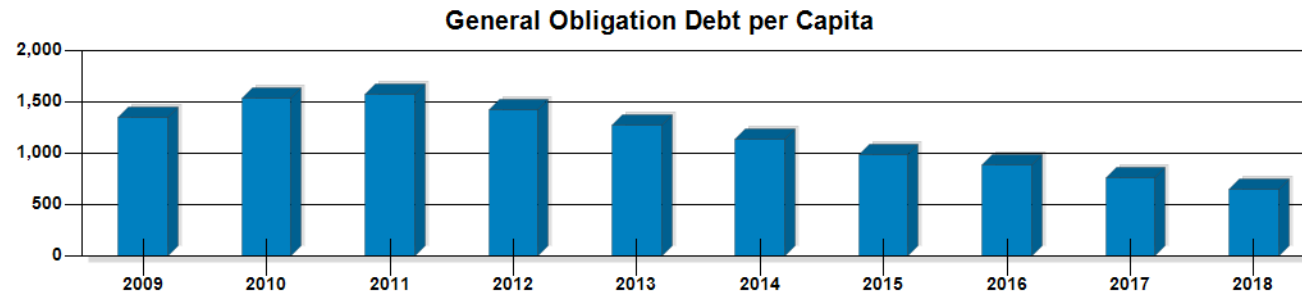


**CITY OF MOSES LAKE**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years\*

Table D-1

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income**	Per Capita**
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water/Sewer Bonds	General Obligation bonds	Governmental Loans	Capital Leases			
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
2017	5,791,666	-	1,221,820	6,810,000	568,334	2,776,180	-	17,168,000	1.85	756
2018	4,731,666	-	1,650,307	5,875,000	513,334	2,214,488	-	14,984,795	1.68	642

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

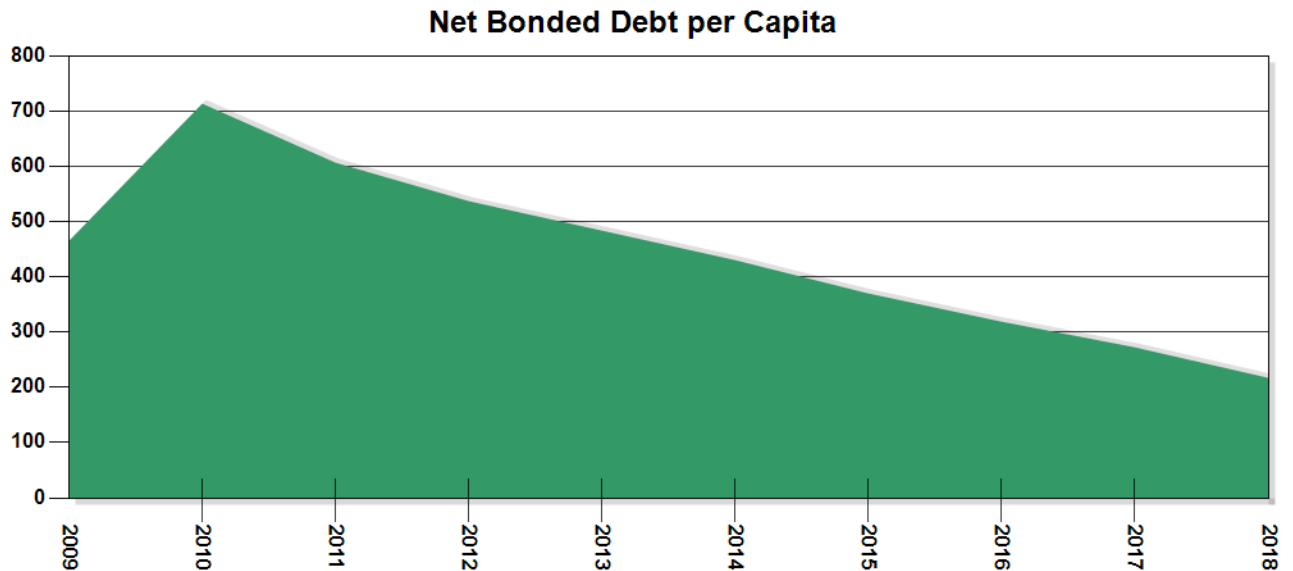


**CITY OF MOSES LAKE**  
Ratios of General Bonded Debt Outstanding  
To Assessed Value and Net Bonded Debt per Capita  
Last Ten Fiscal Years

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
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	184,263	7,095,737	0.34%	319
2017	22,720	2,082,206,538	6,360,000	184,488	6,175,512	0.30%	272
2018	23,328	2,189,215,750	5,245,000	184,705	5,060,295	0.23%	217

\*Grant County Assessor: includes only taxable property





**CITY OF MOSES LAKE**  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2018

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	\$ 23,310,000	53.50%	\$ 12,470,850
Samaritan Hospital Dist. # 1	5,491,363	48.55%	2,666,057
Subtotal overlapping debt	<u>28,801,363</u>		<u>15,136,907</u>
Moses Lake direct debt	<u>6,381,973</u>		<u>6,381,973</u>
Total governmental direct and overlapping debt	<u>\$ 35,183,336</u>		<u>\$ 21,518,880</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 2018**

Total assessed Value	\$ 2,189,215,750
Debt limit (7.5%) of total assessed value	164,191,181
 I. General purpose legal debt margin	
a. Councilmanic debt (without a vote) 1.5% of total assessed value	32,838,236
Debt applicable to councilmanic limit	
General obligation bonds & other debt debt	5,245,000
Less: amount set aside for repayment of general obligation debt	<u>(184,705)</u>
Net debt applicable to councilmanic limit	<u>5,060,295</u>
Total legal debt margin - councilmanic	27,777,941
 b. Voted general obligation debt (additional 1% Total assessed value)	21,892,157
Debt applicable to limit	-
 II. Voted utility purposed debt (additional 2.5% total assessed value)	54,730,394
Debt applicable to limit	-
 III. Voted open space and park debt (additional 2.5% total assessed value)	54,730,394
Debt applicable to limit	-
 Total legal debt margin - all categories	<u><u>\$ 159,130,886</u></u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$210,696,768	\$238,676,416	\$ 205,141,784	\$ 162,283,224	\$ 176,646,853	\$ 145,256,552	\$ 146,143,519	\$ 160,793,968	\$ 156,165,490	\$ 164,191,181
Total net debt applicable to limit	<u>12,129,494</u>	<u>17,963,717</u>	<u>15,107,932</u>	<u>13,964,977</u>	<u>12,794,255</u>	<u>11,842,393</u>	<u>10,409,855</u>	<u>9,961,804</u>	<u>9,010,868</u>	<u>5,060,295</u>
Legal Debt Margin	<u>\$198,567,274</u>	<u>\$220,712,699</u>	<u>\$ 190,033,852</u>	<u>\$ 148,318,247</u>	<u>\$ 163,852,598</u>	<u>\$ 133,414,159</u>	<u>\$ 135,733,664</u>	<u>\$ 150,832,164</u>	<u>\$ 147,154,622</u>	<u>\$ 159,130,886</u>
Total net debt applicable to the limit as a percentage of debt limit	5.76 %	7.53 %	7.36 %	8.61 %	7.24 %	8.15 %	7.12 %	6.20 %	5.77 %	3.08 %

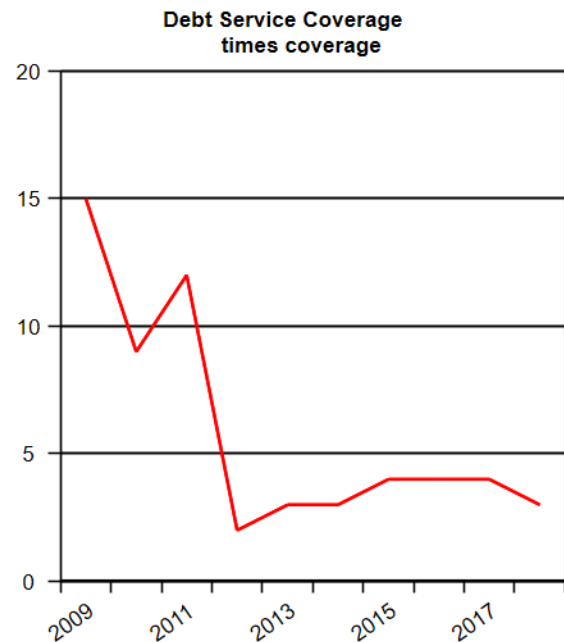
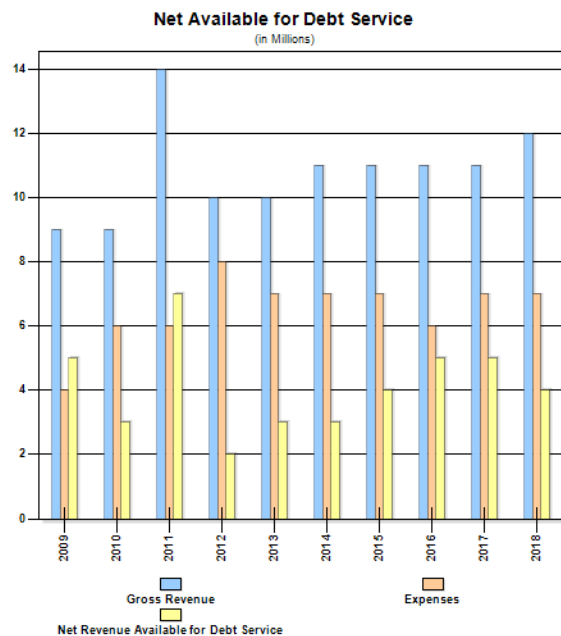
**CITY OF MOSES LAKE**  
**Water and Sewer Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Table D-5

Year	Utility Revenues *	Expenses**	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
				Principle	Interest	Total	
2009	\$ 8,928,330	\$ 3,760,119	\$ 5,168,211	\$ 30,000	\$ 325,599	\$ 355,599	\$ 15
2010	9,378,295	5,907,582	3,470,713	75,000	324,185	399,185	9
2011	13,612,504	6,439,490	7,173,014	225,000	360,031	585,031	12
2012	9,985,930	7,694,209	2,291,721	705,000	422,428	1,127,428	2
2013	10,043,053	6,711,562	3,331,491	735,000	408,283	1,143,283	3
2014	10,534,406	7,330,572	3,203,834	750,000	397,782	1,147,782	3
2015	10,840,675	6,609,001	4,231,674	775,000	371,399	1,146,399	4
2016	11,258,375	6,154,510	5,103,865	875,000	319,234	1,194,234	4
2017	11,298,788	6,655,835	4,642,953	905,000	290,899	1,195,899	4
2018	11,722,176	7,460,089	4,262,087	935,000	257,820	1,192,820	\$ 3

\*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

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

Table D-6

		2009 *	2010	2011	2012 *	2013	2014	2015	2016	2017	2018
<b>Residential Water Rates:</b>											
<b>A. Residential Within City Limits</b>											
Water	Cubic Feet										
Base	0 - 500	\$20.85	\$21.35	\$21.65	\$21.65	\$22.00	\$22.25	\$22.60	\$23.05	\$23.35	\$23.96
Overage Per 100 Cubic Foot	Over 500	0.75	0.80	0.81	0.81	0.82	0.83	0.84	0.86	0.87	0.89
<b>B. Residential Within City Limits by Meter Size</b>											
Meter Size	Cubic Feet										
3/4 In. or Smaller	500	20.85	21.35	21.65	21.65	22.00	22.25	22.60	23.05	23.35	23.96
1 Inch	1000	24.60	25.35	25.70	25.70	26.15	26.40	26.80	27.35	27.75	28.47
1.5 Inch	2,500	35.85	37.35	37.85	37.85	38.50	38.85	39.40	40.25	40.80	41.86
2 Inch	10,000	92.10	97.35	98.60	98.60	100.30	101.10	102.40	104.75	106.15	108.91
<b>C. Unmetered Residential Within &amp; Outside City Limits</b>											
November Through March - Per Month		20.85	21.35	21.65	21.65	22.00	22.25	NA**	NA**	NA**	NA**
April Through October		41.70	42.70	43.30	43.30	44.05	44.50	NA**	NA**	NA**	NA**
<b>Dwellings With Two Living Units:</b>											
<b>A. Residential Within &amp; Outside City Limits</b>											
Base	Cubic Feet 0 - 1,000	41.70	42.70	43.30	43.30	44.05	44.50	45.20	46.10	46.70	47.91
Overage Per 100 Cubic Foot	Over 1,000	0.75	0.80	0.81	0.81	0.82	0.83	0.84	0.86	0.87	0.89
<b>B. Residential Within City Limits by Meter Size</b>											
Meter Size	Cubic Feet										
3/4 In. or Smaller	1,000	41.70	42.70	43.30	43.30	44.05	44.50	45.20	46.10	46.70	47.91
1 Inch	2,000	49.20	50.70	51.40	51.40	52.25	52.80	53.60	54.70	55.50	56.94
1.5 Inch	5,000	71.70	74.70	75.70	75.70	77.00	77.70	78.80	80.50	81.60	83.72
2 Inch	20,000	184.20	194.70	197.20	197.20	200.55	202.20	204.80	209.50	212.30	217.82
<b>Commercial Water Rates:</b>											
<b>A. Commercial and Dwellings With Three or More Living Units</b>											
Base	Cubic Feet 0 - 500	35.15	35.95	36.45	36.45	37.05	37.70	38.20	38.90	39.45	40.48
Overage Per 100 Cubic Foot	Over 1,000	0.75	0.80	0.81	0.81	0.82	0.83	0.84	0.86	0.87	0.89
<b>B. Commercial and Dwellings With Three or More Living Units by Meter Size</b>											
Meter Size	Cubic Feet										
3/4 In. or Smaller	500	35.15	35.95	36.45	36.45	37.05	37.70	38.20	38.90	39.45	40.48
1 Inch	1,000	38.90	39.95	40.50	40.50	41.20	41.85	42.40	43.20	43.80	44.94
1.5 Inch	2,500	50.15	51.95	52.65	52.65	53.55	54.30	55.00	56.10	56.85	58.33
2 Inch	10,000	106.40	111.95	113.40	113.40	115.35	116.55	118.00	120.60	122.20	125.38
3 Inch	20,000	181.40	191.95	194.40	194.40	197.70	199.55	202.00	206.60	209.30	214.74
4 Inch	35,000	293.90	311.95	315.90	315.90	321.25	324.05	328.00	335.60	340.00	348.84
6 Inch	50,000	406.40	431.95	437.40	437.40	444.85	448.55	454.00	464.60	470.65	482.89
8 Inch	90,000	706.40	751.95	761.40	761.40	774.35	780.55	790.00	808.60	819.15	840.45
10 Inch	150,000	1,156.40	1,231.95	1,247.40	1,247.40	1,266.60	1,278.55	1,294.00	1,324.60	1,341.85	1,376.74
<b>Residential Sewer Rates:</b>											
Flat Rate		30.45	31.15	31.60	31.60	32.15	32.70	33.15	33.75	34.20	35.09
Duplex Rates		60.90	62.30	63.20	63.20	64.25	65.40	66.30	67.50	68.40	70.18
<b>Commercial Sewer Rates:</b>											
Base	Cubic Feet 0 - 1000	32.10	32.85	33.20	33.20	33.75	34.30	34.75	35.40	35.90	36.83
Over Per 100 Cubic Foot	Over 1,000	\$1.20	\$1.25	\$1.27	\$1.27	\$1.30	\$1.32	\$1.34	\$1.37	\$1.40	\$1.44

\* 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
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	3,824,110	40,879	31	8,630	9.6
2017	22,720	3,645,296	38,308	34	8,831	4.9
2018	23,328	**	**	-	8,871	5.8

**Data Sources:**

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

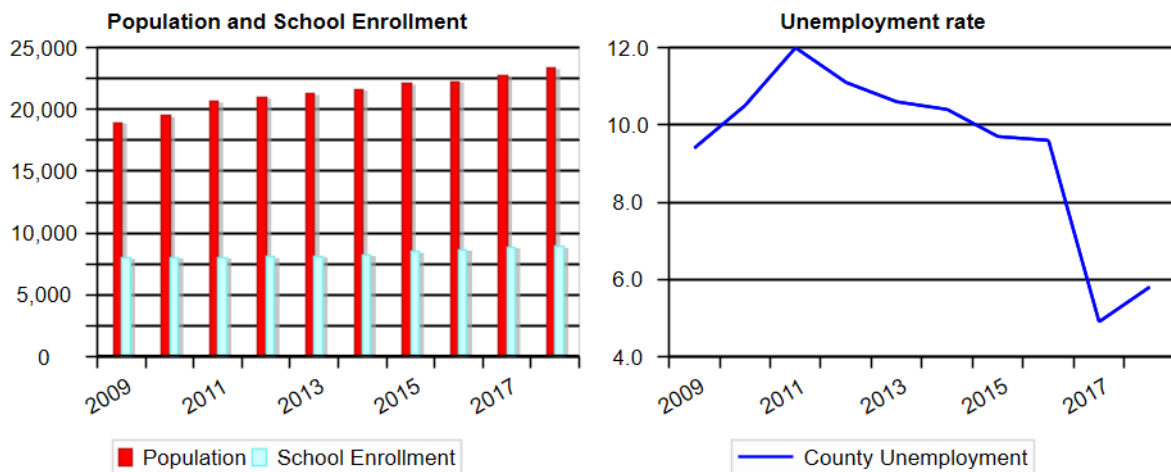
Per capita Income - County Figures (latest year available 2017) given due to unavailability of City percentages. 2017 information is found on the Regional Economics Accounts web site at [www.bea.gov/bea/regional/bearfacts](http://www.bea.gov/bea/regional/bearfacts). No 2017 data available.

Median Age - Office of Financial Management: [www.ofm.wa.gov/databook/pdf/local.pdf](http://www.ofm.wa.gov/databook/pdf/local.pdf)

School Enrollment - Office of Superintendent of Public Instruction: [reportcard.ospi.k12.wa.us/summary](http://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/eis-tools/labor-area-summaries](http://www.workforceexplorer.com/esd/employmentdata/eis-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

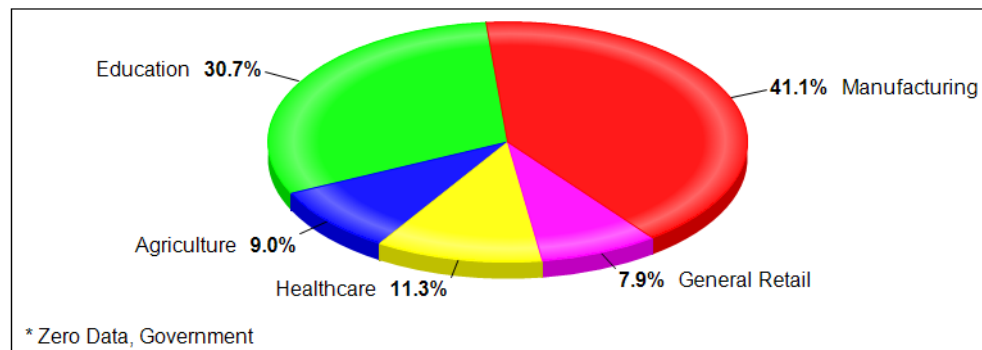
Employer	Business Type	2018			2009		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Moses Lake School District	Education	1,300	1	13%	1,000	1	12%
Genie Industries, Inc	Manufacturing	946	2	9%	425	4	5%
Samaritan Hospital	Healthcare	550	3	5%	532	2	5%
AeroTEC & Mitsubishi Aircraft	Aerospace	400	4	4%	-	-	0%
Moses Lake Industries Inc.	Manufacturing	375	5	4%	-	-	0%
National Frozen Foods	Agriculture	313	6	3%	-	-	0%
Confluence Health Moses Lake Clinic	Healthcare	310	7	3%	200	9	2%
J.R. Simplot Co./Nestle Brand	Agriculture	292	8	3%	330	6	4%
Moses Lake Community Health	Healthcare	281	9	3%	264	7	3%
City of Moses Lake	Government	238	10	2%	187	10	2%
Big Bend Community College	Education	192	-	0%	375	5	4%
REC Silicon	Manufacturing	-	-	0%	450	3	5%
Joyson Safety (Takata)	Manufacturing	189	-	0%	245	8	3%
<b>Total</b>		<b>5,386</b>	<b>-</b>	<b>49%</b>	<b>4,008</b>	<b>-</b>	<b>45%</b>

Source: Grant County Economic Development Council 01/2018

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.

**Principal Employer Business**



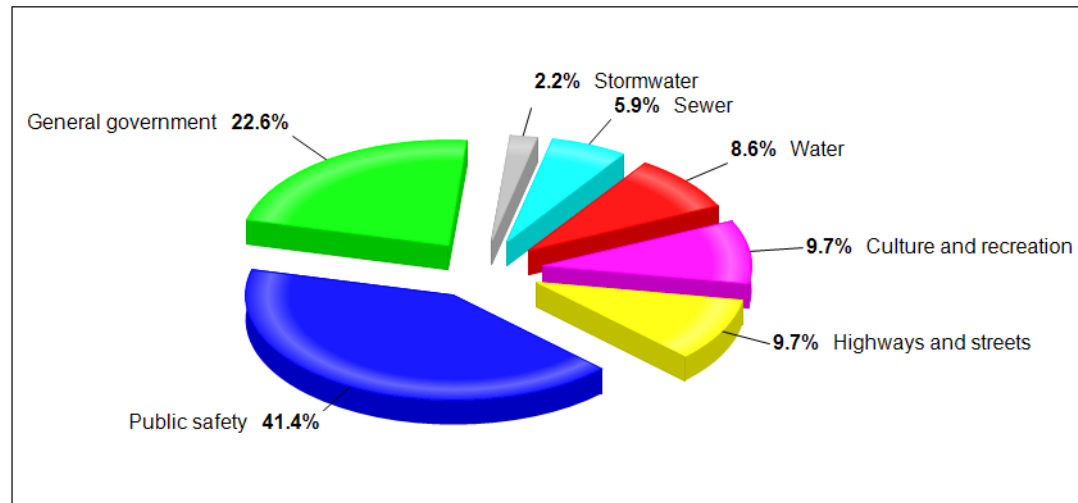
**CITY OF MOSES LAKE**  
Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Table F-1

	Full-time Equivalent Employees as of December 31									
Function:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	38	38	38	39	36	36	40	40	41	42
Public safety										
Police	40	39	39	43	40	40	40	40	42	45
Fire	36	35	35	33	33	32	30	31	32	32
Highways and streets										
Engineering	18	17	17	16	17	17	15	15	15	17
Maintenance	5	5	5	5	5	5	5	6	6	6
Sanitation	2	1	1	1	1	1	1	1	1	1
Culture and recreation	21	21	21	21	20	18	16	18	18	18
Water	13	13	13	13	16	15	16	14	17	16
Sewer	12	12	12	11	11	11	10	11	11	11
Stormwater	-	4	4	4	4	4	4	4	4	4
<b>Total</b>	<b>185</b>	<b>185</b>	<b>185</b>	<b>186</b>	<b>183</b>	<b>179</b>	<b>177</b>	<b>180</b>	<b>187</b>	<b>192</b>

Source: City of Moses Lake Annual Budget

**2018 City Employees by Function**



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

Table F-2

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building permits issued	385	385	343	431	410	459	385	570	521	642
Police										
DUI	76	52	83	133	94	80	149	121	88	148
Parking violations	336	304	211	412	80	72	44	51	10	3
Traffic violations	3,817	3,944	4,225	4,639	2,813	1,952	1,629	2,383	1,347	1,559
Fire										
Fire responses	411	471	460	486	442	449	395	243	512	459
Hazardous incidents	26	43	37	31	45	63	46	61	41	56
Ambulance responses	3,126	3,046	3,326	3,405	3,257	3,528	3,424	3,204	3,342	2,981
Inspections	1,000	1,849	2,403	300	850	542	1,364	702	652	1,960
Culture and recreation										
Surf & slide water park	120,000	105,542	109,333	98,979	82,435	93,791	99,497	82,237	82,358	67,987
Museum	13,003	17,905	12,848	10,368	8,853	8,207	10,347	13,931	15,817	14,641
Water										
Number of commercial customers	1,081	1,099	1,071	1,118	1,133	1,152	1,170	1,181	1,197	1,501
Number of residential customers	6,498	6,557	6,513	6,618	6,719	6,780	6,888	6,973	7,079	7,361
New connections	124	101	75	104	95	103	118	109	142	104
Water mains breaks	12	-	8	12	5	8	8	8	12	8
Average daily consumption (millions of gallons)	8.700	8.250	8.300	7.500	8.200	8.700	7.833	7.900	8.130	8,480.000
Wastewater										
Number of commercial customers	871	882	893	897	901	922	933	946	968	1,000
Number of residential customers	6,467	6,557	6,641	6,718	6,796	6,916	7,004	7,118	7,234	7,360
Average daily sewage treatment (mgpd)										
Sand Dunes	2.275	2.149	2.265	2.166	2.115	2.064	2.080	2.124	2.206	2.120
Larson	0.325	0.319	0.326	0.326	0.329	0.312	0.321	0.311	0.318	0.361

Sources: Various city departments



**CITY OF MOSES LAKE**  
Last Ten Fiscal Years  
Last Ten Fiscal Years

Table F-3  
Table F-3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	15	15	14	14	14	14	14	14	14
Fire stations	2	2	2	2	2	2	2	2	2	2
Highway and streets										
Streets (miles)	107	110	112	112	113	115	123	123	123	200
Traffic signals	35	35	35	35	35	35	14	14	14	16
Culture and Recreation										
Parks acreage	183	195	213	213	213	213	218	225	225	225
Parks	21	26	29	29	29	29	31	32	32	32
Swimming pools	1	1	1	1	1	1	1	1	1	1
Business-type Function										
Water										
Water main (miles)	158.9	159.2	159.8	162.1	163.5	163.5	170.0	171.0	171.0	185.0
Wells	19	19	19	19	19	19	18	19	19	18
Water storage	12	12	12	10	10	10	9	9	9	13
Sewer										
Sanitary sewer (miles)	149.5	149.7	150.3	150.6	150.8	153.2	163.0	163.0	163.0	163.3
Storm Water (miles)	12.2	12.5	12.6	12.8	13.0	13.0	13.0	30.0	30.0	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



